

**CITY OF RENO
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year
July 1, 2007 through June 30, 2008**

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

**ANDREW M. GREEN
FINANCE DIRECTOR**

**CITY OF RENO, NEVADA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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INTRODUCTORY SECTION

December 17, 2008

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, 2008 is hereby submitted. State law requires that local governments provide for an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City of Reno's financial statements have been audited by Gallina, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Reno for the fiscal year ended June 30, 2008 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Reno’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Reno, Nevada, which is the largest community in Northern Nevada and the third largest city in the state, began as “Lake’s Crossing” in 1859 at a toll bridge for pioneers crossing the Truckee River on their way to California. In 1868, the Central Pacific Railroad established a town site in the area as a new stop in the growing transcontinental railroad. The City was incorporated in 1903. It is located in the southern part of Washoe County, nestled in the Sierra Nevada Mountains 35 miles northeast of Lake Tahoe, in the area called the Truckee Meadows. The City was named after Civil War General Jesse Reno.

The City has a Council-Manager form of government with six Council members elected for staggered terms of four years. The Mayor is the chief elected official and formal representative of the City. Elected at-large, the Mayor serves for a four-year term. The City Manager is selected by the Council and is the City’s chief administrative official. The Manager is responsible for all City business.

The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police, fire, and building inspection), public works, public improvements, planning and zoning, community development, parks and recreation, wastewater treatment, and general administrative services. In addition to general government activities, the City Council is financially accountable for the Redevelopment Agency of the City of Reno; therefore, the activities of the Agency are included in this report. The Housing Authority of the City of Reno is a related organization of the City of Reno but not a component unit because the City’s accountability does not extend beyond the appointment of board members.

The City of Reno maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada’s Department of Taxation. By April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens via public hearings. The Nevada Department of Taxation notifies the City Council as to whether the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

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

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

Factors Affecting Financial Condition

Local Economy. The Reno-Sparks Metropolitan Statistical Area's economy is principally based in the trade and service sector, with approximately 84.7% of the work force employed in these occupations. Employment in the leisure and hospitality sector, which includes gaming, now represents 18.12% of employment, whereas 15.09% of the workforce is employed in the fields of construction and manufacturing, and 26.54% is employed in trade, transportation, public utilities, and finance-related services. Employment in the government sector represents 13.43%

Nevada has no corporate or personal income tax, and is a right-to-work state. These factors have contributed to the State's tremendous growth in the 1990's and into this decade. In 2007, Inc. magazine has tabbed Reno No. 8 on its list of the "Best Mid-Size Cities for Business in America," and ranks 37th overall out of 393 cities for business.

Unfortunately, Reno and the Washoe County area have been deeply affected by the downturn in the economy during 2008, with housing starts and new commercial construction down significantly. Unemployment has risen to 6.6%, which is up from 6.4% at June and 4.4% a year ago. The effect of the current economic situation is particularly evident in sales tax revenues that declined by 7.22% in fiscal year 2007/08 after only a 1% increase in fiscal year 2006/07. The major contributors to sales tax revenue in Washoe County during the 2007/2008 fiscal year, despite declines since last year, include motor vehicle and parts dealers, general merchandise stores, merchant wholesalers, and food and beverage purveyors. The amusement/gaming/recreation businesses saw a collective 26.4% decline in sales tax revenues. These declines continue to prove that sales tax revenues, by their nature, can be volatile.

The economic slowdown is presenting various challenges for the City of Reno. However, past and current conservatism in projecting revenues and managing costs, as well as setting aside reserves, have aided the City's efforts in addressing recent revenue shortfalls. Senior management will continue to remain vigilant and pro-active in identifying and addressing the realities posed by the current economic downturn.

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

- In 1997, the Reno City Council adopted a comprehensive, long term plan to catch up on the backlog the City faced regarding street maintenance. This strategic plan calls for more than merely catching up on the backlog. It provides a long-term maintenance regimen that will prevent the City of Reno from falling behind on street maintenance in the future. By combining reconstruction of failed streets with an aggressive maintenance program, the streets that are in good condition will stay that way longer, thereby extending the life and reducing future costs.
- The City of Reno Master Plan, The Great City Plan, reflects the City's Making It Great initiative, as well as the 2007 update of the Truckee Meadows Regional Plan as required by State Law. The Great City Plan includes citywide plans for the City and its sphere of influence, plans for regional centers and transit oriented development (TOD) corridors, and neighborhood plans.
- Maintaining our successful Community Pride Grants Program by providing funding for Neighborhood Advisory Boards to select projects to improve the quality of life in their neighborhoods.
- Providing for increased enforcement of problem areas within the Redevelopment areas, specifically downtown, through code enforcement activities.
- Nine fundamental principles are proposed by the Communications and Technology Department to help guide the City's technology initiatives and investment. All new technology initiatives and investments will be evaluated and managed in accordance with these principles. The core of these principles is "shared applications" to reduce redundancy and the inefficient use of resources. This is a necessity for the most effective use of information technology resources.

The Council Priorities for fiscal year 2008/09 are Public Safety; Planning; Communications; Redevelopment; Green Initiative; Parks, Recreation and Community Services; and Intergovernmental Cooperation. These priorities have been addressed in the City of Reno proposed budget in the following manner:

- Phase IIB of the Community Assistance Center Project adding a Family Shelter was completed in August 2008 with a Grand Opening celebration in October 2008;
- The City's new intranet website, designed to enhance communications internally, will go on-line in FY 2008/09;
- The first phase of the ReTRAC cover will be complete in FY 2008/09, which creates a public plaza;
- The second phase of the new urban market, West Street Market, which includes outdoor and indoor areas will be complete with a Grand Opening set for December 2, 2008. The indoor portion will open with 15 local businesses;
- Acquisition of the historic downtown Post Office will be completed in January 2009, with construction on the outside Post Office Plaza scheduled to be begin in FY 2008/09;
- Initiatives to make City facilities more energy efficient, as well as to encourage recycling and use of recycled products are underway; and
- A committee has been established to work with Washoe County and the City of Sparks to identify potential areas for service consolidation and/or partnering.

The City of Reno continues to update the Capital Improvement Plan, a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. Some of these capital projects for fiscal year 2009 include:

- Improvements/repairs to public swimming pools, tennis courts, and other recreation facilities;
- Projects to promote ADA accessibility;
- Flood and drainage projects including ditches, piping and detention basins;
- Rehabilitation of arterial and collector streets through overlaying or reconstruction;
- Fire station capital maintenance and fire apparatus/equipment replacement; and
- Rehabilitation of neighborhood streets through overlaying or reconstruction.

Major Initiatives

Despite the slow economy, some major projects in Reno are continuing to be completed. Triple-A baseball is coming to Reno. The Reno City Council, acting as the Redevelopment Agency Board, approved an agreement by and between Nevada Land LLC for the development of a Triple-A baseball stadium at the Freight House site and the creation of a Ball Park District surrounding the new stadium that will spur retail and other entertainment opportunities in downtown Reno. The new Ballpark District would cover an eight plus acre area immediately east of Lake Street, from the ReTRAC project on the north to the Truckee River on the south. A series of complicated land exchanges with four property owners (the City of Reno, Siena Communities, Sierra Pacific and Basin Street Properties) were required to obtain the necessary acreage. Construction on the new ballpark began in early 2008 and is on schedule to be finished in time for start of the baseball season in the spring of 2009. The traditional brick style ballpark will be the home of the Pacific Coast League team that was formerly known as the "Sidewinders" of Tucson, Arizona and will now be called the "Reno Aces." The City is intending to use the 10,000 capacity baseball stadium as a catalyst to spur further retail development. A new Hyatt Summerfield Suites is planned across the street from the new ballpark.

In addition to stadium development, the Redevelopment Agency is negotiating with the RSCVA on additional retail development for the first floor of the National Bowling Stadium "NBS". Working in partnership with the baseball stadium developer, the NBS retail will add to the proposed 125,000 square feet of retail in the baseball district. Additionally, the Redevelopment Agency purchased the current RTC CitiCenter site in FY 2008/09. This \$6.6 million purchase will contribute to the baseball district redevelopment once the new RTC CitiCenter is up and operational. The new RTC CitiCenter site preparation is currently under construction at 4th and Evans Streets. This project will go out to bid in early 2009 with completion in fall 2010.

Construction of the Montage condominium project in the downtown area, which features luxury town homes, lofts, row houses and penthouses, rooftop swimming pools and gardens, underground parking with over 25,000 square feet of first floor retail space will be completed in FY 2008/09. The project is located on the corner of 2nd and Sierra Streets and is a complete reconstruction of the former Golden Phoenix Hotel and Casino, taking the building down to its core elements. This project will add 380 upscale condominium units to the Redevelopment Area No. 1.

Relevant Financial Policies

Cash Management Policies and Practices. Permissible investments of the policy include certificates of deposit; bankers acceptances; repurchase agreements; money market mutual funds, which are registered with the SEC, are rated “AAA” by a nationally recognized rating service and invests only in securities issued by the Federal Government or agencies of the Federal Government or in the repurchase agreements fully collateralized by such securities; obligations of the United States Treasury and certain United States agencies, with specified dollar limits and maturity dates; and the State Local Government Investment Pool. All repurchase agreements and time deposits must be collateralized. The policy states that the collateral for repurchase agreement shall be United States Treasury or Government Agency issues, whose market value at the time of purchase is equal to 102% of the repurchase agreement’s face value.

Risk Management. The City has developed a risk management program to further promote its fundamental responsibility and financial capability to provide basic services to the citizens of Reno. The risk management program is divided into two functional areas: Risk Retention and Self-Funded Workers Compensation. The Risk Retention Fund was designed to account for the operations of the self-funded general insurance program. The Self-Funded Workers Compensation Fund was designed to account for the operations of the self-funded workers compensation program. Notes 14 and 15 in the *Notes to the Financial Statements* section of this report describe more fully the purpose of the funds, insurance coverage and stop loss amounts.

As part of the risk management program, the City has an extensive safety program which provides on-going training for employees to minimize risk related to the work place.

Periodic review of the City’s funding arrangements with respect to general liability maintains the City’s assumption of risk at a reasonable and affordable level.

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

Pension Information. The employees of the City are covered by the Public Employees’ Retirement System of Nevada. The City does not exercise any control over the plan and is not liable for any of the plan’s unfunded obligations. The plan was established on July 1, 1948 by the Nevada Legislature and is governed by the Public Employee’s Retirement Board, whose seven members are appointed by the Governor.

Awards and Acknowledgements

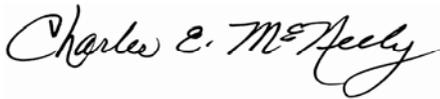
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2007.

This was the 25th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Charles E. McNeely
City Manager



Andrew M. Green
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Reno
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.

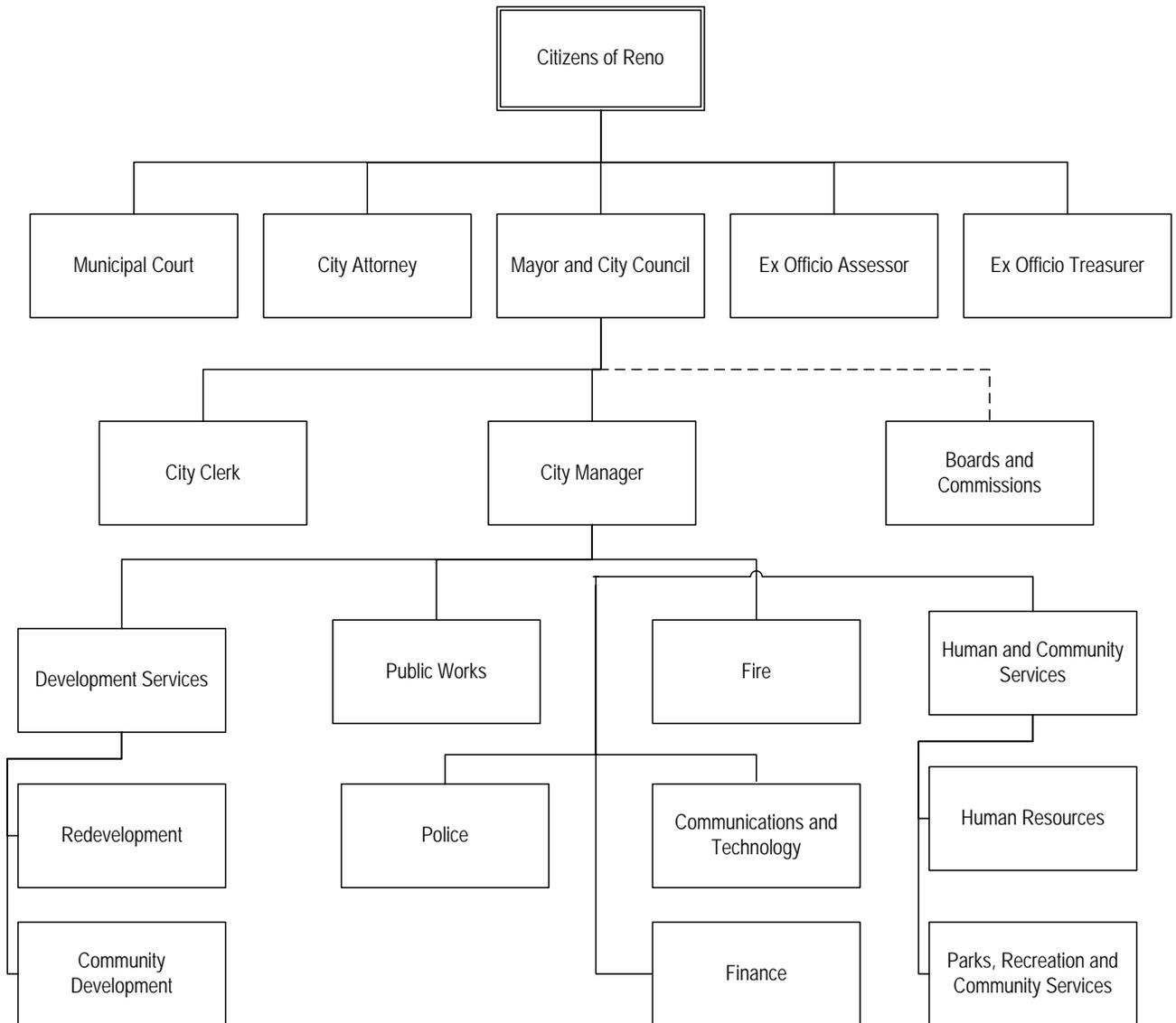


Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



CITY OFFICIALS

CITY COUNCIL

Robert A. Cashell, Mayor
Dan Gustin, Councilmember, Ward 1
Sharon Zadra, Councilmember, Ward 2
Jessica Sferrazza, Councilmember, Ward 3
Dwight Dortch, Councilmember, Ward 4
Dave Aiazzi, Councilmember, Ward 5
Pierre Hascheff, Councilmember, At Large

CITY MANAGER

Charles E. McNeely

CITY CLERK

Appointed by City Council
Lynnette R. Jones

OTHER ELECTED OFFICIALS

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, Nevada, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Reno's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2008 on our consideration of the City of Reno's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The Management's Discussion and Analysis (MD & A), as listed in the Table of Contents, is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Gallina LLP

Roseville, California
December 11, 2008

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

City of Reno Management Discussion and Analysis

The following management discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Reno. The following document should be read in conjunction with the transmittal letter presented in the introductory section of this report to enhance the understanding of the financial information presented.

Financial Highlights

- Net assets improved by \$39,215,021, or 4.13%, over the prior year balance after prior year adjustments (detailed in *Note 10 to the Financial Statements*).
- The City refinanced approximately \$190.61 million of bonds related to the railroad grade separation (trench) project. The refinancing essentially converted the bonds from auction rate securities to variable rate demand bonds, which reduced the City's interest rate and market risks.
- The City issued three new bonds totaling \$7,545,000 -- \$6 million to fund current and future projects in the downtown area, and \$1,545,000 to repay the City for sidewalk, curb and gutter rehabilitation performed on property owner's behalf.
- The City entered into \$3.3 million of new capital leases to replace existing fire apparatus and acquire apparatus for new fire stations.
- The City's Statement of Net Assets reflects a \$10.8 net post-employment benefit obligation due to the City not fully funding its annual required contribution via a trust.
- Net capital assets grew 6.07% after prior year adjustments to land, equipment, art and historical treasures, and construction in progress.
- General Fund revenues totaled \$180,864,147, which is a 2.11% increase over the prior year. This figure excludes other financing sources.
- General Fund expenditures increased 8.59% to \$165,413,740, excluding other financing uses such as operating transfers.
- Property tax revenue for the governmental activities increased by 7.27%.
- Consolidated taxes declined by almost \$4 million, or 7.22%, over the prior fiscal year.
- Cash and investments at the governmental funds level increased by 2.08%, while cash and investments in the General Fund decreased by 29.17%.
- The Sewer Enterprise Fund issued \$25 million in medium-term bonds to fund certain sewer rehabilitation and other sanitary sewer-related projects.
- The Building Permit Enterprise Fund experienced a 23.28% decline in charges for service after experiencing a 12.14% decline in the prior year, whereas the Planning Enterprise Fund experienced a 34.62% decline after a 52.12% FY 2007 decline in the same category – both evidence of the continued downturn in the new residential housing market and general economy that has now negatively impacted new commercial projects.

Financial Overview

The basic financial statements of the City of Reno are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. Additionally, supplemental information to the financial statements is contained in this report.

Government-wide Financial Statements

The government-wide financial statements are presented to provide readers with a broad overview of the City of Reno that is similar to that of the private sector.

The Statement of Net Assets presents information on all assets and liabilities for the City of Reno. The difference between the total assets and total liabilities is reported as “net assets.” Over time, increases and decreases in net assets may serve as an indicator of improvement or deterioration of financial condition.

The Statement of Activities reflects the changes which have occurred during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes.

Governmental activities which are supported primarily by taxes and intergovernmental revenues are distinguished from activities which are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business-type functions, in the government-wide and fund financial statements. City of Reno governmental activities include those associated with general government; judicial; public safety; public works; planning and community development; and culture and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, dispatch, planning, and building permit operations.

Fund Financial Statements

A fund is a legal and accounting entity with a self-balancing set of accounts to record activity involving assets and liabilities. The City of Reno, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City of Reno are divided into governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financial requirements.

The City of Reno maintains 31 separate funds/fund groups that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance in the following six funds because they qualify as major funds under the GASB 34 definition – General Fund, Railroad Debt Service Fund, Downtown Events Center Debt Service Fund, Special Assessment District Debt Service Fund, Railroad Capital Project Fund, and Downtown Events Center Capital Project Fund. Information for the remaining twenty-five (25) funds, which meet the definition of non-major funds, is aggregated for reporting purposes.

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

Proprietary Funds

The City of Reno maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of Sanitary Sewer, Golf Course, Dispatch Center, Planning, and Building Permit. Internal services funds are used to account for and allocate internal costs to the various functions in the City of Reno. The internal service funds include Motor Vehicle, Risk Retention, Self-funded Medical Plan, Self-funded Worker’s Compensation, and Communication and Technology. These internal service functions primarily benefit governmental as opposed to business-type activities. Consequently, they have been included in the governmental activities of the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City of Reno government. These funds are not reflected in the government-wide financial statements because the resources are not available to support City of Reno programs.

Notes to the Financial Statements

Notes to the financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the government-wide and fund financial statements.

Other Information

Combining and individual fund statements and schedules are presented immediately following the notes to the financial statement section of this report.

Financial Statement Analysis

Government-Wide Financial Statement Analysis

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

City of Reno's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2008	2007*	2008	2007*	2008	2007*
Current and other assets	\$205,509,636	\$201,089,346	\$22,836,635	\$16,354,560	\$228,346,271	\$217,443,906
Restricted assets	-	-	25,554,561	23,897,722	25,554,561	23,897,722
Investment in Truckee Meadows Water Reclamation Facility	-	-	91,465,865	94,753,362	91,465,865	94,753,362
Delinquent accounts receivable	-	-	1,004,111	683,000	1,004,111	683,000
Capital assets	1,033,862,023	989,392,939	278,055,522	247,492,257	1,311,917,545	1,236,885,196
Total Assets	1,239,371,659	1,190,482,285	418,916,694	383,180,901	1,658,288,353	1,573,663,186
Current liabilities	54,154,543	51,085,032	15,387,338	14,350,829	69,541,881	65,435,861
Long-term liabilities	500,177,498	480,071,387	99,838,378	78,640,363	600,015,876	558,711,750
Total Liabilities	554,332,041	531,156,419	115,225,716	92,991,192	669,557,757	624,147,611
Net Assets:						
Invested in capital assets, net of related debt	607,195,156	591,115,426	185,580,722	163,069,892	792,775,878	754,185,318
Restricted	125,337,658	103,243,224	-	1,682,273	125,337,658	104,925,497
Unrestricted	(49,262,862)	(35,032,784)	118,110,256	125,437,544	68,847,394	90,404,760
Total Net Assets	\$685,039,618	\$659,325,866	\$303,690,978	\$290,189,709	\$988,730,596	\$949,515,575

*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2007 have been restated to reflect prior year adjustments netting to (\$70,349) and (\$163,216), respectively. Governmental Activities adjustments are as follows: (\$14,575,089) to Current and Other Assets; (\$3,514,552) to Capital Assets; \$2,202 to Current Liabilities; (\$18,021,494) to Long-term Liabilities; (\$3,514,552) to Investment in Capital Assets, Net of Related Debt; (\$307,114) to Restricted Net Assets; and \$3,751,317 to Unrestricted Net Assets. Business-type Activities adjustments are as follows: (\$253,717) to Current and Other Assets; (\$90,501) to Long-term Liabilities; (\$81,485,417) to Investment in Capital Assets, Net of Related Debt; and \$81,322,201 to Unrestricted Net Assets. Explanations of the adjustments by category are presented in *Note 10 to the Financial Statements*.

Assets as of June 30, 2008, net of accumulated depreciation of \$570,290,611, totaled \$1,658,288,353 which represents a 5.38% increase over the prior year's adjusted total assets. Current and Other Assets include cash/investments, receivables, prepaid items, and capital assets. The change in Current and Other Assets in governmental activities is primarily due to the re-characterization of capital outlay in the Redevelopment Agency as property held for resale rather than as capital assets. The 39.63% increase in Current and Other Assets in business-type activities is primarily due to the cash inflow from bond proceeds. However, when combined with governmental activities, Current and Other Assets increased by 5.01%. Other asset investments include a \$91,465,865 ownership interest in the Truckee Meadows Water Reclamation Facility. Capital asset growth is responsible for 88.66% of the overall growth in total assets.

Liabilities, which consisted primarily of long-term debt, totaled \$669,557,757. Liabilities also include payables, unearned revenue, and a new component for FY 2007/08 -- 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 2007/2008 was approximately \$14 million of which \$3.2 million was funded in the form of pay-as-you-go costs. Approximately \$7.85 million of the \$10.83 net OPEB obligation is attributed to the Police and Fire functions.

A comparison of assets and liabilities for the government-wide financial statements reflect net assets of \$988,730,596. This total reflects an improvement during the year of \$39,215,021, or 4.13%, after taking into consideration prior period adjustments. The majority of the City of Reno's net assets, \$792.8 million or 80.18%, are reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction in progress) net of related debt. The worker's compensation liability and the net OPEB obligation liability are the major contributors to the negative unrestricted net asset total for governmental activities.

Fiscal year 2007/08 activity for the government-type and business-type entities is presented in the Statement of Activities and summarized on the next page. As indicated in this statement, governmental activities increased net assets of the City of Reno by \$25,713,752. Business-type activities increased net assets by \$13,501,269.

Total revenues in FY 2007/08 declined by 5.20% when compared to the previous year's total, while expenses increased 10.48%. Each function experienced an increase in expenses related to the City's decision to not fund the full amount of the OPEB ARC. The functions that experienced the largest impact of the OPEB-related expense were Police at \$4.6 million and Fire at \$3.2 million.

Excluding expenses related to the net OPEB obligation, the Fire and Police functions experienced increased expenses related to adjustments in worker's compensation accruals directly related to anticipated heart/lung claims. The 18.42% increase in General Government expenditures is due to a \$5.5 million asset disposal loss related to land assemblage for the AAA baseball park. Excluding this loss, the General Government function actually experienced a 10.20% decline in expenses. Regularly scheduled raises and related increases in employee benefits were contributing factors to increases in other functions.

General revenues in the current year rose declined 1.42% over general revenues collected in the prior year. While property tax revenues registered 7.27% growth, consolidated tax revenues declined by 7.22%. Shared revenues (AB104 and County gaming taxes) registered a very slight decline of (0.42%).

Program revenues overall declined 7.57%, primarily due to a 19.96% decline in capital grants and contributions. However, charges for services increased 4.59%.

The largest percentage decrease in revenues occurred in the unrestricted investment and interest earnings category at (10.5%). Unrestricted investment and interest earnings decreased 3.81% for governmental activities and 47.55% for business-type activities. The drop in interest earnings for the business-type activities is primarily due to lower cash balances particularly in the Sanitary Sewer function that used cash reserves to fund capital projects during three quarters of the fiscal year. The Building Permit and Planning functions also experienced large declines in cash due to depressed revenues.

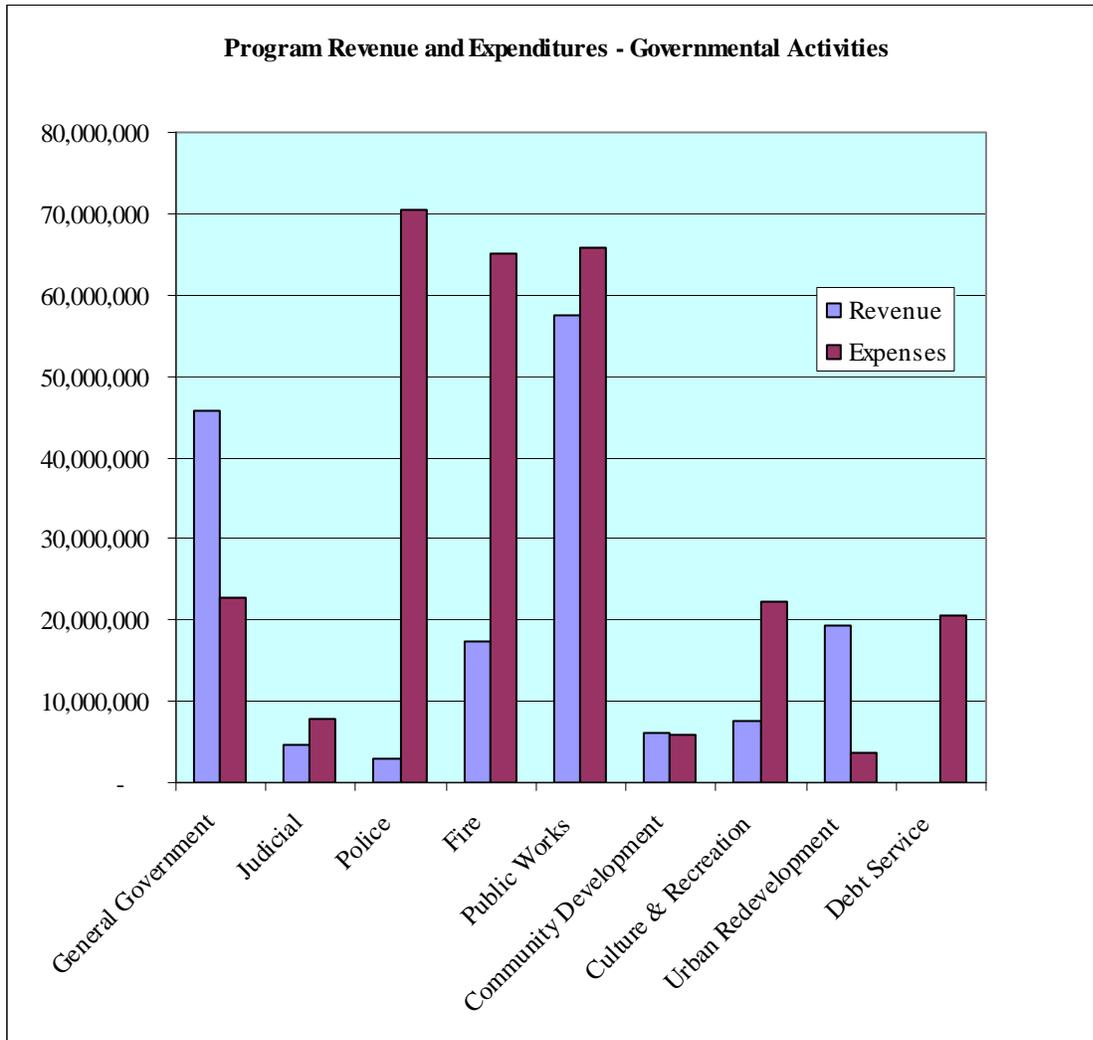
City of Reno Change in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2008	2007*	2008	2007*	2008	2007
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$76,732,578	\$72,856,478	\$49,005,497	47,365,660	\$125,738,075	\$120,222,138
Operating grants, interest and contributions	7,053,153	6,948,651	255,064	315,375	\$7,308,217	7,264,026
Capital grants, interest and contributions	77,697,849	96,546,791	20,534,505	26,183,221	\$98,232,354	122,730,012
Total Program Revenue	161,483,580	176,351,920	69,795,066	73,864,256	\$231,278,646	250,216,176
<i>General revenues:</i>						
Ad valorem taxes	68,342,284	63,710,224	-	-	\$68,342,284	63,710,224
Consolidated taxes	51,266,041	55,256,937	-	-	51,266,041	55,256,937
Shared revenues	5,366,694	5,389,181	-	-	5,366,694	5,389,181
Other taxes	19,323,147	19,900,403	-	-	19,323,147	19,900,403
Unrestricted investment & interest earnings	7,756,905	8,064,540	763,671	1,455,917	8,520,576	9,520,457
Other	1,044,345	2,147,815	8,841	155,489	1,053,186	2,303,304
Total Revenues	314,582,996	330,821,020	70,567,578	75,475,662	385,150,574	406,296,682
Expenses:						
General government	22,800,015	19,254,318	-	-	22,800,015	19,254,318
Judicial	7,842,206	6,475,679	-	-	7,842,206	6,475,679
Police	70,490,199	62,732,422	-	-	70,490,199	62,732,422
Fire	65,056,693	55,584,964	-	-	65,056,693	55,584,964
Public works	65,913,956	58,003,230	-	-	65,913,856	58,003,230
Planning & community development	5,837,233	7,430,806	-	-	5,837,233	7,430,806
Culture & recreation	22,333,632	21,160,776	-	-	22,333,632	21,160,776
Urban redevelopment	3,552,503	3,276,761	-	-	3,552,503	3,276,761
Interest & fiscal charges	20,476,498	20,328,025	-	-	20,476,498	20,328,025
Sanitary sewer	-	-	41,422,307	38,822,685	41,422,307	38,822,685
Golf courses	-	-	1,779,539	1,802,658	1,779,539	1,802,658
Building permits	-	-	7,773,077	7,929,433	7,773,077	7,929,433
Planning	-	-	3,776,183	4,798,275	3,776,183	4,798,275
Dispatch	-	-	6,881,512	5,532,251	6,881,512	5,532,251
Total Expenses	284,302,935	254,246,981	61,632,618	58,885,302	345,935,553	313,132,283
Increase in net assets before transfers	30,280,061	76,574,039	8,934,960	16,590,360	39,215,021	93,164,399
Transfers	(4,566,309)	(5,769,545)	4,566,309	5,769,545	-	-
Increase in Net Assets	\$25,713,752	\$70,804,494	\$13,501,269	\$22,359,905	\$39,215,021	\$93,164,399

*Note: Certain categories within Governmental Activities and Business-type Activities for FY 2007 have been restated to reflect prior year adjustments netting to (\$1,840,015) and (\$163,216), respectively. One prior period adjustment in the amount of \$1,769,666 is not reflected above, as substantially all of it was carried forward from periods prior to 2006-2007. Governmental Activities adjustments are as follows: (\$254,583) to Program Revenues and \$1,585,432 to Expenses. Business-type Activities adjustments are as follows: (\$192,348) to Program Revenues and (\$29,132) to Expenses. Explanations of the adjustments by category are presented in *Note 10 to the Financial Statements*.

Governmental Activities

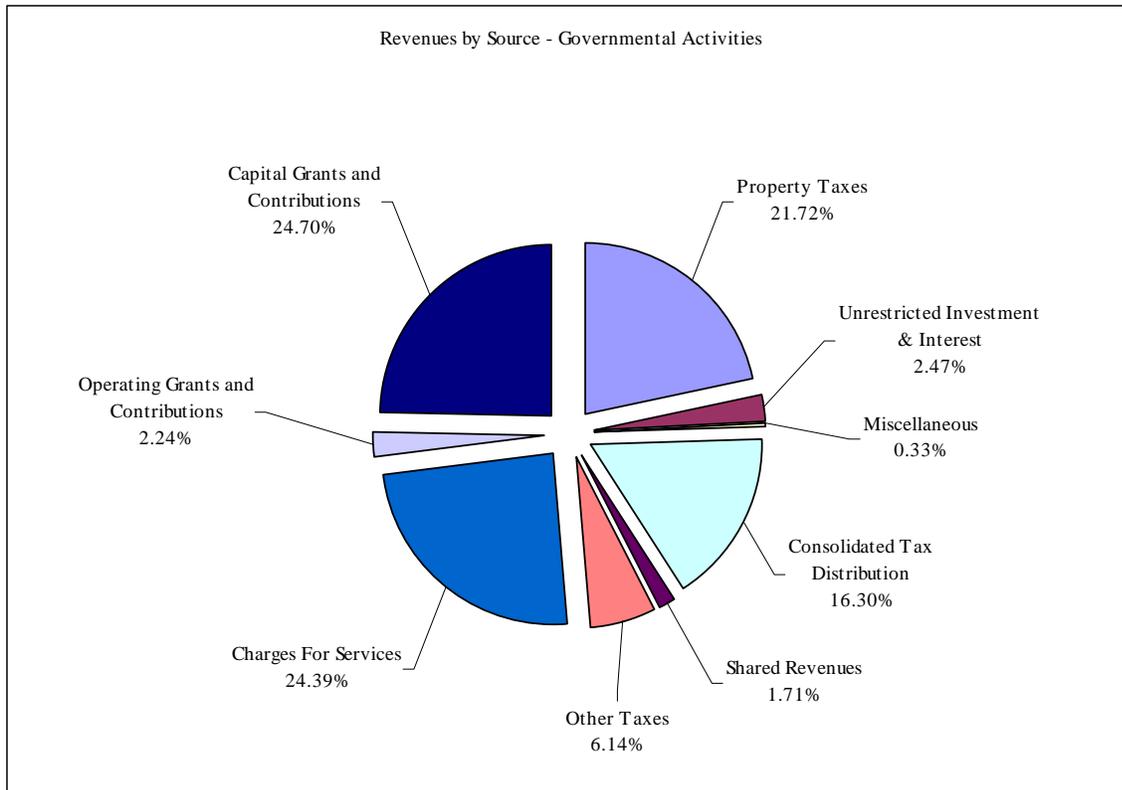
Program revenues are those revenues that are derived directly from the program itself or from parties outside of the City's taxpayers or citizenry. They reduce the net cost of the function to be financed from the City's general revenues which include property taxes and other taxes. The following chart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



Total program revenues and expenses for governmental activities amounted to \$161,483,580 and \$284,302,935 respectively, for the 2007/08 fiscal year. As indicated in the chart above, program revenue exceeds expenses for the General Government and the Urban Redevelopment functions. The Planning & Community Development function almost broke even. For General Government, this is largely a result of the City's policy to allocate general services paid out of the General Fund to the other funds which may fall into non-General Government functions. Urban Redevelopment program revenue exceeded its expenses primarily due to approximately \$18.5 million of bond funds transferred from Washoe County to be used for the AAA baseball park construction. While expenses were greater than program revenues in the Public Works function, contributed capital, such as streets dedicated to and annexed by the City and related land rights-of-way, that was recorded as revenue helped reduce the Public Works function's net expenses.

For the remaining functions, the chart indicates that services provided within those functions by the City of Reno are funded with tax dollars and other general revenues rather than from direct charges for those services. While 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.

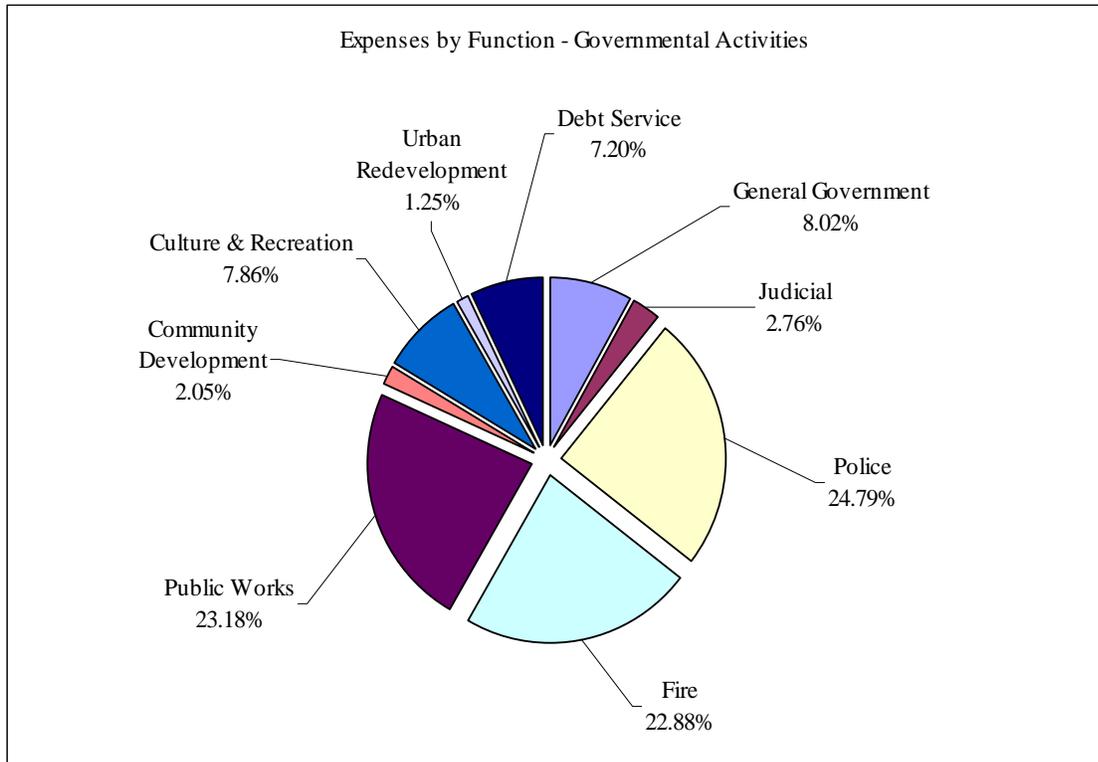
The sources of revenues have been charted to show their respective percentage of total revenues. Capital grants and contributions surpassed property taxes as the major general revenue source in FY 2007/08 at 24.70% of total revenues. Charges for services became the second largest revenue contributor. Consolidated tax revenues that have traditionally been the largest or second largest source of revenue dropped to 16.30%, which is indicative of the recent decline in Nevada's economic condition.



The 7.27% growth in property tax revenues is attributable to the residual effect of the construction boom experienced in fiscal years 2005 and 2006 that resulted in the improved properties coming onto the tax rolls in FY 2006/07 with spillover into FY 2007/08. In 2005 the Nevada State Legislature passed a bill to cap residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less. Thus, the growth in the tax base helped partially negate the effect of the property tax cap imposed by the 2005 legislation.

In terms of dollars, consolidated taxes continued its decline from 4.46% growth in FY 2005/06 and only 1% growth in FY 2006/07 to (7.22%) in FY 2007/08. This is the sharpest decline since FY 2000, which decreased over FY 1999 by (2.04%). With regards to the sales tax component of consolidated tax, the largest declines in Washoe County were experienced by the building construction, food manufacturing and electrical equipment/appliance/component sectors.

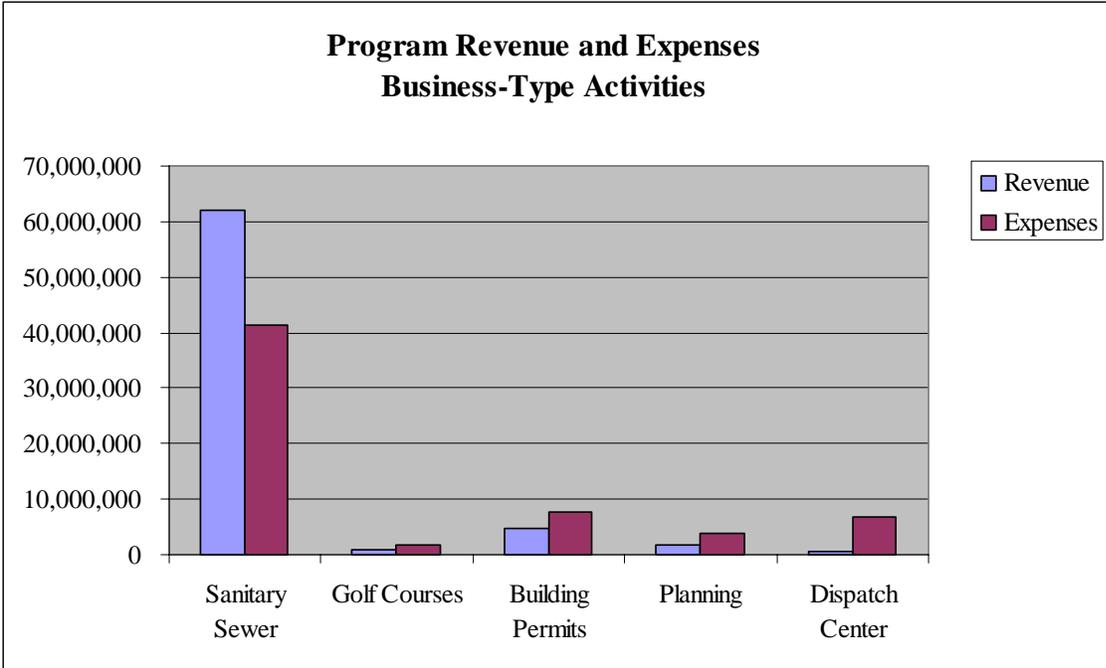
The following chart provides a comparison of expenses by function/program as a percentage of total expenditures for all governmental expenses. Police continues to pose the largest cost to the city. When combined with Fire under the Public Safety category, Police and Fire collectively represent 47.67% of total governmental expenses. This is an increase from the FY 2006/07 percentage of 46.83% of total governmental expenses. Public Works remains the second largest function in terms of cost, mostly due to depreciation costs related to infrastructure assets.



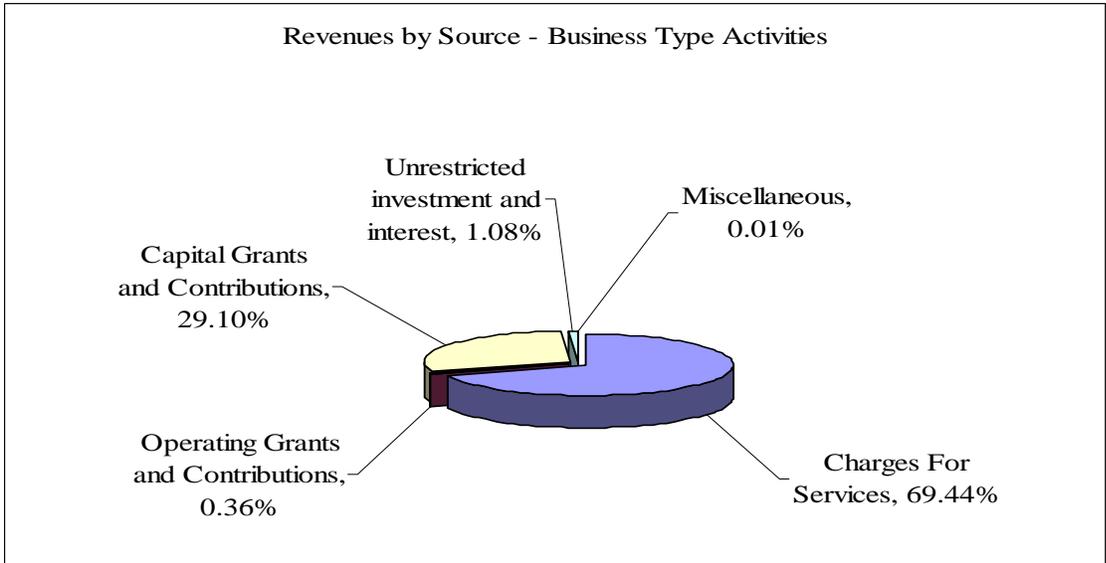
Business-type Activities

Business-type activities include sanitary sewer operations, a City-owned golf course, building permit operations, planning, and the dispatch center's operations. Total program revenues and expenses are \$70,567,578 and \$61,632,618, respectively, for business-type activities for the 2007/08 FY. 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 \$20,568,806. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at \$6,353,623 as it is primarily funded by transfers from governmental activities (General Fund). Contributing factors to Dispatch's net operating loss included costs related to a recruitment academy and increased facility rental costs. The Golf Course Fund experienced a net operating loss of \$823,143.



The Planning Fund and Building Fund have experienced operating losses for the second year in a row. Charges for services were down by 34.62% and 23.28%, respectively, for these two funds. Washoe County saw a continued overall decline in building during the fiscal year. Total permits issued for all categories declined by 20.62% in FY 2007/08 after a decline in the prior year of 25.8%. All categories of permits have been negatively impact by the economic downturn. Operating expenses have been reduced as well, with Planning experiencing a (21.30%) reduction and Building experiencing a (1.97%) reduction. Excluding the impact of recording the unfunded ARC for OPEB, the reductions were (22.41%) and (4.53%), respectively.



As expected, charges for services remain the major source of revenue for business-type activities. The percentage of total revenues for charges for services rose from 62.95% in FY 2006/07 to 69.44% in the 2007/08 fiscal year. In terms of dollars, charges for services increased by \$1.64 million, or 3.46%. The increase is due to activity in the Sanitary Sewer Fund, which had a 4% sewer rate increase in October 2007 and a high increase in environmental control permit fees collected. Capital contributions from developers and connection charges decreased from 34.50% of total revenues in FY 2006/07 to 29.10% in the 2007/08 fiscal year.

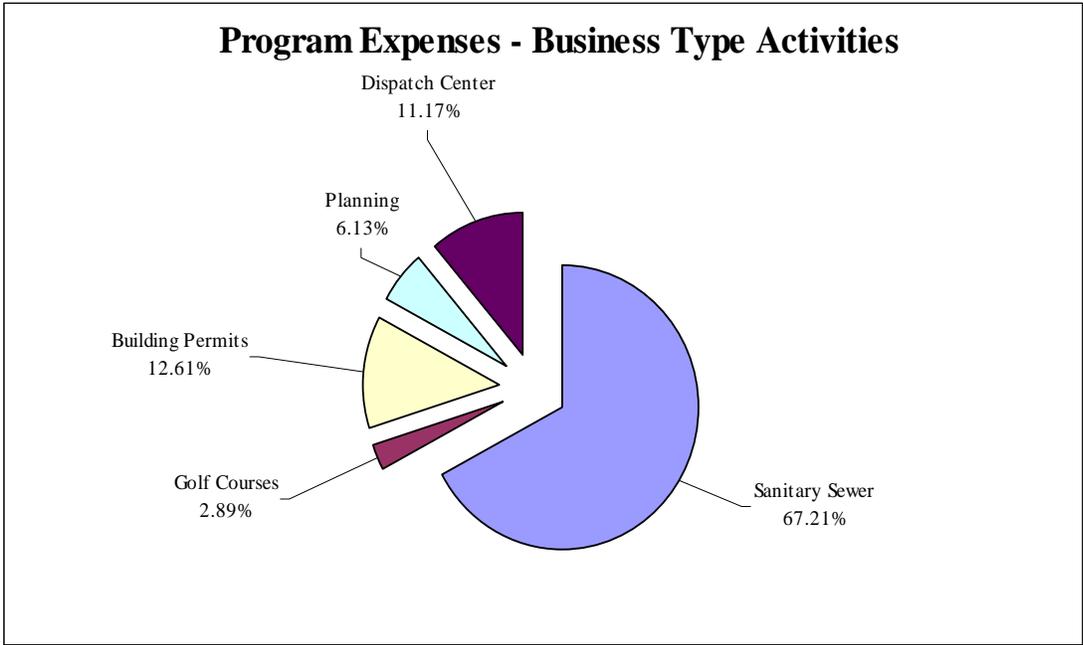
The chart below breaks out business-type expenses by category. Total business-type expenses saw an overall 4.7% increase over the prior year. Employee benefits continue to rise which is indicative of the nationwide trend of higher health care costs. Employee benefits for all business-type funds were also negatively impacted by the recordation of these funds' accrual of their respective shares of the net OPEB obligation. Services and supplies remained relatively stable.

Business-type Expenses by Type

	Business-type Activities		% Chg
	2008	2007	
Salaries and wages	\$ 14,351,708	\$ 13,207,276	8.7%
Employee Benefits	6,404,681	5,151,463	24.3%
Services and supplies	15,903,328	15,996,250	-0.6%
Depreciation	7,535,980	7,236,090	4.1%
Interest/issue costs	1,687,238	1,117,585	51.0%
Loss relating to Joint Sewer Plant	15,749,683	16,176,638	-2.6%
Total	\$ 61,632,618	\$ 58,885,302	4.7%

Interest and issue costs rose due to a lower amount received for the City of Sparks's share of the debt costs for the Truckee Meadows Water Reclamation Facility expansion. Per the agreement with the City of Reno, the City of Sparks did not begin paying its share of the debt service until the project was completed and the draws taken on the Clean Water State Revolving Loan Fund for the expansion project converted to bonds. At that point in FY 2006/07, Sparks paid its share of the interest costs incurred on the revolving line of credit, as well as its share of the interest payments on the converted bonds.

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 2007/08 results under this focus.

Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$158,052,865 and \$53,615,045, respectively. This resulted in a total combined fund balance of \$106,657,486. The unreserved portion of the combined fund balance amount was \$9,012,092. This represents a change of 15.32% from the prior reporting period, which reported a \$17,241,370 balance in unreserved fund balance. The decline occurred primarily in the General Fund and can be attributed, in part, to the decline in consolidated tax revenues as previously mentioned.

Major Governmental Funds

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2008, the unreserved fund balance in the General Fund was \$12,168,104 and the total fund balance was \$14,913,404. This is a 3.14% decrease over the FY 2006/07 total fund balance, which is the result of lower growth in revenues than in expenditures. As a measure of the General Fund’s liquidity, it is useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.36% of total fund expenditures while total fund balance represents 9.02% of expenditures. This represents approximately one month of expenditures.

The largest component of the governmental funds category for the 2007/08 fiscal year with respect to total assets, excluding the General Fund, is the Railroad Debt Service Fund. Assets total \$23,785,479 or 14.84% of the total governmental fund assets and are primarily comprised of cash and investments for payment of principal and interest on outstanding debt, as well as deferred special assessment revenues that will meet debt service requirements for \$13.1 million in SAD bonds outstanding. The primary repayment source is sales and room tax collections. The total

fund balance for the Railroad Debt Service Fund is \$11,391,633, which increased as a result of lower debt service stemming from the March debt restructuring.

Assets in the Downtown Events Center Capital Project Fund total \$1,827,567 or 1.14% of the total assets in the governmental funds. The City Council used its discretion to keep this fund as a major fund for continuity of reporting purposes and due to having expenditures in excess of \$14 million. As of June 30, 2008, the project was complete and the facility operational. The fund will be closed out in FY 2008/09.

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 \$7.03 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. The primary repayment source has been room taxes (85.30% of total revenues). Total fund balance at June 30, 2008, was \$6,158,111, which represents a 19.02% decline over the FY 2006/07 balance. The decline is due to continued liquidation of receivables to repay special assessment debt and a reduction in room tax collections.

Assets in the Railroad Capital Project Fund, which is comprised of the original trench project and the enhancement project (Phase II), total \$2,953,538 and are comprised of cash and investments and funds due from the federal government. Liabilities for the fund total \$294,214, leaving a total fund balance at fiscal year-end 2007/08 of \$2,659,324. Construction of the trench cover is expected to be completed in 2009.

The Special Assessment Districts Debt Service Fund accumulates money for the payment of special assessment bonds, excluding those issued for the Downtown Events Center and Railroad projects, issued by the City. The total fund balance for this fund at fiscal year-end 2007/08 is \$3,157,221 and represents a \$237,022 increase due, in part, to prepayments received from property owners. Two bonds totaling \$1.5 million were issued during FY 2007/08.

Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$429,760,123 and \$118,298,461, respectively. This resulted in a total net assets balance of \$311,461,662. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$303,690,978. The portion of the FY 2007/08 net change in assets for internal service funds allocated to enterprise funds totaled (\$1,131,326). Unrestricted net assets total \$118,110,256, after consolidation of internal service fund activity.

Major Proprietary Funds

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net assets at the end of the 2007/08 fiscal year amounted to \$130,385,250. Total operating revenues rose 9.77%, while operating expenses increased only 4.13%. The increase in revenues is due to a 4% rate hike effective October 1, 2007, as well as the issuance of environmental control permits. The rate increase is the third required by a rate restructuring program that commenced on October 1, 2005, when a 25% increase was implemented. This program was implemented to fund the rehabilitation of the City's aging sewer lines and interceptors, as well as to meet the debt service requirements on bonds issued to partially fund these projects. After accounting for the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of \$3,079,892, the Sanitary Sewer Fund registered net income before capital contributions and operating transfers of \$2,370,321.

The Building Permit Fund accounts for activities involved in issuing a building permit which authorizes the construction of a structure. Net assets at the end of 2007/08 amounted to (\$562,272), which is a decline of 125.05% from FY 2006/07. As mentioned previously, the decline in building permits issued by the City of Reno that begin in FY 2006/07 carried over into FY 2007/08 and resulted in an overall 23.28% reduction in charges for service. Although operating expenses declined 3.59%, lower revenues resulted in a net operating loss of \$2.81 million. Major cost cutting efforts, including keeping vacant positions open, have been undertaken.

The Planning Fund accounts for activities involved in promoting the health, safety and welfare of the community by preparing, implementing, reviewing and inspecting plans and construction projects for the physical development of the City and for conformance to applicable codes and ordinances. This fund, which was created in FY 2004/05, has been the most severely impacted by the stagnation in new and rehab construction. Operating revenues dropped by more than half in FY 2006/07 and the decline continued into FY 2007/08 with (34.62%) growth in charges for service, resulting in a net operating loss of \$1,973,025. The fund ended the year with (\$3,033,545) in net assets. Senior management has been looking at various alternatives in addition to the cost-cutting measures already undertaken. A \$1.3 million loan from the Stabilization Fund is also being proposed for FY 2008/09 to provide relief to the Planning Fund.

Budgetary Highlights for General Fund

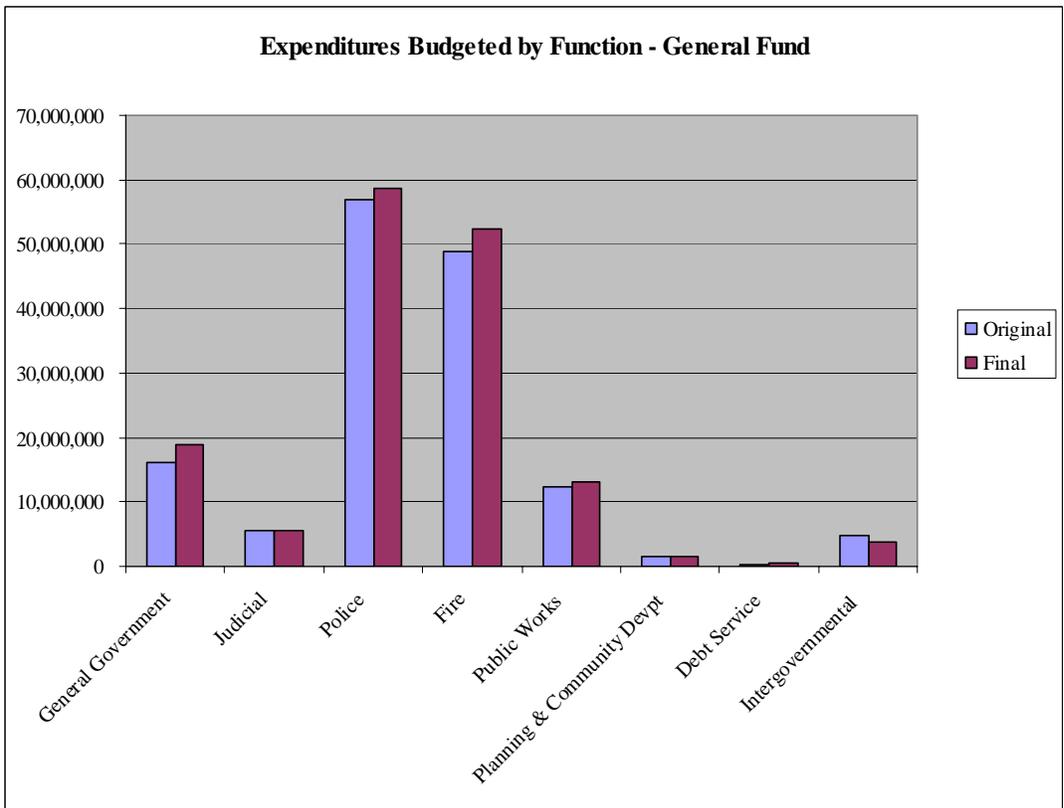
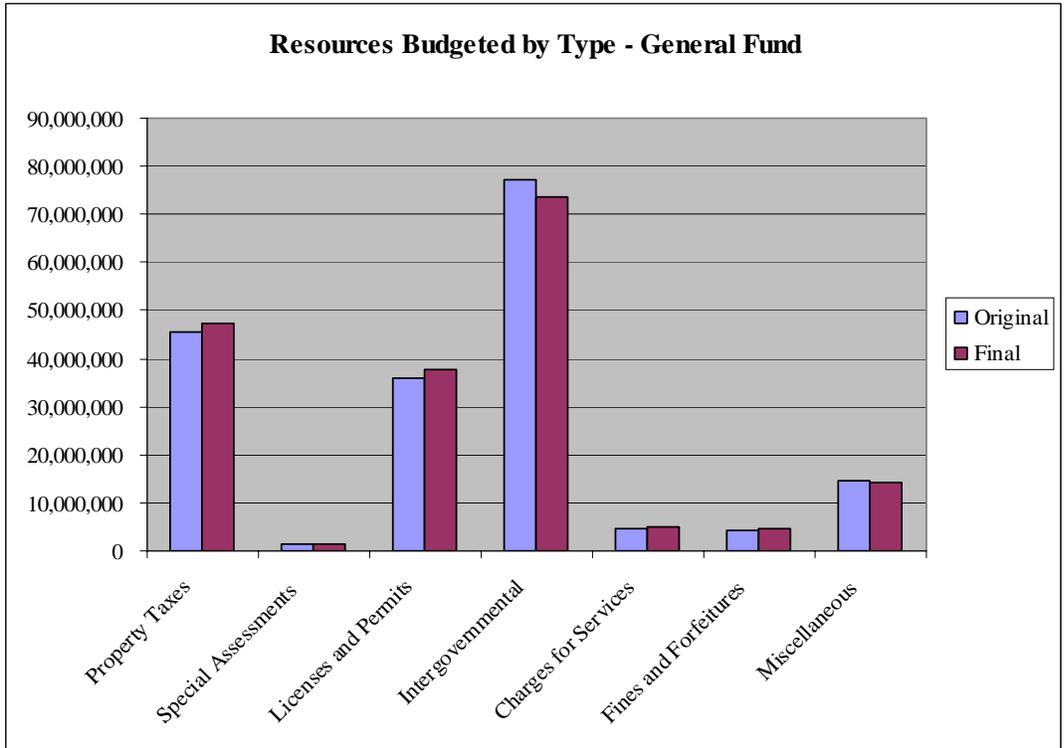
Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$165,670,008, excluding other financing uses, which is 4.67% higher than the original budget of \$158,275,566. As shown in the following table, most of the governmental functions' FY 2007/08 appropriations are substantially equivalent to their respective appropriations on a total budget percentage basis for FY 2006/07. For the General Government function, the budget was decreased, in part, to the State Legislature not being in session, which generates additional costs for the City Manager Department. The Fire Department's budget as a percentage of total budget was increased slightly to allow for the acquisition of additional fire apparatus to be financed by future capital leases. Intergovernmental increased as a percentage of budget but actual expenditures in this category were closer to original budget.

The City's recession plan implemented in FY 2000/01 requires departments to refrain from spending 2% of their services and supplies budget less internal risk premiums. Because of the decline in consolidated tax revenues, General Fund departments were asked to closely monitor costs and to refrain from filling non-essential positions. These actions resulted in the General Fund's actual expenditures being in line with final budgeted expenditures.

Final Expenditure Budget by Function - General Fund

	<u>2008</u>	<u>% of Total Budget</u>	<u>2007</u>	<u>% of Total Budget</u>
General Government	\$17,544,901	10.6%	\$18,888,527	12.2%
Judicial	6,593,639	4.0%	5,571,091	3.6%
Police	62,410,890	37.7%	58,733,138	38.0%
Fire	58,230,876	35.1%	52,465,333	34.0%
Public Works	13,837,945	8.4%	13,167,022	8.5%
Planning & Community Devpt	1,646,903	1.0%	1,427,752	0.9%
Debt Service	462,515	0.3%	462,515	0.3%
Intergovernmental	<u>4,942,339</u>	3.0%	<u>3,715,058</u>	2.4%
	\$165,670,008		\$154,430,436	

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



Capital Assets Activity

As shown by the chart below, at June 30, 2008, the City of Reno had a net capital asset investment of \$1,311,917,545 in governmental and business-type activities. This represents an increase of 6.07% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, and works of art. This figure is also net of accumulated depreciation totaling \$570,290,611.

Major capital investment activities for the 2007/08 fiscal year include:

- The addition of \$30.9 million in newly dedicated and constructed infrastructure assets, such as streets, traffic signals, and curb and gutter;
- The addition of \$11.9 2 million of sewer lines and storm drain assets dedicated to the City by developers;
- The addition of \$13.1 million in construction in progress for Phase II of the Community Assistance Center; and
- The addition of \$14.6 million in capital outlay for the ballroom facility.

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

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

	Governmental Activities		Business Type Activities		Total	
	2008	2007*	2008	2007	2008	2007*
Land and water rights	143,260,745	135,245,778	12,371,588	12,329,511	\$155,632,333	\$147,575,289
Construction in progress	71,110,328	33,806,705	52,934,122	35,303,330	124,044,450	69,110,035
Buildings	145,072,862	146,668,633	9,069,621	9,419,027	154,142,483	156,087,660
Arts and historical treasures	1,898,562	1,762,667	-	-	1,898,562	1,762,667
Improvements other than buildings	258,040,457	260,358,923	203,039,748	190,024,054	461,080,205	450,382,977
Equipment & motor vehicles	22,292,322	18,963,051	640,443	416,335	22,932,765	19,379,386
Infrastructure	392,186,747	392,587,182	-	-	392,186,747	392,587,182
Total	\$1,033,862,023	\$989,392,939	\$278,055,522	\$247,492,257	\$1,311,917,545	\$1,236,885,196

*Note: Totals for Governmental Activities for FY 2007 have been restated to reflect the following prior year adjustments: \$2,413,072 net decrease to Land; \$1,113,516 net decrease to CIP; \$27,000 increase to Equipment; and \$14,964 net decrease to Art and Historical Treasures. Further discussion of the adjustments is presented in the *Notes to the Financial Statements*.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2008 totaled \$566,512,556, a 5.64% increase when compared to the prior year. Debt for governmental activities represents 81.17% of total debt outstanding, with debt related to business-type activities accounting for 18.83% of the total debt outstanding.

As of June 30, 2008, the City of Reno had \$156,606,000 of general obligation debt outstanding that is subject to the legal debt margin. After adjusting for monies currently available in the fund for debt service, this was below the legal debt limit of \$1,020,915,000 by \$872,027,000.

In March of 2008, the City restructured the 2006A Senior Lien and 2006B Subordinate Lien Sales Tax Revenue Refunding Bonds issued to fund the railroad grade separation (trench) project. The new 2008A Senior Lien Sales Tax Revenue Refunding bonds in the amount of \$143,210,000 converted the 2006A bonds from auction rate

securities to variable rate demand bonds, which will reduce the market rate exposure to the City. The 2008B Subordinate Lien Sales Tax Revenue Bonds, which replaced the 2006B bonds, consist of \$12.5 million current interest bonds and \$34.9 million of capital appreciation bonds.

In addition to the debt restructuring discussed above, the following bonds and notes payable were issued:

- In July of 2007, \$6,080,000 of 2007 Taxable Revenue Bonds were issued to provide partial funding of phase II of the railroad project and other related projects. The bonds will be repaid from lease revenues related to the Fitzgerald parking garage.
- In May of 2008, the Redevelopment Agency District Two entered into a \$6,000,000 note payable with Nevada Land, LLC, the developer of the AAA baseball park, to provide funding for temporary fire stations to replace the fire station displaced by the future baseball park.
- In June of 2008, \$430,000 of 2008A Tax-exempt Local Improvement Bonds and \$1,115,000 of 2008B Taxable Local Improvement Bonds were issued to reimburse the City for sidewalk, curb and gutter improvements on behalf of property owners. The bonds will be repaid from special assessments placed on the affected properties.
- In June of 2008, \$25,000,000 of General Obligation Medium-term Sewer Bonds to assist in funding the rehabilitation of sewer lines and other sanitary sewer system improvements. The bonds will be repaid with sewer user fees.

Note 8 in the *Notes to the Financial Statements* section of this report provides additional details related to new debt issued by the City of Reno in FY 2007/08.

The chart below summarizes the City of Reno's outstanding debt. Additional information regarding the City of Reno's debt structure is presented in Note 8 in the Notes to Financial Statements section of this report.

City of Reno's Outstanding Debt (Net of Discounts and Premiums)

	Governmental Activities		Business Type Activities		Total	
	2008	2007*	2008	2007*	2008	2007*
General obligation bonds	\$ 51,984,698	\$ 58,490,899	\$ -	\$ -	\$ 51,984,698	\$ 58,490,899
Special assessments	24,785,686	24,487,748	-	-	24,785,686	24,487,748
Pledged revenues - sales and room taxes	306,359,662	309,385,038	-	-	306,359,662	309,385,038
Pledged revenues - other	38,103,399	32,995,523			38,103,399	32,995,523
Sanitary Sewer bonds	-	-	101,971,313	78,638,969	101,971,313	78,638,969
Golf Course bonds	-	-	2,658,411	2,846,448	2,658,411	2,846,448
Notes payable	6,453,000	497,000	-	-	6,453,000	497,000
Capital leases	5,062,334	2,208,497	-	-	5,062,334	2,208,497
Compensated absences payable	27,106,856	24,687,316	2,027,197	2,033,557	29,134,053	26,720,873
Total	\$459,855,635	\$452,752,021	\$106,656,921	\$ 83,518,974	\$566,512,556	\$536,270,995

Note: Totals for FY 2007 for General Obligation Bonds, Pledged Revenues – Sales and Room Taxes and Other Bonds, and Special Assessments for Governmental Activities were restated in the cumulative amount of \$18,021,494, to reflect deferred losses (gains) on refunding activities. The FY 2007 total for Golf Course bonds was reduced by \$90,501 to reflect the unamortized deferred loss on refunding activity.

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

Known Economic Factors

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. Despite the property tax cap enacted by the 2005 State Legislature (AB 489, SB 509), the City of Reno experienced growth in property taxes in 2007/08 of 7.27%. The Redevelopment Agency was severely impacted by abatements granted in 2005/06, which primarily affected the downtown area. For 2007/08, the Redevelopment Agency, excluding collections in the new Redevelopment Project Area No. 2, experienced little growth in property tax collections but exceeded budget by 6.62%.
- The City of Reno is also heavily reliant on consolidated tax revenues. In FY 2007/08, consolidated tax revenues declined 7.22%.
- Cabela's, touted as the world's foremost sportsmen's outfitter, opened a store in Reno area in November of 2007 that has attracted tourists from California and the Pacific Northwest, providing a large economic gain to the area.
- Scheels, a retailing concern with 21 stores in seven mid-western states and touted as the world's largest all sports store, is under construction in Sparks. When completed in September 2008, the store will generate additional sales tax that will benefit all of Washoe County, including Reno.
- Palladio Project, a \$15 million, 12-story multi-use project containing approximately 19,000 sq. ft. including 92 condominiums, parking, and retail space located in the downtown, opened in May of 2007. This development is generating additional property tax base, as well as future sales tax revenues related to the retail portion on the first floor.
- In late February of 2008 the Downtown Ballroom, a 52,778 square foot building housing a ballroom, which can be subdivided into smaller meeting rooms, and kitchen facilities opened to the public. The project is a public-private partnership between the City of Reno and the Downtown Management Company, LLC, and can be used in conjunction with the Reno Events Center for bigger meeting and trade show venues.
- The Reno Events Center has been successful since its opening in January 2007 in bringing concerts, sporting events and other events to Reno.
- Construction has begun on a Pacific Coast League AAA Baseball complex in the downtown Reno area. The \$81 million project involving the Redevelopment Agency and a private developer is to be completed by April of 2009. The project is expected to project \$135 million in one-time economic impact, with \$9.4 million in ongoing economic impacts. The project would also spur additional retail development in the downtown area, which would help to generate the sales tax increment to be used to repay the construction/development costs.
- The City of Reno continues to work on various major projects, which will stimulate economic activity in the downtown area. These projects include:
 - ReTRAC Enhancement Project – a City/developer joint project to cover a two-block area of the depressed railroad spur that runs through the middle of downtown to create an additional public plaza that is expected to be completed in 2009.
 - Phase II of the Community Assistance Center Campus – this project to provide homeless families with community resources and temporary living quarters, as well as a women's shelter, is scheduled to open in October 2008. A triage center to provide immediate medical services to homeless citizens opened in March. Phase I, which provided a men's shelter, the St. Vincent's Dining Room, and the Reno-Sparks Gospel Mission opened in the fall of October 2007.
 - Community Service Centers – three proposed public safety facilities located in south, north and central Reno that will improve delivery of services throughout the community.
- The City's Redevelopment Agency continues to assist various small businesses, through donations and business loans, in establishing sites in the downtown area. This activity will help generate additional tax and business license revenues for the City.
- A full year of property tax collections has been received for the Redevelopment Project Area No. 2, created in August of 2005 and consisting of seven non-contiguous sub-areas totaling 1,171 acres that are either key gateways or commercial corridors in the City that have experienced economic and physical decline. Projects for this area are currently being planned.
- The Redevelopment Agency is continuing negotiations with the US Postal Service to purchase the historic downtown post office that will be renovated for retail and restaurant use. The project also includes a plaza that once built, will provide access to the Truckee River.

- Construction on the Montage condominium project, which is a former casino property, continues. When completed in 2009, the project will offer five distinct residential types from lofts to row houses. While the City lost future room tax revenues due to these conversions, the condominiums will generate property taxes revenues for the City to offset the lost room taxes.
- Renown Health completed its \$365 million expansion project to add patient rooms, operating rooms, parking facilities and support facilities. This expansion has provided job growth and a greater level of medical services and general health care to the citizenry of Reno and all of Washoe Valley.
- In June of 2008 the unemployment rate in the Reno MSA was 6.4%, which is equal to the state unemployment rate of 6.4% and higher than the national rate of 5.5%, respectively. The Reno MSA unemployment is up significantly from 4.4% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2007 and June 2008 was (1.0%).

Requests for Information

This financial report is designed to provide a general overview of the financial activity and condition of the City of Reno to all having such an interest in the City of Reno. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Reno Finance Department, One East First Street, P. O. Box 1900, Reno, Nevada, 89505.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

CITY OF RENO, NEVADA

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 116,610,913	\$ 15,353,652	\$ 131,964,565
Receivables:			
Accounts	4,991,991	5,846,161	10,838,152
Accrued interest	786,652	13,098	799,750
From other governments	17,276,683	1,177,175	18,453,858
Delinquent taxes	1,098,076	--	1,098,076
Special assessments	23,910,209	--	23,910,209
Long-term	995,860	10,846,265	11,842,125
Internal balances	10,843,429	(10,843,429)	--
Inventories	895,194	168,769	1,063,963
Prepaid items	533,320	--	533,320
Property held for resale	7,346,811	--	7,346,811
Other assets	473	--	473
Deferred charges	20,220,025	274,944	20,494,969
Restricted assets	--	25,554,561	25,554,561
Investment in Truckee Meadows Water Reclamation Facility	--	91,465,865	91,465,865
Delinquent accounts receivable	--	1,004,111	1,004,111
Capital assets, non-depreciable	214,371,073	65,305,710	279,676,783
Capital assets, depreciable (net of accumulated depreciation)	819,490,950	212,749,812	1,032,240,762
TOTAL ASSETS	1,239,371,659	418,916,694	1,658,288,353
LIABILITIES			
Accounts payable	3,503,362	593,969	4,097,331
Accrued salaries and benefits	5,806,286	534,311	6,340,597
Contracts and retained percentage payable	9,268,021	3,474,553	12,742,574
Accrued interest payable	1,490,868	1,094,292	2,585,160
Due to other governments	972,426	19,555	991,981
Other liabilities, including deposits	1,377,453	461,917	1,839,370
Unearned revenue	2,603,777	--	2,603,777
Liabilities payable from restricted assets	--	1,579,129	1,579,129
Noncurrent liabilities:			
Due within one year	29,132,350	7,629,033	36,761,383
Due in more than one year, net of bond premium and discount	500,177,498	99,838,957	600,016,455
TOTAL LIABILITIES	554,332,041	115,225,716	669,557,757
NET ASSETS			
Invested in capital assets, net of related debt	607,195,156	185,580,722	792,775,878
Restricted for:			
Capital projects	38,472,786	--	38,472,786
Debt service	65,030,710	--	65,030,710
Streets	150,185	--	150,185
Claims	18,707,448	--	18,707,448
Other purposes	2,976,529	--	2,976,529
Unrestricted (deficit)	(47,493,196)	118,110,256	70,617,060
TOTAL NET ASSETS	\$ 685,039,618	\$ 303,690,978	\$ 988,730,596

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

CITY OF RENO, NEVADA

Statement of Activities
For the Year Ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 22,800,015	\$ 43,523,250	\$ 2,234,943	\$ 25,000
Judicial	7,842,206	4,681,076	33,321	--
Police	70,490,199	1,748,774	1,094,423	170,725
Fire	65,056,693	16,743,399	230,230	452,387
Public works	65,913,956	2,024,382	28,003	55,500,870
Planning and community development	5,837,233	29,742	3,181,955	2,894,585
Culture and recreation	22,333,632	7,269,586	250,278	112,500
Urban redevelopment	3,552,503	712,369	--	18,541,782
Debt service:				
Interest and fiscal charges	20,476,498	--	--	--
Total Governmental Activities	<u>284,302,935</u>	<u>76,732,578</u>	<u>7,053,153</u>	<u>77,697,849</u>
Business-Type Activities:				
Sanitary sewer	41,422,307	41,206,608	250,000	20,534,505
Golf courses	1,779,539	956,396	--	--
Building permits	7,773,077	4,588,159	--	--
Planning	3,776,183	1,731,509	--	--
Dispatch center	6,881,512	522,825	5,064	--
Total Business-type Activities	<u>61,632,618</u>	<u>49,005,497</u>	<u>255,064</u>	<u>20,534,505</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 345,935,553</u>	<u>\$ 125,738,075</u>	<u>\$ 7,308,217</u>	<u>\$ 98,232,354</u>

GENERAL REVENUES

Taxes:

Ad valorem taxes
Consolidated tax
SCCR taxes - AB104
Dedicated sales taxes
Other taxes

Unrestricted County gaming contributions
Unrestricted Investment and interest earnings
Miscellaneous
Gain on sale of capital assets

Transfers

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING, AS RESTATED
NET ASSETS, ENDING

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

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ 22,983,178	\$ --	\$ 22,983,178
(3,127,809)	--	(3,127,809)
(67,476,277)	--	(67,476,277)
(47,630,677)	--	(47,630,677)
(8,360,701)	--	(8,360,701)
269,049	--	269,049
(14,701,268)	--	(14,701,268)
15,701,648	--	15,701,648
<u>(20,476,498)</u>	<u>--</u>	<u>(20,476,498)</u>
<u>(122,819,355)</u>	<u>--</u>	<u>(122,819,355)</u>
--	20,568,806	20,568,806
--	(823,143)	(823,143)
--	(3,184,918)	(3,184,918)
--	(2,044,674)	(2,044,674)
--	(6,353,623)	(6,353,623)
<u>--</u>	<u>8,162,448</u>	<u>8,162,448</u>
<u>(122,819,355)</u>	<u>8,162,448</u>	<u>(114,656,907)</u>
68,342,284	--	68,342,284
51,266,041	--	51,266,041
3,413,261	--	3,413,261
8,737,761	--	8,737,761
10,585,386	--	10,585,386
1,953,433	--	1,953,433
7,756,905	763,671	8,520,576
842,153	8,841	850,994
202,192	--	202,192
<u>(4,566,309)</u>	<u>4,566,309</u>	<u>--</u>
<u>148,533,107</u>	<u>5,338,821</u>	<u>153,871,928</u>
25,713,752	13,501,269	39,215,021
<u>659,325,866</u>	<u>290,189,709</u>	<u>949,515,575</u>
<u>\$ 685,039,618</u>	<u>\$ 303,690,978</u>	<u>\$ 988,730,596</u>

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

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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CITY OF RENO, NEVADA

Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Railroad Debt Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 8,185,485	\$ 9,772,583	\$ 5,540,953	\$ 3,160,113
Receivables:				
Accounts	3,637,156	8,085	--	6,752
Accrued interest	31,081	20,288	27,537	18,547
From other governments	10,965,467	1,463,282	488,403	988
Delinquent taxes	774,528	--	--	--
Special assessments:				
Current	--	360,045	101,294	88,515
Delinquent	23,797	1,501	--	3,796
Deferred	--	12,159,695	6,890,496	4,281,070
Long-term	--	--	--	--
Due from other funds	1,637,745	--	--	--
Inventories	541,414	--	--	--
Prepaid items	56,392	--	--	407
Property held for resale	--	--	--	--
Other assets	473	--	--	--
TOTAL ASSETS	<u>\$ 25,853,538</u>	<u>\$ 23,785,479</u>	<u>\$ 13,048,683</u>	<u>\$ 7,560,188</u>
LIABILITIES				
Accounts payable	\$ 1,733,275	\$ 216,745	\$ 76	\$ 91,767
Accrued salaries and benefits	5,207,152	--	--	--
Contracts and retained percentage payable	44,650	--	--	--
Accrued interest payable	--	--	--	--
Due to other funds	630,505	--	--	--
Due to other governments	45,737	--	--	510
Other liabilities, including deposits	872,573	17,406	--	29,620
Deferred taxes	774,528	--	--	--
Deferred revenue	1,631,714	12,159,695	6,890,496	4,281,070
TOTAL LIABILITIES	<u>10,940,134</u>	<u>12,393,846</u>	<u>6,890,572</u>	<u>4,402,967</u>
FUND BALANCES				
Reserved for:				
Encumbrances	1,408,369	--	--	--
Inventories	541,414	--	--	--
Prepaid items	56,392	--	--	407
Property held for resale	--	--	--	--
Capital projects	--	--	--	--
Technology acquisition	507,948	--	--	--
Park capital outlay	--	--	--	--
Future signalization	--	--	--	--
Debt service	--	11,391,633	6,158,111	3,156,814
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other purposes	231,177	--	--	--
Unreserved, reported in:				
General fund	12,168,104	--	--	--
Special revenue funds	--	--	--	--
Capital projects funds	--	--	--	--
TOTAL FUND BALANCES	<u>14,913,404</u>	<u>11,391,633</u>	<u>6,158,111</u>	<u>3,157,221</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,853,538</u>	<u>\$ 23,785,479</u>	<u>\$ 13,048,683</u>	<u>\$ 7,560,188</u>

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

Railroad Capital Project Fund	Downtown Events Center Capital Project Fund	Other Governmental Funds	Total
\$ 1,242,848	\$ 1,820,148	\$ 65,713,204	\$ 95,435,334
97,318	--	669,406	4,418,717
--	7,419	573,628	678,500
1,613,372	--	2,681,595	17,213,107
--	--	323,548	1,098,076
--	--	--	549,854
--	--	--	29,094
--	--	--	23,331,261
--	--	995,860	995,860
--	--	6,767,425	8,405,170
--	--	172,061	713,475
--	--	--	56,799
--	--	7,346,811	7,346,811
--	--	--	473
<u>\$ 2,953,538</u>	<u>\$ 1,827,567</u>	<u>\$ 85,243,538</u>	<u>\$ 160,272,531</u>
\$ 1,936	\$ --	\$ 1,234,022	\$ 3,277,821
692	--	483,788	5,691,632
291,586	375,392	8,556,393	9,268,021
--	1,963	5,903	7,866
--	--	5,332,425	5,962,930
--	--	926,179	972,426
--	--	457,854	1,377,453
--	--	323,533	1,098,061
--	--	995,860	25,958,835
<u>294,214</u>	<u>377,355</u>	<u>18,315,957</u>	<u>53,615,045</u>
2,659,324	86,908	5,996,050	10,150,651
--	--	172,061	713,475
--	--	--	56,799
--	--	7,346,811	7,346,811
--	1,363,304	34,594,773	35,958,077
--	--	--	507,948
--	--	7,723,502	7,723,502
--	--	506,441	506,441
--	--	11,807,805	32,514,363
--	--	1,080,586	1,080,586
--	--	191,178	191,178
--	--	664,386	895,563
--	--	--	12,168,104
--	--	6,854,198	6,854,198
--	--	(10,010,210)	(10,010,210)
<u>2,659,324</u>	<u>1,450,212</u>	<u>66,927,581</u>	<u>106,657,486</u>
<u>\$ 2,953,538</u>	<u>\$ 1,827,567</u>	<u>\$ 85,243,538</u>	<u>\$ 160,272,531</u>

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

CITY OF RENO, NEVADA

Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2008

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 106,657,486
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,023,542,427
Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	20,220,025
Long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	(470,877,114)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds	24,453,119
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets	<u>(18,956,325)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	<u>\$ 685,039,618</u>

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

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CITY OF RENO, NEVADA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Railroad Debt Service Fund	Downtown Events Center Debt Fund	Special Assessment Districts Debt Fund
REVENUES				
Taxes	\$ 47,035,412	\$ 991,523	\$ 6,000,979	\$ --
Special assessments	1,487,512	548,027	223,047	612,854
Fees, licenses, and permits	36,427,149	--	--	--
Intergovernmental	70,467,608	8,379,747	--	--
Grants and contributions	1,871,949	--	--	--
Charges for services	4,109,739	--	--	--
Fines and forfeitures	4,492,220	28,344	712	25,881
Miscellaneous	14,972,558	1,497,990	810,113	403,833
TOTAL REVENUES	180,864,147	11,445,631	7,034,851	1,042,568
EXPENDITURES				
Current:				
General government	16,898,001	--	--	--
Judicial	6,452,189	--	--	--
Public safety - Police	61,320,552	--	--	--
Public safety - Fire	56,309,536	--	--	--
Public works	13,336,300	--	--	--
Planning and community development	1,648,939	--	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Intergovernmental	4,365,179	--	--	--
Capital outlay	4,452,574	--	--	--
Debt service:				
Principal	474,042	525,000	1,050,000	298,344
Interest	156,428	6,889,811	7,120,528	166,189
Bond issue costs	--	9,172,901	--	93,000
Fiscal charges	--	338,159	197,833	172,099
TOTAL EXPENDITURES	165,413,740	16,925,871	8,368,361	729,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,450,407	(5,480,240)	(1,333,510)	312,936
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	190,626,227	--	1,545,000
Inception of capital lease	3,327,879	--	--	--
Refunding bonds issued	--	--	--	--
Discounts on bonds issued	--	(241,250)	--	--
Payment to refunded debt escrow agent	--	(184,623,631)	--	--
Sale of capital assets	33,942	--	--	--
Transfers from other funds	3,778,217	4,500,000	--	--
Transfers to other funds	(24,927,872)	--	(15,000)	(1,412,212)
TOTAL OTHER FINANCING SOURCES (USES)	(17,787,834)	10,261,346	(15,000)	132,788
NET CHANGE IN FUND BALANCES	(2,337,427)	4,781,106	(1,348,510)	445,724
FUND BALANCES - BEGINNING OF YEAR	15,396,160	6,610,527	7,604,656	2,920,199
PRIOR PERIOD ADJUSTMENT	1,854,671	--	(98,035)	(208,702)
FUND BALANCES, BEGINNING, AS RESTATED	17,250,831	6,610,527	7,506,621	2,711,497
FUND BALANCES, ENDING	\$ 14,913,404	\$ 11,391,633	\$ 6,158,111	\$ 3,157,221

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

Railroad Capital Project Fund	Downtown Events Center Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ --	\$ 27,003,752	\$ 81,031,666
--	--	--	2,871,440
--	--	140,520	36,567,669
--	--	5,440,794	84,288,149
1,613,372	--	30,455,444	33,940,765
--	--	4,068,821	8,178,560
--	--	27,477	4,574,634
6,947	178,232	11,189,247	29,058,920
<u>1,620,319</u>	<u>178,232</u>	<u>78,326,055</u>	<u>280,511,803</u>
--	--	833,054	17,731,055
--	--	143,826	6,596,015
--	--	--	61,320,552
--	--	--	56,309,536
414,467	8,382	14,524,199	28,283,348
--	--	5,258,677	6,907,616
--	--	18,176,148	18,176,148
--	--	2,983,836	2,983,836
--	--	--	4,365,179
1,312,420	14,807,865	30,951,075	51,523,934
--	--	7,408,519	9,755,905
--	--	4,184,714	18,517,670
--	--	112,758	9,378,659
--	--	314,123	1,022,214
<u>1,726,887</u>	<u>14,816,247</u>	<u>84,890,929</u>	<u>292,871,667</u>
<u>(106,568)</u>	<u>(14,638,015)</u>	<u>(6,564,874)</u>	<u>(12,359,864)</u>
--	--	6,080,000	198,251,227
--	--	--	3,327,879
--	--	6,000,000	6,000,000
--	--	--	(241,250)
--	--	--	(184,623,631)
--	--	(23,874)	10,068
8,500,000	--	30,770,088	47,548,305
(4,500,000)	--	(25,427,877)	(56,282,961)
<u>4,000,000</u>	<u>--</u>	<u>17,398,337</u>	<u>13,989,637</u>
<u>3,893,432</u>	<u>(14,638,015)</u>	<u>10,833,463</u>	<u>1,629,773</u>
(1,234,108)	16,086,530	54,199,169	101,583,133
--	1,697	1,894,949	3,444,580
<u>(1,234,108)</u>	<u>16,088,227</u>	<u>56,094,118</u>	<u>105,027,713</u>
<u>\$ 2,659,324</u>	<u>\$ 1,450,212</u>	<u>\$ 66,927,581</u>	<u>\$ 106,657,486</u>

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

CITY OF RENO, NEVADA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2008

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES	\$ 1,629,773
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	11,304,604
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease Net Assets.	(5,669,545)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.	39,137,399
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on Net Assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,787,206)
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	(12,781,390)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with Governmental Activities.	<u>(4,119,883)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,713,752</u>

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 45,481,676	\$ 47,381,676	\$ 47,035,412	\$ (346,264)
Special assessments	1,343,540	1,453,746	1,487,512	33,766
Licenses and permits:				
Business licenses and permits:				
Business licenses	13,202,000	14,308,000	13,419,739	(888,261)
City gaming licenses	2,500,000	2,367,000	2,364,451	(2,549)
Liquor licenses	1,165,000	1,220,000	1,151,688	(68,312)
Non-business licenses and permits	60,000	282,282	284,037	1,755
Franchises:				
Electricity	6,200,000	5,850,000	5,783,785	(66,215)
Telephone	3,700,000	4,200,000	3,735,284	(464,716)
Natural gas	2,650,000	2,420,000	2,368,616	(51,384)
Sanitation	2,200,000	2,290,000	2,385,936	95,936
Water	1,000,000	1,020,000	998,524	(21,476)
Sewer	1,400,000	1,565,200	1,471,135	(94,065)
Cable television	1,983,620	2,229,066	2,463,954	234,888
Total licenses and permits	36,060,620	37,751,548	36,427,149	(1,324,399)
Intergovernmental:				
Federal grants	550,000	2,586,172	1,848,859	(737,313)
State grants	--	--	23,090	23,090
State shared revenues	57,550,000	52,400,000	51,266,041	(1,133,959)
Dedicated sales tax revenues	--	--	358,014	358,014
County shared revenues:				
County gaming licenses	2,022,000	1,925,000	1,953,433	28,433
AB 104	3,708,000	3,500,000	3,413,261	(86,739)
Fire consolidated payment	13,359,615	13,359,615	13,360,813	1,198
Other	--	16,000	116,046	100,046
Total intergovernmental	77,189,615	73,786,787	72,339,557	(1,447,230)
Charges for services:				
General government:				
Administration fees	1,226,000	1,205,000	899,143	(305,857)
TMWA contract payment	357,038	357,038	353,636	(3,402)
Other	100	1,500	470	(1,030)
Judicial:				
Municipal court charges	300,000	252,000	257,382	5,382

continued

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
 General Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Charges for services:				
Public safety:				
Police service charges	\$ 300,000	\$ 273,014	\$ 337,181	\$ 64,167
Work permits	60,600	60,000	73,484	13,484
Fire service charges	845,000	1,137,000	903,863	(233,137)
Public works:				
Engineering fees	810,000	915,000	564,240	(350,760)
Parking receipts	603,000	745,000	689,221	(55,779)
Other	65,700	45,500	31,119	(14,381)
Total charges for services	<u>4,567,438</u>	<u>4,991,052</u>	<u>4,109,739</u>	<u>(881,313)</u>
Fines and forfeits:				
Municipal court fines	3,628,034	3,884,000	3,762,207	(121,793)
Municipal court forfeitures	170,000	172,000	38,416	(133,584)
Delinquent license penalties	550,000	650,000	691,597	41,597
Fines and forfeitures, other	4,000	--	--	--
Total fines and forfeits	<u>4,352,034</u>	<u>4,706,000</u>	<u>4,492,220</u>	<u>(213,780)</u>
Miscellaneous:				
Investment earnings	526,100	400,000	455,695	55,695
Rent and royalties	3,000,000	1,592	3,421	1,829
Reimbursement and restitution	10,833,636	12,734,355	12,670,752	(63,603)
Private grants	--	677,741	1,549,135	871,394
Other	300,000	300,000	293,555	(6,445)
Total miscellaneous	<u>14,659,736</u>	<u>14,113,688</u>	<u>14,972,558</u>	<u>858,870</u>
TOTAL REVENUES	<u>183,654,659</u>	<u>184,184,497</u>	<u>180,864,147</u>	<u>(3,320,350)</u>
EXPENDITURES				
Current:				
General government:				
City Council:				
Salaries and wages	375,420	433,918	430,389	3,529
Employee benefits	244,488	257,428	271,125	(13,697)
Services and supplies	890,310	827,710	777,092	50,618
Subtotal	<u>1,510,218</u>	<u>1,519,056</u>	<u>1,478,606</u>	<u>40,450</u>
City Clerk:				
Salaries and wages	687,700	726,832	725,565	1,267
Employee benefits	273,320	265,684	264,549	1,135
Services and supplies	680,663	537,333	565,060	(27,727)
Subtotal	<u>1,641,683</u>	<u>1,529,849</u>	<u>1,555,174</u>	<u>(25,325)</u>

continued

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
 General Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
City Manager:				
Salaries and wages	\$ 2,501,135	\$ 2,471,866	\$ 2,521,045	\$ (49,179)
Employee benefits	1,073,140	965,580	992,403	(26,823)
Services and supplies	2,194,352	2,398,815	1,725,799	673,016
Subtotal	<u>5,768,627</u>	<u>5,836,261</u>	<u>5,239,247</u>	<u>597,014</u>
Finance:				
Salaries and wages	\$ 1,520,825	\$ 1,611,522	\$ 1,602,750	\$ 8,772
Employee benefits	695,765	711,062	711,619	(557)
Services and supplies	224,049	233,073	211,501	21,572
Subtotal	<u>2,440,639</u>	<u>2,555,657</u>	<u>2,525,870</u>	<u>29,787</u>
City Attorney:				
Salaries and wages	\$ 2,640,987	\$ 2,574,512	\$ 2,649,286	\$ (74,774)
Employee benefits	1,051,486	1,082,710	1,094,329	(11,619)
Services and supplies	455,568	398,626	340,218	58,408
Subtotal	<u>4,148,041</u>	<u>4,055,848</u>	<u>4,083,833</u>	<u>(27,985)</u>
Human Resources:				
Salaries and wages	827,262	901,865	914,203	(12,338)
Employee benefits	390,208	430,318	435,238	(4,920)
Services and supplies	214,420	368,147	316,374	51,773
Subtotal	<u>1,431,890</u>	<u>1,700,330</u>	<u>1,665,815</u>	<u>34,515</u>
Civil Service Commission:				
Salaries and wages	169,835	185,964	185,998	(34)
Employee benefits	83,935	82,660	83,155	(495)
Services and supplies	110,142	79,276	80,303	(1,027)
Subtotal	<u>363,912</u>	<u>347,900</u>	<u>349,456</u>	<u>(1,556)</u>
General government summary:				
Salaries and wages	8,723,164	8,906,479	9,029,236	(122,757)
Employee benefits	3,812,342	3,795,442	3,852,418	(56,976)
Services and supplies	4,769,504	4,842,980	4,016,347	826,633
Total General government	<u>17,305,010</u>	<u>17,544,901</u>	<u>16,898,001</u>	<u>646,900</u>

continued

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
 General Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Judicial:				
Salaries and wages	3,685,353	3,909,829	3,870,283	39,546
Employee benefits	1,598,168	1,670,095	1,676,385	(6,290)
Services and supplies	895,363	988,715	905,521	83,194
Capital outlay	40,000	25,000	--	25,000
Total Judicial	6,218,884	6,593,639	6,452,189	141,450
Public safety:				
Police department:				
Salaries and wages	38,387,361	38,262,668	38,607,124	(344,456)
Employee benefits	18,361,509	18,176,030	17,766,367	409,663
Services and supplies	5,069,395	5,922,192	4,947,061	975,131
Capital outlay	--	50,000	108,880	(58,880)
Total Police Department	61,818,265	62,410,890	61,429,432	981,458
Fire department:				
Salaries and wages	34,129,400	35,346,794	35,426,729	(79,935)
Employee benefits	15,272,909	15,903,615	15,649,964	253,651
Services and supplies	3,875,959	5,396,674	5,232,843	163,831
Capital outlay	280,000	1,583,793	4,318,696	(2,734,903)
Subtotal	53,558,268	58,230,876	60,628,232	(2,397,356)
Public safety summary:				
Salaries and wages	72,516,761	73,609,462	74,033,853	(424,391)
Employee benefits	33,634,418	34,079,645	33,416,331	663,314
Services and supplies	8,945,354	11,318,866	10,179,904	1,138,962
Capital outlay	280,000	1,633,793	4,427,576	(2,793,783)
Total public safety	115,376,533	120,641,766	122,057,664	(1,415,898)
Public works:				
Salaries and wages	5,303,455	5,445,350	5,359,344	86,006
Employee benefits	2,400,723	2,313,539	2,307,729	5,810
Services and supplies	5,430,518	6,079,056	5,669,227	409,829
Capital Outlay	--	--	24,998	(24,998)
Total public works	13,134,696	13,837,945	13,361,298	476,647
Planning and community development:				
Salaries and wages	878,065	959,052	982,023	(22,971)
Employee benefits	370,536	395,130	399,647	(4,517)
Services and supplies	311,721	292,721	267,269	25,452
Total planning and community development	1,560,322	1,646,903	1,648,939	(2,036)

continued

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued) General Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Intergovernmental:				
Retired Employees Trust	\$ 2,700,000	\$ 2,700,000	\$ 3,162,190	\$ (462,190)
Miscellaneous	1,517,606	2,242,339	1,202,989	1,039,350
Total Intergovernmental	<u>4,217,606</u>	<u>4,942,339</u>	<u>4,365,179</u>	<u>577,160</u>
DEBT SERVICE				
Principal	356,670	356,670	474,042	(117,372)
Interest	<u>105,845</u>	<u>105,845</u>	<u>156,428</u>	<u>(50,583)</u>
Total Debt Service	<u>462,515</u>	<u>462,515</u>	<u>630,470</u>	<u>(167,955)</u>
TOTAL EXPENDITURES	<u>158,275,566</u>	<u>165,670,008</u>	<u>165,413,740</u>	<u>256,268</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>25,379,093</u>	<u>18,514,489</u>	<u>15,450,407</u>	<u>(3,064,082)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	29,480	33,942	4,462
Proceeds - short-term financing	--	--	3,327,879	3,327,879
Transfers from other funds	2,262,627	3,782,465	3,778,217	(4,248)
Transfers to other funds	<u>(28,184,587)</u>	<u>(26,878,002)</u>	<u>(24,927,872)</u>	<u>1,950,130</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,921,960)</u>	<u>(23,066,057)</u>	<u>(17,787,834)</u>	<u>5,278,223</u>
NET CHANGES IN FUND BALANCES	(542,867)	(4,551,568)	(2,337,427)	2,214,141
CONTINGENCY	(1,698,000)	(63,168)	--	63,168
FUND BALANCES, BEGINNING	11,831,318	15,396,160	15,396,160	--
PRIOR PERIOD ADJUSTMENT	--	--	1,854,671	1,854,671
FUND BALANCES, ENDING	<u>\$ 9,590,451</u>	<u>\$ 10,781,424</u>	<u>\$ 14,913,404</u>	<u>\$ 4,131,980</u>

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

CITY OF RENO, NEVADA

Statement of Fund Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds				Governmental	
	Sanitary Sewer Fund	Planning Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current Assets:						
Cash and investments	\$ 14,626,933	\$ 74,974	\$ 15,906	\$ 635,839	\$ 15,353,652	\$ 21,175,579
Receivables:						
Accounts receivable	5,846,161	--	--	--	5,846,161	573,275
Accrued interest	8,575	--	1,033	3,490	13,098	108,152
From other governments	1,149,428	--	--	27,747	1,177,175	63,576
Due from other funds	--	--	--	--	--	3,230,505
Inventories	114,707	--	9,842	44,220	168,769	181,719
Prepaid expenses	--	--	--	--	--	476,521
Restricted assets:						
Cash and investments	24,174,947	--	--	--	24,174,947	--
Accrued interest receivable	98,950	--	--	--	98,950	--
Accounts receivable	553,568	--	--	--	553,568	--
Due from other governments	727,096	--	--	--	727,096	--
Total Restricted Assets	25,554,561	--	--	--	25,554,561	--
Total Current Assets	47,300,365	74,974	26,781	711,296	48,113,416	25,809,327
Noncurrent Assets:						
Delinquent accounts receivable	1,004,111	--	--	--	1,004,111	--
Long-term notes receivable	10,846,265	--	--	--	10,846,265	--
Deferred charges	211,749	--	--	63,195	274,944	--
Investment in Truckee Meadows Water Reclamation Facility	91,465,865	--	--	--	91,465,865	--
Capital assets:						
Land	7,727,157	--	107,317	1,600,000	9,434,474	--
Water rights	1,812,114	--	--	1,125,000	2,937,114	--
Buildings	12,357,401	--	--	1,153,242	13,510,643	--
Improvements other than buildings	271,032,590	--	591,534	7,196,726	278,820,850	--
Machinery and equipment	1,423,561	--	69,700	483,464	1,976,725	26,095,562
Construction in progress	52,934,122	--	--	--	52,934,122	--
Total Capital Assets	347,286,945	--	768,551	11,558,432	359,613,928	26,095,562
Less accumulated depreciation	(76,017,661)	--	(203,521)	(5,337,224)	(81,558,406)	(15,478,846)
Net Capital Assets	271,269,284	--	565,030	6,221,208	278,055,522	10,616,716
Total Noncurrent Assets	374,797,274	--	565,030	6,284,403	381,646,707	10,616,716
TOTAL ASSETS	422,097,639	74,974	591,811	6,995,699	429,760,123	36,426,043

continued

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

CITY OF RENO, NEVADA

Statement of Fund Net Assets (continued)
 Proprietary Funds
 June 30, 2008

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Sanitary Sewer Fund	Planning Fund	Building Permit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 497,896	\$ 4,335	\$ 16,741	\$ 74,997	\$ 593,969	\$ 225,541
Accrued salaries and benefits	190,479	39,353	129,719	174,760	534,311	114,654
Contracts and retained percentage payable	3,472,809	904	840	--	3,474,553	--
Accrued interest payable	1,094,292	--	--	--	1,094,292	--
Compensated absences payable	550,445	144,877	411,493	473,015	1,579,830	286,152
Due to other funds	--	2,837,745	200,000	35,000	3,072,745	2,600,000
Due to other governments	--	19,555	--	--	19,555	--
Deposits and other liabilities	452,159	--	--	9,758	461,917	--
Bonds and notes payable	5,849,203	--	--	200,000	6,049,203	--
Liability for self-insurance	--	--	--	--	--	6,998,612
Total Current Liabilities (payable from current assets)	<u>12,107,283</u>	<u>3,046,769</u>	<u>758,793</u>	<u>967,530</u>	<u>16,880,375</u>	<u>10,224,959</u>
Current liabilities (payable from restricted assets):						
Accounts payable	13,364	--	--	--	13,364	--
Contracts and retained percentage payable	1,563,673	--	--	--	1,563,673	--
Accrued interest payable	2,092	--	--	--	2,092	--
Total Current Liabilities (payable from restricted assets)	<u>1,579,129</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,579,129</u>	<u>--</u>
Total Current Liabilities	<u>13,686,412</u>	<u>3,046,769</u>	<u>758,793</u>	<u>967,530</u>	<u>18,459,504</u>	<u>10,224,959</u>
Noncurrent Liabilities:						
Compensated absences payable	153,842	8,534	192,699	92,292	447,367	22,092
Other post-employment benefits liability	297,130	53,116	202,591	258,232	811,069	174,072
Bonds and notes payable	96,122,110	--	--	2,458,411	98,580,521	--
Liability for self-insurance	--	--	--	--	--	52,434,808
Total Noncurrent Liabilities	<u>96,573,082</u>	<u>61,650</u>	<u>395,290</u>	<u>2,808,935</u>	<u>99,838,957</u>	<u>52,630,972</u>
TOTAL LIABILITIES	<u>110,259,494</u>	<u>3,108,419</u>	<u>1,154,083</u>	<u>3,776,465</u>	<u>118,298,461</u>	<u>62,855,931</u>
NET ASSETS						
Invested in capital, net of related debt	181,452,895	--	565,030	3,562,797	185,580,722	10,616,716
Restricted for:						
Claims	--	--	--	--	--	18,224,466
Unrestricted (deficit)	<u>130,385,250</u>	<u>(3,033,445)</u>	<u>(1,127,302)</u>	<u>(343,563)</u>	<u>125,880,940</u>	<u>(55,271,070)</u>
TOTAL NET ASSETS	<u>\$311,838,145</u>	<u>\$(3,033,445)</u>	<u>\$ (562,272)</u>	<u>\$ 3,219,234</u>	<u>311,461,662</u>	<u>\$ (26,429,888)</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(7,770,684)	
Net assets of business-type activities (page 21)					<u>\$ 303,690,978</u>	

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

CITY OF RENO, NEVADA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds					Governmental
	Sanitary	Planning	Building	Nonmajor	Total	Activities
	Sewer Fund	Fund	Permit Fund	Enterprise Funds	Enterprise Fund	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 37,809,490	\$ 1,731,509	\$ 4,573,237	\$ 1,477,073	\$ 45,591,309	\$ 26,330,998
Licenses and permits	387,725	--	--	--	387,725	--
Fines and forfeitures	1,310,266	--	--	--	1,310,266	--
Miscellaneous	1,743,364	996	14,922	3,494	1,762,776	2,064,451
TOTAL OPERATING REVENUES	41,250,845	1,732,505	4,588,159	1,480,567	49,052,076	28,395,449
OPERATING EXPENSES						
Salaries and wages	4,926,339	1,120,334	3,689,216	4,634,151	14,370,040	3,152,365
Employee benefits	2,306,160	476,583	1,806,051	1,838,068	6,426,862	1,446,341
Services and supplies	9,153,695	2,107,828	1,907,893	1,602,586	14,772,002	31,283,155
Joint Sewer plant	12,669,791	--	--	--	12,669,791	--
Depreciation	7,231,878	--	21,666	282,436	7,535,980	3,266,478
TOTAL OPERATING EXPENSES	36,287,863	3,704,745	7,424,826	8,357,241	55,774,675	39,148,339
OPERATING INCOME (LOSS)	4,962,982	(1,972,240)	(2,836,667)	(6,876,674)	(6,722,599)	(10,752,890)
NONOPERATING REVENUES (EXPENSES)						
Private grants	250,000	--	--	--	250,000	--
Federal grants	1,136,551	--	--	--	1,136,551	2,603
State grants	--	--	--	5,064	5,064	--
Investment earnings	682,364	(785)	29,921	52,171	763,671	1,210,116
Debt service - interest	(1,580,192)	--	--	(97,613)	(1,677,805)	--
Debt service - fiscal charges	(4,267)	--	--	(5,166)	(9,433)	--
Gain (loss) on asset disposal	2,775	--	--	--	2,775	86,044
Net loss from Truckee Meadows Water Reclamation Facility	(3,079,892)	--	--	--	(3,079,892)	--
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,592,661)	(785)	29,921	(45,544)	(2,609,069)	1,298,763
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,370,321	(1,973,025)	(2,806,746)	(6,922,218)	(9,331,668)	(9,454,127)
CAPITAL CONTRIBUTIONS						
Connection charges	7,515,822	--	--	--	7,515,822	--
Contribution of assets	11,882,132	--	--	500	11,882,632	331,192
TOTAL CAPITAL CONTRIBUTIONS	19,397,954	--	--	500	19,398,454	331,192
TRANSFERS						
Transfers in	--	--	--	5,447,674	5,447,674	5,265,816
Transfers out	(481,865)	--	--	(400,000)	(881,865)	(1,096,969)
TOTAL TRANSFERS IN (OUT)	(481,865)	--	--	5,047,674	4,565,809	4,168,847
CHANGES IN NET ASSETS	21,286,410	(1,973,025)	(2,806,746)	(1,874,044)	14,632,595	(4,954,088)
NET ASSETS - BEGINNING OF YEAR	290,714,951	(1,060,420)	2,244,474	5,093,278		(21,482,711)
PRIOR PERIOD ADJUSTMENT	(163,216)	--	--	--		6,911
NET ASSETS, BEGINNING, AS RESTATED	290,551,735	(1,060,420)	2,244,474	5,093,278		(21,475,800)
NET ASSETS, ENDING	\$ 311,838,145	\$ (3,033,445)	\$ (562,272)	\$ 3,219,234		\$ (26,429,888)
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(1,131,326)	
Change in net assets of business-type activities (page 23)					\$ 13,501,269	

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

CITY OF RENO, NEVADA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary	Planning	Building	Nonmajor	Total	Internal
	Sewer Fund	Fund	Permit Fund	Enterprise Funds	Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 40,685,246	1,731,509	\$ 5,381,061	\$ 1,639,269	\$ 49,437,085	\$ --
Cash received from other funds for services	48,283	--	--	--	48,283	25,676,295
Cash received from miscellaneous income, reimbursements and restitutions	1,743,364	994	9,159	3,493	1,757,010	1,551,804
Cash paid for employee's salaries and benefits	(5,959,896)	(1,320,308)	(4,653,314)	(5,451,082)	(17,384,600)	(3,768,145)
Cash payments to suppliers for goods and services	(22,455,751)	(876,392)	(637,646)	(496,372)	(24,466,161)	(27,892,219)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(3,114,658)	(1,460,639)	(1,908,924)	(1,328,975)	(7,813,196)	(1,671,750)
Cash paid to deferred compensation plans	(188,955)	(44,436)	(142,026)	(101,520)	(476,937)	(99,618)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,757,633	(1,969,272)	(1,951,690)	(5,735,187)	1,101,484	(6,203,633)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Temporary loans received from other funds	--	2,037,745	200,000	--	2,237,745	2,600,000
Temporary loans extended to other funds	--	--	--	(160,000)	(160,000)	(2,600,000)
Cash received from private grants	250,000	--	--	--	250,000	--
Cash received from federal grants	1,136,551	--	--	5,064	1,141,615	--
Transfers in	3,920,050	--	--	5,447,674	9,367,724	5,265,816
Transfers out	(4,401,915)	--	--	(400,000)	(4,801,915)	(1,096,969)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	904,686	2,037,745	200,000	4,892,738	8,035,169	4,168,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Cash received from connection charges	7,515,822	--	--	--	7,515,822	--
Investment in Truckee Meadows Water Reclamation Facility	178,474	--	--	--	178,474	--
Proceeds from sale of capital assets	2,774	--	--	--	2,774	120,116
Cash received from federal grants	--	--	--	--	--	2,603
Payments to dispose of capital assets	--	--	--	--	--	(34,071)
Acquisition and construction of capital assets	(26,192,118)	--	(24,496)	--	(26,216,614)	(2,519,699)
Payments on bonds payable	--	--	--	(195,000)	(195,000)	--
Note payable issued	23,332,345	--	--	--	23,332,345	--
Interest and fiscal charges paid on debt	(509,939)	--	--	(104,819)	(614,758)	--
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	4,327,358	--	(24,496)	(299,819)	4,003,043	(2,431,051)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings received	848,001	(786)	45,561	54,966	947,742	1,255,822
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,837,678	67,687	(1,730,625)	(1,087,302)	14,087,438	(3,210,015)
CASH AND CASH EQUIVALENTS, BEGINNING, AS RESTATED	21,964,202	7,287	1,746,531	1,723,141	25,441,161	24,385,594
CASH AND CASH EQUIVALENTS, ENDING	\$ 38,801,880	\$ 74,974	\$ 15,906	\$ 635,839	\$ 39,528,599	\$ 21,175,579

continued

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

CITY OF RENO, NEVADA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds					Governmental
	Sanitary	Planning	Building	Nonmajor	Total	Internal
	Sewer		Permit	Enterprise	Enterprise	Service
	Fund	Fund	Fund	Funds	Fund	Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 4,962,982	\$(1,972,240)	\$(2,836,667)	\$(6,876,674)	\$ (6,722,599)	\$(10,752,890)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	7,231,878	--	21,666	282,436	7,535,980	3,266,478
Changes in assets and liabilities:						
(Increases) decrease:						
Accounts receivable	6,665,117	--	2,062	--	6,667,179	(1,175,582)
Deferred charges	(49,585)	--	--	--	(49,585)	--
Due from other governments	1,259,689	--	800,000	150,441	2,210,130	8,233
Inventories	(55,170)	--	(2,079)	54,058	(3,191)	(30,053)
Prepaid expenses	--	--	--	241,133	241,133	(45,094)
Increase (decrease):						
Accounts payable	(350,173)	(105,662)	(54,583)	44,081	(466,337)	(26,473)
Deposits	1,505	--	--	--	1,505	--
Accrued salaries and benefits	345,875	63,554	213,565	77,626	700,620	205,118
Compensated absences payable	11,363	25,781	(95,654)	279,957	221,447	52,281
Contracts and retained percentage payable	(1,008,321)	--	--	--	(1,008,321)	--
Accrued liabilities	109,750	19,295	--	11,755	140,800	2,294,349
Due to other governments	(8,365,277)	--	--	--	(8,365,277)	--
Deferred revenue	(2,000)	--	--	--	(2,000)	--
Total adjustments	5,794,651	2,968	884,977	1,141,487	7,824,083	4,549,257
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 10,757,633</u>	<u>\$(1,969,272)</u>	<u>\$(1,951,690)</u>	<u>\$(5,735,187)</u>	<u>\$ 1,101,484</u>	<u>\$(6,203,633)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions:						
Contribution of assets	\$ 11,882,132	\$ --	\$ --	\$ 500	\$ 11,882,632	\$ 331,192

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

CITY OF RENO, NEVADA

Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

ASSETS	
Cash and investments	\$ 8,229,792
Accounts receivable	28,396
Accrued interest receivable	31,797
Special assessments:	
Current	383,475
Delinquent	6,454
TOTAL ASSETS	<u>\$ 8,679,914</u>
LIABILITIES	
Accounts payable	\$ 5,847
Accrued liabilities	65,027
Contracts and retained percentage payable	285
Deposits	2,252,334
Due to other governments	52
Due to others	6,356,369
TOTAL LIABILITIES	<u>\$ 8,679,914</u>

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

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BASIC FINANCIAL STATEMENTS
Notes to the Financial Statements

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies**

The financial statements of the City of Reno, Nevada (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity

The City of Reno, Nevada was incorporated on March 16, 1903. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and building inspection), streets, culture and recreation, public improvements, planning and zoning, wastewater treatment and general administrative services.

As required by GAAP, these financial statements present the City of Reno and its component unit, the Redevelopment Agency of the City of Reno. The criteria used to include a component unit with the primary government’s financial statements is one of “financial responsibility”. The Redevelopment Agency of the City of Reno (RACOR) is included in the City’s reporting entity because of the significance of its operational and financial relationship with the City. RACOR is dependent upon the City through taxing authority. RACOR is governed by a separate board, which is comprised of the members of the City Council. RACOR’s financial information is presented in a blended format and is included in the financial statements of the City. Separate financial statements of the Redevelopment Agency of the City of Reno are filed at the City Clerk’s office. Following GAAP, the General Fund of RACOR is reclassified as a Special Revenue Fund when the component unit is included within the City’s financial reporting entity. Other RACOR funds included within these financial statements include the Redevelopment Agency Extraordinary Maintenance Capital Projects Fund and the Redevelopment Agency Debt Service Fund.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Government-Wide and Fund Financial Statements

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

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund financial statements. Fiduciary funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for special assessment revenues and all other revenues except for ad valorem taxes. The City considers ad valorem taxes as available if they are collected within 30 days after year-end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, which are recorded as fund liabilities when due.

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

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

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

The City reports the following major governmental funds:

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

The **Railroad Debt Service Fund** is used to accumulate monies for payment of bonds issued for the purpose of constructing and expanding railroad grade projects in the City.

The **Downtown Events Center Debt Fund** is used to accumulate monies for payment of bonds issued for the purpose of the acquisition and construction of the Downtown Events Center.

The **Special Assessment Districts Debt Fund** is used to accumulate monies for payment of special assessments bonds of the City.

The **Railroad Capital Projects Fund** is used to account for acquisition and construction of railroad grade projects in the City.

The **Downtown Events Center Capital Projects Fund** is used to account for the acquisition and construction of the Downtown Events Center.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

The City reports the following major enterprise funds:

The **Sanitary Sewer Fund** is used to account for sewer services provided to the residents of Reno and some residents of Washoe County and to account for connection fee revenues restricted for capital expenditures and the related projects.

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

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

Additionally, the City reports the following fund types:

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

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

Budgets and Budgetary Accounting

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Budgets and Budgetary Accounting (continued)

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

Cash, Cash Equivalents and Investments

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Cash, Cash Equivalents and Investments (continued)

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

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

Accrued Interest Receivable

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

Inventories

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

Due to and Due from Other Funds

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

Restricted Assets

The ordinance levying a connection fee for tapping into the City’s sewer lines restricts all monies received as such for the construction of and improvements to the sewer plant and sewer line system. Accordingly, a portion of the assets in the Sanitary Sewer Enterprise Fund have been restricted for that purpose.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$10,000 or more and an estimated useful life of more than one

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Capital Assets (continued)

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

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

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

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

Compensated Absences

Unused vested vacation leave may be accumulated and is paid at the time of termination from City employment. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. The City classifies the current year's usage increased by 2.5% as its current liability for compensated absences and the remaining portion as noncurrent.

Allowance for Uncollectible Receivables

The City has not established an allowance for uncollectible receivables since prior experience has shown that uncollectible receivables are not material in amount. An allowance has not been established for uncollectible delinquent accounts of the Sanitary Sewer Enterprise Fund because the accounts are secured by a lien on real property.

Prepaid Items

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Long-Term Liabilities

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

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

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

Fund Equity

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Fund Equity (continued)

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

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

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

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities*. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the \$(493,027,477) difference are as follows:

Bonds payable, net of bond premium and discount	\$ (445,391,032)
Bond premiums (discounts outstanding)	1,803,095
Notes payable	(11,515,334)
Deferred loss on refunding transactions	23,136,432
Less: Current year amortization	(781,940)
Net OPEB obligation	(9,846,721)
Accrued interest payable	(1,483,002)
Compensated absences	(26,798,612)
Net Difference in Reporting Long-Term Liabilities	<u><u>\$ (470,877,114)</u></u>

Another element of that reconciliation states that other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Bond costs, deferred charges	\$ 20,967,193
Less: Current year amortization	(747,168)
Net Difference in Reporting Other Assets	<u><u>\$ 20,220,025</u></u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

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

Capital outlay	\$ 53,035,174
Depreciation expense	(41,730,570)
Net Difference in Reporting Capital Asset Activity	\$ 11,304,604

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

Gain of sale of assets on statement of activities	
Loss on sales of assets reclassified to expenditures	(5,693,895)
Proceeds of sales included in governmental funds	24,350
Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition	\$ (5,669,545)

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

Deferred revenue	(409,332)
Donations of capital assets	39,546,731
Net Difference in Reporting Revenues	\$ 39,137,399

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

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

Debt issued or incurred:	
General obligation bonds and refunding bonds issued	\$ (198,251,227)
Notes payable issued	(6,000,000)
Capital lease financing proceeds	(3,327,879)
Less net bond premium (plus net discounts)	241,250
Plus bond issuance costs	9,378,659
Accrued interest	412,735
Amortization of deferred gain (loss) on refunding	(781,940)
Principal repayments:	
General obligation debt	9,237,863
Notes payable and capital leases	518,042
Note receivable/note payable - RDA 10 No. Virginia	161,660
Internally financed special assessment debt	
Refunded debt	188,023,693
Deferred loss on early debt retirement	(3,400,062)
Net Difference in Reporting Long-Term Debt Transactions	\$ (3,787,206)

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

Amortization of current year bond discount	\$ 179,759
Amortization of current year bond costs	(747,168)
Net OPEB obligation liability	(9,846,721)
Compensated absences change	<u>(2,367,260)</u>
Net Difference in Reporting Other Long-Term Transactions	<u><u>\$ (12,781,390)</u></u>

Note 3: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2008:

Pooled Cash and Investments:

Petty cash	\$ 23,585
Cash on hand	944,212
Cash in bank	(71,590)
Certificates of deposit	5,500,000
Investments	<u>126,897,410</u>
Total pooled cash and investments	<u><u>133,293,617</u></u>

Non-Pooled Cash and Investments

Cash in bank	983,989
Certificates of deposit	12,389
Investments	<u>30,079,309</u>
Total non-pooled cash and investments	<u><u>31,075,687</u></u>

Total cash and investments	<u><u>\$ 164,369,304</u></u>
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Total cash and investments at June 30, 2008 were presented on the City's financial statements as follows:

Governmental activities	\$ 116,610,913
Business-type activities	39,528,599
Fiduciary funds	<u>8,229,792</u>
Total cash and investments	<u><u>\$ 164,369,304</u></u>

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

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

State statutes govern the City's deposit policies. City monies must be deposited in insured banks and savings and loan associations. The City is authorized to use demand accounts, time accounts and certificates of deposit. The fair value of investments other than investments with the Local Government Investment Pool is obtained from the City's safekeeping agent.

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

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

At June 30, 2008, the City had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Pooled Investments						
U.S. Agency Obligations	5.00% - 5.25%	9/12/08 - 10/23/12	\$ 85,000,000	\$ 85,529,875	\$ 85,978,650	2.31
State of Nevada Local Government						
Investment Pool	On Demand	Variable	n/a	27,340,247	27,333,412	0.22
Repurchase Agreements	Variable	7/1/2007	n/a	<u>13,585,348</u>	<u>13,585,348</u>	--
Total Pooled Investments				<u>126,455,470</u>	<u>126,897,410</u>	<u>1.56</u>
Non-Pooled Investments						
Money Market Accounts	Variable	On Demand	n/a	<u>30,079,309</u>	<u>30,079,309</u>	--
Total Non-Pooled Investments				<u>30,079,309</u>	<u>30,079,309</u>	--
Total Investments					<u>\$ 156,976,719</u>	

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

Interest Rate Risk

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

Concentration of Credit Risk

At June 30, 2008, in accordance with State laws as defined in the table found on page 58, the City was not in violation of the maximum percentage of total portfolio per investment type, nor the maximum percentage per single issuer restrictions.

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Concentration of Credit Risk (continued)

	S&P	Moody's	% of Portfolio
Pooled Investments			
U.S. Agency Obligations	AAA	Aaa	67.75%
Repurchase Agreement	Unrated	Unrated	10.71%
State of Nevada Local Government Investment Pool	Unrated	Unrated	21.54%
Total Pooled Investments			100.00%
	S&P	Moody's	% of Portfolio
Non-Pooled Investments			
Money Market accounts	Unrated	Unrated	100.00%
Total Non-Pooled Investments			100.00%

Custodial Credit Risk

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

Note 4: **Property Tax**

Washoe County is responsible for the assessment, collection and subsequent distribution to the City of property taxes. Property taxes are billed in July of each year. They are due in installments by the third Monday in August and the first Mondays in October, January and March.

In the event of delinquent payments, the County Treasurer must assess a 4% penalty on the first installment, a 7% penalty on two installments, 11% on three installments and a 16% penalty if all four installments are delinquent. In the event of nonpayment, the County will file a lien against the property on the first Monday in June.

If delinquent taxes and penalties are not paid after two years from the date of the lien, the County Treasurer will obtain a deed to the property and may sell the property to satisfy the lien.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

The 1979 Nevada Legislature enacted provisions requiring the combined overlapping tax rate be limited to \$3.64 per \$100 of assessed valuation except in the case of severe financial emergencies as defined in NRS 354.705. During the 2003 legislative session, the legislature exempted 2 cents of the State's property tax rate from this limit.

The 1981 Legislature enacted "tax shift" legislation designed to further reduce the level of property taxes collected throughout the state. The overall sales tax increased from 3.5% to 5.75%; the additional revenue is being distributed to local governmental units in order to reduce the revenues they would otherwise be required to generate from property taxes for operating purchases. Such additional revenue is distributed as a component of the consolidated tax.

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007 (as revised)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 135,545,778	\$ 11,885,746	\$ (4,170,779)	\$ --	\$ 143,260,745
Construction in progress	33,506,706	40,663,661	--	(3,060,039)	71,110,328
Total capital assets, not being depreciated	<u>169,052,484</u>	<u>52,549,407</u>	<u>(4,170,779)</u>	<u>(3,060,039)</u>	<u>214,371,073</u>
Capital assets, being depreciated:					
Buildings	174,686,971	3,160,064	(3,026,075)	265,055	175,086,015
Art and historical treasures	2,062,762	227,494	(44,472)	--	2,245,784
Improvements other than buildings	290,099,120	463,282	--	2,295,925	292,858,327
Equipment and motor vehicles	42,558,007	7,837,074	(2,110,235)	(27,380)	48,257,466
Infrastructure	758,303,026	30,973,477	--	499,059	789,775,562
Total capital assets, being depreciated	<u>1,267,709,886</u>	<u>42,661,391</u>	<u>(5,180,782)</u>	<u>3,032,659</u>	<u>1,308,223,154</u>
Less accumulated depreciation for:					
Buildings	(28,018,338)	(3,556,228)	1,561,413	--	(30,013,153)
Art and historical treasures	(300,095)	(59,295)	12,168	--	(347,222)
Improvements other than buildings	(29,740,197)	(5,077,673)	--	--	(34,817,870)
Equipment and motor vehicles	(23,594,956)	(4,430,882)	2,033,814	26,880	(25,965,144)
Infrastructure	(365,715,844)	(31,872,971)	--	--	(397,588,815)
Total accumulated depreciation	<u>(447,369,430)</u>	<u>(44,997,049)</u>	<u>3,607,395</u>	<u>26,880</u>	<u>(488,732,204)</u>
Total capital assets, being depreciated, net	<u>820,340,456</u>	<u>(2,335,658)</u>	<u>(1,573,387)</u>	<u>3,059,539</u>	<u>819,490,950</u>
Governmental activities capital assets, net	<u>\$ 989,392,940</u>	<u>\$ 50,213,749</u>	<u>\$ (5,744,166)</u>	<u>\$ (500)</u>	<u>\$ 1,033,862,023</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 12,329,511	\$ --	\$ --	\$ 42,077	\$ 12,371,588
Construction in progress	35,303,330	25,903,226	--	(8,272,434)	52,934,122
Total capital assets, not being depreciated	<u>47,632,841</u>	<u>25,903,226</u>	<u>--</u>	<u>(8,230,357)</u>	<u>65,305,710</u>
Capital assets, being depreciated:					
Buildings	13,510,643	--	--	--	13,510,643
Improvements other than buildings	258,696,690	11,893,803	--	8,230,357	278,820,850
Machinery and equipment	1,647,629	301,716	--	27,380	1,976,725
Total capital assets, being depreciated	<u>273,854,962</u>	<u>12,195,519</u>	<u>--</u>	<u>8,257,737</u>	<u>294,308,218</u>
Accumulated depreciation for:					
Buildings	(4,091,616)	(349,405)	--	--	(4,441,021)
Improvements other than buildings	(68,672,636)	(7,108,467)	--	--	(75,781,103)
Machinery and equipment	(1,231,294)	(78,108)	--	(26,880)	(1,336,282)
Total accumulated depreciation	<u>(73,995,546)</u>	<u>(7,535,980)</u>	<u>--</u>	<u>(26,880)</u>	<u>(81,558,406)</u>
Total capital assets, being depreciated, net	<u>199,859,416</u>	<u>4,659,539</u>	<u>--</u>	<u>8,230,857</u>	<u>212,749,812</u>
Business-type activities capital assets, net	<u>\$ 247,492,257</u>	<u>\$ 30,562,765</u>	<u>\$ --</u>	<u>\$ 500</u>	<u>\$ 278,055,522</u>

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

Governmental Activities:

General government	\$ 32,865,788
Judicial	397,525
Police	130,937
Fire	849,893
Public works	3,743,336
Planning and community development	192,250
Culture and recreation	3,076,602
Urban redevelopment	474,240
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,266,478
Total depreciation expense - governmental activities	<u>\$ 44,997,049</u>

Business-type Activities:

Sanitary Sewer Fund	\$ 7,231,879
Golf Course Fund	282,436
Building Permit Fund	21,666
Total depreciation expense - business-type activities	<u>\$ 7,535,981</u>

Commitments outstanding for construction at June 30, 2008 totaled approximately \$21.6 million.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

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

Enterprise fund construction in progress at June 30, 2008 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. Outstanding construction commitments total \$15.4 million for City of Reno enterprise fund projects and \$1.6 million for the Truckee Meadows Water Reclamation Facility expansion.

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

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (the Facility). A committee known as the Reno-Sparks Coordinating Committee advises the City Council of Reno and Sparks on matters relating to the Joint Wastewater Treatment Facility. The Cities have joint control in approving budgets for the Facility and providing financing for the operations thereof. As of June 30, 2008, approximately 68.63% of the Facility was owned by Reno and 31.37% by Sparks.

The City of Sparks is responsible for administration and daily operations of the Facility. The City of Reno is responsible for construction-related contracts of the Facility. The cost of operating and maintaining the Facility is divided in proportion to the volume of sewage entering from each City. It has historically been the Cities' policy not to fund depreciation on the assets of the Facility, thereby creating an accumulative deficit. During the year ended June 30, 2008, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was \$3,079,892.

The City of Reno uses the equity method to account for its investment in the jointly operated facility.

Separate financial statements for the Facility are available by contacting the Truckee Meadows Water Reclamation Facility, 8500 Clean Water Way, Reno, Nevada 89502.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Summary June 30, 2008 financial information for the Facility is as follows:

ASSETS	
Current assets	\$ 4,989,754
Utility plant	120,989,380
Total Assets	<u>125,979,134</u>
LIABILITIES AND EQUITY	
Current liabilities	3,485,237
Noncurrent liabilities	294,953
Total Liabilities	<u>3,780,190</u>
Net Assets:	
Invested in capital assets, net of related debt	120,989,380
Unrestricted	1,209,564
Total Net Assets	<u>122,198,944</u>
OPERATING INFORMATION	
Operating revenue	18,526,624
Operating expenses before depreciation	(18,526,624)
Depreciation	(5,347,930)
Nonoperating income (expense)	<u>141,093</u>
Loss before contributions	(5,206,837)
Capital contributions	<u>2,523,843</u>
Change in Net Assets	<u>\$ (2,682,994)</u>

The Truckee Meadows Water Reclamation Facility is nearing the completion of its expansion. Commitments outstanding for construction at June 30, 2008, totaled \$4,100,836. These commitments will be shared based on future capacity requirements for each entity.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 5,332,425	Cover short-term cash requirements
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	35,000	Cover short-term cash requirements
Nonmajor Governmental Funds	Planning Enterprise Fund	1,200,000	Cover short-term cash requirements
Nonmajor Governmental Funds	Building Permit Enterprise Fund	200,000	Cover short-term cash requirements
General Fund	Internal Service Funds	630,505	Overtransfer of funds
General Fund	Planning Enterprise Fund	1,637,745	Overtransfer of funds
Internal Service Funds	Internal Service Funds	<u>2,600,000</u>	Cover short-term cash requirements
	Total	<u>\$ 11,635,675</u>	

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

Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Transfers (continued)

(a) Between Governmental and Business-Type Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Enterprise Funds	<u>\$ 4,947,674</u>	Per Dispatch Fund policy/General Fund subsidy; Transfer NAB funds for special project
Nonmajor Governmental Fund	Nonmajor Enterprise Fund	<u>500,000</u>	Transfer from PRCS to Golf Course Fund to subsidize operations
Sanitary Sewer Fund	General Fund	135,676	Reimburse General Fund for 1/3 of water attorney
	Internal Service Fund	257,337	Transfer from Sewer for IT expenditures paid for by IT
	Internal Service Fund	<u>88,852</u>	Reimburse MV for sewer mechanic
		<u>481,865</u>	
Nonmajor Enterprise Funds	General Fund	<u>400,000</u>	Transfer PY unused subsidy from Dispatch
		<u>400,000</u>	
	Total	<u>\$ 6,329,539</u>	

(b) Between Funds within the Governmental or Business-Type Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 1,999,033	Per Council direction transfer 2 cents property tax and water toll fees to help support Street program.
	Nonmajor Governmental Funds	10,217,818	Per PRCS Fund policy/General Fund subsidy of various programs
	Nonmajor Governmental Funds	522,104	Transfer special events costs of General Fund departments
	Nonmajor Governmental Funds	267	Transfer funds to close out a fund
	Nonmajor Governmental Funds	200,000	Transfer funds to clear negative balance related to past flood recovery

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
	Nonmajor Governmental Funds	\$ 112,863	General Fund portion of 96 bonds issued for McQueen Fire Station, and municipal court building bond
	Nonmajor Governmental Funds	293,187	General Fund subsidy for City Hall debt service
	Nonmajor Governmental Funds	413,750	General Fund contribution for new City Hall
	Nonmajor Governmental Funds	1,351,220	General Fund subsidy to City Capital Projects Fund for CIP projects
	Nonmajor Governmental Funds	9,000	NAB funding for park project in Park District 5
	Internal Service Fund	<u>4,860,956</u>	Per Technology Fund policy/General Fund subsidy
	Subtotal	<u>19,980,197</u>	
Downtown Events Center Debt Service Fund	Nonmajor Governmental Funds	<u>15,000</u>	Transfers funds to cover cost of RSCVA managing event center
	Subtotal	<u>15,000</u>	
Special Assessment Districts Debt Service Fund	Nonmajor Governmental Funds	<u>1,412,212</u>	Transfer bond proceeds to cover expenditures
	Subtotal	<u>1,412,212</u>	
Railroad Capital Project Fund	Railroad Debt Service Fund	<u>4,500,000</u>	Transfer back funds transferred in error
	Subtotal	<u>4,500,000</u>	
Nonmajor Governmental Funds	General Fund	43,752	Transfer to cover partial costs of Economic Development Manager
	General Fund	242,050	Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants
	General Fund	425,353	Transfer \$250,000 for special events, \$174,353 as reimbursement for web master position per Council direction, and \$1,000 for Oliver Montello site clean-up

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
	General Fund	\$ 356,506	Transfer from Court assessments for various court expenditures such as training/travel and employee costs
	General Fund	413,020	Transfer from police/forfeitures to pay for various equipment
	General Fund	87,162	Transfer from CMP allocation for position assigned to building maintenance
	General Fund	593,513	To reimburse General Fund for utilities and maintenance at city hall
	General Fund	783,185	Reimburse General Fund for RDA portion of downtown maintenance
	Railroad Capital Project Fund	8,500,000	Transfer bond proceeds for project
	Nonmajor Governmental Funds	185,283	Transfer program revenue to CDBG admin
	Nonmajor Governmental Funds	762,993	Transfer to debt service funds for two separate bonds issued for PRCS facilities and for 10 N. Virginia and the community assistance center
	Nonmajor Governmental Funds	24,000	Transfer to RDA for partial costs of positions
	Nonmajor Governmental Funds	147,000	Transfer to PRCS for special event covered by Public Works staff
	Nonmajor Governmental Funds	612,000	Transfer to capital projects for city hall
	Nonmajor Governmental Funds	1,041,965	Transfer of PRCS allocation of Room Tax per Council Direction
	Nonmajor Governmental Funds	261,648	Transfer court construction collections for debt service
	Nonmajor Governmental Funds	140,960	Transfer court construction funds for payment on court building construction
	Nonmajor Governmental Funds	1,500,000	Transfer lease bond proceeds to fund various capital projects

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Transfers (continued)

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
	Nonmajor Governmental Funds	\$ 350,000	Transfer of CMP funds to PRCS for their small projects
	Nonmajor Governmental Funds	2,510,000	Transfer funds set aside for community assistance center
	Nonmajor Governmental Funds	151,844	Capital Tax fund portion of 96 bond issue for UST & McKinley
	Nonmajor Governmental Funds	34,596	Transfer rent proceeds for debt service
	Nonmajor Governmental Funds	5,761,047	Transfer intergovernmental funds for baseball park construction
	Subtotal	<u>24,927,877</u>	
Internal Service Funds	General Fund	10,000	Reimburse General Fund for public works motor vehicle administration
	General Fund	250,000	Reimburse General Fund for IT subsidy not used in prior year
	General Fund	38,000	Reimburse General Fund for Fire safety training
	Nonmajor Governmental Funds	420,298	Pay portion of court construction costs related to lawsuit settlement with builder
	Nonmajor Governmental Funds	320,000	Pay portion of IT moving expenditures
	Internal Service Funds	58,671	Transfer from Risk for IT expenditures paid by IT
	Subtotal	<u>1,096,969</u>	
	Total	<u>\$ 51,932,256</u>	

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 8: Long-Term Liabilities

Long-term liabilities at June 30, 2008 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
<u>Governmental Activities</u>					
<u>Tax Allocation Bonds:</u>					
1998F Downtown Redevelopment Project <i>(to partially refund 1990 and 1991 downtown redevelopment project bonds)</i>	9/1/03 - 9/1/17	4.50-5.25%	\$855,000 - \$1,105,000	\$ 22,685,000	\$ 13,570,000
2007A Tax Increment Senior Lien (Taxable) <i>(to refund the Agency's 1995A downtown redevelopment projects)</i>	6/1/18 - 6/1/23	6.10%	\$595,000 - \$755,000	4,000,000	4,000,000
2007B Tax Increment Senior Lien (Tax-exempt) <i>(to refund the Agency's 1998A downtown redevelopment projects)</i>	6/1/19 - 6/1/27	5.00%	\$50,000 - \$1,005,000	4,000,000	4,000,000
2007C Tax Increment Subordinate Lien (Tax-exempt) <i>(to refund the Agency's 1995A downtown redevelopment projects)</i>	6/1/19 - 6/1/27	5.40%	\$1,135,000 - \$1,720,000	12,690,000	12,690,000
Total Tax Allocation Bonds				\$ 43,375,000	\$ 34,260,000
<u>General Obligation Bonds:</u>					
1997B Street Refunding Bonds <i>(to partially refund 1992 Street Bond)</i>	5/1/04 - 5/1/12	4.400 - 5.125%	\$65,000 - \$1,285,000	\$ 9,025,000	\$ 4,725,000
2003 Capital Improvement Refunding <i>(to refund 1993A Capital Improvement Bonds)</i>	4/1/04 - 4/1/10	4.00% - 5.00%	\$2,465,000 - \$3,615,000	21,705,000	7,055,000
2004 Building Bond <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	6/1/06 - 6/1/24	4.00% - 5.00%	\$115,000 - \$275,000	3,500,000	3,140,000
2005 Medium-term (limited tax) Bonds <i>(to finance capital improvement projects, including a public plaza and a homeless shelter)</i>	12/1/06 - 12/1/15	4.00%	\$270,000 - \$390,000	3,275,000	2,720,000
Total General Obligation Bonds				\$ 37,505,000	\$ 17,640,000
<u>Revenue Bonds:</u>					
2002 Capital Improvement Revenue Bonds <i>(to finance the acquisition, renovation, construction and improvements of the new Downtown Events Center)</i>	6/1/06 - 6/1/32	5.125% - 5.375%	\$130,000 - \$10,655,000	\$ 108,625,000	\$ 42,410,000
2003A Building Bond (Tax Exempt) <i>(to finance renovations for the new City Hall and Police Department buildings)</i>	6/1/12 - 6/1/18	3.75%	\$780,000 - \$970,000	6,100,000	6,100,000
2003B Building Bond (Taxable) <i>(to finance renovations for the new City Hall and Police Department buildings)</i>	6/1/04 - 6/1/11	6.170%	\$480,000 - \$735,000	4,800,000	2,075,000
2005A Capital Improvement Refunding <i>(to partially refund the Series 2002 Capital Improvement Revenue Bonds)</i>	6/1/08 - 6/1/32	3.53%	\$400,000 - \$6,500,000	73,450,000	73,050,000
2005B Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i>	6/1/37 - 6/1/40	5.42-5.48%	\$1,072,294 - \$1,900,071	6,445,154	6,445,154
2005C Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i>	6/1/33 - 6/1/37	5.78%	\$845,926 - \$2,268,194	9,192,402	9,192,402
2006A Tax Exempt Sales Tax Bonds <i>(to refund the 2002 ReTRAC Transportation Rail Access Corridor Project Bonds)</i>	6/1/07 - 6/1/40	3.778%	\$650,000 - \$8,800,000	137,425,000	-
2006B Tax Exempt Sales Tax Bonds <i>(to refund the City's TIFIA Loan and to finance completion of the City's ReTRAC Project and the Enhancement Project)</i>	6/1/08 - 6/1/46	6.00-6.875%	\$305,000 - \$\$3,350,000	51,248,693	-
2006 Room Tax Revenue Refunding Bonds <i>(to refund the City's TIFIA Loan)</i>	6/1/07 - 6/1/36	5.91%	\$75,000 - -\$595,000	8,720,000	8,525,000
2006 Sales Tax Increment Subordinate Lien Bonds <i>(to acquire infrastructure and improvements related to Summit Sierra Retail Center)</i>	10/1/20	none	Variable	10,000,000	9,567,473
2006 Taxable Lease Revenue Bonds <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	12/1/08 - 6/1/26	Variable	\$85,000 - \$1,495,000	14,295,000	14,295,000

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
Revenue Bonds (continued):					
2007 Fitzgerald's Taxable Revenue Bond <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i>	7/1/09 - 7/1/27	5.750%	\$72,000 - \$1,560,000	\$ 6,080,000	\$ 6,080,000
2008A Senior Lien ReTRAC Refund <i>(to refund the 2006A Tax Exempt Sales Tax Bonds)</i>	6/1/09 - 6/1/42	3.32%	\$695,000 - \$8,965,000	143,210,000	143,210,000
2008B Subordinate ReTRAC Refund <i>(to refund the 2006B Tax Exempt Sales Tax Bonds)</i>	6/1/11 - 6/1/51	6.75 - 7.875%	\$400,000 - \$2,600,000	47,416,227	47,416,227
Total Revenue Bonds				\$ 627,007,476	\$ 368,366,256
Special Assessment Bonds:					
1995 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 - 6/1/09	5.40%	\$21,000	\$ 206,000	\$ 21,000
1996 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	7/1/03 - 6/1/09	5.40%	\$25,000	251,000	25,000
1997 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i>	4/1/03 - 4/1/10	6.09%	\$5,000	48,000	10,000
1997 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i>	4/1/03 - 4/1/10	6.09%	\$7,000	66,000	14,000
1998 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	4/1/03 - 4/1/10	6.09%	\$23,000	214,000	46,000
1998 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i>	4/1/03 - 4/1/10	6.09%	\$8,000	74,000	16,000
1999 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	1/1/03 - 1/1/11	5.90%	\$4,600	44,700	13,800
1999 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i>	2/1/03 - 2/1/22	4.5-5.6%	\$85,000 - \$90,000	1,763,728	1,225,000
2000 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i>	1/15/03 - 1/15/12	4.39%	\$14,744	147,438	58,976
2001 Stead Special Improvement District No. 2 <i>(to acquire and improve streets in Northwest Reno)</i>	6/1/04 - 6/1/23	2.75-5%	\$100,000 - \$170,000	2,470,000	1,970,000
2002 Special Improvement District No. 5 <i>(to partially finance the construction of the Downtown Events Center)</i>	12/1/06 - 12/1/25	5.7-7.25%	\$425,000 - \$855,000	7,500,000	7,035,000
1999 Special Improvement District No. 2 <i>(to partially finance the construction of the ReTRAC project)</i>	6/1/07 - 6/1/25	6.08-7.28%	\$355,000 - \$1,270,000	13,905,000	13,145,000
2008A NV Tax-exempt Local Improvement <i>(to finance sidewalk, curb and gutter improvements)</i>	5/1/09 - 5/01/18	4.167%	\$20,000 - \$56,000	430,000	430,000
2008B NV Taxable Local Improvement <i>(to finance sidewalk, curb and gutter improvements)</i>	5/1/09 - 5/01/21	7.010%	\$42,000 - \$95,000	1,115,000	1,115,000
Total Special Assessment Bonds				\$ 28,234,866	\$ 25,124,776
Notes Payable:					
HUD Section 108 Loan Program	8/1/03 - 8/1/20	5.00-6.62%	\$33,000 - \$48,000	\$ 665,000	\$ 453,000
RDA Nevada Land LLC	9/1/08-6/1/18	4.46%	\$600,000	6,000,000	6,000,000
				\$ 6,665,000	\$ 6,453,000

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
Capital Leases:					
Oshkosh Capital (Pierce Fire Pumpers 1 & 2) <i>(to finance fire department equipment)</i>	11/6/03 - 11/6/11	5.35%	\$45,016 - \$204,743	\$ 708,338	\$ 457,846
Oshkosh Capital (Pierce Fire Pumpers 3 & 4) <i>(to finance fire department equipment)</i>	3/17/13	4.99%	\$92,882 - \$112,856	787,124	494,341
Federal Signal <i>(to finance fire tiller)</i>	12/21/09	4.49%	\$90,000 - \$110,000	612,873	261,403
Pierce Quantum Fire Tiller #2 <i>(to finance the purchase of a new fire tiller)</i>	8/26/14	4.39%	\$73,280 - \$103,338	788,014	638,236
Oshkosh Capital (Pierce Fire Pumpers 5 - 9) <i>(to finance fire department equipment)</i>	9/18/16	4.56%	\$192,321 - \$274,759	2,082,602	2,082,602
Suntrust Leasing (5 Fire Brush Trucks) <i>(to finance fire department equipment)</i>	6/27/16	4.062%	\$117,371 - \$161,399	1,245,277	1,127,906
Total Capital Leases				\$ 6,224,228	\$ 5,062,334
Total Governmental Activities				\$ 749,011,570	\$ 456,906,366
<u>Business-Type Activities</u>					
General Obligation Bonds:					
2004A Golf Course Refunding <i>(to refund 1993 Golf Course Bonds)</i>	7/1/04 - 7/1/19	2.25-4.0%	\$180,000 - \$270,000	\$ 3,505,000	\$ 2,735,000
2004 Sewer Revenue Bonds <i>(to finance plant expansion and sewer lines rehabilitation)</i>	7/1/06 - 7/1/24	2.990%	\$553,847 - \$938,969	73,133,162	68,938,218
2005 Sewer Revenue Bonds <i>(to construct the Lawton-Verdi interceptor)</i>	7/1/08 - 7/1/25	2.650%	\$181,887 - \$284,555	8,033,095	8,033,095
2008 Medium Term Sewer (Limited Tax) <i>(to finance various sewer projects)</i>	4/1/09 - 4/1/18	3.840%	\$2,076,000 - \$3,072,000	25,000,000	25,000,000
Total General Obligation Bonds				\$ 109,671,257	\$ 104,706,313
Total Business-type Activities				\$ 109,671,257	\$ 104,706,313

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2008:

Bonds	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due within One Year
<u>Governmental Activities</u>					
<i>Tax Allocation Bonds:</i>					
1998F Downtown Redevelopment Project	\$ 14,635,000	\$ -	\$ 1,065,000	\$ 13,570,000	\$ 1,120,000
2007A Tax Increment Senior Lien (Taxable)	4,000,000	-	-	4,000,000	-
2007B Tax Increment Senior Lien (Tax-exempt)	4,000,000	-	-	4,000,000	-
Add: Original Issue Premium	46,868	-	2,343	44,525	-
2007C Tax Increment Subordinate Lien (Tax-exempt)	12,690,000	-	-	12,690,000	-
Less: Original Issue Discount	(31,322)	-	(1,565)	(29,757)	-
Less: Deferred amount on refunding	(292,192)	-	(26,563)	(265,629)	-
Total Tax Allocation Bonds	35,048,354	-	1,039,215	34,009,139	1,120,000
<i>General Obligation Bonds:</i>					
1997 Street Refunding Bonds	5,750,000	-	1,025,000	4,725,000	1,080,000
2003 Capital Improvement Refunding	10,325,000	-	3,270,000	7,055,000	3,440,000
Add: Unamortized Premium	721,511	-	240,504	481,007	-
Less: Deferred amount on refunding	(314,782)	-	(104,927)	(209,855)	-
2004B Medium-Term (limited tax) Refunding Bonds	620,000	-	620,000	-	-
2005 Medium-Term Bonds	3,005,000	-	285,000	2,720,000	295,000
Add: Unamortized Premium	33,887	-	4,236	29,651	-
2004 Building Bond	3,265,000	-	125,000	3,140,000	135,000
Add: Unamortized Premium	36,929	-	2,173	34,756	-
Total General Obligation Bonds	23,442,545	-	5,466,986	17,975,559	4,950,000
<i>Revenue Bonds:</i>					
2002 Capital Improvement (Events Center)	42,855,000	-	445,000	42,410,000	620,000
Less: Unamortized Discount	(77,776)	-	(3,122)	(74,654)	-
2002 ReTRAC Transp. Rail Access Cor. Project	-	-	-	-	-
Less: Unamortized Discount	(2,054,856)	-	(60,585)	(1,994,271)	-
2003A Building Bonds (Tax Exempt)	6,100,000	-	-	6,100,000	-
Less: Unamortized Discount	(10,822)	-	(983)	(9,839)	-
2003B Building Bond (Taxable)	2,690,000	-	615,000	2,075,000	650,000
Less: Unamortized Discount	(5,647)	-	(1,412)	(4,235)	-
2005A Capital Improvement Refunding	73,450,000	-	400,000	73,050,000	425,000
Less: Deferred amount on refunding	(6,850,491)	-	(281,527)	(6,568,964)	-
2005B Capital Improvement	6,445,154	-	-	6,445,154	-
2005C Capital Improvement	9,192,402	-	-	9,192,402	-
2006A TX Exempt Sales Tax Bonds	136,775,000	-	136,775,000	-	-
Less: Deferred amount on refunding	(5,719,227)	-	(169,041)	(5,550,186)	-
2006B TX Exempt Sales Tax Bonds	51,248,693	-	51,248,693	-	-
Less: Unamortized Discount	(40,486)	-	(1,044)	(39,442)	-
Less: Deferred amount on refunding	(4,483,375)	-	(132,514)	(4,350,861)	-
2006C Taxable Room Tax Bond	8,645,000	-	120,000	8,525,000	125,000
2006 Sales Tax Increment Sub Bonds (Summit Sierra)	9,926,992	-	359,519	9,567,473	-
2006 ReTRAC Lease Bonds (Taxable)	14,295,000	-	-	14,295,000	175,000

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 8: Long-Term Liabilities (continued)

Bonds	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due within One Year
Revenue Bonds (continued):					
2007 Fitzgerald's Taxable Revenue Bond	\$ -	\$ 6,080,000	\$ -	\$ 6,080,000	\$ -
2008A Senior Lien ReTRAC Refund	-	143,210,000	-	143,210,000	695,000
Less: Deferred amount on refunding	-	(8,733,955)	(67,705)	(8,666,250)	-
2008B Subordinate ReTRAC Refund	-	47,416,227	-	47,416,227	-
Less: Unamortized Discount	-	(241,250)	(1,395)	(239,855)	-
Plus: Deferred amount on refunding	-	3,619,016	23,654	3,595,362	-
Total Revenue Bonds	342,380,561	191,350,038	189,267,538	344,463,061	2,690,000
Special Assessment Bonds:					
1995 Special Assessment District No. 1	\$ 42,000	\$ -	\$ 21,000	\$ 21,000	\$ 21,000
1996 Special Assessment District No. 1	50,000	-	25,000	25,000	25,000
1997 Special Assessment District No. 2	15,000	-	5,000	10,000	5,000
1997 Special Assessment District No. 3	21,000	-	7,000	14,000	7,000
1998 Special Assessment District No. 1	69,000	-	23,000	46,000	23,000
1998 Special Assessment District No. 2	24,000	-	8,000	16,000	8,000
1999 Special Assessment District No. 1	18,400	-	4,600	13,800	4,600
1999 Special Assessment District No. 3	1,315,000	-	90,000	1,225,000	90,000
Add: Unamortized Premium	2,924	-	197	2,727	-
2000 Special Assessment District No. 1	73,720	-	14,744	58,976	14,744
2001 Stead Special Improvement District No. 2	2,070,000	-	100,000	1,970,000	100,000
Add: Unamortized Premium	20,917	-	1,315	19,602	-
2002 Special Improvement District No. 5	7,240,000	-	205,000	7,035,000	215,000
Add: Unamortized Premium	57,264	-	3,597	53,667	-
Less: Unamortized Discount	(76,027)	-	(4,197)	(71,830)	-
Less: Deferred amount on refunding	(361,427)	-	(23,318)	(338,109)	-
1999 Special Improvement District No. 2	13,550,000	-	405,000	13,145,000	430,000
Less: Unamortized Discount	(5,450)	-	(303)	(5,147)	-
2008A NV Tax-exempt Local Improvement	-	430,000	-	430,000	38,000
2008B NV Taxable Local Improvement	-	1,115,000	-	1,115,000	63,000
Total Special Assessment Bonds	24,126,321	1,545,000	885,635	24,785,686	1,044,344
Notes Payable:					
HUD Section 108 Loan Program, Series 2001A	497,000	-	44,000	453,000	39,000
RDA Nevada Land LLC	-	6,000,000	-	6,000,000	600,000
Total Notes Payable	497,000	6,000,000	44,000	6,453,000	639,000
Capital Leases:					
Oshkosh Capital - Pierce Fire Pumpers (1 & 2)	513,297	-	(55,452)	457,845	58,418
Oshkosh Capital - Pierce Fire Pumpers (3 & 4)	596,725	-	(102,383)	494,342	107,492
E-One - Fire Tiller	383,741	-	(122,338)	261,403	127,831
Oshkosh Capital - Fire Tiller #2	714,734	-	(76,497)	638,237	79,856
Oshkosh Capital - Pierce Fire Pumpers (5 - 9)	-	2,082,602	-	2,082,602	192,321
Suntrust Lease - Fire Brush Trucks (1 - 5)	-	1,245,277	(117,371)	1,127,906	122,139
Total Capital Leases	2,208,497	3,327,879	(474,042)	5,062,334	688,057
Compensated absences - Governmental	24,687,316	13,290,751	10,871,211	27,106,856	11,002,337
Other post-employment benefits liability	-	12,946,204	2,925,411	10,020,793	-
Liability for unpaid claims	57,139,071	20,091,828	17,797,479	59,433,420	6,998,612
Total Governmental Activities	\$ 509,529,665	\$ 248,551,700	\$ 227,823,433	\$ 529,309,848	\$ 29,132,350

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Bonds	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due within One Year
<u>Business-Type Activities</u>					
<i>General Obligation Bonds:</i>					
2004A Golf Course Refunding	\$ 2,930,000	\$ -	\$ 195,000	\$ 2,735,000	\$ 200,000
Add: Unamortized Premium	6,949	-	579	6,370	-
Less: Deferred amount on refunding	(90,501)	-	(7,542)	(82,959)	-
2004 Sewer Revenue Bonds	70,605,874	-	1,667,656	68,938,218	3,407,019
2005 Sewer Revenue Bonds	8,033,095	-	-	8,033,095	366,184
2008 Medium Term Sewer (Limited Tax)	-	25,000,000	-	25,000,000	2,076,000
Total General Obligation Bonds	81,485,417	25,000,000	1,855,693	104,629,724	6,049,203
Compensated absences - Business-type activities	2,033,557	1,594,338	1,600,698	2,027,197	1,579,830
Other post-employment benefits liability	-	1,047,848	236,779	811,069	-
Total Business-type Activities	\$ 83,518,974	\$ 27,642,186	\$ 3,693,170	\$ 107,467,990	\$ 7,629,033

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

New Debt

On July 30, 2007, the City of Reno issued \$6,080,000 of Taxable Revenue Bonds, Series 2007. The proceeds from the Bonds were used to pay in part the cost of railroad grade separation projects and various other projects. The Bonds will mature annually on July 1 starting in 2009 and ending in 2019. Interest on these bonds is variable and payable on July 1 and January 1, commencing January 1, 2008. The bonds are payable from pledged lease revenues, and all income from the investment and reinvestment of the Debt Service Fund and the Reserve Fund. The bonds shall not be considered or held to be a general obligation of the City of Reno.

On March 4, 2008, the City of Reno issued \$143,210,000 of Senior Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2008A. The proceeds from the Bonds were used to current refund all of the City's Senior Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2006A. The 2008A Bonds do not constitute a debt or indebtedness of the City and shall not be considered or held to be a general obligation of the City. Owners of the 2008A Bonds may not look to any source of funds other than the

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

New Debt (continued)

Pledged Revenues for payment of debt service on the 2008A Bonds. The Bonds will mature annually on June 1 starting in 2009 and ending in 2042. Interest on these bonds is at a daily rate and is payable on the first business day of each month commencing April 1, 2008. The bonds are payable from pledged sales tax revenues and all income from the investment and reinvestment of the Debt Service Fund and the Reserve Fund. This restructuring resulted in increased future debt service of \$15,572,821 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$3,442,683.82.

In connection with the issuance of the 2008A Bonds, the City entered into an interest rate exchange transaction with Goldman Sachs Capital Markets L.P. In general, the terms of the 2008A Swap provides that the City will make semiannual payments to Goldman Sachs at a fixed interest rate (3.32%) based on a notional amount equal to the outstanding principal amount of the 2008A Bonds. In return, Goldman Sachs will make monthly payments to the City that reflect a variable rate of interest on the same respective notional amounts.

On March 27, 2008, the City of Reno issued \$47,416,227 of Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2008B. Proceeds of the 2008B Bonds were used to current refund all of the City's Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2006B. The 2008B bonds constitute special, limited obligations of the City of Reno and are payable from pledged sales tax revenues and all income from the investment and reinvestment of the Debt Service Fund and the Reserve Fund. The Bonds will mature annually on June 1 starting in 2019 and ending in 2051. This restructuring resulted in increased future debt service of \$137,688,017 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$10,489,269.70. The higher debt service requirement is a result of \$34,916,227 of the 2008B Bonds being Capital Appreciation Bonds which will be refinanced in the future.

On June 5, 2008, the City of Reno issued \$25,000,000 of General Obligation (Limited Tax) Medium-Term Sewer Bond, Series 2008. The proceeds for the 2008 Bonds will be used to finance the cost of acquiring, constructing, improving and equipping sewerage projects within the City of Reno. All of the Bonds shall constitute general obligations of the City, which hereby pledges its full faith and credit for their payment. The payment of the Bonds shall come from the proceeds of general taxes and any other monies pledged for the payment of the Bonds. The interest rate is 3.840% and is payable in semi-annual installments commencing October 1, 2008 and ending April 1, 2018. The Bonds will mature annually on April 1 starting in 2009 and ending in 2018.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

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

New Debt (continued)

On June 27, 2008, the City of Reno issued \$430,000 of Special Assessment District Nos. 2006-01, 2006-02 and 2007-01 Tax-Exempt Local Improvement Bond, Series 2008A. The proceeds for the 2008A Bonds will be used to finance the cost of improvement projects within the Special Assessment Districts. The interest rate is 4.167% payable in semi-annual installments commencing on November 1, 2008 and ending May 1, 2018. The bonds will mature annually on May 1 starting in 2009 and ending in 2018. The bonds are payable by special assessments levied against each lot, tract or parcel of land with the Districts, a Surplus and Deficiency Fund and, if necessary, the City's General Fund.

On June 27, 2008, the City of Reno issued \$1,115,000 of Special Assessment District Nos. 2004-01, 2004-02, 2004-03, 2004-04, 2005-01, 2005-02 and 2005-03 Taxable Local Improvement Bond, Series 2008B. The proceeds for the 2008B Bonds will be used to finance the cost of improvement projects within the Special Assessment Districts. The interest rate is 7.010% payable in semi-annual installments commencing on November 1, 2008 and ending May 1, 2026. The bonds will mature annually on May 1 starting in 2009 and ending in 2026. The bonds are payable by special assessments levied against each lot, tract or parcel of land within the Districts, a Surplus and Deficiency Fund and, if necessary, the City's General Fund.

On May 15, 2008, the Redevelopment Agency District 2 entered into a credit agreement with Nevada Land, LLC, for \$6,000,000. The proceeds of the note were used to pay the costs related to the relocation of Fire Station No. 1 to two replacement facilities in order to provide land for the future AAA baseball park. The note is to be repaid in quarterly principal installments of \$150,000 plus interest calculated on a daily basis equal to the one-month LIBOR. The maturity date is May 1, 2018.

Prior Years' Defeasance of Debt:

On October 26, 2005, the City issued \$73,450,000 of Tax-Exempt Capital Improvement Revenue Refunding Bonds, Series 2005A. The proceeds from the Bonds were used for a partial advance refunding and defeasance of the City's Capital Improvement Revenue Bonds, Series 2002. At June 30, 2008, the outstanding balance in the amount of \$65,355,000 is considered defeased and held in trust.

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Interest Rate Swap Agreements:

In conjunction with the issuance of the 2005A Capital Improvement Revenue Refunding Bonds, the City entered into an interest rate exchange transaction with Goldman Sachs Capital Markets L.P. In general, the terms of the 2005A Swap provides that the City will make semiannual payments to Goldman Sachs at a fixed interest rate (3.53%) based on a notional amount equal to the outstanding principal amount of the 2005A Bonds. In return, Goldman Sachs will make monthly payments to the City based on the same respective notional amount that reflect a variable rate of interest equal to the lower of (1) one-month LIBOR or (2) one-month LIBOR times 67% or times 56% plus 44 basis points, whichever is greater. The 2005A Swap became effective on October 26, 2005, and terminates on June 1, 2032, unless terminated early in accordance with its terms. As of June 30, 2008, the termination value was (\$1,811,916).

As stated under **New Debt Issued**, in conjunction with the issuance of the 2008A Senior Lien Sales Tax Revenue Refunding Bonds, the City entered into an interest rate exchange transaction with Goldman Sachs Capital Markets L.P. In general, the terms of the 2008A Swap provides that the City will make semiannual payments to Goldman Sachs at a fixed interest rate (3.32%) based on a notional amount equal to the outstanding principal amount of the 2008A Bonds. In return, Goldman Sachs will make monthly payments to the City based on the same respective notional amount that reflect a variable rate of interest equal to the one-month LIBOR times 67%. The 2008A Swap became effective on March 4, 2008, and terminates on June 1, 2042, unless terminated early in accordance with its terms. As of June 30, 2008, the termination value was (\$1,453,444).

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Summary of Long-Term Debt

Presented below is a summary of debt service requirements to maturity of the City's governmental bonds and notes payable:

Fiscal Year June 30,	Debt Supported by Sales Tax/Room Tax Revenues*		Debt Supported by Specific or General Revenues Installments	
	Principal	Interest	Principal	Interest
2009	\$ 1,865,000	\$ 11,075,440	\$ 295,000	\$ 102,900
2010	2,490,000	10,852,076	305,000	90,900
2011	3,230,000	10,755,520	320,000	78,400
2012	3,935,000	10,618,134	330,000	65,400
2013	4,535,000	10,441,533	345,000	51,900
2014-2018	33,210,000	48,593,978	1,125,000	68,700
2019-2023	45,768,816	49,021,507	--	--
2024-2028	61,113,210	48,657,297	--	--
2029-2033	73,581,472	53,209,286	--	--
2034-2038	50,030,843	89,817,573	--	--
2039-2043	41,547,772	78,196,264	--	--
2044-2048	5,982,480	108,031,496	--	--
2049-2051	2,959,190	73,930,531	--	--
Subtotal	330,248,783	603,200,635	2,720,000	458,200
Unamortized Premium (Discount)	(2,348,222)	--	29,651	--
Deferred Gain (Loss) on Refunding	(21,540,899)	--	--	--
Total	<u>\$ 306,359,662</u>	<u>\$ 603,200,635</u>	<u>\$ 2,749,651</u>	<u>\$ 458,200</u>

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Summary of Long-Term Debt (continued)

Fiscal Year June 30,	Notes Payable		Debt Supported by Ad Valorem Tax	
	Principal	Interest	Principal	Interest
2009	\$ 639,000	\$ 282,903	\$ 5,775,000	\$ 2,513,139
2010	639,000	255,441	6,085,000	2,222,633
2011	639,000	226,456	2,600,000	1,914,804
2012	633,000	197,449	2,750,000	1,780,101
2013	633,000	168,742	1,540,000	1,639,158
2014-2018	3,165,000	411,837	8,895,000	6,976,763
2019-2023	105,000	10,776	11,150,000	4,621,708
2024-2028	--	--	10,385,000	1,374,045
Subtotal	6,453,000	1,553,604	49,180,000	23,042,349
Unamortized Premium (Discount)	--	--	530,531	--
Deferred Gain (Loss) on Refunding	--	--	(475,484)	--
Total	\$ 6,453,000	\$ 1,553,604	\$ 49,235,047	\$ 23,042,349

Fiscal Year June 30,	Debt Supported by Other Specific Revenues		Debt Supported by Special Assessment Installments	
	Principal	Interest	Principal	Interest
2009	\$ 825,000	\$ 1,578,246	\$ 1,044,344	\$ 1,653,299
2010	977,000	1,525,655	1,051,344	1,607,184
2011	1,071,000	1,465,843	1,062,344	1,544,328
2012	1,165,000	1,400,598	1,114,744	1,480,042
2013	1,245,000	1,340,995	1,162,000	1,411,767
2014-2018	8,019,000	5,605,543	6,730,000	5,865,274
2019-2023	6,197,000	3,616,082	8,508,000	3,368,372
2024-2028	9,051,000	1,295,631	4,452,000	499,079
Subtotal	28,550,000	17,828,593	25,124,776	17,429,345
Unamortized Premium (Discount)	(14,074)	--	(981)	--
Deferred Gain (Loss) on Refunding	--	--	(338,109)	--
Total	\$ 28,535,926	\$ 17,828,593	\$ 24,785,686	\$ 17,429,345

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Summary of Long-Term Debt (continued)

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

Fiscal Year June 30,	Business-Type Activities			
	Debt Supported by Ad Valorem Tax and Specific Revenues		Debt Supported by General/ Specific Revenues Installments	
	Principal	Interest	Principal	Interest
2009	\$ 3,973,203	\$ 2,241,977	\$ 2,076,000	\$ 789,333
2010	4,080,876	2,130,104	2,079,000	880,282
2011	4,196,629	2,014,588	2,183,000	800,448
2012	4,320,552	1,895,147	2,292,000	716,621
2013	4,437,735	1,771,783	2,407,000	628,608
2014-2018	24,167,219	6,867,527	13,963,000	1,660,838
2019-2023	26,992,885	3,199,801	--	--
2024-2028	7,537,214	210,306	--	--
Subtotal	79,706,313	20,331,233	25,000,000	5,476,130
Unamortized Premium (Discount)	6,370	--	--	--
Deferred Gain (Loss) on Refunding	(82,959)	--	--	--
Total	<u>\$ 79,629,724</u>	<u>\$ 20,331,233</u>	<u>\$ 25,000,000</u>	<u>\$ 5,476,130</u>

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2008 does not expect to incur a liability.

Note 9: **Leases**

Operating Leases

The City is committed under various noncancelable operating leases, primarily for office buildings and equipment (principally in the General Fund).

Future minimum operating lease commitments are as follows:

Year Ending <u>June 30,</u>	
2009	\$ 524,252
2010	202,645
2011	113,589
2012	<u>43,262</u>
Total	<u>\$ 883,748</u>

Rent expenditures were \$896,571 for the year ended June 30, 2008.

Capital Leases

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 9: **Leases** (continued)

Capital Leases (continued)

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

	Governmental Activities
Equipment	\$ 5,998,076
Less accumulated depreciation	(826,640)
Net capital assets	\$ 5,171,436

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

	Year Ending June 30,	
	2009	\$ 917,757
	2010	917,757
	2011	738,884
	2012	738,884
	2013	885,714
	2014-2017	1,868,763
Total requirements		6,067,759
Less interest		(1,005,425)
Present value of remaining payments		\$ 5,062,334

Note 10: **Net Asset Restatements**

Adjustments resulting from errors or a change to comply with the provisions of new accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net assets.

- **Governmental activities due from other governments** – an adjustment for \$52,154 was made to record grant revenues that should have been accrued in fiscal year 2007.
- **Governmental activities accounts receivable** – two adjustments totaling \$1,462,929 were made: (\$306,737) to reduce receivables related to changing the availability period for recording special assessment revenues and \$1,769,666 to reflect prior year franchise fee revenues not recorded until they were received in the current year.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

- **Governmental activities capital assets** – six adjustments totaling (\$3,514,552) were made: (\$1,931,322) to reclassify land as Property Held for Resale in the Redevelopment Agency; (\$481,750) to remove land related to the UA Theater sale by the Redevelopment Agency in 2004; (\$848,503) to reduce construction in process for infrastructure expenses that were maintenance in nature or did not meet the capital threshold; \$27,000 to capitalize equipment previously expended; (\$14,964) to remove historical pieces that were donated in fiscal year 2007; and (\$265,013) to reduce construction in progress for non-infrastructure project expenses that were maintenance in nature or did not otherwise meet the capital threshold.
- **Governmental activities property held for resale** – an adjustment for \$1,931,322 was made to reclassify land as Property Held for Resale in the Redevelopment Agency.
- **Governmental activities deferred charges** – an adjustment for (\$18,021,494) was made to reclassify deferred losses on debt refunding that should have been recorded as a contra-liability against long-term debt.
- **Governmental activities accrued salaries and benefits** – an adjustment for \$5,086 to reduce outstanding liabilities related to the flexible spending program.
- **Governmental activities accrued interest payable** – an adjustment for (\$7,288) was made to reflect the actual amount of interest expense paid in fiscal year 2007.
- **Governmental activities long-term debt payable** – an adjustment for \$18,021,494 was made to reclassify deferred losses on debt refunding that were reported as deferred charges in error.
- **Governmental activities investment in capital assets net of related debt** – an adjustment for \$1,931,322 to reflect removal land in the Redevelopment Agency that was reclassified as property held for resale.
- **Governmental activities restricted for claims** – an adjustment for \$6,911 was made to add net assets in the Self-Funded Medical Plan Internal Service Fund that were reported in unrestricted.
- **Governmental activities unrestricted** – three adjustments totaling (\$1,938,233) were made: (\$6,911) to remove net assets that should have been reported in restricted for claims; and (\$1,931,322) to reflect removal land in the Redevelopment Agency that was reclassified as property held for resale.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

- **General Fund** – four adjustments totaling \$1,854,671 were made: \$78,977 to record capital grant proceeds credited to the Public Works Capital Project Fund in error; (\$1,825) to record the net effect of moving flexible spending account activity from the Self-Funded Medical Plan Fund; \$7,853 to record grant revenue in the correct year; and \$1,769,666 to post franchise fee revenues back to the prior fiscal year.
- **Community Development Block Grants Fund** – two adjustments totaling (\$4,366) were made: (\$4,815) was made to reflect a prior year expenditure, and \$449 to reflect an under-accrual of grant revenue in the prior year.
- **Redevelopment Agency General Fund** – an adjustment of \$1,931,322 was made to reflect prior expenditures as Property Held for Resale.
- **Events Center Debt Service Fund** – an adjustment for (\$98,035) was made to reflect the change from a 12-month to ninety-day availability period for revenue recognition for special assessment revenues.
- **Special Assessment District Debt Service Fund** – an adjustment for (\$208,702) was made to reflect the change from a 12-month to ninety-day availability period for revenue recognition for special assessment revenues.
- **Public Works Capital Project Fund** – two adjustments totaling (\$30,310) were made: (\$78,977) to remove capital grant proceeds that belonged to the General Fund, and \$48,667 to match grant revenue related to prior year capital expenditures.
- **Events Center Capital Project Fund** – an adjustment for \$1,697 was made to remove a capital project expenditure recorded to this fund in error.
- **Community Assistance Centers Capital Project Fund** – an adjustment for (\$1,697) was made to correct a capital project expenditure recorded to another fund in error.
- **Self-funded Medical Plan Internal Service Fund** – an adjustment of \$6,911 to reflect reclassification of flexible spending plan activity to the General Fund.
- **Business-type activities accounts receivable** – an adjustment for (\$269,018) was made to reverse a fiscal year 2007 adjustment.
- **Business-type activities due from other governments** – an adjustment for \$76,670 was made to record grant revenues that should have been accrued in fiscal year 2007.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

- **Business-type activities deferred charges** – an adjustment for (\$90,501) was made to remove deferred losses on debt refunding that should have been recorded as a contra-liability against long-term debt.
- **Business-type activities Investment in Truckee Meadows Water Reclamation Facility** – an adjustment for \$29,132 to correct for a liability adjustment that should have been offset to the investment in the joint water treatment plant rather than expensed.
- **Business-type activities long-term debt** – an adjustment for \$90,501 was made to reflect deferred losses on debt refunding as an offset to long-term debt.
- **Business-type activities investment in capital assets, net of related debt** – an adjustment of (\$81,485,417) was made to reflect the failure to net related debt outstanding as of June 30, 2007.
- **Business-type activities unrestricted** – an adjustment of \$81,485,417 was made to reclassify capital-related debt to investment in capital assets, net of related debt.
- **Sanitary Sewer Fund** – three adjustments totaling (\$163,216) were made: (\$269,018) to reverse an adjusting entry to sewer revenues; \$76,670 to record grant revenues in year in which expense was incurred; and \$29,132 to reflect a liability adjustment that should have been charged to Investment in Joint Water Treatment Plant but was expensed in error.

Note 11: **Restricted Net Assets**

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Restricted net assets at June 30, 2008 for governmental activities are as follows:

Restricted for Capital Projects:		
Railroad CP Fund	2,659,324	
Downtown Events Center CP Fund	7,419	
Public Works CP Fund	2,256,898	
City Bonds CP Fund	2,937,792	
Parks CP Fund	7,723,502	
Street Impact CP Fund	36,130	
Special Ad Valorem Fund	1,942,363	
Redevelopment Agency Capital CP Fund	<u>20,909,358</u>	
		\$ 38,472,786
Restricted for Debt Service		
Railroad Debt Service	37,097,710	
Events Center Debt Service Fund	17,679,881	
Special Assessment Debt Service Fund	7,629,973	
Redevelopment Debt Service Fund	<u>2,623,146</u>	
		65,030,710
Restricted for Streets:		
Street Fund	<u>150,185</u>	
		150,185
Restricted for Claims:		
Risk Retention Fund	6,882,685	
Self-Funded Medical Plan Fund	<u>11,824,763</u>	
		18,707,448
Restricted for Other Purposes:		
General Fund	229,703	
Community Development Block Grant Fund	271,540	
Parks and Recreation Fund	34,122	
Courts Fund	1,557,129	
Drug Forfeiture Fund	288,144	
Redevelopment Special Revenue Fund	527,703	
Public Works CP Fund	<u>68,188</u>	
		<u>2,976,529</u>
Total Restricted Net Assets - Governmental Activities		<u><u>\$ 125,337,658</u></u>

Included in total restricted net assets for the governmental activities at June 30, 2008 are net assets restricted by enabling legislation of \$115,767,266.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

Reserved Fund Balances for Other Programs as of June 30, 2008, are as follows:

General Fund:	
Neighborhood Advisory Boards	\$ 16,364
Law enforcement	61,055
Fire activities	8,868
Triad Haz-Mat team	143,416
Miscellaneous	<u>1,474</u>
	231,177
Nonmajor Special Revenue Funds:	
Parks & Recreation Fund - private grants	30,857
Drug Forfeiture Fund	288,144
Community Development Block Grant	<u>277,197</u>
	596,198
Nonmajor Capital Project Funds:	
City Public Works Fund - sensitive lands acquisitions	<u>68,188</u>
	<u>68,188</u>
Total Reserved Fund Balance for Other Programs	<u>\$ 895,563</u>

Note 13: **Contingent Liabilities**

Litigation – The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees, including alleged improper police action and negligence. Total damages claimed are substantial; however, it has been the City’s experience that such actions are settled for amounts substantially less than the claimed amounts. The City has liability insurance policies which would offset damages. The policies have aggregate deductibles of \$750,000 per occurrence for general liability claims. The policies provide for a \$100,000 aggregate deductible for claims against public officials. City management and the City Attorney estimate that the potential claims against the City would not materially affect the financial condition of the City.

The City is a defendant in one eminent domain case related to property acquisition for the ReTRAC Project. This case is on appeal. No liability has been accrued on the City’s financial statements because of the uncertainty of the outcome.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Water Quality Settlement – Pursuant to an interlocal agreement amended and restated on June 11, 1997 and July 28, 1998, the City of Reno, the City of Sparks, and Washoe County entered into a joint venture for the purchase of water rights pursuant to the Truckee River Water Quality Settlement Agreement (TRWQSA) dated October 10, 1996. Parties to the TRWQSA are the City of Reno, Washoe County, the City of Sparks, U.S. Department of the Interior (DOI), the U.S. Department of Justice, the U.S. Environmental Protection Agency, the Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians (TRIBE).

The TRWQSA settled and dismissed pending litigation by the TRIBE filed in 1998 relating to the expansion of the Truckee Meadows Water Reclamation Facility (TMWRF), which is operated by Reno and Sparks. It allows Reno and Sparks to use the sewage plant's full capacity in exchange for the purchase of \$24,000,000 of water rights. This amount includes DOI's share of funding of \$12,000,000. The purchase of the remaining water rights was financed by Washoe County under the State of Nevada Water Pollution Control Revolving Fund. Pursuant to the agreement, the City began transferring a portion of the sewer connection fees to pay their share of the financing. The City has fully paid its share of the purchase and ceased remitting fees to Washoe County in FY 2007.

Washoe County is responsible for administration of the Joint Venture. The arrangement is considered a joint venture because the agreement results in a contractual entity; joint control exists in a three-member oversight committee with one member each appointed by Washoe County, Reno and Sparks; and there is an ongoing financial relationship/responsibility on the part of the participating entities. The arrangement is considered a joint venture with no equity interest recorded on the City of Reno's balance sheet as of June 30, 2008, because no explicit and measurable equity interest is deemed to exist. The entire equity was reserved for purchase of water rights and repayment of debt and was, therefore, unavailable to the City of Reno. Each entity (Washoe County, Reno, and Sparks) owns an undivided and equal interest in the property and water rights purchased. The amount attributable to the City of Reno at June 30, 2008 is \$3,172,100.

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

Truckee Meadows Water Authority – The Truckee Meadows Water Authority ("Authority") is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement (the "Agreement") among the City of Reno, Nevada ("Reno"), the City of Sparks, Nevada ("Sparks") and Washoe County, Nevada (the "County"). The Authority was formed in order to purchase the water assets, to undertake the water utility operations of Sierra Pacific Power Company ("SPPCo"), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 13: **Contingent Liabilities**

community. The Authority and SPPCo entered into an Asset Purchase Agreement dated as of January 15, 2001 in order to establish the terms and conditions of the Authority's purchase of the water system. The Authority has issued bonds that do not constitute an obligation of Reno, Sparks, the County or the State of Nevada.

The Authority is considered a joint venture because: 1) the Agreement results in a contractual entity, 2) joint control exists in a seven member governing body with three directors appointed by Reno, two directors appointed by Sparks, one director appointed by the County and one at-large director, who shall be an elected official from the governing body of a member, and 3) there is an ongoing financial relationship/responsibility on the part of the participating entities. The arrangement is considered a joint venture with no equity interest recorded on the City's balance sheet as of June 30, 2008, because no explicit and measurable equity interest is deemed to exist.

The City entered into a cancelable administrative services agreement with the Authority on June 7, 2001, the term of which was for three years, automatically renewing on an annual basis until cancelled by either party. Under the original agreement, the City provided a variety of services including, but not limited to, accounting, purchasing, investing and other financial services, budgeting, human resources, administration of payroll and employee benefits, development and maintenance of information systems, and property management. The agreement was modified on June 30, 2004, and again on December 10, 2004, to reduce the services performed by the City to primarily human resources, payroll and employee benefits. The fee for such services was \$29,460 per month during fiscal year 2008 and will be reduced to \$23,917 per month for fiscal year 2009. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$365,352 during the year ended June 30, 2008 for vehicle maintenance.

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

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Retention Internal Service Fund and a Self-Funded Workers Compensation Internal Service Fund to account for and finance these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of \$2,500,000 for each worker's compensation claim, \$1,000,000 for each general

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

liability claim, and \$10,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2008, the funds provided coverage of up to the statutory limits for each worker's compensation claim and the amount for which the City is liable for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Funds and for other insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for claims. The reserves for the Risk Retention Internal Service Fund and the Self-Funded Workers Compensation Internal Service Fund were \$6,882,685 and \$0, respectively, at June 30, 2008. Claims liabilities of \$2,711,026 and \$54,989,744 are reported in the funds at June 30, 2008, respectively. The City estimates the current portion of claims liability in these funds as \$394,744 and \$4,886,342, respectively.

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

	<u>Risk Retention Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
Claims liability, June 30, 2006	\$ 2,806,347	\$ 48,347,293
Claims and changes in estimates	15,273	7,942,719
Claims payments	<u>(269,890)</u>	<u>(3,248,069)</u>
Claims liability, June 30, 2007	\$ 2,551,730	\$ 53,041,943
Claims and changes in estimates	481,152	6,658,815
Claims payments	<u>(321,856)</u>	<u>(4,711,014)</u>
Claims liability, June 30, 2008	<u>\$ 2,711,026</u>	<u>\$ 54,989,744</u>

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

The City is self-insured for medical insurance for certain City employees. Payments to the Self-Funded Medical Plan Internal Service Fund are accounted for as operating revenues and as expenditures/expenses, as appropriate, in the General Fund and other funds. The City maintains stop-loss coverage in the amount of \$140,000 per employee per year. The City's maximum payment is \$2 million per individual per lifetime.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

A liability (included in accrued liabilities in the accompanying financial statements) for claims incurred but unasserted has been recorded in the fund in an amount as actuarially determined. The City estimates \$1,717,526 of the claims liability as current. Changes in the fund's claims liability amounts for the past two years were:

Claims liability, June 30, 2006	\$ 1,769,928
Claims and changes in estimates	10,844,323
Claims payments	<u>(11,068,853)</u>
Claims liability, June 30, 2007	1,545,398
Claims and changes in estimates	12,951,861
Claims payments	<u>(12,764,609)</u>
Claims liability, June 30, 2008	<u>\$ 1,732,650</u>

Note 16: **Other Post Employment Benefits**

Plan Description:

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

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

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

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

As of June 30, 2008, the City had 551 retirees receiving benefits and 1,454 employees.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 16: **Other Post Employment Benefits** (continued)

Annual OPEB Cost and Net OPEB Obligation:

For fiscal year 2008 the City's annual OPEB cost was \$10,586,773. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2008, were as follows:

Annual required contribution				\$ 13,994,052
Interest on net OPEB obligation				--
Adjustment of annual required contribution				<u>--</u>
Annual OPEB cost				13,994,052
Contributions made				<u>3,162,190</u>
Change in net OPEB obligation (asset)				10,831,862
Net OPEB obligation (asset), beginning of year				<u>--</u>
Net OPEB obligation (asset), end of year				<u>\$ 10,831,852</u>

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
June 30, 2008	\$ 13,994,052	\$ 3,162,190	22.60%	\$ 10,831,852

In future years, three-year trend information will be presented. Fiscal year 2008 was the year of implementation of GASB Statement No. 45 and the City elected to implement prospectively; therefore, prior year comparative data is not available.

Funded Status and Funding Progress:

The funded status of the plan based on an actuarial valuation as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 117,483,434
Actuarial value of plan assets	<u>--</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 117,483,434</u>
Funded ratio (actuarial value of plan Assets/AAL)	0.00%
Covered payroll	\$ 124,530,962
UAAL as percentage of covered payroll	94.34%

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

Note 16: **Other Post Employment Benefits** (continued)

Funded Status and Funding Progress (continued):

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

The required schedule of funding progress, presented as required supplementary information following the *Notes to the Financial Statements*, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. As fiscal year 2008 was the year of implementation of GASB Statement No. 45, and the City elected to apply the statement prospectively, only one year is shown. In future years, required trend data will be presented.

Note 17: **Defined Benefit Pension Plan**

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

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

Funding Policy – Plan members are funded under the employer pay contribution plan, wherein the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. Any adjustments are made on July 1 of each odd-numbered year. The City’s contribution rates and amounts contributed (equal to required contribution) for the last three years are as follows:

Fiscal Year	Contribution Rate			Percentage	
	Regular Members	Police/Fire	Judicial	Total Contribution	of APC Contributed
2007-2008	20.25%	33.50%	23.75%	\$ 31,043,657	100%
2006-2007	19.75%	32.00%	22.50%	26,659,875	100%
2005-2006	19.75%	32.00%	--	24,298,993	100%

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

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

	<u>Final Budget</u>	<u>Expenditures/ Expenses</u>	<u>Variance to Final Budget</u>
<u>Major Proprietary Funds:</u>			
Planning	\$ 2,357,401	\$ 3,704,745	\$ (1,347,344)

The negative variance was due to the decision to charge the fund for indirect costs that were offset with an advance from the General Fund. This decision was made after the final amended budget was prepared on the basis of not charging the Planning Enterprise Fund any indirect costs

Nonmajor Governmental Funds:

Streets	17,484,886	18,306,547	(821,661)
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The negative variance was due to the acceleration of the streets program, which will result in FY 2008/09 budgeted costs being expended in FY 2007/08.

Special Assessment District Capital Projects	183,763	1,026,718	(842,955)
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The negative variance was due to capital expenditures that were originally recorded in the Street Fund and moved to the appropriate fund after the final amended budget was approved.

Community Assistance Center Capital Project	10,558,566	13,207,727	(2,649,161)
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The negative variance was due to accelerated construction so that the new facilities would be ready by October of FY 2008/09.

Redevelopment Agency Extraordinary Maintenance Capital Project	--	33,930	(33,390)
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The negative variance was due to expenditures that were coded incorrectly to the Redevelopment Agency Fund and therefore moved to this fund after the final amended budget was adopted.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
<u>Nonmajor Proprietary Funds:</u>			
Dispatch	\$ 6,512,865	\$ 6,712,273	\$ (199,408)

The negative variance is due to the year-end accrual of the net OPEB obligation that was not known at the time the final amended budget was approved.

<u>Internal Service Funds:</u>			
Self-funded Workers Compensation	5,296,081	8,596,951	(3,300,870)

The negative variance is due to an additional claims payable accrual and resulting expense arising from the results of the actuarial study received after the final budget was adopted.

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

<u>Nonmajor Governmental Fund:</u>			
Downtown Events Center Debt	8,107,817	8,368,361	(260,544)

<u>Nonmajor Governmental Fund:</u>			
City of Reno Debt	8,548,278	8,790,032	(241,754)
Redevelopment Agency Debt	2,917,125	3,157,439	(240,314)

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

	Final Budget	Expenditures/ Expenses	Variance to Final Budget
<u>Nonmajor Governmental Fund:</u>			
Municipal Court Capital Project	\$ 712,000	\$ 715,811	\$ (3,811)
Redevelopment Agency Capital Project	--	326,080	(326,080)

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

<u>Nonmajor Governmental Fund:</u>			
Community Development Block Grant	3,478,975	4,866,070	(1,387,095)

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Deficit Fund Balances/Net Assets

The Community Development Block Grant Administration Fund had a fund balance deficit of (\$136,929). The deficit occurred due to offsetting program revenues received in the Community Development Block Grant Fund against draws for administrative expenditures. This fund will be merged into the Community Development Block Grant Fund in FY 2008/09.

The Emergency Operations Fund had a fund balance deficit of (\$540,792), which will be reduced or eliminated in FY 2008/09 by a transfer from other funds that experienced flood event-related costs borne by this fund now that all FEMA reimbursements have been received.

The Municipal Court Capital Project Fund had a fund balance deficit of (\$207,173), which will be reduced or eliminated in FY 2008/09 by a transfer of court construction revenues from the Courts Special Revenue Fund.

The Special Assessment Districts Capital Projects Fund had a fund balance deficit of (\$2,065,251), which will be reduced in FY 2008/09 by an operating fund transfer from the Streets Fund and issuing special assessment district bonds.

The Community Assistance Center Capital Project Fund had a fund balance deficit of (\$2,322,297), which will be reduced by future commitments for funding made by Washoe County, the City of Sparks, and two private donors.

The Dispatch Enterprise Fund had a fund balance deficit of (\$223,995), which will be eliminated in FY 2008/09 by an additional operating subsidy paid by the General Fund.

The Building Enterprise Fund had a fund balance deficit of (\$562,272), which will be eliminated in FY 2008/09 by reducing operating costs.

The Planning Enterprise Fund had a fund balance deficit of (\$3,033,445), which will be eliminated in FY 2008/09 by (1) reducing FY 2008/09 operating expenses, including freezing vacant positions, (2) continued deferral of payment of \$1.6 million for FY 2007/08 indirect costs charges to the General Fund until the Planning Enterprise Fund is financially sound, and a loan from the Stabilization Fund.

The Self-Funded Worker's Compensation Internal Service Fund had a fund balance deficit of (\$57,478,580). The deficit is expected to remain and perhaps grow until such time as the State Legislature provides a solution to the heart/lung liability issue.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2008

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

Pursuant to NRS 354.598155 the Special Ad Valorem Capital Projects Fund expended \$1,527,387 on the following projects:

Administration – Indirect Cost Allocation	\$ 249
Sidewalk, curb and gutter repair	3,743
Park capital projects	314,743
Park maintenance/park facility projects	39,314
Underground storage tank monitoring	46,348
Community Assistance Center construction	40,000
Debt service	151,844
Street lighting/streetscape	194,892
Fire Station Alerting System	151,365
Hallmark trailer	19,778
Kietzke roundabout art	45,000
Stead salt and sand structure	6,000
Sky Tavern	177,607
Ginsberg clock removal	12,116
Reno Recycling	15,000
Ice Rink – chiller purchase	230,070
Virginia Street narrowing	63,844
2007 Traffic calming	<u>15,474</u>
Total	<u>\$ 1,527,387</u>

Note 20: **Conduit Debt Obligations**

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

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

On June 29, 2004, the City of Reno issued \$200,000,000 of insured hospital revenue bonds (Series 2004A for \$34,350,000, Series 2004B for \$65,650,000, and Series 2004C for \$100,000,000) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The amount of bonds outstanding as of June 30, 2008, is \$190,550,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On February 10, 2005, the City of Reno issued \$96,025,000 (Series 2005A and 2005B) of insured variable rate hospital revenue bonds and \$3,975,000 of insured hospital revenue bonds (Series 2005C) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The amount of bonds outstanding as of June 30, 2008, is \$95,175,000 and \$2,070,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On September 19, 2006, the City of Reno issued \$90,000,000 of insured hospital revenue bonds (Series 2006A for \$44,000,000, Series 2006B for \$44,000,000, and Series C for \$2,000,000) for the Washoe Medical Center project (now known as Renown Regional Medical Center). The Series 2006A and 2006B bond were refunded with the Series 2008A and 2008B bonds discussed below. The amount of 2006C bonds outstanding as of June 30, 2008, is \$2,000,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On April 11, 2007, the City of Reno issued \$120,000,000 of insured hospital revenue bonds (Series 2007A) for the Renown Regional Medical Center project. The amount of bonds outstanding as of June 30, 2008, is \$120,000,000. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

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

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

On April 23, 2002, the City of Reno issued \$4,135,622 of 2000 Special Assessment District No. 2 bonds for the Sierra Corporate Center Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2000 Special Assessment District No. 2 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2008, is \$2,775,000.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2008

Note 21: **Special Assessment Debt With No Government Commitment** (continued)

On April 23, 2003, the City of Reno issued \$18,000,000 of 2002 Special Assessment District No. 4 bonds for the Somersett Parkway Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2002 Special Assessment District No. 4 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2008, is \$14,240,000.

On April 28, 2004, the City of Reno issued \$7,100,000 of 2002 Special Assessment District No. 3 bonds for the Double R Boulevard Project. The bonds do not represent a debt of the City, and the City will not be liable thereon except for the pledge of the special assessment revenue collected on behalf of the 2002 Special Assessment District No. 3 and the amount deposited in the bond reserve fund on behalf of the district. The amount of bonds outstanding at June 30, 2008, is \$6,200,000.

Note 22: **Subsequent Events**

On October 23, 2008, the City issued \$16,525,000 of City of Reno, Nevada Sales Tax Increment Bonds, Series 2007A (Tax-Exempt) and \$18,175,000 of City of Reno, Nevada Sales Tax Increment Bonds, Series 2007B (Taxable), which marks the first use of Sales Tax Anticipation Revenue (STAR) financing allowed by the State legislature. The proceeds were used to fund the private and public improvements related to the Cabela's store. The principal and interest will be repaid over twenty years solely from incremental sales tax generated from sales to tourists. The bonds do not constitute a general obligation of the City of Reno.

The recent 2008 financial market crisis and the failure of various bond insuring agents has had a negative impact on the debt obligations of the City of Reno that have an interest swap feature. The refunding/conversion of the 2006A Senior Lien Sales and Room Tax Revenue Refunding Bonds from auction rate securities to the 2008A Senior Lien Sales Tax Revenue Refunding Bonds variable rate demand bonds has reduced the net outflow for the City, and efforts are now underway to convert the 2005A Capital Improvement Refunding Bonds, which are auction rate securities, to variable rate demand bonds.

The financial market crisis has impeded many municipalities in their efforts to issue new debt. Management is currently reviewing its short-term and long-term capital projects and their related capital financing needs to determine which projects can be delayed until the bond market is more favorable.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF RENO, NEVADA

Required Supplementary Information
June 30, 2008

Other Post-Employment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
July 1, 2007	\$ --	\$ 117,483,434	0.00%	\$ 117,483,434	\$ 124,530,962	94.34%

Multi-year trend information is not yet available as fiscal year ending 2008 was the first year of implementation of GASB Statement 45. Information will be presented in future years as it becomes available.

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 12,683,886	\$ 11,667,318	\$ 41,362,000	\$ 65,713,204
Receivables:				
Accounts	318,609	115,797	235,000	669,406
Accrued interest	63,893	34,214	475,521	573,628
Delinquent taxes	196,357	127,191	--	323,548
Long-term	995,860	--	--	995,860
Due from other funds	3,149,425	--	3,618,000	6,767,425
Due from other governments	2,164,069	40,142	477,384	2,681,595
Inventories	172,061	--	--	172,061
Property held for resale	1,931,322	--	5,415,489	7,346,811
Deposits, land	--	--	--	--
TOTAL ASSETS	<u><u>\$ 21,675,482</u></u>	<u><u>\$ 11,984,662</u></u>	<u><u>\$ 51,583,394</u></u>	<u><u>\$ 85,243,538</u></u>
LIABILITIES				
Accounts payable	\$ 1,083,272	\$ --	\$ 150,750	\$ 1,234,022
Accrued salaries and benefits	483,788	--	--	483,788
Contracts and retained percentage payable	5,269,770	--	3,286,623	8,556,393
Accrued interest payable	546	--	5,357	5,903
Due to other funds	1,346,000	--	3,986,425	5,332,425
Due to other governments	28,075	49,678	848,426	926,179
Other liabilities, including deposits	449,037	4	8,813	457,854
Advances from other funds	--	--	--	--
Deferred taxes	196,358	127,175	--	323,533
Deferred revenue	995,860	--	--	995,860
TOTAL LIABILITIES	<u><u>9,852,706</u></u>	<u><u>176,857</u></u>	<u><u>8,286,394</u></u>	<u><u>18,315,957</u></u>
FUND BALANCES				
Reserved for:				
Encumbrances	711,868	--	5,284,182	5,996,050
Capital projects	285,365	--	34,309,408	34,594,773
Park capital outlay	--	--	7,723,502	7,723,502
Future signalization	--	--	506,441	506,441
Debt service	--	11,807,805	--	11,807,805
Inventories	172,061	--	--	172,061
Property held for resale	1,931,322	--	5,415,489	7,346,811
Court assessments	1,080,586	--	--	1,080,586
Court collection	191,178	--	--	191,178
Other programs	596,198	--	68,188	664,386
Unreserved, reported in:				
Special revenue funds	6,854,198	--	--	6,854,198
Capital projects funds	--	--	(10,010,210)	(10,010,210)
TOTAL FUND BALANCES	<u><u>11,822,776</u></u>	<u><u>11,807,805</u></u>	<u><u>43,297,000</u></u>	<u><u>66,927,581</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 21,675,482</u></u>	<u><u>\$ 11,984,662</u></u>	<u><u>\$ 51,583,394</u></u>	<u><u>\$ 85,243,538</u></u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 15,997,999	\$ 7,156,038	\$ 3,849,715	\$ 27,003,752
Fees, licenses and permits	140,520	--	--	140,520
Intergovernmental	4,039,375	--	1,401,419	5,440,794
Grants and contributions	6,256,637	--	24,198,807	30,455,444
Charges for services	4,068,821	--	--	4,068,821
Fines and forfeitures	27,477	--	--	27,477
Miscellaneous	3,978,405	2,696,316	4,514,526	11,189,247
TOTAL REVENUES	<u>34,509,234</u>	<u>9,852,354</u>	<u>33,964,467</u>	<u>78,326,055</u>
EXPENDITURES				
Current:				
General government	833,054	--	--	833,054
Judicial	143,826	--	--	143,826
Public works	12,888,400	--	1,635,799	14,524,199
Planning and community development	5,258,677	--	--	5,258,677
Culture and recreation	18,166,126	--	10,022	18,176,148
Urban redevelopment	2,623,826	--	360,010	2,983,836
Capital outlay	6,030,198	--	24,920,877	30,951,075
Debt Service:				
Principal	44,000	7,364,519	--	7,408,519
Interest	28,643	4,156,071	--	4,184,714
Bond issue costs	--	112,758	--	112,758
Fiscal charges	--	314,123	--	314,123
TOTAL EXPENDITURES	<u>46,016,750</u>	<u>11,947,471</u>	<u>26,926,708</u>	<u>84,890,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,507,516)</u>	<u>(2,095,117)</u>	<u>7,037,759</u>	<u>(6,564,874)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	6,080,000	--	6,080,000
Refunding bonds issued	--	6,000,000	--	6,000,000
Sale of capital assets	(23,874)	--	--	(23,874)
Transfers from other funds	14,702,470	1,617,131	14,450,487	30,770,088
Transfers to other funds	(5,939,715)	(10,761,047)	(8,727,115)	(25,427,877)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,738,881</u>	<u>2,936,084</u>	<u>5,723,372</u>	<u>17,398,337</u>
NET CHANGE IN FUND BALANCES	<u>(2,768,635)</u>	<u>840,967</u>	<u>12,761,131</u>	<u>10,833,463</u>
FUND BALANCES - BEGINNING OF YEAR	12,664,455	10,966,838	30,567,876	54,199,169
PRIOR PERIOD ADJUSTMENT	1,926,956	--	(32,007)	1,894,949
FUND BALANCES, BEGINNING, AS RESTATED	<u>14,591,411</u>	<u>10,966,838</u>	<u>30,535,869</u>	<u>56,094,118</u>
FUND BALANCES, ENDING	<u>\$ 11,822,776</u>	<u>\$ 11,807,805</u>	<u>\$ 43,297,000</u>	<u>\$ 66,927,581</u>

SPECIAL REVENUE FUNDS

– SPECIAL REVENUE FUNDS –

To account for specific revenues that are restricted to expenditures for particular purposes.

NONMAJOR SPECIAL REVENUE FUNDS

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

Community Development Block Grant Administration Fund – to account for expenditures incurred in the administration of eligible Block Grant programs and the Rental Rehabilitation Program Grant. Resources are provided by federal grants and transfers from the Block Grant Division.

Streets Fund – to account for revenue resources restricted for expenditures on streets.

Events Center Fund – to account for the City of Reno’s share of the net operating revenues, or portion of the net operating loss, for the National Bowling Stadium and the multi-purpose Downtown Events Center facility per an Interlocal Agreement with the Reno-Sparks Convention and Visitors Authority.

Room Tax Fund – to account for a one percent City tax imposed upon the gross income from room rentals within the City. By ordinance, revenues provided by this tax must be used one-half for developing, building, maintaining, expanding or repairing City parks and other recreation facilities, and one-half for City improvements or programs, the primary purpose of which is the improvement or betterment of the City as a final destination for visitors and tourism.

Parks and Recreation Fund – to account for the operations of the Parks/Recreation and Community Services Department. This includes all activities necessary to provide recreational services including swimming pool operations. This also includes accounting for revenues and costs to the City related to special events sponsored by outside parties

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

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

Courts Fund – to account for the collection of court administrative assessment fees to be used to improve the courts per NRS §176.059, and to account for the collection and expenditure of the Municipal Court collection fees as allowed by NRS §176.064 and construction fees as allowed by NRS §176.0611.

Drug Forfeiture Fund – to account for revenue sources restricted for expenditures to enforce the provisions of Nevada Revised Statutes regarding controlled substances and for law enforcement uses as specified by the Department of Justice.

Redevelopment Agency Fund – to account for the operations of the Redevelopment Agency which has been combined with the City of Reno for financial statement purposes.

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
ASSETS				
Cash and Investments	\$ 228,917	\$ 4,970	\$ 3,697,044	\$ 81,555
Receivables:				
Accounts	--	--	131,066	--
Accrued interest	--	--	16,668	325
Delinquent taxes	--	--	150,185	--
Due from other governments	1,003,044	171,152	718,474	--
Long-term	--	--	--	--
Due from other funds	--	--	805,000	--
Inventories	--	--	172,061	--
Property held for resale	--	--	--	--
TOTAL ASSETS	<u>\$ 1,231,961</u>	<u>\$ 176,122</u>	<u>\$ 5,690,498</u>	<u>\$ 81,880</u>
LIABILITIES				
Accounts payable	\$ 423,300	\$ 26,116	\$ 109,724	\$ --
Accrued salaries and benefits	2,964	6,935	108,864	--
Contracts and retained percentage payable	--	--	5,196,168	7,063
Accrued interest payable	--	--	546	--
Due to other funds	525,000	280,000	--	--
Due to other governments	--	--	--	--
Other liabilities, including deposits	3,500	--	125,009	--
Deferred taxes	--	--	150,186	--
Deferred revenue	--	--	--	--
TOTAL LIABILITIES	<u>954,764</u>	<u>313,051</u>	<u>5,690,497</u>	<u>7,063</u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	--	--
Inventories	--	--	172,061	--
Property held for resale	--	--	--	--
Capital projects	--	--	--	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other programs	277,197	--	--	--
Unreserved	--	(136,929)	(172,060)	74,817
TOTAL FUND BALANCES	<u>277,197</u>	<u>(136,929)</u>	<u>1</u>	<u>74,817</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,231,961</u>	<u>\$ 176,122</u>	<u>\$ 5,690,498</u>	<u>\$ 81,880</u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2008

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund	Emergency Operations Fund
ASSETS				
Cash and Investments	\$ 250,361	\$ 705,085	\$ 3,807,509	\$ 208
Receivables:				
Accounts	--	82,832	--	--
Accrued interest	1,554	2,258	23,429	--
Delinquent taxes	--	--	--	--
Due from other governments	169,267	38,393	--	--
Long-term	--	--	--	--
Due from other funds	--	35,000	2,309,425	--
Inventories	--	--	--	--
Property held for resale	--	--	--	--
TOTAL ASSETS	\$ 421,182	\$ 863,568	\$ 6,140,363	\$ 208
LIABILITIES				
Accounts payable	\$ 34,070	\$ 280,190	\$ --	\$ --
Accrued salaries and benefits	--	333,436	--	--
Contracts and retained percentage payable	--	48,571	--	--
Accrued interest payable	--	--	--	--
Due to other funds	--	--	--	541,000
Due to other governments	--	--	--	--
Other liabilities, including deposits	--	48,300	--	--
Deferred taxes	--	--	--	--
Deferred revenue	--	--	--	--
TOTAL LIABILITIES	34,070	710,497	--	541,000
FUND BALANCES				
Reserved for:				
Encumbrances	--	122,214	--	--
Inventories	--	--	--	--
Property held for resale	--	--	--	--
Capital projects	--	--	--	--
Court assessments	--	--	--	--
Court collections	--	--	--	--
Other programs	--	30,857	--	--
Unreserved	387,112	--	6,140,363	(540,792)
TOTAL FUND BALANCES	387,112	153,071	6,140,363	(540,792)
TOTAL LIABILITIES AND FUND BALANCES	\$ 421,182	\$ 863,568	\$ 6,140,363	\$ 208

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2008

	<u>Courts Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 1,726,911	\$ 286,881	\$ 1,894,445	\$ 12,683,886
Receivables:				
Accounts	--	--	104,711	318,609
Accrued interest	8,946	1,263	9,450	63,893
Delinquent taxes	--	--	46,172	196,357
Due from other governments	--	--	63,739	2,164,069
Long-term	--	--	995,860	995,860
Due from other funds	--	--	--	3,149,425
Inventories	--	--	--	172,061
Property held for resale	--	--	1,931,322	1,931,322
TOTAL ASSETS	<u>\$ 1,735,857</u>	<u>\$ 288,144</u>	<u>\$ 5,045,699</u>	<u>\$ 21,675,482</u>
LIABILITIES				
Accounts payable	\$ 178,728	\$ --	\$ 31,144	\$ 1,083,272
Accrued salaries and benefits	--	--	31,589	483,788
Contracts and retained percentage payable	--	--	17,968	5,269,770
Accrued interest payable	--	--	--	546
Due to other funds	--	--	--	1,346,000
Due to other governments	--	--	28,075	28,075
Other liabilities, including deposits	--	--	272,228	449,037
Deferred taxes	--	--	46,172	196,358
Deferred revenue	--	--	995,860	995,860
TOTAL LIABILITIES	<u>178,728</u>	<u>--</u>	<u>1,423,036</u>	<u>9,852,706</u>
FUND BALANCES				
Reserved for:				
Encumbrances	--	--	589,654	711,868
Inventories	--	--	--	172,061
Property held for resale	--	--	1,931,322	1,931,322
Capital projects	285,365	--	--	285,365
Court assessments	1,080,586	--	--	1,080,586
Court collections	191,178	--	--	191,178
Other programs	--	288,144	--	596,198
Unreserved	--	--	1,101,687	6,854,198
TOTAL FUND BALANCES	<u>1,557,129</u>	<u>288,144</u>	<u>3,622,663</u>	<u>11,822,776</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,735,857</u>	<u>\$ 288,144</u>	<u>\$ 5,045,699</u>	<u>\$ 21,675,482</u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Community Development Block Grant Fund	Community Development Block Grant Administration Fund	Street Fund	Events Center Fund
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 10,495,279	\$ --
Room taxes	--	--	--	--
Licenses and permits	--	--	140,520	--
Intergovernmental	--	--	3,911,351	--
Grants and contributions	5,100,457	347,719	--	--
Charges for services	--	--	--	--
Fines and forfeits	--	--	27,477	--
Investment earnings	--	--	137,497	5,053
Interest earnings, other	4,312	--	--	--
Reimbursement & restitutions	485	--	105,303	--
Miscellaneous	722,398	--	55,729	--
TOTAL REVENUES	<u>5,827,652</u>	<u>347,719</u>	<u>14,873,156</u>	<u>5,053</u>
EXPENDITURES				
Current:				
General government	--	--	--	518,587
Judicial	--	--	--	--
Public works	--	--	12,888,400	--
Planning and community development	4,793,427	465,250	--	--
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	--	5,418,147	--
Debt Service:				
Principal	44,000	--	--	--
Interest	28,643	--	--	--
TOTAL EXPENDITURES	<u>4,866,070</u>	<u>465,250</u>	<u>18,306,547</u>	<u>518,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>961,582</u>	<u>(117,531)</u>	<u>(3,433,391)</u>	<u>(513,534)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	--	--
Transfers in	200,266	185,283	1,999,033	15,000
Transfers out	(948,276)	(67,752)	(389,050)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(748,010)</u>	<u>117,531</u>	<u>1,609,983</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	<u>213,572</u>	<u>--</u>	<u>(1,823,408)</u>	<u>(498,534)</u>
FUND BALANCES, BEGINNING OF YEAR	67,991	(136,929)	1,823,409	573,351
PRIOR PERIOD ADJUSTMENT	(4,366)	--	--	--
FUND BALANCES, BEGINNING, AS RESTATED	<u>63,625</u>	<u>(136,929)</u>	<u>1,823,409</u>	<u>573,351</u>
FUND BALANCES, ENDING	<u>\$ 277,197</u>	<u>\$ (136,929)</u>	<u>\$ 1</u>	<u>\$ 74,817</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Room Tax Fund	Parks and Recreation Fund	Stabilization Fund	Emergency Operations Fund
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ --	\$ --
Room taxes	2,253,198	--	--	--
Licenses and permits	--	--	--	--
Intergovernmental	--	--	--	--
Grants and contributions	--	177,163	--	631,298
Charges for services	--	4,068,821	--	--
Fines and forfeits	--	--	--	--
Investment earnings	10,881	48,935	198,821	(1,843)
Interest earnings, other	--	--	--	--
Reimbursement & restitutions	--	524,993	--	--
Miscellaneous	--	219,150	--	--
TOTAL REVENUES	<u>2,264,079</u>	<u>5,039,062</u>	<u>198,821</u>	<u>629,455</u>
EXPENDITURES				
Current:				
General government	314,467	--	--	--
Judicial	--	--	--	--
Public works	--	--	--	--
Planning and community development	--	--	--	--
Culture and recreation	--	18,166,126	--	--
Urban redevelopment	--	--	--	--
Capital outlay	20,000	488,324	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	<u>334,467</u>	<u>18,654,450</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,929,612</u>	<u>(13,615,388)</u>	<u>198,821</u>	<u>629,455</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	476	--	--
Transfers in	--	12,278,888	--	--
Transfers out	(1,828,318)	(751,000)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,828,318)</u>	<u>11,528,364</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>101,294</u>	<u>(2,087,024)</u>	<u>198,821</u>	<u>629,455</u>
FUND BALANCES, BEGINNING OF YEAR	285,818	2,240,095	5,941,542	(1,170,247)
PRIOR PERIOD ADJUSTMENT	--	--	--	--
FUND BALANCES, BEGINNING, AS RESTATED	<u>285,818</u>	<u>2,240,095</u>	<u>5,941,542</u>	<u>(1,170,247)</u>
FUND BALANCES, ENDING	<u>\$ 387,112</u>	<u>\$ 153,071</u>	<u>\$ 6,140,363</u>	<u>\$ (540,792)</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Courts Fund	Drug Forfeiture Fund	Redevelopment Agency Fund	Total
REVENUES				
Taxes:				
Ad valorem taxes	\$ --	\$ --	\$ 3,249,522	\$ 13,744,801
Room taxes	--	--	--	2,253,198
Licenses and permits	--	--	--	140,520
Intergovernmental	--	--	128,024	4,039,375
Grants and contributions	--	--	--	6,256,637
Charges for services	--	--	--	4,068,821
Fines and forfeits	--	--	--	27,477
Investment earnings	71,837	13,456	76,718	561,355
Interest earnings, other	--	--	--	4,312
Reimbursement & restitutions	--	--	141,194	771,975
Miscellaneous	622,198	69,790	951,498	2,640,763
TOTAL REVENUES	<u>694,035</u>	<u>83,246</u>	<u>4,546,956</u>	<u>34,509,234</u>
EXPENDITURES				
Current:				
General government	--	--	--	833,054
Judicial	143,826	--	--	143,826
Public works	--	--	--	12,888,400
Planning and community development	--	--	--	5,258,677
Culture and recreation	--	--	--	18,166,126
Urban redevelopment	--	--	2,623,826	2,623,826
Capital outlay	35,411	--	68,316	6,030,198
Debt Service:				
Principal	--	--	--	44,000
Interest	--	--	--	28,643
TOTAL EXPENDITURES	<u>179,237</u>	<u>--</u>	<u>2,692,142</u>	<u>46,016,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>514,798</u>	<u>83,246</u>	<u>1,854,814</u>	<u>(11,507,516)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	--	--	(24,350)	(23,874)
Transfers in	--	--	24,000	14,702,470
Transfers out	(759,114)	(413,020)	(783,185)	(5,939,715)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(759,114)</u>	<u>(413,020)</u>	<u>(783,535)</u>	<u>8,738,881</u>
NET CHANGE IN FUND BALANCES	<u>(244,316)</u>	<u>(329,774)</u>	<u>1,071,279</u>	<u>(2,768,635)</u>
FUND BALANCES, BEGINNING OF YEAR	1,801,445	617,918	620,062	12,664,455
PRIOR PERIOD ADJUSTMENT	--	--	1,931,322	1,926,956
FUND BALANCES, BEGINNING, AS RESTATED	<u>1,801,445</u>	<u>617,918</u>	<u>2,551,384</u>	<u>14,591,411</u>
FUND BALANCES, ENDING	<u>\$ 1,557,129</u>	<u>\$ 288,144</u>	<u>\$ 3,622,663</u>	<u>\$ 11,822,776</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Development Block Grant Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 3,127,966	\$ 4,221,671	\$ 3,883,520	\$ (338,151)
State grants	--	--	916,937	916,937
Contributions	--	--	300,000	300,000
Total Intergovernmental	<u>3,127,966</u>	<u>4,221,671</u>	<u>5,100,457</u>	<u>878,786</u>
Miscellaneous:				
Interest earnings, other	16,000	6,000	4,312	(1,688)
Reimbursements and restitution	--	225	485	260
Loan payments	450,000	700,000	634,341	(65,659)
Other	70,000	15,000	88,057	73,057
Total Miscellaneous	<u>536,000</u>	<u>721,225</u>	<u>727,195</u>	<u>5,970</u>
TOTAL REVENUES	<u>3,663,966</u>	<u>4,942,896</u>	<u>5,827,652</u>	<u>884,756</u>
EXPENDITURES				
Current:				
Planning and Community Development:				
Salaries and wages	114,900	89,800	78,640	11,160
Employee benefits	57,210	39,884	35,571	4,313
Services and supplies	206,590	276,264	310,141	(33,877)
Community projects	<u>2,599,733</u>	<u>3,000,000</u>	<u>4,369,075</u>	<u>(1,369,075)</u>
Total Planning and Community Development	<u>2,978,433</u>	<u>3,405,948</u>	<u>4,793,427</u>	<u>(1,387,479)</u>
Debt Service:				
Principal	44,000	44,000	44,000	--
Interest	<u>27,594</u>	<u>29,027</u>	<u>28,643</u>	<u>384</u>
TOTAL EXPENDITURES	<u>3,050,027</u>	<u>3,478,975</u>	<u>4,866,070</u>	<u>(1,387,095)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>613,939</u>	<u>1,463,921</u>	<u>961,582</u>	<u>(502,339)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	--	357,381	200,266	(157,115)
Transfers out	<u>(762,993)</u>	<u>(1,384,713)</u>	<u>(948,276)</u>	<u>436,437</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(762,993)</u>	<u>(1,027,332)</u>	<u>(748,010)</u>	<u>279,322</u>
NET CHANGE IN FUND BALANCES	(149,054)	436,589	213,572	(223,017)
FUND BALANCE, BEGINNING	<u>149,054</u>	<u>67,991</u>	<u>63,625</u>	<u>(4,366)</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 504,580</u>	<u>\$ 277,197</u>	<u>\$ (227,383)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Development Block Grant Administration Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 642,882	\$ 89,437	\$ 305,173	\$ 215,736
State grants	--	--	42,546	42,546
TOTAL REVENUES	<u>642,882</u>	<u>89,437</u>	<u>347,719</u>	<u>258,282</u>
EXPENDITURES				
Salaries and wages	239,699	229,879	204,200	25,679
Employee benefits	75,306	81,979	88,357	(6,378)
Services and supplies	253,797	190,340	172,693	17,647
TOTAL EXPENDITURES	<u>568,802</u>	<u>502,198</u>	<u>465,250</u>	<u>36,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>74,080</u>	<u>(412,761)</u>	<u>(117,531)</u>	<u>295,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	621,690	185,283	(436,407)
Transfers out	(74,080)	(72,000)	(67,752)	4,248
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,080)</u>	<u>549,690</u>	<u>117,531</u>	<u>(432,159)</u>
NET CHANGE IN FUND BALANCES	--	136,929	--	(136,929)
FUND BALANCE, BEGINNING	--	(136,929)	(136,929)	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (136,929)</u>	<u>\$ (136,929)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Street Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 10,144,480	\$ 10,144,480	\$ 10,495,279	\$ 350,799
Licenses and permits:				
Excavation permits	100,000	100,000	140,520	40,520
Intergovernmental:				
Motor vehicle fuel tax	3,589,420	3,589,420	3,862,078	272,658
County road tax	49,200	49,200	49,273	73
Total intergovernmental	3,638,620	3,638,620	3,911,351	272,731
Grants and contributions:				
Street patching penalties	175,000	50,000	27,477	(22,523)
Miscellaneous:				
Investment earnings	5,000	50,000	137,497	87,497
Reimbursements and restitution	--	58,000	105,303	47,303
Exactions	--	135	270	135
Other	--	32,000	55,459	23,459
Total miscellaneous	5,000	140,135	298,529	158,394
TOTAL REVENUES	14,063,100	14,073,235	14,873,156	799,921
EXPENDITURES				
Current:				
Salaries and wages	2,842,298	3,151,993	3,040,747	111,246
Employee benefits	1,382,648	1,384,908	1,359,091	25,817
Services and supplies	4,952,708	5,257,367	8,488,562	(3,231,195)
Capital Outlay	6,175,000	7,690,618	5,418,147	2,272,471
TOTAL EXPENDITURES	15,352,654	17,484,886	18,306,547	(821,661)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,289,554)	(3,411,651)	(3,433,391)	(21,740)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,999,033	1,999,033	1,999,033	--
Transfers out	(389,050)	(389,050)	(389,050)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,609,983	1,609,983	1,609,983	--
NET CHANGE IN FUND BALANCES	320,429	(1,801,668)	(1,823,408)	(21,740)
FUND BALANCE, BEGINNING	85,226	1,823,409	1,823,409	--
FUND BALANCE, ENDING	\$ 405,655	\$ 21,741	\$ 1	\$ (21,740)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Events Center Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 5,053	\$ (4,947)
TOTAL REVENUES	10,000	10,000	5,053	(4,947)
EXPENDITURES				
Current:				
General Government:				
Services and supplies	501,525	591,525	518,587	72,938
TOTAL EXPENDITURES	501,525	591,525	518,587	72,938
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(491,525)	(581,525)	(513,534)	67,991
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	--
NET CHANGE IN FUND BALANCES	(476,525)	(566,525)	(498,534)	67,991
FUND BALANCE, BEGINNING	487,914	573,351	573,351	--
FUND BALANCE, ENDING	\$ 11,389	\$ 6,826	\$ 74,817	\$ 67,991

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Room Tax Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room Tax	\$ 2,260,000	\$ 2,260,000	\$ 2,253,198	\$ (6,802)
Miscellaneous:				
Investment earnings	2,362	7,500	10,881	3,381
Total Miscellaneous	2,362	7,500	10,881	3,381
TOTAL REVENUES	2,262,362	2,267,500	2,264,079	(3,421)
EXPENDITURES				
Current:				
General Government:				
Tourism:				
Services and supplies	346,009	346,009	314,467	31,542
Capital outlay	--	250,000	20,000	230,000
TOTAL EXPENDITURES	346,009	596,009	334,467	261,542
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,916,353	1,671,491	1,929,612	258,121
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,916,353)	(1,916,353)	(1,828,318)	88,035
NET CHANGE IN FUND BALANCES	--	(244,862)	101,294	346,156
FUND BALANCE, BEGINNING	--	285,818	285,818	--
FUND BALANCE, ENDING	\$ --	\$ 40,956	\$ 387,112	\$ 346,156

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks and Recreation Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 115,724	\$ 173,046	\$ 177,163	\$ 4,117
Charges for Services:				
Engineering charges	80,000	60,000	60,454	454
Swimming pool fees	470,987	368,931	376,898	7,967
Recreation facility fees	3,647,760	3,661,727	3,560,483	(101,244)
Parks and recreation fees	72,000	72,000	70,986	(1,014)
Total Charges for Services	<u>4,270,747</u>	<u>4,162,658</u>	<u>4,068,821</u>	<u>(93,837)</u>
Miscellaneous:				
Investment earnings	48,000	55,000	48,935	(6,065)
Rents and royalties	130,000	109,680	133,690	24,010
Reimbursements and restitution	300,000	494,800	524,993	30,193
Private grants	21,490	56,241	73,115	16,874
Other	--	16,000	12,345	(3,655)
Total Miscellaneous	<u>499,490</u>	<u>731,721</u>	<u>793,078</u>	<u>61,357</u>
TOTAL REVENUES	<u>4,885,961</u>	<u>5,067,425</u>	<u>5,039,062</u>	<u>(28,363)</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Salaries and wages	8,912,115	8,778,531	8,768,431	10,100
Employee benefits	2,508,294	2,493,166	2,513,600	(20,434)
Services and supplies	7,474,057	7,518,480	6,884,095	634,385
Capital outlay	506,000	611,414	488,324	123,090
TOTAL EXPENDITURES	<u>19,400,466</u>	<u>19,401,591</u>	<u>18,654,450</u>	<u>747,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,514,505)</u>	<u>(14,334,166)</u>	<u>(13,615,388)</u>	<u>718,778</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of general fixed assets	--	-	476	476
Transfers in	13,372,370	13,379,118	12,278,888	(1,100,230)
Transfers out	(500,000)	(751,000)	(751,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,872,370</u>	<u>12,628,118</u>	<u>11,528,364</u>	<u>(1,099,754)</u>
NET CHANGE IN FUND BALANCES	(1,642,135)	(1,706,048)	(2,087,024)	(380,976)
FUND BALANCE, BEGINNING	2,107,715	2,240,095	2,240,095	--
FUND BALANCE, ENDING	<u>\$ 465,580</u>	<u>\$ 534,047</u>	<u>\$ 153,071</u>	<u>\$ (380,976)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Stabilization Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 200,000	\$ 200,000	\$ 198,821	\$ (1,179)
EXPENDITURES				
Current:				
General Government:				
Services and supplies	6,114,115	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,914,115)	200,000	198,821	(1,179)
OTHER FINANCING SOURCES (USES):				
Transfers out	--	(1,705,093)	--	1,705,093
NET CHANGE IN FUND BALANCES	(5,914,115)	(1,505,093)	198,821	1,703,914
FUND BALANCE, BEGINNING	5,914,115	5,941,542	5,941,542	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 4,436,449</u>	<u>\$ 6,140,363</u>	<u>\$ 1,703,914</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Emergency Operations Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 1,170,247	\$ 631,298	\$ (538,949)
Miscellaneous:				
Investment earnings	--	--	(1,843)	(1,843)
Reimbursement and restitution	--	--	--	--
TOTAL REVENUES	<u>--</u>	<u>1,170,247</u>	<u>629,455</u>	<u>(540,792)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>1,170,247</u>	<u>629,455</u>	<u>(540,792)</u>
NET CHANGE IN FUND BALANCES	--	1,170,247	629,455	(540,792)
FUND BALANCE, BEGINNING	--	(1,170,247)	(1,170,247)	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (540,792)</u>	<u>\$ (540,792)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Courts Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Miscellaneous:				
Investment earnings	\$ 53,000	\$ 53,000	\$ 71,837	\$ 18,837
Court administrative charges	320,000	320,000	256,842	(63,158)
Court construction fees	310,000	310,000	312,912	2,912
Collection charges	34,000	40,000	49,169	9,169
Other	--	--	3,275	3,275
TOTAL REVENUES	<u>717,000</u>	<u>723,000</u>	<u>694,035</u>	<u>(28,965)</u>
EXPENDITURES				
Current:				
Judicial:				
Services and supplies	1,133,761	300,000	143,826	156,174
Capital outlay	--	40,000	35,411	4,589
TOTAL EXPENDITURES	<u>1,133,761</u>	<u>340,000</u>	<u>179,237</u>	<u>156,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(416,761)</u>	<u>383,000</u>	<u>514,798</u>	<u>131,798</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(266,356)</u>	<u>(759,114)</u>	<u>(759,114)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>(683,117)</u>	<u>(376,114)</u>	<u>(244,316)</u>	<u>131,798</u>
FUND BALANCE, BEGINNING	<u>1,482,921</u>	<u>1,801,445</u>	<u>1,801,445</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 799,804</u>	<u>\$ 1,425,331</u>	<u>\$ 1,557,129</u>	<u>\$ 131,798</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Drug Forfeiture Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ 20,000	\$ 15,000	\$ 13,456	\$ (1,544)
Federal drug forfeiture monies	15,000	35,000	34,680	(320)
State drug forfeiture monies	30,000	40,000	35,110	(4,890)
TOTAL REVENUES	65,000	90,000	83,246	(6,754)
EXPENDITURES				
Current:				
General government:				
Services and supplies	365,767	165,767	--	165,767
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(300,767)	(75,767)	83,246	159,013
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,900)	(413,020)	(413,020)	--
NET CHANGE IN FUND BALANCES	(303,667)	(488,787)	(329,774)	159,013
FUND BALANCE, BEGINNING	303,667	170,422	617,918	447,496
FUND BALANCE, ENDING	\$ --	\$ (318,365)	\$ 288,144	\$ 606,509

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 2,440,575	\$ 2,440,575	\$ 3,249,522	\$ 808,947
Intergovernmental:				
State shared revenues:				
Motor vehicle privilege tax	128,024	128,024	128,024	--
Miscellaneous:				
Investment earnings	25,000	25,000	76,718	51,718
Rent and royalties	--	--	21,162	21,162
Reimbursements and restitution	208,552	208,552	141,194	(67,358)
Parking revenues	700,000	700,000	550,013	(149,987)
Other	111,618	111,618	380,323	268,705
Total Miscellaneous	1,045,170	1,045,170	1,169,410	124,240
TOTAL REVENUES	3,613,769	3,613,769	4,546,956	933,187
EXPENDITURES				
Current:				
Urban Redevelopment:				
Salaries and wages	691,340	691,340	743,627	(52,287)
Employee benefits	265,157	265,157	298,514	(33,357)
Services and supplies	1,924,599	1,924,599	1,581,685	342,914
Capital outlay	--	--	68,316	(68,316)
TOTAL EXPENDITURES	2,881,096	2,881,096	2,692,142	188,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	732,673	732,673	1,854,814	1,122,141
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	175,155	175,155	(24,350)	(199,505)
Transfers in	25,000	25,000	24,000	(1,000)
Transfers out	(783,185)	(783,185)	(783,185)	--
TOTAL OTHER FINANCING SOURCES (USES)	(583,030)	(583,030)	(783,535)	(200,505)
NET CHANGE IN FUND BALANCES	149,643	149,643	1,071,279	921,636
FUND BALANCE, BEGINNING, AS RESTATED	--	(636,940)	2,551,384	3,188,324
FUND BALANCE, ENDING	\$ 149,643	\$ (487,297)	\$ 3,622,663	\$ 4,109,960

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DEBT SERVICE FUNDS

– DEBT SERVICE FUNDS –

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

DEBT SERVICE FUNDS

Major Debt Service Funds

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

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

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

Nonmajor Debt Service Funds

City of Reno Fund – to accumulate monies for the payment of general obligation bonds (and debt supported by dedicated revenue sources) of the City that are not required to be accounted for in proprietary funds.

Redevelopment Agency Fund – to accumulate monies for payment of tax allocation bonds and notes of the Redevelopment Agency.

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Railroad Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (railroad)	\$ 1,060,000	\$ 1,010,000	\$ 991,523	\$ (18,477)
Intergovernmental:				
Sales taxes (railroad)	8,350,000	8,350,000	8,379,747	29,747
Special assessments	--	--	548,027	548,027
Fines and forfeitures	100,000	75,000	28,344	(46,656)
Miscellaneous:				
Investment earnings	185,000	420,000	405,635	(14,365)
Interest earnings, other	900,000	1,090,000	1,088,596	(1,404)
Other	700,000	3,520	3,759	239
TOTAL REVENUES	<u>11,295,000</u>	<u>10,948,520</u>	<u>11,445,631</u>	<u>497,111</u>
EXPENDITURES				
Debt Service:				
Principal	1,955,000	525,000	525,000	--
Interest	9,666,435	7,429,730	6,889,811	539,919
Fiscal charges	47,500	265,000	338,159	(73,159)
Bond issue costs	--	8,771,147	9,172,901	(401,754)
TOTAL EXPENDITURES	<u>11,668,935</u>	<u>16,990,877</u>	<u>16,925,871</u>	<u>65,006</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(373,935)</u>	<u>(6,042,357)</u>	<u>(5,480,240)</u>	<u>562,117</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	--	190,626,227	190,626,227	--
Discount on bonds issued	--	--	(241,250)	(241,250)
Payment to refunded debt escrow agent	--	(184,404,677)	(184,623,631)	218,954
Transfers in	--	4,500,000	4,500,000	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>10,721,550</u>	<u>10,261,346</u>	<u>(22,296)</u>
NET CHANGE IN FUND BALANCE	(373,935)	4,679,193	4,781,106	539,821
FUND BALANCE, BEGINNING	<u>8,069,827</u>	<u>6,610,527</u>	<u>6,610,527</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 7,695,892</u>	<u>\$ 11,289,720</u>	<u>\$ 11,391,633</u>	<u>\$ 539,821</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Downtown Events Center Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Room taxes (Events Center)	\$ 6,030,000	\$ 6,370,000	\$ 6,000,979	\$ (369,021)
Special assessments	300,000	100,000	223,047	123,047
Fines and forfeitures	5,000	1,000	712	(288)
Miscellaneous:				
Investment earnings	200,000	255,000	283,749	28,749
Interest earnings, other	425,000	530,000	526,324	(3,676)
Other	--	--	40	40
TOTAL REVENUES	<u>6,960,000</u>	<u>7,256,000</u>	<u>7,034,851</u>	<u>(221,149)</u>
EXPENDITURES				
Debt Service:				
Principal	1,050,000	1,050,000	1,050,000	--
Interest	5,374,817	6,854,817	7,120,528	(265,711)
Fiscal charges	45,000	203,000	197,833	5,167
TOTAL EXPENDITURES	<u>6,469,817</u>	<u>8,107,817</u>	<u>8,368,361</u>	<u>(260,544)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>490,183</u>	<u>(851,817)</u>	<u>(1,333,510)</u>	<u>(481,693)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	475,183	(866,817)	(1,348,510)	(481,693)
FUND BALANCE, BEGINNING	7,472,562	7,604,656	7,506,621	(98,035)
FUND BALANCE, ENDING	<u>\$ 7,947,745</u>	<u>\$ 6,737,839</u>	<u>\$ 6,158,111</u>	<u>\$ (579,728)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Assessment Districts Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 336,688	\$ 424,692	\$ 612,854	\$ 188,162
Fines and forfeitures	15,050	24,744	25,881	1,137
Miscellaneous:				
Investment earnings	47,700	88,675	117,247	28,572
Interest earnings, other	256,795	349,255	282,389	(66,866)
Other	--	2,723	4,197	1,474
TOTAL REVENUES	<u>656,233</u>	<u>890,089</u>	<u>1,042,568</u>	<u>152,479</u>
EXPENDITURES				
Debt Service:				
Principal	384,163	384,163	298,344	85,819
Interest	236,459	231,146	166,189	64,957
Fiscal charges	249,105	254,666	172,099	82,567
Bond issue costs	--	--	93,000	(93,000)
TOTAL EXPENDITURES	<u>869,727</u>	<u>869,975</u>	<u>729,632</u>	<u>140,343</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(213,494)</u>	<u>20,114</u>	<u>312,936</u>	<u>292,822</u>
OTHER FINANCING SOURCES (USES):				
Bonds issued	--	--	1,545,000	1,545,000
Transfers out	--	661,512	(1,412,212)	(2,073,724)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>661,512</u>	<u>132,788</u>	<u>(528,724)</u>
NET CHANGE IN FUND BALANCES	(213,494)	681,626	445,724	(235,902)
FUND BALANCE, BEGINNING, AS RESTATED	3,279,940	2,920,199	2,711,497	(208,702)
FUND BALANCE, ENDING	<u>\$ 3,066,446</u>	<u>\$ 3,601,825</u>	<u>\$ 3,157,221</u>	<u>\$ (444,604)</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2008

	<u>City of Reno Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 9,385,237	\$ 2,282,081	\$ 11,667,318
Receivables:			
Accounts receivable	115,797	--	115,797
Accrued interest	33,482	732	34,214
Delinquent taxes	96,956	30,235	127,191
Due from other governments	34,939	5,203	40,142
TOTAL ASSETS	<u>\$ 9,666,411</u>	<u>\$ 2,318,251</u>	<u>\$ 11,984,662</u>
LIABILITIES			
Due to other governments	--	49,678	49,678
Deferred taxes	96,956	30,219	127,175
Other liabilities	4	--	4
TOTAL LIABILITIES	<u>96,960</u>	<u>79,897</u>	<u>176,857</u>
FUND BALANCES			
Reserved for:			
Debt service	9,569,451	2,238,354	11,807,805
TOTAL FUND BALANCES	<u>9,569,451</u>	<u>2,238,354</u>	<u>11,807,805</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,666,411</u>	<u>\$ 2,318,251</u>	<u>\$ 11,984,662</u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2008

	<u>City of Reno Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 4,961,903	\$ 2,194,135	\$ 7,156,038
Investment earnings	397,830	72,120	469,950
Miscellaneous	2,226,366	--	2,226,366
TOTAL REVENUES	<u>7,586,099</u>	<u>2,266,255</u>	<u>9,852,354</u>
EXPENDITURES			
Debt Service:			
Principal	6,299,519	1,065,000	7,364,519
Interest	2,313,946	1,842,125	4,156,071
Bond issue costs	112,758	--	112,758
Fiscal charges	63,809	250,314	314,123
TOTAL EXPENDITURES	<u>8,790,032</u>	<u>3,157,439</u>	<u>11,947,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,203,933)</u>	<u>(891,184)</u>	<u>(2,095,117)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	6,080,000	--	6,080,000
Refunding bonds issued	--	6,000,000	6,000,000
Transfers in	1,617,131	--	1,617,131
Transfers out	(5,000,000)	(5,761,047)	(10,761,047)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,697,131</u>	<u>238,953</u>	<u>2,936,084</u>
NET CHANGE IN FUND BALANCES	1,493,198	(652,231)	840,967
FUND BALANCES, BEGINNING	<u>8,076,253</u>	<u>2,890,585</u>	<u>10,966,838</u>
FUND BALANCES, ENDING	<u>\$ 9,569,451</u>	<u>\$ 2,238,354</u>	<u>11,807,805</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 City of Reno Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 4,798,665	\$ 4,798,665	\$ 4,961,903	\$ 163,238
Miscellaneous:				
Investment earnings	162,000	422,000	397,830	(24,170)
Rent and royalties	--	1,995,964	2,226,366	230,402
Other	565,940	--	--	--
TOTAL REVENUES	<u>5,526,605</u>	<u>7,216,629</u>	<u>7,586,099</u>	<u>369,470</u>
EXPENDITURES				
Debt Service:				
Principal	5,940,000	5,940,000	6,299,519	(359,519)
Interest	1,458,190	2,424,770	2,313,946	110,824
Fiscal charges	10,000	70,750	63,809	6,941
Bond issue costs	--	112,758	112,758	--
TOTAL EXPENDITURES	<u>7,408,190</u>	<u>8,548,278</u>	<u>8,790,032</u>	<u>(241,754)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,881,585)</u>	<u>(1,331,649)</u>	<u>(1,203,933)</u>	<u>127,716</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	--	6,080,000	6,080,000	--
Transfers in	1,717,131	1,617,131	1,617,131	--
Transfers out	--	(5,000,000)	(5,000,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,717,131</u>	<u>2,697,131</u>	<u>2,697,131</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(164,454)	1,365,482	1,493,198	127,716
FUND BALANCE, BEGINNING	<u>5,276,848</u>	<u>8,076,253</u>	<u>8,076,253</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ 5,112,394</u>	<u>\$ 9,441,735</u>	<u>\$ 9,569,451</u>	<u>\$ 127,716</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 2,055,416	\$ 2,055,416	\$ 2,194,135	\$ 138,719
Miscellaneous:				
Investment earnings	200,000	200,000	72,120	(127,880)
TOTAL REVENUES	<u>2,255,416</u>	<u>2,255,416</u>	<u>2,266,255</u>	<u>10,839</u>
EXPENDITURES				
Debt Service:				
Principal	1,065,000	1,065,000	1,065,000	--
Interest	1,842,125	1,842,125	1,842,125	--
Fiscal charges	10,000	10,000	250,314	(240,314)
TOTAL EXPENDITURES	<u>2,917,125</u>	<u>2,917,125</u>	<u>3,157,439</u>	<u>(240,314)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(661,709)</u>	<u>(661,709)</u>	<u>(891,184)</u>	<u>(229,475)</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	--	--	6,000,000	6,000,000
Transfers out	--	--	(5,761,047)	(5,761,047)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>238,953</u>	<u>238,953</u>
NET CHANGE IN FUND BALANCES	(661,709)	(661,709)	(652,231)	9,478
FUND BALANCE, BEGINNING	3,561,709	2,890,585	2,890,585	--
FUND BALANCE, ENDING	<u>\$ 2,900,000</u>	<u>\$ 2,228,876</u>	<u>\$ 2,238,354</u>	<u>\$ 9,478</u>

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CAPITAL PROJECTS FUNDS

- CAPITAL PROJECTS FUNDS -

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

CAPITAL PROJECT FUNDS

Major Capital Project Funds

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

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

Nonmajor Capital Project Funds

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

Municipal Court Fund – to account for the City of Reno’s portion of the acquisition and construction of the Municipal Court Building, a joint project with Washoe County.

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

City Bonds Funds – to account for the acquisition and construction of public park improvements, public safety improvements, sanitary sewer improvements, street and storm drain improvements, fire station construction and equipping, and construction and rehabilitation of various recreational facilities. Resources are provided by bond funds.

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

Parks Fund – to account for the acquisition and improvement of parks, playgrounds, and recreational facilities within the City. Resources are provided by park land and construction tax fees.

City Extraordinary Maintenance Fund – to account for the extraordinary maintenance of capital projects funded with bond proceeds in accordance with Nevada Revised Statutes.

Special Ad Valorem Fund – to account for a special ad valorem tax levied by the County which can only be used for the purchase of capital assets and major repairs (not considered maintenance) of existing capital assets. Resources can also be used to repay medium-term financing to fund capital projects.

Special Assessment District Funds – to account for the acquisition and construction of streets, sidewalks, and curbs and gutters, where the cost of such improvements is assessed to property owners.

Street Impact Fund – to account for street capital improvement projects. Resources are provided by street project impact fees.

Redevelopment Agency Extraordinary Maintenance Fund – to account for the extraordinary maintenance of capital projects funded with bond proceeds in accordance with the Nevada Revised Statutes.

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

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Railroad Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Federal grants	\$ 397,481	\$ 397,481	\$ 1,613,372	\$ 1,215,891
Miscellaneous:				
Investment earnings	--	5,000	(24,424)	(29,424)
Rents and royalties	--	--	31,371	31,371
TOTAL REVENUES	<u>397,481</u>	<u>402,481</u>	<u>1,620,319</u>	<u>1,217,838</u>
EXPENDITURES				
Current:				
Public Works:				
Salaries and wages	271,762	21,439	23,329	(1,890)
Employee benefits	115,038	15,500	14,221	1,279
Services and supplies	10,681	10,681	376,917	(366,236)
Total Public Works	<u>397,481</u>	<u>47,620</u>	<u>414,467</u>	<u>(366,847)</u>
Capital Outlay:				
Public art	--	--	2,770	(2,770)
Improvements other than buildings	--	3,120,753	1,309,650	1,811,103
Total Capital Outlay	<u>--</u>	<u>3,120,753</u>	<u>1,312,420</u>	<u>1,808,333</u>
TOTAL EXPENDITURES	<u>397,481</u>	<u>3,168,373</u>	<u>1,726,887</u>	<u>1,441,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(2,765,892)</u>	<u>(106,568)</u>	<u>2,659,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	8,500,000	8,500,000	--
Transfers out	--	(4,500,000)	(4,500,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	--	1,234,108	3,893,432	2,659,324
FUND BALANCE, BEGINNING	--	(1,234,108)	(1,234,108)	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,659,324</u>	<u>\$ 2,659,324</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Downtown Events Center Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 282,500	\$ 178,102	\$ (104,398)
Other income	--	--	130	130
TOTAL REVENUES	<u>--</u>	<u>282,500</u>	<u>178,232</u>	<u>(104,268)</u>
EXPENDITURES				
Current:				
Public works:				
Services and supplies	--	75,000	8,382	66,618
Capital Outlay:				
Improvements	--	16,294,030	14,807,865	1,486,165
TOTAL EXPENDITURES	<u>--</u>	<u>16,369,030</u>	<u>14,816,247</u>	<u>1,552,783</u>
NET CHANGE IN FUND BALANCES	--	(16,086,530)	(14,638,015)	1,448,515
FUND BALANCE, BEGINNING	<u>--</u>	<u>16,086,530</u>	<u>16,088,227</u>	<u>1,697</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,450,212</u>	<u>\$ 1,450,212</u>

CITY OF RENO, NEVADA

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2008

	Public Works Fund	Municipal Court	Community Assistance Center Fund	City Bonds Fund
ASSETS				
Cash and investments	\$ 3,155,556	\$ 827	\$ 7,611	\$ 4,707,792
Receivables:				
Accounts	235,000	--	--	--
Accrued interest	378,607	--	--	52,508
From other governments	170,343	--	297,220	--
Due from other funds	658,000	--	--	2,960,000
Property held for resale	--	--	--	--
TOTAL ASSETS	<u><u>\$ 4,597,506</u></u>	<u><u>\$ 827</u></u>	<u><u>\$ 304,831</u></u>	<u><u>\$ 7,720,300</u></u>
 LIABILITIES				
Accounts payable	\$ 58,380	\$ --	\$ 12,838	\$ 16,058
Contracts and retained percentage payable	400,375	--	1,210,239	333,320
Accrued interest payable	608	--	4,051	23
Due to other funds	368,425	208,000	1,400,000	--
Due to other governments	--	--	--	--
Other liabilities	8,813	--	--	--
TOTAL LIABILITIES	<u><u>836,601</u></u>	<u><u>208,000</u></u>	<u><u>2,627,128</u></u>	<u><u>349,401</u></u>
 FUND BALANCES				
Reserved for:				
Encumbrances	1,831,052	--	--	522,518
Park capital outlay	--	--	--	--
Property held for resale	--	--	--	--
Capital projects	1,355,224	--	--	6,848,381
Future signalization	506,441	--	--	--
Sensitive lands	68,188	--	--	--
Unreserved	--	(207,173)	(2,322,297)	--
TOTAL FUND BALANCES	<u><u>3,760,905</u></u>	<u><u>(207,173)</u></u>	<u><u>(2,322,297)</u></u>	<u><u>7,370,899</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,597,506</u></u>	<u><u>\$ 827</u></u>	<u><u>\$ 304,831</u></u>	<u><u>\$ 7,720,300</u></u>

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2008

	Community Service Center Fund	Parks Fund	City Extraordinary Maintenance Fund	Special Ad Valorem Fund
ASSETS				
Cash and investments	\$ 311,094	\$ 7,737,636	\$ --	\$ 1,956,449
Receivables:				
Accounts	--	--	--	--
Accrued interest	1,268	31,558	--	8,059
From other governments	--	--	--	9,821
Due from other funds	--	--	--	--
Property held for resale	--	--	--	--
TOTAL ASSETS	\$ 312,362	\$ 7,769,194	\$ --	\$ 1,974,329
 LIABILITIES				
Accounts payable	\$ --	\$ 783	\$ --	\$ 20,869
Contracts and retained percentage payable	--	8,104	--	10,631
Accrued interest payable	--	202	--	466
Due to other funds	--	--	--	--
Due to other governments	--	--	--	--
Other liabilities	--	--	--	--
TOTAL LIABILITIES	--	9,089	--	31,966
 FUND BALANCES				
Reserved for:				
Encumbrances	--	--	--	43,292
Park capital outlay	--	7,723,502	--	--
Property held for resale	--	--	--	--
Capital projects	312,362	36,603	--	1,899,071
Future signalization	--	--	--	--
Sensitive lands	--	--	--	--
Unreserved	--	--	--	--
TOTAL FUND BALANCES	312,362	7,760,105	--	1,942,363
TOTAL LIABILITIES AND FUND BALANCES	\$ 312,362	\$ 7,769,194	\$ --	\$ 1,974,329

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2008

	Special Assessment Districts Fund	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Redevelopment Agency Capital Project Fund	Total
ASSETS					
Cash and investments	\$ 8,546	\$ 892,832	\$ 62,935	\$ 22,520,722	\$ 41,362,000
Receivables:					
Accounts	--	--	--	--	235,000
Accrued interest	--	3,264	257	--	475,521
From other governments	--	--	--	--	477,384
Due from other funds	--	--	--	--	3,618,000
Property held for resale	--	--	--	5,415,489	5,415,489
TOTAL ASSETS	<u>\$ 8,546</u>	<u>\$ 896,096</u>	<u>\$ 63,192</u>	<u>\$ 27,936,211</u>	<u>\$ 51,583,394</u>
 LIABILITIES					
Accounts payable	\$ --	\$ 11,540	\$ 24,500	\$ 5,782	\$ 150,750
Contracts and retained percentage payable	63,797	--	--	1,260,157	3,286,623
Accrued interest payable	--	--	--	7	5,357
Due to other funds	2,010,000	--	--	--	3,986,425
Due to other governments	--	848,426	--	--	848,426
Other liabilities	--	--	--	--	8,813
TOTAL LIABILITIES	<u>2,073,797</u>	<u>859,966</u>	<u>24,500</u>	<u>1,265,946</u>	<u>8,286,394</u>
 FUND BALANCES					
Reserved for:					
Encumbrances	--	--	--	2,887,320	5,284,182
Park capital outlay	--	--	--	--	7,723,502
Property held for resale	--	--	--	5,415,489	5,415,489
Capital projects	--	36,130	38,692	23,782,945	34,309,408
Future signalization	--	--	--	--	506,441
Sensitive lands	--	--	--	--	68,188
Unreserved	(2,065,251)	--	--	(5,415,489)	(10,010,210)
TOTAL FUND BALANCES	<u>(2,065,251)</u>	<u>36,130</u>	<u>38,692</u>	<u>26,670,265</u>	<u>43,297,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,546</u>	<u>\$ 896,096</u>	<u>\$ 63,192</u>	<u>\$ 27,936,211</u>	<u>\$ 51,583,394</u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008

	Public Works Fund	Municipal Court	Community Assistance Center Fund	City Bonds Fund
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ --	\$ --	\$ --
Car rental taxes	--	--	--	--
Intergovernmental	--	--	--	--
Grants and contributions	3,565,343	--	1,942,109	--
Miscellaneous:				
Investment earnings	531,834	7,340	93,366	495,769
Other	1,211,598	--	1,729,365	381
Total Miscellaneous	1,743,432	7,340	1,822,731	496,150
TOTAL REVENUES	5,308,775	7,340	3,764,840	496,150
EXPENDITURES				
Current:				
Public works	491,382	56,200	80,673	122,580
Culture and recreation	--	--	--	--
Urban redevelopment	--	--	--	--
Capital outlay	6,413,106	659,611	13,127,054	1,753,966
TOTAL EXPENDITURES	6,904,488	715,811	13,207,727	1,876,546
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,595,713)	(708,471)	(9,442,887)	(1,380,396)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,696,970	561,258	2,510,000	1,500,000
Transfers out	(1,365,271)	--	--	(7,170,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,331,699	561,258	2,510,000	(5,670,000)
NET CHANGE IN FUND BALANCES	(264,014)	(147,213)	(6,932,887)	(7,050,396)
FUND BALANCES, BEGINNING, AS RESTATED	4,024,919	(59,960)	4,610,590	14,421,295
FUND BALANCES, END OF YEAR	\$ 3,760,905	\$ (207,173)	\$ (2,322,297)	\$ 7,370,899

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2008

	<u>Community Service Center Fund</u>	<u>Parks Fund</u>	<u>City Extraordinary Maintenance Fund</u>	<u>Special Ad valorem Fund</u>
REVENUES				
Taxes:				
Park district construction taxes	\$ --	\$ 1,247,179	\$ --	\$ --
Car rental taxes	--	--	--	--
Intergovernmental	--	--	--	1,401,419
Grants and contributions	--	112,500	--	37,073
Miscellaneous:				
Investment earnings	10,725	258,504	(9)	64,325
Other	--	--	--	361
Total Miscellaneous	<u>10,725</u>	<u>258,504</u>	<u>(9)</u>	<u>64,686</u>
TOTAL REVENUES	<u>10,725</u>	<u>1,618,183</u>	<u>(9)</u>	<u>1,503,178</u>
EXPENDITURES				
Current:				
Public works	--	--	--	495,268
Culture and recreation	--	10,022	--	--
Urban redevelopment	--	--	--	--
Capital outlay	--	1,100,264	--	840,275
TOTAL EXPENDITURES	<u>--</u>	<u>1,110,286</u>	<u>--</u>	<u>1,335,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,725</u>	<u>507,897</u>	<u>(9)</u>	<u>167,635</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	9,000	--	--
Transfers out	--	--	--	(191,844)
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>9,000</u>	<u>--</u>	<u>(191,844)</u>
NET CHANGE IN FUND BALANCES	10,725	516,897	(9)	(24,209)
FUND BALANCES, BEGINNING, AS RESTATED	<u>301,637</u>	<u>7,243,208</u>	<u>9</u>	<u>1,966,572</u>
FUND BALANCES, END OF YEAR	<u>\$ 312,362</u>	<u>\$ 7,760,105</u>	<u>\$ --</u>	<u>\$ 1,942,363</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2008

	Special Assessment Districts Fund	Street Impact Fund	Redevelopment Agency Extraordinary Maintenance Fund	Redevelopment Agency Capital Project Fund	Total
REVENUES					
Taxes:					
Park district construction taxes	\$ --	\$ --	\$ --	\$ --	\$ 1,247,179
Car rental taxes	--	--	--	2,602,536	2,602,536
Intergovernmental	--	--	--	--	1,401,419
Grants and contributions	--	--	--	18,541,782	24,198,807
Miscellaneous:					
Investment earnings	(4,131)	21,889	2,229	90,980	1,572,821
Other	--	--	--	--	2,941,705
Total Miscellaneous	<u>(4,131)</u>	<u>21,889</u>	<u>2,229</u>	<u>90,980</u>	<u>4,514,526</u>
TOTAL REVENUES	<u>(4,131)</u>	<u>21,889</u>	<u>2,229</u>	<u>21,235,298</u>	<u>33,964,467</u>
EXPENDITURES					
Current:					
Public works	117	389,579	--	--	1,635,799
Culture and recreation	--	--	--	--	10,022
Urban redevelopment	--	--	33,930	326,080	360,010
Capital outlay	1,026,601	--	--	--	24,920,877
TOTAL EXPENDITURES	<u>1,026,718</u>	<u>389,579</u>	<u>33,930</u>	<u>326,080</u>	<u>26,926,708</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,030,849)</u>	<u>(367,690)</u>	<u>(31,701)</u>	<u>20,909,218</u>	<u>7,037,759</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,412,212	--	--	5,761,047	14,450,487
Transfers out	--	--	--	--	(8,727,115)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,412,212</u>	<u>--</u>	<u>--</u>	<u>5,761,047</u>	<u>5,723,372</u>
NET CHANGE IN FUND BALANCES	381,363	(367,690)	(31,701)	26,670,265	12,761,131
FUND BALANCES, BEGINNING, AS RESTATED	<u>(2,446,614)</u>	<u>403,820</u>	<u>70,393</u>	<u>--</u>	<u>30,535,869</u>
FUND BALANCES, END OF YEAR	<u>\$ (2,065,251)</u>	<u>\$ 36,130</u>	<u>\$ 38,692</u>	<u>\$ 26,670,265</u>	<u>\$ 43,297,000</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Municipal Court Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 7,000	\$ 7,340	\$ 340
Reimbursements and restitution	--	203,702	--	(203,702)
TOTAL REVENUES	<u>--</u>	<u>210,702</u>	<u>7,340</u>	<u>(203,362)</u>
EXPENDITURES				
Public works:				
Services and supplies	--	88,000	56,200	31,800
Capital Outlay:				
Improvements other than buildings	--	624,000	659,611	(35,611)
TOTAL EXPENDITURES	<u>--</u>	<u>712,000</u>	<u>715,811</u>	<u>(3,811)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>(501,298)</u>	<u>(708,471)</u>	<u>(207,173)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>--</u>	<u>561,258</u>	<u>561,258</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>--</u>	<u>59,960</u>	<u>(147,213)</u>	<u>(207,173)</u>
FUND BALANCE, BEGINNING	<u>--</u>	<u>(59,960)</u>	<u>(59,960)</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (207,173)</u>	<u>\$ (207,173)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Works Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ --	\$ 100,000	\$ 170,343	\$ 70,343
State grants	--	--	100,000	100,000
Capital contribution	--	550,000	3,295,000	2,745,000
Total Intergovernmental	<u>--</u>	<u>650,000</u>	<u>3,565,343</u>	<u>2,915,343</u>
Miscellaneous:				
Investment earnings	22,500	115,000	531,834	416,834
Private grants	40,000	4,660,000	1,197,000	(3,463,000)
Reimbursements and restitution	--	855	2,690	1,835
Rent and royalties	36,250	--	--	--
Other income	--	37,880	11,908	(25,972)
Total Miscellaneous	<u>98,750</u>	<u>4,813,735</u>	<u>1,743,432</u>	<u>(3,070,303)</u>
TOTAL REVENUES	<u>98,750</u>	<u>5,463,735</u>	<u>5,308,775</u>	<u>(154,960)</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	38,672	189,672	491,382	(301,710)
Capital Outlay:				
Improvements other than buildings	2,015,537	10,101,101	6,413,106	3,687,995
TOTAL EXPENDITURES	<u>2,054,209</u>	<u>10,290,773</u>	<u>6,904,488</u>	<u>3,386,285</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,955,459)</u>	<u>(4,827,038)</u>	<u>(1,595,713)</u>	<u>3,231,325</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,740,970	2,696,970	2,696,970	--
Transfers out	(1,115,271)	(1,365,271)	(1,365,271)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,625,699</u>	<u>1,331,699</u>	<u>1,331,699</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>(329,760)</u>	<u>(3,495,339)</u>	<u>(264,014)</u>	<u>3,231,325</u>
FUND BALANCE, BEGINNING OF YEAR	329,760	4,055,229	4,055,229	--
PRIOR PERIOD ADJUSTMENT	--	--	(30,310)	(30,310)
FUND BALANCE, BEGINNING	<u>329,760</u>	<u>4,055,229</u>	<u>4,024,919</u>	<u>(30,310)</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 559,890</u>	<u>\$ 3,760,905</u>	<u>\$ 3,201,015</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Assistance Center Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Federal awards	\$ --	\$ 338,014	\$ 487,109	\$ 149,095
State grants	--	--	800,000	800,000
Contributions	--	655,000	655,000	--
Total Intergovernmental	<u>--</u>	<u>993,014</u>	<u>1,942,109</u>	<u>949,095</u>
Miscellaneous:				
Investment earnings	--	140,000	93,366	(46,634)
Private grants	--	2,301,000	1,727,100	(573,900)
Reimbursements and restitution	--	2,265	2,265	--
Total Miscellaneous	<u>--</u>	<u>2,443,265</u>	<u>1,822,731</u>	<u>(620,534)</u>
TOTAL REVENUES	<u>--</u>	<u>3,436,279</u>	<u>3,764,840</u>	<u>328,561</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	63,000	80,673	(17,673)
Capital Outlay:				
Improvements other than buildings	37,969	10,495,566	13,127,054	(2,631,488)
TOTAL EXPENDITURES	<u>37,969</u>	<u>10,558,566</u>	<u>13,207,727</u>	<u>(2,649,161)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,969)</u>	<u>(7,122,287)</u>	<u>(9,442,887)</u>	<u>(2,320,600)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	2,510,000	2,510,000	--
NET CHANGE IN FUND BALANCES	162,031	(4,612,287)	(6,932,887)	(2,320,600)
FUND BALANCE, BEGINNING, AS RESTATED	<u>(162,031)</u>	<u>4,612,287</u>	<u>4,610,590</u>	<u>(1,697)</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (2,322,297)</u>	<u>\$ (2,322,297)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 City Bonds Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 375,000	495,769	\$ 120,769
Investment income	--	380	381	1
TOTAL REVENUES	<u> --</u>	<u> 375,380</u>	<u> 496,150</u>	<u> 120,770</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	2,000	122,580	(120,580)
Capital Outlay:				
Improvements other than buildings	--	9,124,666	1,753,966	7,370,700
TOTAL EXPENDITURES	<u> --</u>	<u> 9,126,666</u>	<u> 1,876,546</u>	<u> 7,250,120</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u> --</u>	<u> (8,751,286)</u>	<u> (1,380,396)</u>	<u> 7,370,890</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,500,000	1,500,000	--
Transfers out	--	(7,170,000)	(7,170,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u> (5,670,000)</u>	<u> (5,670,000)</u>	<u> --</u>
NET CHANGE IN FUND BALANCES	--	(14,421,286)	(7,050,396)	7,370,890
FUND BALANCE, BEGINNING	--	14,421,295	14,421,295	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 9</u>	<u>\$ 7,370,899</u>	<u>\$ 7,370,890</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Service Center Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 12,000	10,725	\$ (1,275)
NET CHANGE IN FUND BALANCES	--	12,000	10,725	(1,275)
FUND BALANCE, BEGINNING	--	301,637	301,637	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 313,637</u>	<u>\$ 312,362</u>	<u>\$ (1,275)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Park construction taxes	\$ 1,311,000	\$ 921,000	\$ 1,247,179	\$ 326,179
Intergovernmental				
State grants	--	112,500	112,500	--
Miscellaneous:				
Investment earnings	120,750	188,450	258,504	70,054
TOTAL REVENUES	<u>1,431,750</u>	<u>1,221,950</u>	<u>1,618,183</u>	<u>396,233</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Services and supplies	354,935	8,340	10,022	(1,682)
Capital Outlay:				
Improvements other than buildings	2,055,200	6,691,767	1,100,264	5,591,503
TOTAL EXPENDITURES	<u>2,410,135</u>	<u>6,700,107</u>	<u>1,110,286</u>	<u>5,589,821</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(978,385)</u>	<u>(5,478,157)</u>	<u>507,897</u>	<u>5,986,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	--	9,000	9,000	--
NET CHANGE IN FUND BALANCES	(978,385)	(5,469,157)	516,897	5,986,054
FUND BALANCE, BEGINNING	1,229,385	7,243,208	7,243,208	--
FUND BALANCE, ENDING	<u>\$ 251,000</u>	<u>\$ 1,774,051</u>	<u>\$ 7,760,105</u>	<u>\$ 5,986,054</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 City Extraordinary Maintenance Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ (9)	\$ (9)
NET CHANGE IN FUND BALANCE	--	--	(9)	(9)
FUND BALANCE, BEGINNING	--	9	9	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 9</u>	<u>\$ --</u>	<u>\$ (9)</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Ad Valorem Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State grants	\$ --	\$ 28,003	\$ 37,073	\$ 9,070
County capital projects tax	1,277,029	1,333,721	1,401,419	67,698
Total Intergovernmental	<u>1,277,029</u>	<u>1,361,724</u>	<u>1,438,492</u>	<u>76,768</u>
Miscellaneous:				
Investment earnings	20,000	55,000	64,325	9,325
Reimbursements and restitution	--	160	361	201
Total Miscellaneous	<u>20,000</u>	<u>55,160</u>	<u>64,686</u>	<u>9,526</u>
TOTAL REVENUES	<u>1,297,029</u>	<u>1,416,884</u>	<u>1,503,178</u>	<u>86,294</u>
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	200,000	495,268	(295,268)
Capital Outlay				
Machinery and equipment	--	61,000	19,778	41,222
Improvements other than buildings	1,114,120	2,873,920	820,497	2,053,423
TOTAL EXPENDITURES	<u>1,114,120</u>	<u>3,134,920</u>	<u>1,335,543</u>	<u>1,799,377</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>182,909</u>	<u>(1,718,036)</u>	<u>167,635</u>	<u>1,885,671</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(351,844)</u>	<u>(191,844)</u>	<u>(191,844)</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(168,935)	(1,909,880)	(24,209)	1,885,671
FUND BALANCE, BEGINNING	168,935	1,966,572	1,966,572	--
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ 56,692</u>	<u>\$ 1,942,363</u>	<u>\$ 1,885,671</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Special Assessment Districts Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	--	--	(4,131)	(4,131)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	--	117	(117)
Capital Outlay				
Improvements other than buildings	--	183,763	1,026,601	(842,838)
TOTAL EXPENDITURES	--	183,763	1,026,718	(842,955)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(183,763)	(1,030,849)	(847,086)
OTHER FINANCING SOURCES (USES):				
Transfers in	--	661,512	1,412,212	750,700
NET CHANGE IN FUND BALANCE	--	477,749	381,363	(96,386)
FUND BALANCE, BEGINNING, AS RESTATED	--	(2,446,614)	(2,446,614)	--
FUND BALANCE, ENDING	\$ --	\$ (1,968,865)	\$ (2,065,251)	\$ (96,386)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Street Impact Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ 30,000	\$ 21,889	\$ (8,111)
EXPENDITURES				
Current:				
Public Works:				
Services and supplies	--	15,500	389,579	(374,079)
Capital Outlay:				
Improvements other than buildings	--	418,320	--	418,320
TOTAL EXPENDITURES	--	433,820	389,579	44,241
NET CHANGE IN FUND BALANCES	--	(403,820)	(367,690)	36,130
FUND BALANCE, BEGINNING	--	403,820	403,820	--
FUND BALANCE, ENDING	\$ --	\$ --	\$ 36,130	\$ 36,130

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Extraordinary Maintenance Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment earnings	\$ --	\$ --	\$ 2,229	\$ 2,229
EXPENDITURES				
Urban redevelopment:				
Services and supplies	--	--	33,930	(33,930)
NET CHANGE IN FUND BALANCES	--	--	(31,701)	(31,701)
FUND BALANCE, BEGINNING	--	70,393	70,393	--
FUND BALANCE, ENDING	\$ --	\$ 70,393	\$ 38,692	\$ (31,701)

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Capital Projects Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Car rental taxes	\$ --	\$ --	\$ 2,602,536	\$ 2,602,536
Intergovernmental:				
Contributions	--	--	18,541,782	18,541,782
Miscellaneous:				
Investment earnings	--	--	90,980	90,980
TOTAL REVENUES	<u>--</u>	<u>--</u>	<u>21,235,298</u>	<u>21,235,298</u>
EXPENDITURES				
Urban redevelopment:				
Services and supplies	--	--	326,080	(326,080)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>--</u>	<u>--</u>	<u>20,909,218</u>	<u>20,909,218</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>--</u>	<u>--</u>	<u>5,761,047</u>	<u>5,761,047</u>
NET CHANGE IN FUND BALANCES	--	--	26,670,265	26,670,265
FUND BALANCE, BEGINNING	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE, ENDING	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,670,265</u>	<u>\$ 26,670,265</u>

ENTERPRISE FUNDS

– ENTERPRISE FUNDS –

To account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

ENTERPRISE FUNDS

Major Enterprise Funds

Sanitary Sewer Fund – to account for sewer services provided to the residents of Reno and some residents of Washoe County, and to account for connection fee revenues restricted for capital expenditures and the related projects.

Building Permit Fund – to account for activities involved in issuing a building permit which authorizes the construction of a structure. Resources are provided by building permit fees.

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

Nonmajor Enterprise Funds

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

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

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Sanitary Sewer Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
User fees	\$ 40,975,000	\$ 36,161,121	\$ 37,113,335	\$ 952,214
Other	600,000	665,000	696,155	31,155
Total Charges for Services	<u>41,575,000</u>	<u>36,826,121</u>	<u>37,809,490</u>	<u>983,369</u>
Licenses and permits	--	320,000	387,725	67,725
Fines and forfeits	1,450,000	1,350,000	1,310,266	(39,734)
Miscellaneous:				
Reimbursements and restitution	--	85,400	1,739,640	1,654,240
Other	--	--	3,724	3,724
Total Miscellaneous	--	85,400	1,743,364	1,657,964
TOTAL OPERATING REVENUES	<u>43,025,000</u>	<u>38,581,521</u>	<u>41,250,845</u>	<u>2,669,324</u>
OPERATING EXPENSES				
Salaries and wages	5,023,228	4,896,269	4,926,339	(30,070)
Employee benefits	2,096,808	1,999,441	2,306,160	(306,719)
Services and supplies	9,291,882	10,126,924	9,153,695	973,229
Joint sewer plant	15,476,096	15,176,096	12,669,791	2,506,305
Depreciation	7,000,000	7,000,000	7,231,878	(231,878)
TOTAL OPERATING EXPENSES	<u>38,888,014</u>	<u>39,198,730</u>	<u>36,287,863</u>	<u>2,910,867</u>
OPERATING INCOME (LOSS)	<u>4,136,986</u>	<u>(617,209)</u>	<u>4,962,982</u>	<u>5,580,191</u>
NONOPERATING REVENUES (EXPENSES)				
Federal grants	--	900,960	1,136,551	235,591
Private grants	--	250,000	250,000	--
Investment earnings	900,000	600,000	682,364	82,364
Gain (loss) on asset disposal	--	--	2,775	2,775
Debt service - principal	--	(3,359,100)	--	3,359,100
Debt service - interest	(1,150,000)	(2,842,976)	(1,580,192)	1,262,784
Debt service - fiscal charges	--	--	(4,267)	(4,267)
Net loss from Truckee Meadows Water Reclamation Facility	(2,900,000)	(2,900,000)	(3,079,892)	(179,892)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(3,150,000)</u>	<u>(7,351,116)</u>	<u>(2,592,661)</u>	<u>4,758,455</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>986,986</u>	<u>(7,968,325)</u>	<u>2,370,321</u>	<u>10,338,646</u>
CAPITAL CONTRIBUTIONS				
Connection charges	--	6,587,667	7,515,822	928,155
Contributions of assets	--	--	11,882,132	11,882,132
TOTAL CAPITAL CONTRIBUTIONS	<u>--</u>	<u>6,587,667</u>	<u>19,397,954</u>	<u>12,810,287</u>
TRANSFERS				
Transfers in	--	3,920,050	--	(3,920,050)
Transfers out	(481,865)	(4,401,915)	(481,865)	3,920,050
TOTAL TRANSFERS	<u>(481,865)</u>	<u>(481,865)</u>	<u>(481,865)</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ 505,121</u>	<u>\$ (1,862,523)</u>	21,286,410	<u>\$ 23,148,933</u>
NET ASSETS, BEGINNING, AS RESTATED			290,551,735	
NET ASSETS, ENDING			<u>\$ 311,838,145</u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Building Permit Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for Services:				
Building permits	\$ 3,388,236	\$ 2,831,333	\$ 2,643,312	\$ (188,021)
Electrical and plumbing permits	188,469	4,206	2,177	(2,029)
Plan check fees	2,621,532	1,406,649	1,387,630	(19,019)
Plumbing inspection fees	942,347	128,013	97,404	(30,609)
Electrical inspection fees	659,643	213,785	148,905	(64,880)
Miscellaneous permits	659,643	143,983	92,923	(51,060)
Other building and safety fees	50,000	243,726	200,886	(42,840)
Total Charges for Services	<u>8,509,870</u>	<u>4,971,695</u>	<u>4,573,237</u>	<u>(398,458)</u>
Miscellaneous:				
Reimbursements and restitution	--	9,159	9,159	--
Other income	19,789	6,205	5,763	(442)
Total Miscellaneous	<u>19,789</u>	<u>15,364</u>	<u>14,922</u>	<u>(442)</u>
TOTAL OPERATING REVENUES	<u>8,529,659</u>	<u>4,987,059</u>	<u>4,588,159</u>	<u>(398,900)</u>
OPERATING EXPENSES				
Salaries and wages	4,010,173	3,780,753	3,689,216	91,537
Employee benefits	1,723,463	1,567,956	1,806,051	(238,095)
Services and supplies	2,127,819	2,054,823	1,907,893	146,930
Depreciation	22,000	22,000	21,666	334
TOTAL OPERATING EXPENSES	<u>7,883,455</u>	<u>7,425,532</u>	<u>7,424,826</u>	<u>706</u>
OPERATING INCOME (LOSS)	<u>646,204</u>	<u>(2,438,473)</u>	<u>(2,836,667)</u>	<u>(398,194)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100,000	50,000	29,921	(20,079)
INCOME (LOSS) BEFORE TRANSFERS	<u>746,204</u>	<u>(2,388,473)</u>	<u>(2,806,746)</u>	<u>(418,273)</u>
TRANSFERS				
Transfers in	--	362,509	--	(362,509)
Transfers out	(794,271)	--	--	--
TOTAL TRANSFERS	<u>(794,271)</u>	<u>362,509</u>	<u>--</u>	<u>(362,509)</u>
CHANGES IN NET ASSETS	<u>\$ (48,067)</u>	<u>\$ (2,025,964)</u>	<u>(2,806,746)</u>	<u>\$ (780,782)</u>
NET ASSETS, BEGINNING, AS RESTATED			<u>2,244,474</u>	
NET ASSETS, ENDING			<u>\$ (562,272)</u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Planning Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Planning application fees	\$ 4,293,340	\$ 2,074,237	\$ 1,731,509	\$ (342,728)
Miscellaneous:				
Other	--	1,000	996	(4)
TOTAL OPERATING REVENUES	<u>4,293,340</u>	<u>2,075,237</u>	<u>1,732,505</u>	<u>(342,732)</u>
OPERATING EXPENSES				
Salaries and wages	1,781,869	1,054,664	1,120,334	(65,670)
Employee benefits	719,715	408,535	476,583	(68,048)
Services and supplies	2,601,027	894,202	2,107,828	(1,213,626)
TOTAL OPERATING EXPENSES	<u>5,102,611</u>	<u>2,357,401</u>	<u>3,704,745</u>	<u>(1,347,344)</u>
OPERATING INCOME (LOSS)	<u>(809,271)</u>	<u>(282,164)</u>	<u>(1,972,240)</u>	<u>(1,690,076)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	15,000	--	(785)	(785)
INCOME (LOSS) BEFORE TRANSFERS	<u>(794,271)</u>	<u>(282,164)</u>	<u>(1,973,025)</u>	<u>(1,690,861)</u>
TRANSFERS				
Transfers in	794,271	1,342,584	--	(1,342,584)
CHANGES IN NET ASSETS	<u>\$ --</u>	<u>\$ 1,060,420</u>	(1,973,025)	<u>\$ (3,033,445)</u>
NET ASSETS, BEGINNING			<u>(1,060,420)</u>	
NET ASSETS, ENDING			<u>\$ (3,033,445)</u>	

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
 Nonmajor Enterprise Funds
 June 30, 2008

	Golf Course Fund	Dispatch Center Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets:			
Cash and investments	\$ 2,149	\$ 633,690	\$ 635,839
Receivables:			
Accrued interest	--	3,490	3,490
Due from other governments	--	27,747	27,747
Inventories	44,220	--	44,220
Total Current Assets	<u>46,369</u>	<u>664,927</u>	<u>711,296</u>
Noncurrent Assets:			
Deferred charges	63,195	--	63,195
Capital assets:			
Land	1,600,000	--	1,600,000
Water rights	1,125,000	--	1,125,000
Buildings	1,153,242	--	1,153,242
Improvements other than buildings	7,196,726	--	7,196,726
Machinery and equipment	483,464	--	483,464
Total capital assets	<u>11,558,432</u>	<u> </u>	<u>11,558,432</u>
Less accumulated depreciation	<u>(5,337,224)</u>	<u> </u>	<u>(5,337,224)</u>
Net capital assets	<u>6,221,208</u>	<u> </u>	<u>6,221,208</u>
Total Noncurrent Assets	<u>6,284,403</u>	<u> </u>	<u>6,284,403</u>
TOTAL ASSETS	<u>\$ 6,330,772</u>	<u>\$ 664,927</u>	<u>\$ 6,995,699</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
 Nonmajor Enterprise Funds
 June 30, 2008

	Golf Course Fund	Dispatch Center Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 11,475	\$ 63,522	\$ 74,997
Accrued salaries and benefits	22,292	152,468	174,760
Due to other funds	35,000	--	35,000
Compensated absences payable	27,890	445,125	473,015
Deposits	9,758	--	9,758
Bonds payable	200,000	--	200,000
Total Current Liabilities (payable from current assets)	306,415	661,115	967,530
Noncurrent Liabilities:			
Compensated absences payable	92,292	--	92,292
Other post-employment benefits liability	30,425	227,807	258,232
Bonds payable	2,458,411	--	2,458,411
Total Noncurrent Liabilities	2,581,128	227,807	2,808,935
TOTAL LIABILITIES	2,887,543	888,922	3,776,465
NET ASSETS			
Invested in capital, net of related debt	3,562,797	--	3,562,797
Unrestricted (deficit)	(119,568)	(223,995)	(343,563)
TOTAL NET ASSETS	\$ 3,443,229	\$ (223,995)	\$ 3,219,234

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 954,997	\$ 522,076	\$ 1,477,073
Miscellaneous	2,745	749	3,494
TOTAL OPERATING REVENUES	<u>957,742</u>	<u>522,825</u>	<u>1,480,567</u>
OPERATING EXPENSES			
Salaries and wages	557,900	4,076,251	4,634,151
Employee benefits	195,617	1,642,451	1,838,068
Services and supplies	609,015	993,571	1,602,586
Depreciation	282,436	--	282,436
TOTAL OPERATING EXPENSES	<u>1,644,968</u>	<u>6,712,273</u>	<u>8,357,241</u>
OPERATING INCOME (LOSS)	<u>(687,226)</u>	<u>(6,189,448)</u>	<u>(6,876,674)</u>
NONOPERATING REVENUES (EXPENSES)			
State grants	--	5,064	5,064
Investment earnings	1,605	50,566	52,171
Interest expense	(97,613)	--	(97,613)
Fiscal charges	(5,166)	--	(5,166)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(101,174)</u>	<u>55,630</u>	<u>(45,544)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(788,400)</u>	<u>(6,133,818)</u>	<u>(6,922,218)</u>
CAPITAL CONTRIBUTIONS			
Contribution of assets	500	--	500
TRANSFERS			
Transfers in	510,400	4,937,274	5,447,674
Transfers out	--	(400,000)	(400,000)
TOTAL TRANSFERS	<u>510,400</u>	<u>4,537,274</u>	<u>5,047,674</u>
CHANGES IN NET ASSETS	(277,500)	(1,596,544)	(1,874,044)
NET ASSETS - RESTATED, BEGINNING	<u>3,720,729</u>	<u>1,372,549</u>	<u>5,093,278</u>
NET ASSETS, ENDING	<u>\$ 3,443,229</u>	<u>\$ (223,995)</u>	<u>\$ 3,219,234</u>

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2008

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 966,752	\$ 672,517	\$ 1,639,269
Cash received from miscellaneous income, reimbursements and restitutions	2,744	749	3,493
Cash paid for employees' salaries and benefits	(639,455)	(4,811,627)	(5,451,082)
Cash payments to suppliers for goods and services	(122,385)	(373,987)	(496,372)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(254,624)	(1,074,351)	(1,328,975)
Cash paid to deferred compensation plans	(11,481)	(90,039)	(101,520)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(58,449)</u>	<u>(5,676,738)</u>	<u>(5,735,187)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Temporary loans received from other funds	(160,000)	--	(160,000)
Temporary loans extended to other funds	--	5,064	5,064
Transfers in	510,400	4,937,274	5,447,674
Transfers out	--	(400,000)	(400,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>350,400</u>	<u>4,542,338</u>	<u>4,892,738</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on bonds payable	(195,000)	--	(195,000)
Interest and fiscal charges paid on debt	(104,819)	--	(104,819)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(299,819)</u>	<u>--</u>	<u>(299,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings received	<u>1,603</u>	<u>53,363</u>	<u>54,966</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,265)	(1,081,037)	(1,087,302)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTATED)	<u>8,414</u>	<u>1,714,727</u>	<u>1,723,141</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,149</u>	<u>\$ 633,690</u>	<u>\$ 635,839</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2008

	<u>Golf Course Fund</u>	<u>Dispatch Center Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (687,226)	\$ (6,189,448)	\$ (6,876,674)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	282,436	--	282,436
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	--	150,441	150,441
Inventories	54,058	--	54,058
Prepaid expenses	241,133	--	241,133
Increase (decrease) in:			
Accounts payable	(6,596)	50,677	44,081
Accrued salaries and benefits	34,373	43,253	77,626
Accrued liabilities	11,755	--	11,755
Compensated absences payable	11,618	268,339	279,957
Total Adjustments	<u>628,777</u>	<u>512,710</u>	<u>1,141,487</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (58,449)</u></u>	<u><u>\$ (5,676,738)</u></u>	<u><u>\$ (5,735,187)</u></u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Golf Course Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for Services:				
Golf course fees	\$ 821,000	\$ 731,000	\$ 660,242	\$ (70,758)
Concession and merchandise sales	22,000	147,000	130,993	(16,007)
Equipment and cart rental fees	190,000	190,000	163,762	(26,238)
Total Charges for Services	<u>1,033,000</u>	<u>1,068,000</u>	<u>954,997</u>	<u>(113,003)</u>
Reimbursements and restitution	--	864	1,399	535
Miscellaneous	20,000	5,000	1,346	(3,654)
TOTAL OPERATING REVENUES	<u>1,053,000</u>	<u>1,073,864</u>	<u>957,742</u>	<u>(116,122)</u>
OPERATING EXPENSES				
Salaries and wages	512,029	550,488	557,900	(7,412)
Employee benefits	149,101	164,582	195,617	(31,035)
Services and supplies	560,492	623,682	609,015	14,667
Depreciation	330,000	330,000	282,436	47,564
TOTAL OPERATING EXPENSES	<u>1,551,622</u>	<u>1,668,752</u>	<u>1,644,968</u>	<u>23,784</u>
OPERATING INCOME (LOSS)	<u>(498,622)</u>	<u>(594,888)</u>	<u>(687,226)</u>	<u>(92,338)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	--	3,000	1,605	(1,395)
Debt service - interest	(90,071)	(90,071)	(97,613)	(7,542)
Debt service - fiscal charges	--	--	(5,166)	(5,166)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(90,071)</u>	<u>(87,071)</u>	<u>(101,174)</u>	<u>(14,103)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(588,693)</u>	<u>(681,959)</u>	<u>(788,400)</u>	<u>(106,441)</u>
CAPITAL CONTRIBUTIONS	--	--	500	500
TRANSFERS				
Transfers in	500,000	510,400	510,400	--
CHANGES IN NET ASSETS	<u>\$ (88,693)</u>	<u>\$ (171,559)</u>	(277,500)	<u>\$ (105,941)</u>
NET ASSETS, BEGINNING			3,720,729	
NET ASSETS, ENDING			<u>\$ 3,443,229</u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Dispatch Center Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services:				
Dispatch services	\$ 508,000	\$ 508,000	\$ 522,076	\$ 14,076
Miscellaneous:				
Reimbursements and restitution	--	557	749	192
TOTAL OPERATING REVENUES	508,000	508,557	522,825	14,268
OPERATING EXPENSES				
Salaries and wages	4,213,462	4,006,415	4,076,251	(69,836)
Employee benefits	1,679,415	1,392,906	1,642,451	(249,545)
Services and supplies	1,140,544	1,113,544	993,571	119,973
TOTAL OPERATING EXPENSES	7,033,421	6,512,865	6,712,273	(199,408)
OPERATING INCOME (LOSS)	(6,525,421)	(6,004,308)	(6,189,448)	(185,140)
NONOPERATING REVENUES (EXPENSES)				
State grants	--	--	5,064	5,064
Investment earnings	30,000	45,000	50,566	5,566
TOTAL NONOPERATING REVENUES (EXPENSES)	30,000	45,000	55,630	10,630
INCOME (LOSS) BEFORE TRANSFERS	(6,495,421)	(5,959,308)	(6,133,818)	(174,510)
TRANSFERS				
Transfers in	5,675,208	5,475,208	4,937,274	(537,934)
Transfers out	--	(400,000)	(400,000)	--
TOTAL TRANSFERS	5,675,208	5,075,208	4,537,274	(537,934)
CHANGES IN NET ASSETS	\$ (820,213)	\$ (884,100)	(1,596,544)	\$ (712,444)
NET ASSETS, BEGINNING			1,372,549	
NET ASSETS, ENDING			\$ (223,995)	

INTERNAL SERVICE FUNDS

- INTERNAL SERVICE FUNDS -

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

INTERNAL SERVICE FUNDS

Motor Vehicle Fund – to account for the costs of acquisition of motor vehicles and of operating a maintenance facility for motor vehicles used by City departments. Such costs are billed to the user department.

Risk Retention Fund – to account for the operations of the self-funded general insurance program.

Self-Funded Medical Plan Fund – to account for operations of the self-funded group health and accident insurance program.

Self-Funded Workers Compensation Fund – to account for the operations of the self-funded workers compensation program.

Communications and Technology Fund – to account for the activities involved in providing information and technology-related services for the city of Reno.

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2008

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>	<u>Self-Funded Medical Plan Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 7,419	\$ 9,198,447	\$ 10,418,246
Receivables:			
Accounts receivable	89,937	--	483,338
Accrued interest	3,292	39,484	55,829
Due from other funds	630,505	--	2,600,000
Due from other governments	--	--	--
Inventories	181,719	--	--
Prepaid expenses	--	401,197	--
Total Current Assets	<u>912,872</u>	<u>9,639,128</u>	<u>13,557,413</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	24,979,896	71,000	--
Less accumulated depreciation	<u>(14,785,488)</u>	<u>(71,000)</u>	<u>--</u>
Net Capital Assets	<u>10,194,408</u>	<u>--</u>	<u>--</u>
TOTAL ASSETS	<u><u>11,107,280</u></u>	<u><u>9,639,128</u></u>	<u><u>13,557,413</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	96,010	14,823	--
Accrued salaries and benefits	36,551	7,510	--
Compensated absences payable	102,287	12,092	--
Liability for self-insurance	--	394,744	1,717,526
Due to other funds	--	--	--
Total Current Liabilities	<u>234,848</u>	<u>429,169</u>	<u>1,717,526</u>
Noncurrent Liabilities:			
Compensated absences payable	22,092	--	--
Other post-employment benefits liability	53,904	10,992	--
Liability for self-insurance	--	2,316,282	15,124
Total Noncurrent Liabilities	<u>75,996</u>	<u>2,327,274</u>	<u>15,124</u>
TOTAL LIABILITIES	<u><u>310,844</u></u>	<u><u>2,756,443</u></u>	<u><u>1,732,650</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	10,194,408	--	--
Restricted for claims	--	6,882,685	11,341,781
Unrestricted (deficit)	602,028	--	482,982
TOTAL NET ASSETS	<u><u>\$ 10,796,436</u></u>	<u><u>\$ 6,882,685</u></u>	<u><u>\$ 11,824,763</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2008

	<u>Self-Funded Workers Compensation Fund</u>	<u>Communications and Technology Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 98,494	\$ 1,452,973	\$ 21,175,579
Receivables:			
Accounts receivable	--	--	573,275
Accrued interest	--	9,547	108,152
Due from other funds	--	--	3,230,505
Due from other governments	--	63,576	63,576
Inventories	--	--	181,719
Prepaid expenses	61,849	13,475	476,521
Total Current Assets	<u>160,343</u>	<u>1,539,571</u>	<u>25,809,327</u>
Noncurrent Assets:			
Capital Assets:			
Machinery, equipment and motor vehicles	--	1,044,666	26,095,562
Less accumulated depreciation	--	<u>(622,358)</u>	<u>(15,478,846)</u>
Net Capital Assets	<u>--</u>	<u>422,308</u>	<u>10,616,716</u>
TOTAL ASSETS	<u>160,343</u>	<u>1,961,879</u>	<u>36,426,043</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	26,710	87,998	225,541
Accrued salaries and benefits	4,021	66,572	114,654
Compensated absences payable	8,821	162,952	286,152
Liability for self-insurance	4,886,342	--	6,998,612
Due to other funds	2,600,000	--	2,600,000
Total Current Liabilities	<u>7,525,894</u>	<u>317,522</u>	<u>10,224,959</u>
Noncurrent Liabilities:			
Compensated absences payable	--	--	22,092
Other post-employment benefits liability	9,627	99,549	174,072
Liability for self-insurance	50,103,402	--	52,434,808
Total Noncurrent Liabilities	<u>50,113,029</u>	<u>99,549</u>	<u>52,630,972</u>
TOTAL LIABILITIES	<u>57,638,923</u>	<u>417,071</u>	<u>62,855,931</u>
NET ASSETS			
Invested in capital assets, net of related debt	--	422,308	10,616,716
Restricted for claims	--	--	18,224,466
Unrestricted (deficit)	<u>(57,478,580)</u>	<u>1,122,500</u>	<u>(55,271,070)</u>
TOTAL NET ASSETS	<u>\$ (57,478,580)</u>	<u>\$ 1,544,808</u>	<u>\$ (26,429,888)</u>

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Motor Vehicle Fund	Risk Retention Fund	Self-Funded Medical Plan Fund
OPERATING REVENUES			
Charges for services	\$ 5,016,915	\$ 2,314,686	\$ 16,156,771
Miscellaneous	185,159	152,828	1,499,359
TOTAL OPERATING REVENUES	5,202,074	2,467,514	17,656,130
OPERATING EXPENSES			
Salaries and wages	975,206	198,917	--
Employee benefits	460,992	93,043	--
Services and supplies	3,485,887	1,339,249	14,740,925
Depreciation	3,108,866	--	--
TOTAL OPERATING EXPENSES	8,030,951	1,631,209	14,740,925
OPERATING INCOME (LOSS)	(2,828,877)	836,305	2,915,205
NONOPERATING REVENUES (EXPENSES)			
Federal grants	2,603	--	--
Investment earnings	58,777	331,780	461,083
Gain (loss) on asset disposal	120,116	--	--
TOTAL NONOPERATING REVENUES (EXPENSES)	181,496	331,780	461,083
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,647,381)	1,168,085	3,376,288
CAPITAL CONTRIBUTIONS	276,999	--	--
TRANSFERS			
Transfers in	88,852	--	--
Transfers out	(10,000)	(478,969)	--
TOTAL TRANSFERS	78,852	(478,969)	--
CHANGES IN NET ASSETS	(2,291,530)	689,116	3,376,288
NET ASSETS, BEGINNING AS RESTATED	13,087,966	6,193,569	8,448,475
NET ASSETS, ENDING	\$ 10,796,436	\$ 6,882,685	\$ 11,824,763

continued

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)

Internal Service Funds

For the Year Ended June 30, 2008

	Self-Funded Workers Compensation Fund	Communications and Technology Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,842,626	\$ --	\$ 26,330,998
Miscellaneous	29,664	197,441	2,064,451
TOTAL OPERATING REVENUES	2,872,290	197,441	28,395,449
OPERATING EXPENSES			
Salaries and wages	161,367	1,816,875	3,152,365
Employee benefits	63,806	828,500	1,446,341
Services and supplies	8,371,778	3,345,316	31,283,155
Depreciation	--	157,612	3,266,478
TOTAL OPERATING EXPENSES	8,596,951	6,148,303	39,148,339
OPERATING INCOME (LOSS)	(5,724,661)	(5,950,862)	(10,752,890)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	--	--	2,603
Investment earnings	266,746	91,730	1,210,116
Gain (loss) on asset disposal	--	(34,072)	86,044
TOTAL NONOPERATING REVENUES (EXPENSES)	266,746	57,658	1,298,763
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,457,915)	(5,893,204)	(9,454,127)
CAPITAL CONTRIBUTIONS	--	54,193	331,192
TRANSFERS			
Transfers in	--	5,176,964	5,265,816
Transfers out	(38,000)	(570,000)	(1,096,969)
TOTAL TRANSFERS	(38,000)	4,606,964	4,168,847
CHANGES IN NET ASSETS	(5,495,915)	(1,232,047)	(4,954,088)
NET ASSETS, BEGINNING AS RESTATED	(51,982,665)	2,776,855	(21,475,800)
NET ASSETS, ENDING	\$ (57,478,580)	\$ 1,544,808	\$(26,429,888)

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Motor Vehicle Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 4,315,427	\$ 2,314,686
Cash received from miscellaneous income, reimbursements and restitutions	185,158	152,828
Cash paid for employees' salaries and benefits	(1,161,773)	(239,214)
Cash payments to suppliers for goods and services	(2,973,690)	(1,018,918)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(747,671)	(204,131)
Cash paid to deferred compensation plans	(33,140)	(9,486)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(415,689)</u>	<u>995,765</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Temporary loans received from other funds	--	--
Temporary loans extended to other funds	--	--
Transfers in	88,852	--
Transfers out	(10,000)	(478,969)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>78,852</u>	<u>(478,969)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	120,116	--
Payments to dispose of capital assets	--	--
Acquisition of capital assets	(2,417,058)	--
Cash received from federal grants	2,603	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,294,339)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	70,756	344,444
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,560,420)	861,240
CASH AND CASH EQUIVALENTS, BEGINNING, AS RESTATED	<u>2,567,839</u>	<u>8,337,207</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 7,419</u>	<u>\$ 9,198,447</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Self-Funded Medical Plan Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 16,167,558	\$ 2,872,290
Cash received from miscellaneous income, reimbursements and restitutions	1,016,377	--
Cash paid for employees' salaries and benefits	--	(199,698)
Cash payments to suppliers for goods and services	(14,394,455)	(6,179,395)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(160,345)	(265,000)
Cash paid to deferred compensation plans	--	(6,041)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,629,135</u>	<u>(3,777,844)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Temporary loans received from other funds	--	2,600,000
Temporary loans extended to other funds	(2,600,000)	--
Transfers in	--	--
Transfers out	--	(38,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(2,600,000)</u>	<u>2,562,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	--	--
Payments to dispose of capital assets	--	--
Acquisition of capital assets	--	--
Cash received from federal grants	--	--
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	<u>471,345</u>	<u>275,818</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	500,480	(940,026)
CASH AND CASH EQUIVALENTS, BEGINNING, AS RESTATED	<u>9,917,766</u>	<u>1,038,520</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 10,418,246</u></u>	<u><u>\$ 98,494</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Communications and Technology Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds for services	\$ 6,334	\$ 25,676,295
Cash received from miscellaneous income, reimbursements and restitutions	197,441	1,551,804
Cash paid for employees' salaries and benefits	(2,167,460)	(3,768,145)
Cash payments to suppliers for goods and services	(3,325,761)	(27,892,219)
Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs	(294,603)	(1,671,750)
Cash paid to deferred compensation plans	(50,951)	(99,618)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(5,635,000)</u>	<u>(6,203,633)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Temporary loans received from other funds	--	2,600,000
Temporary loans extended to other funds		(2,600,000)
Transfers in	5,176,964	5,265,816
Transfers out	(570,000)	(1,096,969)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>4,606,964</u>	<u>4,168,847</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	--	120,116
Payments to dispose of capital assets	(34,071)	(34,071)
Acquisition of capital assets	(102,641)	(2,519,699)
Cash received from federal grants	--	2,603
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(136,712)</u>	<u>(2,433,654)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	<u>93,459</u>	<u>1,255,822</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,071,289)	(3,210,015)
CASH AND CASH EQUIVALENTS, BEGINNING, AS RESTATED	<u>2,524,262</u>	<u>24,385,594</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,452,973</u>	<u>\$ 21,175,579</u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Motor Vehicle Fund</u>	<u>Risk Retention Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (2,828,877)</u>	<u>\$ 836,305</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,108,866	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	1,899	--
Accounts receivable	(703,387)	--
Inventories	(30,053)	--
Prepaid expenses	--	(26,531)
Increase (decrease) in:		
Accounts payable	(51,873)	11,239
Accrued salaries and benefits	64,711	12,776
Accrued liabilities	--	159,296
Compensated absences payable	23,025	2,680
Total Adjustments	<u>2,413,188</u>	<u>159,460</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (415,689)</u></u>	<u><u>\$ 995,765</u></u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u><u>\$ 276,999</u></u>	<u><u>\$ --</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Self-Funded Medical Plan Fund</u>	<u>Self-Funded Workers Compensation Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,915,205	\$ (5,724,661)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	--	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	--	
Accounts receivable	(472,195)	
Inventories	--	--
Prepaid expenses	--	(5,088)
Increase (decrease) in:		
Accounts payable	(1,127)	3,697
Accrued salaries and benefits	--	7,843
Accrued liabilities	187,252	1,947,801
Compensated absences payable	--	(7,436)
Total Adjustments	<u>(286,070)</u>	<u>1,946,817</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 2,629,135</u></u>	<u><u>\$ (3,777,844)</u></u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Communications and Technology Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (5,950,862)	\$ (10,752,890)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	157,612	3,266,478
Changes in assets and liabilities:		
(Increase) decrease in:		
Due from other governments	6,334	8,233
Accounts receivable	--	(1,175,582)
Inventories	--	(30,053)
Prepaid expenses	(13,475)	(45,094)
Increase (decrease) in:		
Accounts payable	11,591	(26,473)
Accrued salaries and benefits	119,788	205,118
Accrued liabilities		2,294,349
Compensated absences payable	34,012	52,281
Total Adjustments	<u>315,862</u>	<u>4,549,257</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (5,635,000)</u>	<u>\$ (6,203,633)</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions:		
Contributions of assets	<u>\$ 54,193</u>	<u>\$ 331,192</u>

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Motor Vehicle Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 6,085,245	\$ 4,606,581	\$ 5,016,915	\$ 410,334
Miscellaneous:				
Reimbursements and restitution	--	160,000	183,735	23,735
Other	--	1,400	1,424	24
Total Miscellaneous	--	161,400	185,159	23,759
TOTAL OPERATING REVENUES	6,085,245	4,767,981	5,202,074	434,093
OPERATING EXPENSES				
Salaries and wages	917,056	856,829	975,206	(118,377)
Employee benefits	422,439	371,516	460,992	(89,476)
Services and supplies	2,868,724	3,168,978	3,485,887	(316,909)
Capital outlay	3,412,000	3,322,421	--	3,322,421
Depreciation	2,750,000	3,200,000	3,108,866	91,134
TOTAL OPERATING EXPENSES	10,370,219	10,919,744	8,030,951	2,888,793
OPERATING INCOME (LOSS)	(4,284,974)	(6,151,763)	(2,828,877)	3,322,886
NONOPERATING REVENUES (EXPENSES)				
Federal grants	--	--	2,603	(2,603)
Investment earnings	75,000	75,000	58,777	16,223
Gain (loss) on asset disposal	252,982	259,182	120,116	139,066
TOTAL NONOPERATING REVENUES (EXPENSES)	327,982	334,182	181,496	152,686
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(3,956,992)	(5,817,581)	(2,647,381)	3,475,572
CAPITAL CONTRIBUTIONS	--	--	276,999	(276,999)
TRANSFERS				
Transfers in	88,852	88,852	88,852	--
Transfers out	(10,000)	(10,000)	(10,000)	--
TOTAL TRANSFERS	78,852	78,852	78,852	--
CHANGES IN NET ASSETS	\$ (3,878,140)	\$ (5,738,729)	(2,291,530)	\$ 3,198,573
NET ASSETS, BEGINNING			13,087,966	
NET ASSETS, ENDING			\$ 10,796,436	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Risk Retention Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 2,639,969	\$ 2,314,684	\$ 2,314,686	\$ 2
Miscellaneous:				
Reimbursements and restitution	--	23,000	22,496	(504)
Other	--	9,100	130,332	121,232
TOTAL OPERATING REVENUES	2,639,969	2,346,784	2,467,514	120,730
OPERATING EXPENSES				
Salaries and wages	177,675	179,675	198,917	(19,242)
Employee benefits	80,186	75,785	93,043	(17,258)
Services and supplies	2,176,387	2,176,387	1,339,249	837,138
Depreciation	4,000	4,000	--	4,000
TOTAL OPERATING EXPENSES	2,438,248	2,435,847	1,631,209	804,638
OPERATING INCOME (LOSS)	201,721	(89,063)	836,305	925,368
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	175,000	200,000	331,780	131,780
INCOME (LOSS) BEFORE TRANSFERS	376,721	110,937	1,168,085	1,057,148
TRANSFERS				
Transfers out	(58,671)	(478,969)	(478,969)	--
CHANGES IN NET ASSETS	\$ 318,050	\$ (368,032)	689,116	\$ 1,057,148
NET ASSETS, BEGINNING			6,193,569	
NET ASSETS, ENDING			\$ 6,882,685	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Self-Funded Medical Plan Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 15,320,620	\$ 17,208,707	\$ 16,156,771	\$ (1,051,936)
Miscellaneous:				
Stop-loss reimbursements	150,000	195,000	719,915	524,915
Other	--	251,000	296,462	45,462
TOTAL OPERATING REVENUES	<u>15,470,620</u>	<u>17,654,707</u>	<u>17,173,148</u>	<u>(481,559)</u>
OPERATING EXPENSES				
Services and supplies	<u>15,865,345</u>	<u>16,220,345</u>	<u>14,740,925</u>	<u>1,479,420</u>
OPERATING INCOME (LOSS)	<u>(394,725)</u>	<u>1,434,362</u>	<u>2,432,223</u>	<u>997,861</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>250,000</u>	<u>325,000</u>	<u>461,083</u>	<u>(136,083)</u>
CHANGES IN NET ASSETS	<u><u>\$ (144,725)</u></u>	<u><u>\$ 1,759,362</u></u>	2,893,306	<u><u>\$ 861,778</u></u>
NET ASSETS, BEGINNING			<u>8,448,475</u>	
NET ASSETS, ENDING			<u><u>\$ 11,341,781</u></u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Self-Funded Workers Compensation Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,664,035	\$ 2,663,535	\$ 2,842,626	\$ 179,091
Miscellaneous:				
Other	1,250,000	1,250,000	29,664	(1,220,336)
TOTAL OPERATING REVENUES	<u>3,914,035</u>	<u>3,913,535</u>	<u>2,872,290</u>	<u>(1,041,245)</u>
OPERATING EXPENSES				
Salaries and wages	159,616	159,885	161,367	(1,482)
Employee benefits	70,785	51,703	63,806	(12,103)
Services and supplies	5,095,023	5,084,493	8,371,778	(3,287,285)
TOTAL OPERATING EXPENSES	<u>5,325,424</u>	<u>5,296,081</u>	<u>8,596,951</u>	<u>(3,300,870)</u>
OPERATING INCOME (LOSS)	<u>(1,411,389)</u>	<u>(1,382,546)</u>	<u>(5,724,661)</u>	<u>(4,342,115)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	250,000	250,000	266,746	16,746
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>250,000</u>	<u>250,000</u>	<u>266,746</u>	<u>16,746</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,161,389)</u>	<u>(1,132,546)</u>	<u>(5,457,915)</u>	<u>(4,325,369)</u>
TRANSFERS				
Transfers out	(32,000)	(38,000)	(38,000)	--
TOTAL TRANSFERS	<u>(32,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>--</u>
CHANGES IN NET ASSETS	<u>\$ (1,193,389)</u>	<u>\$ (1,170,546)</u>	(5,495,915)	<u>\$ (4,325,369)</u>
NET ASSETS, BEGINNING			<u>(51,982,665)</u>	
NET ASSETS, ENDING			<u>\$ (57,478,580)</u>	

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Communications and Technology Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
OPERATING REVENUES				
Miscellaneous:				
Other	\$ 123,571	\$ 177,987	197,441	\$ 19,454
TOTAL OPERATING REVENUES	123,571	177,987	197,441	19,454
OPERATING EXPENSES				
Salaries and wages	1,795,172	1,512,000	1,816,875	(304,875)
Employee benefits	804,441	647,264	828,500	(181,236)
Services and supplies	3,692,737	4,596,250	3,345,316	1,250,934
Capital outlay	320,769	489,019	--	489,019
Depreciation	90,000	105,000	157,612	(52,612)
Loss on retirement of assets	--	--	34,072	(34,072)
TOTAL OPERATING EXPENSES	6,703,119	7,349,533	6,182,375	1,167,158
OPERATING INCOME (LOSS)	(6,579,548)	(7,171,546)	(5,984,934)	1,186,612
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	75,000	75,000	91,730	(16,730)
TOTAL NONOPERATING REVENUES (EXPENSES)	75,000	75,000	91,730	16,730
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(6,504,548)	(7,096,576)	(5,893,204)	1,203,342
CAPITAL CONTRIBUTIONS	--	(27,193)	54,193	(81,386)
TRANSFERS				
Transfers in	6,347,964	5,576,964	5,176,964	(400,000)
Transfers out	--	(570,000)	(570,000)	--
TOTAL TRANSFERS	6,347,964	5,006,964	4,606,964	(400,000)
CHANGES IN NET ASSETS	\$ (156,584)	\$ (2,116,805)	(1,232,047)	\$ 721,956
NET ASSETS, BEGINNING			2,776,855	
NET ASSETS, ENDING			\$ 1,544,808	

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FIDUCIARY FUNDS

– AGENCY FUNDS –

Agency funds are used to account for assets held by the government as an agent.

AGENCY FUNDS

Deposit Fund – to account for performance and other deposits that are refundable.

Special Assessment Agency Funds – to account for collections of special assessments of property owners for Sierra Executive Center, the Somerset Parkway development, and the Double R Boulevard development. The City is not obligated in any manner for debt incurred on capital improvements to the properties.

CITY OF RENO, NEVADA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 1,337,903	\$ 1,197,455	\$ 280,332	\$ 2,255,026
Accrued interest receivable	8,188	20,518	9,079	19,627
TOTAL ASSETS	<u>\$ 1,346,091</u>	<u>\$ 1,217,973</u>	<u>\$ 289,411</u>	<u>\$ 2,274,653</u>
LIABILITIES				
Accounts payable	\$ --			\$ --
Accrued liabilities	54,595	20,864	10,432	65,027
Deposits	1,291,496	1,056,158	138,028	2,209,626
TOTAL LIABILITIES	<u>\$ 1,346,091</u>	<u>\$ 1,077,022</u>	<u>\$ 148,460</u>	<u>\$ 2,274,653</u>
SPECIAL ASSESSMENT DISTRICT FUNDS				
ASSETS				
Cash and investments	\$ 5,504,542	\$ 3,504,716	\$ 3,034,492	\$ 5,974,766
Accounts receivable	23,512	28,396	23,512	28,396
Special assessments, current	912,105	1,013,326	1,541,956	383,475
Special assessments, delinquent	33	6,421	--	6,454
Due from other governments	10,992	491,979	502,971	--
Accrued interest receivable	--	12,170	--	12,170
TOTAL ASSETS	<u>\$ 6,451,184</u>	<u>\$ 5,057,008</u>	<u>\$ 5,102,931</u>	<u>\$ 6,405,261</u>
LIABILITIES				
Due to others	\$ 6,388,400	\$ 1,407,969	\$ 1,440,000	\$ 6,356,369
Accounts payable	4,725	153,835	152,428	6,132
Due to other governments	60	--	8	52
Deposits	57,999	107,159	122,450	42,708
TOTAL LIABILITIES	<u>\$ 6,451,184</u>	<u>\$ 1,668,963</u>	<u>\$ 1,714,886</u>	<u>\$ 6,405,261</u>
TOTALS, AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 6,842,445	\$ 4,702,171	\$ 3,314,824	\$ 8,229,792
Accounts receivable	23,512	28,396	23,512	28,396
Accrued interest receivable	8,188	32,688	9,079	31,797
Special assessments, current	912,105	1,013,326	1,541,956	383,475
Special assessments, delinquent	33	6,421	--	6,454
Due from other governments	10,992	491,979	502,971	--
TOTAL ASSETS	<u>\$ 7,797,275</u>	<u>\$ 6,274,981</u>	<u>\$ 5,392,342</u>	<u>\$ 8,679,914</u>
LIABILITIES				
Accounts payable	\$ 4,725	\$ 153,835	\$ 152,428	\$ 6,132
Accrued liabilities	54,595	20,864	10,432	65,027
Deposits	1,349,495	1,163,317	260,478	2,252,334
Due to other governments	60	--	8	52
Due to others	6,388,400	1,407,969	1,440,000	6,356,369
TOTAL LIABILITIES	<u>\$ 7,797,275</u>	<u>\$ 2,745,985</u>	<u>\$ 1,863,346</u>	<u>\$ 8,679,914</u>

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STATISTICAL SECTION

Statistical Section

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

Contents	Schedules
Financial Trends <i>These schedules contain trend information to help the reader understand how the City of Reno's financial performance and well-being have changed over time.</i>	1.1-1.5
Revenue Capacity <i>These schedules contain information to help the reader assess the City of Reno's most significant local revenue source, the property tax.</i>	2.1-2.5
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City of Reno's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	3.1-3.4
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Reno's financial activities take place.</i>	4.1-4.2
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City of Reno's financial report relates to the services the City provides and the activities it performs.</i>	5.1-5.3

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

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Schedule 1.1

CITY OF RENO, NEVADA
Net Assets by Component
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:							
Invested in capital assets, net of related debt	\$ 74,054,796	\$ 140,927,234	\$ 179,636,709	\$ 501,003,859	\$ 510,436,963	\$ 591,115,426	\$ 607,195,156
Restricted	58,237,414	214,513,161	140,155,187	59,321,040	72,827,824	103,243,224	125,337,658
Unrestricted	(2,480,893)	(169,406,858)	(96,001,031)	(8,024,524)	3,486,919	(36,802,450)	(47,493,196)
Total governmental activities net assets	<u>129,811,317</u>	<u>186,033,537</u>	<u>223,790,865</u>	<u>552,300,375</u>	<u>586,751,706</u>	<u>657,556,200</u>	<u>685,039,618</u>
Business-type activities:							
Invested in capital assets, net of related debt	119,990,593	127,046,765	158,305,006	185,072,216	209,672,878	163,069,892	185,580,722
Restricted	1,462,902	1,470,070	3,187,697	5,206,160	5,010,153	1,682,273	--
Unrestricted	95,259,575	96,303,139	79,524,841	62,198,502	53,146,772	125,437,544	118,110,256
Total business-type activities net assets	<u>216,713,070</u>	<u>224,819,974</u>	<u>241,017,544</u>	<u>252,476,878</u>	<u>267,829,803</u>	<u>290,189,709</u>	<u>303,690,978</u>
Primary government:							
Invested in capital assets, net of related debt	194,045,389	267,973,999	337,941,715	686,076,075	720,109,841	754,185,318	792,775,878
Restricted	59,700,316	215,983,231	143,342,884	64,527,200	77,837,977	104,925,497	125,337,658
Unrestricted	92,778,682	(73,103,719)	(16,476,190)	54,173,978	56,633,691	88,635,094	70,617,060
Total primary government net assets	<u>\$ 346,524,387</u>	<u>\$ 410,853,511</u>	<u>\$ 464,808,409</u>	<u>\$ 804,777,253</u>	<u>\$ 854,581,509</u>	<u>\$ 947,745,909</u>	<u>\$ 988,730,596</u>

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

Schedule 1.2

CITY OF RENO, NEVADA
Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2002 ^{1,2}	2003	2004	2005 ³	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 17,891,225	\$ 18,447,393	\$ 17,721,359	\$ 15,624,299	\$ 21,455,932	\$ 19,254,318	\$ 22,800,015
Judicial	4,026,192	4,130,566	5,002,728	5,204,457	6,079,294	6,475,679	7,842,206
Police	54,799,718	47,974,615	55,508,977	57,230,870	61,728,746	62,732,422	70,490,199
Fire	41,263,133	41,313,419	50,343,306	56,128,634	52,249,991	55,584,964	65,056,693
Public works	19,403,364	23,329,696	24,934,712	51,600,829	55,125,179	58,003,230	65,913,956
Planning and community development	5,165,370	5,489,076	6,901,518	5,860,746	4,581,284	7,430,806	5,837,233
Culture and recreation	15,659,627	16,081,352	17,439,791	19,470,362	19,697,196	21,160,776	22,333,632
Urban redevelopment	1,349,781	1,716,205	2,516,724	3,454,927	5,683,381	3,276,761	3,552,503
Interest and fiscal charges, debt service	6,406,058	17,567,596	17,655,983	17,540,449	13,411,829	20,328,025	20,476,498
Subtotal, governmental activities expense	<u>165,964,468</u>	<u>176,049,918</u>	<u>198,025,098</u>	<u>232,115,573</u>	<u>240,012,832</u>	<u>254,246,981</u>	<u>284,302,935</u>
Business-type activities:							
Sanitary sewer	24,622,533	25,327,746	27,012,523	29,668,235	34,529,836	38,822,685	41,422,307
Golf courses	2,378,168	2,150,809	1,970,295	1,938,796	2,036,125	1,802,658	1,779,539
Building permits	6,048,698	5,933,092	5,370,592	6,151,551	7,569,511	7,929,433	7,773,077
Animal services shelter ⁵	965,714	1,114,066	2,322,400	2,383,231	1,144,277	--	--
Planning	--	--	--	4,621,742	4,689,393	4,798,275	3,776,183
Dispatch center	--	5,067,935	4,828,368	5,144,641	5,812,292	5,532,251	6,881,512
Subtotal, business-type activities expenses	<u>34,015,113</u>	<u>39,593,648</u>	<u>41,504,178</u>	<u>49,908,196</u>	<u>55,781,434</u>	<u>58,885,302</u>	<u>61,632,618</u>
Total primary government expenses	<u>199,979,581</u>	<u>215,643,566</u>	<u>239,529,276</u>	<u>282,023,769</u>	<u>295,794,266</u>	<u>313,132,283</u>	<u>345,935,553</u>
Program Revenues (See Schedule 1.3)							
Governmental activities:							
Charges for services:							
Business licensing	13,273,329	13,696,099	14,551,981	15,891,618	15,718,595	17,598,262	16,935,878
Franchise fees	12,502,243	12,331,104	12,922,556	14,908,232	16,365,353	18,215,086	19,207,234
Fire protection contract and service ⁴	11,416,864	12,372,991	12,280,396	12,631,956	13,291,738	15,217,502	17,426,016
Parks and recreation	3,009,996	3,164,536	3,912,985	3,507,073	4,045,721	6,481,360	6,106,282
Fines and forfeitures	2,582,355	2,612,231	2,654,501	2,721,830	3,576,365	4,524,164	4,524,164
Insurance premiums	N/A	2,497,033	3,137,092	3,502,736	4,444,134	4,508,991	3,803,281
Other activities	4,917,913	7,090,828	12,897,585	15,782,309	9,951,870	6,311,113	8,729,723
Operating grants and contributions	6,850,005	8,381,978	6,183,124	4,518,286	6,113,851	6,948,651	7,053,153
Capital grants and contributions	40,311,605	56,401,220	48,469,078	47,852,071	63,266,466	96,546,791	77,697,849
Subtotal, governmental activities program revenue	<u>94,864,310</u>	<u>118,548,020</u>	<u>117,009,298</u>	<u>121,316,111</u>	<u>136,774,093</u>	<u>176,351,920</u>	<u>161,483,580</u>
Business-type activities:							
Charges for services:							
Sanitary sewer	22,098,386	23,663,275	25,998,547	26,056,319	32,279,919	37,020,435	41,206,608
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944	4,588,159
Animal services shelter ⁵	456,404	609,517	142,538	175,321	17,528	--	--
Planning fees	--	--	--	4,386,410	5,531,428	2,648,536	1,731,509
Dispatch center	--	311,462	410,328	314,788	394,292	524,037	522,825
Operating grants and contributions	63,137	17,987	45,822	54,914	26,375	315,375	255,064
Capital grants and contributions	8,270,821	11,885,620	15,028,222	13,753,915	19,082,843	26,183,221	20,534,505
Subtotal, business-type activities program revenue	<u>37,210,723</u>	<u>44,020,440</u>	<u>49,976,296</u>	<u>54,046,688</u>	<u>65,405,172</u>	<u>73,864,256</u>	<u>69,795,066</u>
Total primary government program revenues	<u>\$ 132,075,033</u>	<u>\$ 162,568,460</u>	<u>\$ 166,985,594</u>	<u>\$ 175,362,799</u>	<u>\$ 202,179,265</u>	<u>\$ 250,216,176</u>	<u>\$ 231,278,646</u>
Net (Expense)/Revenue							
Governmental activities	(71,100,158)	(57,501,898)	(81,015,800)	(110,799,462)	(103,238,739)	(77,895,061)	(122,819,355)
Business-type activities	3,195,610	4,426,792	8,472,118	4,138,492	9,623,738	14,978,954	8,162,448
Total primary government net expense	<u>\$ (67,904,548)</u>	<u>\$ (53,075,106)</u>	<u>\$ (72,543,682)</u>	<u>\$ (106,660,970)</u>	<u>\$ (93,615,001)</u>	<u>\$ (62,916,107)</u>	<u>\$ (114,656,907)</u>

Schedule 1.2 (Continued)

CITY OF RENO, NEVADA
 Changes in Net Assets
 Last Seven Fiscal Years
(Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Ad valorem taxes	\$ 47,796,806	\$ 49,529,532	\$ 49,592,261	\$ 51,518,055	\$ 55,118,928	\$ 63,710,224	\$ 68,342,284
Consolidated tax	40,757,992	42,948,773	47,480,733	52,372,923	54,708,166	55,256,937	51,266,041
SCCR taxes -- AB104	3,687,113	3,551,915	3,475,827	3,601,134	3,602,340	3,568,290	3,413,261
Sales taxes	6,443,210	6,725,011	7,409,815	8,260,700	8,925,336	8,895,013	8,737,761
Other taxes	1,012,118	2,332,083	9,462,124	9,823,511	10,634,323	11,005,390	10,585,386
Unrestricted County gaming contributions	2,176,194	2,396,644	2,020,849	2,174,280	1,895,490	1,820,891	1,953,433
Unrestricted investment and interest earnings	5,388,931	5,165,957	1,406,368	4,222,553	5,376,707	8,064,540	7,756,905
Miscellaneous	2,638,247	3,418,429	3,299,870	1,532,505	7,009,892	1,636,815	842,153
Gain on sale of capital assets	--	--	--	--	--	511,000	202,192
Transfers	(3,593,971)	(2,960,140)	(3,980,501)	(4,365,478)	(4,262,259)	(5,769,545)	(4,566,309)
Subtotal, government activities	<u>106,306,640</u>	<u>113,108,204</u>	<u>120,167,346</u>	<u>129,140,183</u>	<u>143,008,923</u>	<u>148,699,555</u>	<u>148,533,107</u>
Business-type activities:							
Taxes:							
Ad valorem taxes	--	--	1,797,437	2,198,185	87,677	--	--
Investment and interest earnings	1,233,189	464,392	(39,664)	468,596	715,402	1,455,917	763,671
Miscellaneous	111,047	255,580	2,008,515	288,583	1,471,656	155,489	8,841
Transfers	3,593,971	2,960,140	3,980,501	4,365,478	4,262,259	5,769,545	4,566,309
Subtotal, business-type activities	<u>4,938,207</u>	<u>3,680,112</u>	<u>7,746,789</u>	<u>7,320,842</u>	<u>6,536,994</u>	<u>7,380,951</u>	<u>5,338,821</u>
Total primary government	<u>111,244,847</u>	<u>116,788,316</u>	<u>127,914,135</u>	<u>136,461,025</u>	<u>149,545,917</u>	<u>156,080,506</u>	<u>153,871,928</u>
Change in Net Assets							
Governmental activities	35,206,482	55,606,306	39,151,546	18,340,721	39,770,184	70,804,494	25,713,752
Business-type activities	8,133,817	8,106,904	16,218,907	11,459,334	16,160,732	22,359,905	13,501,269
Total primary government	<u>\$ 43,340,299</u>	<u>\$ 63,713,210</u>	<u>\$ 55,370,453</u>	<u>\$ 29,800,055</u>	<u>\$ 55,930,916</u>	<u>\$ 93,164,399</u>	<u>\$ 39,215,021</u>

Notes:

¹ 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.

² 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.

³ The Planning Enterprise Fund was established in fiscal year 2005.

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

⁵ Animal Services was transferred over to Washoe County Effective July 1, 2005

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

Schedule 1.3

CITY OF RENO, NEVADA
Program Revenues by Function/Program
Last Seven Fiscal Years
(Accrual Basis of Accounting)

Function/Program	Program Revenues						
	<u>2002</u>	<u>2003</u> ¹	<u>2004</u>	<u>2005</u> ²	<u>2006</u> ³	<u>2007</u>	<u>2008</u>
Governmental activities:							
General government	\$ 30,260,557	\$ 32,291,822	\$ 34,843,752	\$ 38,156,171	42,650,788	48,371,806	45,783,193
Judicial	168,836	534,251	606,625	715,007	893,399	1,010,668	4,714,397
Police	3,886,764	2,650,014	2,938,738	3,003,418	2,707,973	3,093,130	3,013,922
Fire	11,414,538	12,416,411	12,745,384	13,430,125	13,936,761	15,217,502	17,426,016
Public works	42,288,959	59,871,081	50,000,316	51,976,502	64,528,389	94,205,166	57,553,255
Planning and community development	3,830,159	4,927,120	8,137,378	5,796,930	4,120,470	6,481,360	6,106,282
Culture and recreation	3,014,497	5,534,931	7,446,416	7,782,413	7,297,178	6,392,075	7,632,364
Urban redevelopment		322,390	290,689	455,545	639,135	1,580,213	19,254,151
Subtotal, governmental activities revenues	<u>94,864,310</u>	<u>118,548,020</u>	<u>117,009,298</u>	<u>121,316,111</u>	<u>136,774,093</u>	<u>176,351,920</u>	<u>161,483,580</u>
Business-type activities:							
Sanitary sewer	30,369,207	35,548,895	41,026,769	39,810,234	51,387,762	63,499,031	61,991,113
Golf courses	1,870,950	1,837,518	1,774,513	1,541,647	1,455,237	1,209,708	956,396
Building permits	4,451,025	5,695,061	6,576,326	7,763,374	6,617,550	5,962,944	4,588,159
Animal services shelter	519,541	627,504	188,360	230,235	17,528	--	--
Planning	--	--	--	4,386,410	5,531,428	2,668,536	1,731,509
Dispatch center	--	311,462	410,328	314,788	395,667	524,037	527,889
Subtotal, business-type activities revenues	<u>37,210,723</u>	<u>44,020,440</u>	<u>49,976,296</u>	<u>54,046,688</u>	<u>65,405,172</u>	<u>73,864,256</u>	<u>69,795,066</u>
Total primary government revenues	<u>\$ 132,075,033</u>	<u>\$ 162,568,460</u>	<u>\$ 166,985,594</u>	<u>\$ 175,362,799</u>	<u>\$ 202,179,265</u>	<u>\$ 250,216,176</u>	<u>\$ 231,278,646</u>

Notes:

¹ The Dispatch Center Enterprise Fund commenced operation on July 1, 2002.

² The Planning Enterprise Fund commenced operation on July 1, 2004.

³ Operation of the animal services shelter was assumed by Washoe County effective July 1, 2005.

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

Schedule 1.4

CITY OF RENO, NEVADA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 8,437,649	\$ 6,459,221	\$ 4,670,711	\$ 1,641,352	\$ 2,428,376	\$ 1,695,188	\$ 3,438,861	\$ 1,351,283	\$ 1,907,826	\$ 2,745,300
Unreserved	11,554,749	6,969,949	11,067,727	16,952,185	19,419,475	15,597,870	13,334,149	15,300,632	15,343,005	12,168,104
Total general fund	<u>\$ 19,992,398</u>	<u>\$ 13,429,170</u>	<u>\$ 15,738,438</u>	<u>\$ 18,593,537</u>	<u>\$ 21,847,851</u>	<u>\$ 17,293,058</u>	<u>\$ 16,773,010</u>	<u>\$ 16,651,915</u>	<u>\$ 17,250,831</u>	<u>\$ 14,913,404</u>
All Other Governmental Funds										
Reserved for:										
Reserved	48,816,624	57,598,742	60,382,965	213,472,300	303,124,056	241,401,679	117,776,135	66,023,924	82,122,834	94,900,094
Unreserved, reported in:										
Special revenue funds	6,723,543	9,325,894	16,552,572	13,846,805	5,084,400	8,695,310	5,786,466	2,593,727	9,425,040	6,854,198
Capital projects funds	(448,679)	(264,727)	(7,983,962)	(2,429,540)	(110,389,575)	(118,289,314)	(60,269,078)	8,940,698	(3,770,992)	(10,010,210)
Total all other governmental funds	<u>\$ 55,091,488</u>	<u>\$ 66,659,909</u>	<u>\$ 68,951,575</u>	<u>\$ 224,889,565</u>	<u>\$ 197,818,881</u>	<u>\$ 131,807,675</u>	<u>\$ 63,293,523</u>	<u>\$ 77,558,349</u>	<u>\$ 87,776,882</u>	<u>\$ 91,744,082</u>

Schedule 1.5

CITY OF RENO, NEVADA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 44,982,332	\$ 49,765,470	\$ 50,602,929	\$ 54,774,653	\$ 59,711,395	\$ 61,490,644	\$ 64,246,504	\$ 67,168,158	\$ 74,646,248	\$ 81,031,666
Licenses, fees and permits	21,133,988	21,872,367	23,881,811	26,067,201	26,361,845	27,758,399	31,153,624	32,283,822	35,975,919	36,567,669
Fines and penalties	2,710,761	2,613,657	3,051,065	2,802,813	2,728,491	2,745,003	2,806,405	3,624,141	4,524,164	4,574,634
Charges for service	9,050,188	9,389,750	9,650,090	9,058,772	9,606,143	13,592,054	7,314,653	8,494,849	7,958,794	8,178,560
Special assessments	1,922,666	2,016,836	1,692,971	4,223,674	2,904,775	2,317,235	4,040,392	4,157,862	2,701,017	2,871,440
Intergovernmental	55,111,683	61,366,637	73,005,269	74,509,251	87,509,446	91,674,996	95,757,876	99,876,867	109,091,955	84,288,149
Investment earnings	2,730,929	3,053,326	6,080,056	3,749,779	3,661,289	853,470	2,484,982	4,187,738	6,118,931	5,921,751
Other revenues	4,989,626	5,225,773	10,437,331	10,731,195	9,113,763	10,231,344	21,916,497	18,172,493	18,296,050	57,077,934
Total revenues	142,632,173	155,303,816	178,401,522	185,917,338	201,597,147	210,663,145	229,720,933	237,965,930	259,313,078	280,511,803
Expenditures										
General Government	11,477,820	13,725,400	17,480,723	17,842,682	16,667,848	13,961,260	15,603,717	17,080,258	17,777,657	17,731,055
Judicial	2,515,360	2,902,242	3,310,295	3,708,482	4,017,116	4,524,392	4,915,250	5,615,114	5,645,431	6,596,015
Police	42,943,162	44,222,361	45,645,049	50,295,366	45,588,649	47,405,724	51,888,871	55,068,000	59,087,045	61,320,552
Fire	20,415,368	22,697,865	35,082,618	37,200,107	39,846,654	42,803,148	47,762,718	46,764,717	52,458,590	56,309,536
Public works	18,929,846	20,593,986	19,354,298	27,470,609	23,500,835	21,125,778	24,438,773	20,792,868	21,499,497	28,283,348
Planning & community devp't	4,509,019	5,352,050	5,761,110	4,690,722	5,235,340	6,226,999	6,975,537	4,289,182	7,084,598	6,907,616
Culture and recreation	11,937,787	13,089,556	13,321,928	13,825,145	14,229,611	14,942,100	16,372,705	15,924,188	17,305,789	18,176,148
Urban redevelopment	1,697,448	1,764,461	1,260,556	2,621,822	1,424,710	1,548,241	2,071,514	2,347,178	2,288,753	2,983,836
Intergovernmental	531,512	613,002	709,008	1,097,868	1,451,756	2,590,208	3,394,609	5,500,472	3,872,818	4,365,179
Capital outlay	21,440,743	16,853,521	19,628,755	73,179,141	67,713,258	92,259,688	149,866,708	61,859,754	47,777,780	51,523,934
Debt service:										
Interest	6,219,327	6,298,800	6,056,523	5,463,416	16,901,960	17,429,743	16,789,578	11,703,107	18,350,174	18,517,670
Principal	6,866,233	5,780,310	9,075,216	9,124,695	9,106,337	8,206,423	9,399,109	9,830,437	9,490,866	9,755,905
Bond issue costs				11,553,713	584,896	52,810	120,226	8,806,979	1,053,997	9,378,659
Fiscal charges	59,980	47,780	53,036	15,321	148,452	121,582	432,854	885,460	809,851	1,022,214
Total expenditures	149,543,605	153,941,334	176,739,115	258,089,089	246,417,422	273,198,096	350,032,169	266,467,714	264,502,846	292,871,667
Excess of revenues over (under) expenditures	(6,911,432)	1,362,482	1,662,407	(72,171,751)	(44,820,275)	(62,534,951)	(120,311,236)	(28,501,784)	(5,189,768)	(12,359,864)
Other Financing Sources (Uses)										
Proceeds from borrowing ¹	6,571,000	1,898,906	44,700	220,563,634	25,829,948	1,708,338	55,738,063	44,475,642	24,343,040	207,337,856
Proceeds from refunding ¹	--	--	--	4,265,000	23,294,817	3,714,422	--	269,493,568	20,657,894	--
Payments to escrow agents	--	--	--	(4,265,000)	(23,596,955)	(3,655,582)	--	(259,675,524)	--	(184,623,631)
Refund of cash SAD prepayments	--	--	--	--	--	--	--	(478,872)	(20,405,473)	--
Gain (loss) on sale of capital assets	3,731	349,100	50,710	9,618,883	2,500	353,115	89,074	2,046,722	439,594	10,068
Transfers in	19,372,195	34,003,299	32,749,251	23,522,810	41,862,199	41,888,902	41,696,731	119,902,244	40,899,555	47,548,305
Transfers out	(18,523,060)	(32,608,594)	(29,906,134)	(22,740,487)	(46,388,604)	(52,056,931)	(51,605,189)	(128,661,948)	(52,128,091)	(56,282,961)
Total other financing sources (uses)	7,423,866	3,642,711	2,938,527	230,964,840	21,003,905	(8,047,736)	45,918,679	47,101,832	13,806,519	13,989,637
Net change in fund balances	\$ 512,434	\$ 5,005,193	\$ 4,600,934	\$ 158,793,089	\$ (23,816,370)	\$ (70,582,687)	\$ (74,392,557)	\$ 18,600,048	\$ 8,616,751	\$ 1,629,773
Debt service as a percentage of non-capital expenditures	10.2%	8.8%	9.6%	8.0%	14.6% #	14.3%	13.3%	10.5%	12.8%	11.7%

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

Schedule 2.1

CITY OF RENO, NEVADA
 Taxable Assessed Value and Actual Value of Property
 Last Ten Fiscal Years
(In Thousands of Dollars)

Fiscal Year	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1999	--	--	--	--	--	--	--	4,399,428	\$ 3.4056	12,569,794	0.35
2000	--	--	--	--	--	--	--	4,084,454	\$ 3.4461	11,669,869	0.35
2001	--	--	--	--	--	--	--	4,318,883	\$ 3.4461	12,339,666	0.35
2002	--	--	--	--	--	--	--	4,380,916	\$ 3.5151	12,516,903	0.35
2003	--	--	--	--	--	--	--	4,501,165	\$ 3.5799	12,860,471	0.35
2004	--	--	--	--	--	--	--	4,757,490	\$ 3.6380	13,592,829	0.35
2005	--	--	--	--	--	--	--	5,105,374	\$ 3.6478	14,586,783	0.35
2006	547,337	3,259,772	2,175,812	625,783	1,255	60,623	1,073,606	5,596,976	\$ 3.6477	15,991,361	0.35
2007	486,154	3,853,039	2,254,125	537,450	1,363	60,814	1,075,872	6,117,073	\$ 3.6475	17,477,351	0.35
2008	576,364	4,285,823	2,577,443	585,893	1,417	61,222	1,282,063	6,806,099	\$ 3.6470	19,445,997	0.35

Source: Nevada State Department of Taxation and Office of the Washoe County Assessor
 A breakdown of property taxes by type for years 1999 through 2005 is not available.

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

Schedule 2.2

CITY OF RENO, NEVADA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$1,000 of Assessed Value)

Fiscal Year	City Direct Rates			Overlapping Rates			
	City Operations	General Obligation Debt Service	City Total	State of Nevada	School District	Washoe County	Special Districts
1999	0.7711	0.1365	0.9076	0.1500	1.0985	1.2495	0.0000
2000	0.7804	0.1272	0.9076	0.1500	1.1385	1.2495	0.0005
2001	0.7946	0.1130	0.9076	0.1500	1.1385	1.2495	0.0005
2002	0.8442	0.1114	0.9556	0.1500	1.1385	1.2705	0.0005
2003	0.8337	0.1119	0.9456	0.1500	1.1385	1.3453	0.0005
2004	0.8555	0.0901	0.9456	0.1700	1.1385	1.3817	0.0022
2005	0.8555	0.0901	0.9456	0.1700	1.1385	1.3917	0.0020
2006	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0019
2007	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0017
2008	0.8760	0.0696	0.9456	0.1700	1.1385	1.3917	0.0012

Fiscal Year	Reno Increment District	Redevelopment Agency Debt Service
1999	3.4062	3.4062
2000	3.4461	3.4461
2001	3.1782	3.1782
2002	3.5151	3.5151
2003	3.2398	3.2398
2004	3.2398	3.2398
2005	3.2398	3.2398
2006	3.2398	3.2398
2007	3.2500	3.2500
2008	3.2623	3.2623

Source: State of Nevada, Department of Taxation/Redbook

Schedule 2.3

CITY OF RENO, NEVADA
Principal Property Tax Payers
Current Year and Nine Years Ago
(In Thousand of Dollars)

Taxpayer	2008			1999		
	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	\$ 110,390	1	1.97%	\$ 35,278	--	0.91%
Grand Sierra Operating Corp	79,942	2	1.43%	--	--	0.00%
Circus & El Dorado Joint Ventures	61,502	3	1.10%	75,810	1	1.95%
Golden Road Motor Inn	41,406	4	0.74%	30,294	8	0.78%
International Gaming Technology	40,708	5	0.73%	29,795	9	0.77%
Prologis NA3 LLC	31,478	6	0.56%	--	--	0.00%
Harrah's Club	29,541	7	0.53%	41,945	6	1.08%
El Dorado Resorts LLC	28,271	8	0.51%	44,343	4	1.14%
PNK (Reno) LLC	28,111	9	0.50%	--	--	0.00%
Reno Retail Company LLC	26,720	10	0.48%	--	--	0.00%
Total	\$ 478,069		8.54%	\$ 257,465		6.63%

Source: Office of the Washoe County Assessor

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

Schedule 2.4

CITY OF RENO, NEVADA
 Property Tax Levies and Collections as of 6/30/08
 Last Ten Fiscal Years
(In Thousand of Dollars)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 40,184	\$ 39,760	98.94%	\$ 355	\$ 40,115	99.83%
2000	43,884	43,449	99.01%	310	43,759	99.72%
2001	44,839	44,300	98.80%	261	44,561	99.38%
2002	48,985	43,194	88.18%	544	43,738	89.29%
2003	46,177	45,572	98.69%	504	46,076	99.78%
2004	46,425	45,156	97.27%	41	45,197	97.35%
2005	48,263	47,836	99.12%	237	48,073	99.61%
2006	51,949	51,203	98.56%	--	51,203	98.56%
2007	59,649	59,075	99.04%	232	59,307	99.43%
2008	64,543	64,058	99.25%	358	64,416	99.80%

1/ Excludes personal property tax

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

Schedule 2.5

CITY OF RENO, NEVADA
Licenses and Permits by Category¹
Last 10 Fiscal Years
(in thousands of dollars)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Business licenses	\$ 7,981,844	\$ 8,269,089	\$ 8,809,129	\$ 9,308,935	\$ 9,814,258	\$ 10,813,952	\$ 11,901,676	\$ 12,320,382	\$ 13,868,588	\$ 13,419,739
City gaming licenses	3,090,419	3,055,963	3,085,365	2,898,537	2,798,038	2,646,162	2,848,771	2,367,783	2,548,837	2,364,451
Liquor licenses	1,015,761	996,339	1,020,381	1,046,357	1,083,803	1,091,867	1,141,170	1,030,430	1,180,837	1,151,688
Non-business licenses and permits	105,500	123,237	125,670	124,542	135,892	116,423	160,660	55,356	61,100	72,756
Electricity franchise fees	2,751,471	2,781,703	2,962,146	3,302,995	4,026,704	4,212,395	4,580,484	5,064,303	5,733,862	5,783,785
Telephone franchise fees	2,184,083	2,327,386	3,382,000	3,211,083	3,291,210	3,324,443	3,498,648	3,414,967	3,649,048	3,735,284
Natural gas franchise fees	960,689	890,174	1,128,210	2,144,211	1,507,664	1,617,493	1,728,638	2,071,950	2,458,676	2,368,616
Sanitation franchise fees	1,052,663	1,217,304	1,231,510	1,404,773	1,417,765	1,441,167	1,709,852	1,869,581	1,974,410	2,385,936
Water toll fees	670,466	718,839	782,920	980,149	689,154	920,836	939,670	961,514	1,007,879	998,524
Sewer-in-lieu-of-franchise fees	--	--	--	--	--	--	1,031,041	1,289,617	1,504,931	1,471,135
Cable television fees	1,193,363	1,116,985	1,201,741	1,459,032	1,398,607	1,406,222	1,419,899	1,692,421	1,886,280	2,463,954
Total	\$ 21,006,259	\$ 21,497,019	\$ 23,729,072	\$ 25,880,614	\$ 26,163,095	\$ 27,590,960	\$ 30,960,509	\$ 32,138,304	\$ 35,874,448	\$ 36,215,868

Note:

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

Licenses and Permits presented are for General Fund Only

Schedule 3.1

CITY OF RENO, NEVADA
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
In Thousands of Dollars, Except Per Capita)

Fiscal Year	Governmental Activities							Business-type Activities				Total Primary Government	Percentage of Personal Income ⁴	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	Capital Leases ¹	Sanitary Sewer Bonds ²	Sanitary Sewer Note Payable	Golf Course Bonds ³				
1999	\$ 52,380	\$ 52,240	\$ 5,860	\$ 1,773	\$ --	\$ 2,830	\$ --	\$ --	\$ --	\$ 4,070	\$ 119,153	2.32%	\$ 581	
2000	48,735	51,685	5,360	1,804	--	3,806	--	--	--	3,860	115,250	2.18%	555	
2001	44,895	49,345	4,830	1,359	--	2,040	--	--	--	3,735	106,204	1.83%	507	
2002	40,865	46,905	222,870	2,677	--	3,028	--	--	--	3,600	319,945	4.88%	469	
2003	35,505	44,335	233,770	17,097	--	517	--	--	--	3,455	334,679	4.62%	409	
2004	31,415	41,620	233,290	16,343	--	627	1,663	--	--	3,505	328,463	5.46%	367	
2005	30,220	38,765	232,780	15,599	50,500	589	2,519	--	--	3,295	374,267	4.36%	335	
2006	28,480	35,755	338,986	25,401	--	541	2,549	26,280	43,070	3,115	504,177	5.63%	304	
2007	22,965	35,325	361,623	24,488	--	497	2,208	70,606	8,033	2,930	528,675	5.80%	276	
2008	17,640	34,260	368,366	25,125	--	6,453	5,062	101,971	--	2,735	561,612	5.89%	246	

Notes:

¹ Includes capital leases in the Motor Vehicles Internal Service Funds, which is classified as a governmental activity.

² Sanitary sewer bonds outstanding in Fiscal Years 2006 and thereafter were general obligation bonds supported by sewer revenues.

³ 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.

⁴ Personal income data is presented in Schedule 15.

Population Source: Refer to Schedule 4.1

Schedule 3.2

CITY OF RENO, NEVADA
 Direct and Overlapping Debt
 As of June 30, 2008
(In Thousands of Dollars)

<u>Governmental Unit</u>	<u>Debt Outstanding ²</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Reno	\$ 17,640	100.00	\$ 17,640
Washoe County School District	500,380	46.73	233,828
Washoe County	189,250	46.73	88,437
State of Nevada	<u>2,155,125</u>	6.53	<u>140,730</u>
Total	<u>\$ 2,862,395</u>		<u>\$ 480,635</u>

Notes:

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

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

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

Schedule 3.3

CITY OF RENO, NEVADA
Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General bonded debt outstanding										
General obligation bonds	\$ 52,380	\$ 48,735	\$ 44,895	\$ 40,865	\$ 35,505	\$ 31,415	\$ 30,220	\$ 28,480	\$ 22,965	\$ 17,640
Redevpt tax allocation bonds	52,240	51,685	49,345	46,905	44,335	41,620	38,765	35,755	35,325	34,260
Sanitary sewer bonds	--	--	--	--	--	--	--	26,280	70,606	101,971
Golf course bonds	4,070	3,860	3,735	3,600	3,455	3,505	3,295	3,115	2,930	2,735
Total	108,690	104,280	97,975	91,370	83,295	76,540	72,280	93,630	131,826	156,606
Percentage of estimated actual property value ¹	2.47%	2.55%	2.27%	2.09%	1.85%	1.61%	1.42%	1.67%	2.16%	2.30%
Per capita ²	603	574	524	486	426	384	350	437	598	695
Less: Amounts set aside to repay general debt	(12,874)	(20,851)	(23,430)	(9,657)	(9,505)	(6,223)	(13,114)	(9,402)	(10,967)	(7,718)
Total net debt applicable to debt limit	95,816	83,429	74,545	81,713	73,790	70,317	59,166	84,228	120,859	148,888
Legal debt limit ³	659,914	612,668	647,832	657,137	675,175	713,624	765,806	839,546	917,561	1,020,915
Legal debt margin ⁴	564,098	529,239	573,287	575,424	601,385	643,307	706,640	755,318	796,702	872,027
Legal debt margin as a percentage of the debt limit	85.48%	86.38%	88.49%	87.57%	89.07%	90.15%	92.27%	89.97%	86.83%	85.42%

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

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

² Population data can be found in Schedule 15: Economic and Demographic Indicators.

³ 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.

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

Schedule 3.4

CITY OF RENO, NEVADA
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years

Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds ^a						Capital Improvement (Events Center) Bonds			
Room Tax Collections ¹	Sales Tax Collections ¹	Total Available Revenue				Room Tax Collections ²	Principal	Interest	Coverage
		Revenue	Principal	Interest	Coverage				
\$ 486,118	\$ 1,467,813	\$ 1,953,931	\$ 140,000	\$ 121,133	\$ 7.48	\$ --	\$ --	\$ --	\$ --
1,110,450	6,064,552	7,175,002	500,000	269,560	9.32	--	--	--	--
1,101,831	6,369,790	7,471,621	530,000	246,560	9.62	--	--	--	--
989,646	6,443,210	7,432,856	565,000	222,180	9.44	2,691,779	--	--	--
978,896	6,725,011	7,703,907	--	5,483,695	1.40	5,596,237	--	6,257,902	0.89
924,359	7,409,814	8,334,173	--	5,928,319	1.41	5,980,798	--	5,776,525	1.04
948,736	8,260,700	9,209,436	--	5,928,319	1.55	5,811,018	--	5,776,525	1.01
1,077,511	8,925,336	10,002,847	--	2,964,159	3.37	6,053,375	130,000	2,279,025	2.51
1,074,435	8,895,013	9,969,448	--	7,794,611	1.28	6,285,727	285,000	2,273,825	2.46
991,523	8,379,747	9,371,270	1,950,000	9,704,819	0.80	6,000,979	445,000	2,262,425	2.22

Special Assessment Bonds				Lease Revenue Bonds (ReTrac, Fitzgeralds & Sierra Improvements)*			
Special Assessment Collections ⁴	Principal	Interest	Coverage	Property Lease Rents/Royalties Collections ²	Principal	Interest	Coverage
1,056,713	1,070,000	335,789	0.75	--	--	--	--
900,778	1,026,143	282,104	0.69	--	--	--	--
1,922,022	942,778	213,996	1.66	--	--	--	--
1,922,666	1,080,752	146,610	1.57	--	--	--	--
2,016,836	370,310	108,922	4.21	--	--	--	--
1,692,971	490,216	111,415	2.81	--	--	--	--
2,716,138	592,788	84,570	4.01	--	--	--	--
2,904,775	564,627	306,721	3.33	--	--	--	--
1,438,562	753,406	689,194	1.00	--	--	--	--
1,506,847	757,135	657,297	1.07	--	--	--	--
2,521,617	324,087	614,050	2.69	--	--	--	--
2,556,699	913,344	1,596,036	1.02	--	--	--	--
5,128,872	908,344	1,624,196	2.03	1,574,297	--	968,397	1.63

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

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

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

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.

Collections and Payment information have been adjusted to exclude Agency SAD's

Began reporting FY 07/08

Schedule 4.1

CITY OF RENO, NEVADA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income	Median Age ³	Public School Enrollment ⁴	Charter School Enrollment ⁶	Unemployment Rate ⁵
1999	180,190	\$ 5,137,217	\$ 28,510	36.9	27,980	--	3.4%
2000	181,603	5,275,567	29,050	37.3	28,939	--	3.0%
2001	186,883	5,793,373	31,000	35.6	27,006	--	4.0%
2002	187,834	6,555,407	34,900	35.6	29,195	--	4.8%
2003	195,727	7,239,550	36,988	35.8	32,503	--	4.6%
2004	199,249	6,013,335	30,180	35.9	33,797	--	3.8%
2005	206,735	8,587,979	41,541	34.5	38,575	--	3.8%
2006	214,371	8,949,712	41,749	35.3	39,611	1,810	4.0%
2007	220,613	9,107,787	41,284	35.3	40,169	1,967	4.5%
2008	225,246	9,535,114	42,332	35.7	40,470	2,042	6.4%

Sources:

- ¹ Nevada State Demographer's office 1999-2007
State of Nevada Department of Taxation, Demographer - 2008 used 2.1% increase of 2007 Estimates(percentage from Demographer)
Correct Prior year estimate with new data from State of Nevada, Demographer
- ² Personal Income 2006 -- used 2005 + .5% - BEA National Economic Accounts Web Page 11-28-06
Personal Income After 2006 -- University of Nevada, Reno Center for Regional Studies
- ³ Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999
State Demographer Office, UNR Small Business Development Center, 2000
Washoe County Department of Community Development, 2001-2003
Median age is for the entire County.
Median Age - Not available for 2006 -- using 2005
US Census Bureau-factfinder.census.gov Median Age is for Reno corrected 2006; used same figure for 2007 until new figures are available.
US Census Bureau-factfinder.census.gov Median Age is for all of Washoe County
- ⁴ Washoe County School District
- ⁵ 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
- ⁶ Washoe County School District - added 05/06 to enrollment amounts

Schedule 4.2

CITY OF RENO, NEVADA
Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999		
	Rank	(Average) Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	1	7,250	3.21%	1	5,750	3.00%
University of Nevada-Reno	2	4,250	1.88%	3	2,750	1.60%
Washoe County	3	3,250	1.44%	4	2,750	1.60%
International Game Technology	4	2,750	1.22%	13	1,750	1.30%
Renown Regional Medical Ctr (formerly named Washoe Med)	5	2,250	1.00%	7	2,250	1.50%
Silver Legacy Resort Casino	6	2,250	1.00%	5	2,750	1.40%
Peppermill Hotel Casino	7	2,250	1.00%	12	1,750	1.10%
City of Reno	8	2,250	1.00%	15	1,750	1.20%
Atlantis Casino Resort	9	1,750	0.77%	11	1,750	0.90%
Sparks Nugget Inc	10	1,750	0.77%	9	2,250	1.30%
Total		<u>30,000</u>	<u>13.27%</u>		<u>25,500</u>	<u>14.90%</u>

Source: 2008 - Department of Employment Training & Rehabilitation (Nevada State Website)

1999 - Department of Employment Training and Rehabilitation

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

Schedule 5.1

CITY OF RENO, NEVADA
 City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003 ¹	2004 ¹	2005	2006 ²	2007	2008
General Government:										
Management	25.0	22.7	24.3	27.4	29.0	32.0	44.0	45.0	42.0	42.0
Records management/cashiering	13.4	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0
Finance ^a	22.0	22.0	23.0	28.5	28.5	31.5	33.3	32.2	33.0	33.3
Legal	28.5	29.0	32.5	32.5	33.5	34.0	34.0	35.0	35.0	35.0
Human resources ^b	15.0	8.4	16.7	18.8	18.5	15.6	16.5	15.5	15.5	15.5
Information technology ^c	17.5	17.5	19.0	23.8	22.8	24.3	27.2	29.2	28.2	30.0
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	32.9	35.5	40.4	47.0	48.0	47.0	49.1	49.1	59.4	53.4
Police:										
Sworn employees	320.0	309.00	314.0	325.0	337.0	341.8	369.0	370.0	365.0	373.0
Non-commissioned employees	98.0	105.75	107.7	120.3	103.4	108.7	98.5	103.5	104.5	110.5
Fire:										
Authorized emergency personnel	220.0	237.8	303.0	277.0	308.0	308.0	336.0	336.0	345.0	339.0
Fire prevention officers	16.0	15.0	12.0	6.0	10.1	10.1	14.8	14.8	17.7	16.7
Others	19.0	18.5	32.5	36.0	30.7	30.7	20.0	21.0	20.0	29.0
Public works:										
Engineers	12.0	15.1	18.4	15.1	26.0	27.0	20.0	25.0	31.3	35.0
Fleet maintenance	13.0	13.4	13.7	14.5	16.1	15.1	11.0	11.3	16.1	16.1
Others	115.0	117.0	120.0	121.0	124.2	125.2	140.6	134.2	137.8	128.6
Planning & community development	41.2	26.9	22.1	22.0	26.4	30.5	40.6	41.5	76.8	36.5
Culture and recreation	72.2	71.2	69.0	77.8	79.8	79.8	82.2	86.5	87.5	92.8
Urban redevelopment	7.0	6.7	7.0	6.3	7.0	7.0	7.0	5.8	6.8	14.0
Sanitary sewer	39.0	48.0	48.3	56.7	58.7	59.2	63.3	66.5	64.3	69.3
Building permits	35.0	55.8	62.3	66.1	60.7	59.7	58.4	64.5	64.5	69.5
Golf course ^d	8.5	8.8	8.8	8.8	8.0	7.0	6.0	6.2	6.2	6.2
Animal services shelter	17.0	16.0	20.0	20.0	22.0	21.0	22.0	0.0	0.0	0.0
Dispatch services	53.0	73.3	70.0	68.8	68.8	64.3	68.5	68.5	69.5	69.5
Total City Employees	1,244.2	1,290.2	1,401.5	1,436.1	1,484.0	1,495.2	1,578.0	1,577.3	1,642.1	1,630.8

Note:

¹ 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.

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

^a Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.

^b Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.

^c 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.

^d Brookside Golf Course closed October 1, 2006

source -- 1997 -- 1999 taken from CAFR for Fire and Police and Judges

Note: Totals taken from the 08-09 projected Budget

Schedule 5.2

CITY OF RENO, NEVADA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u> ²	<u>2007</u> ²	<u>2008</u> ³
General government:										
Active business licenses	8,552	9,593	10,873	12,189	14,033	16,716	20,640	24,461	25,089	25,574
Business license audits completed						65	70	90	95	110
Percentage of same day response to public requests for research of public documents	98%	98%	98%	97%	97%	98%	96%	98%	98%	100%
Judicial:										
Criminal cases prepared for trial	--	--	--	--	--	4,091	4,950	5,418	5,332	5,080
Cases filed in municipal court	20,869	19,462	22,309	22,641	22,347	25,750	25,779	41,207	44,416	47,000
Cases adjudicated in municipal court	20,000	31,231	22,202	21,992	22,365	24,954	27,632	27,632	42,459	42,000
Police:										
Physical arrests	12,200	8,855	9,133	8,214	7,456	10,254	10,197	12,618	14,558	12,763
Misdemeanor citations	3,000	2,319	4,034	3,201	3,119	3,699	3,521	3,804	3,999	3,821
Traffic-related offenses cited	17,800	17,696	20,156	18,038	20,859	24,585	17,041	33,649	39,973	29,242
Fire:										
Fire emergencies	1,332	963	1,000	1,105	1,177	1,272	1,087	1,238	1,388	1,800
Emergency medical calls	10,863	10,219	15,344	14,366	15,298	16,792	18,476	16,099	24,573	27,000
Inspections	4,000	4,220	4,413	2,428	3,920	6,871	5,741	18,180	14,775	21,500
Public works:										
Streets reported in "fair" or better condition	75%	75%	78%	80%	82%	79%	82%	84%	85%	85%
Pothole calls received/% repaired within 24 hrs			175/100%	240/85%	1,200/95%	200/95%	185/95%	336/93%	168/100%	150/100%
Culture and recreation:										
Participants in senior contract recreation programs	8,475	12,293	17,829	20,063	24,172	37,453	26,618	6,327	3,864	4,055
Participants in youth programs	1,950	2,250	2,550	3,450	3,600	3,780	3,893	<i>4,088</i>	4,546	3,565
Instructional swimming classes offered	450	550	510	509	500	500	1,200	1,200	1,200	1,200
Planning & community development:										
Jobs generated by businesses in Redevelopment area	--	--	5	618	769	87	123	167	963	--
Affordable housing units developed in Redevelopment area	--	240	613	258	--	--	240	--	--	--
Housing rehabilitation projects completed	35	31	33	4	--	2	15	27	10	13
Sanitary Sewer:										
Lineal feet of sewer lines & storm drains maintained	1.4 mil	1.4 mil	1.68 mil	1.86 mil	2.05 mil	3.1 mil	3.2 mil	3.4 mil	3.4 mil	3.4 mil
Golf:										
Cost per acre per year to maintain golf courses	\$ 5,626	\$ 5,200	\$ 5,200	\$ 5,200	\$ 4,500	\$ 4,500	\$ 4,600	\$ 4,800	\$ 5,150	\$ 4,800
Building:										
Building permits issued	8,703	8,497	8,627	8,195	9,416	11,607	13,171	9,294	9,161	7,272
Avg. # of monthly building inspections performed	--	--	5,800	5,233	5,565	6,886	10,618	11,171	8,171	8,968
Code enforcement cases	--	--	1,605	1,764	2,453	2,714	3,367	4,481	4,184	4,400

Notes:

- ¹ There was limited reporting of performance measures in FY 1997, and most performance measures were revamped in FY 1998/99 to commence reporting in FY 1999/00.
- * ² Figures in italics indicate targeted figure based on FY 2006/07 Budget Document that was prepared prior to final year-end figures becoming available.
 Fire Inspection Figures are a lot higher due to implementation of new tracking through Fire
 Traffic violation information -- obtain from Lt. Mike Whan in the Traffic Division Ext #3844 Other PD information provided by the department statistician Steve Bigham
- * ³ Figures in italics indicate targeted figure based on FY 2007/08 Budget Document that was prepared prior to final year-end figures becoming available.

Schedule 5.3

CITY OF RENO, NEVADA
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	4	4	4
Patrol units ¹								220	254	254
Fire:										
Stations	11	16	16	16	16	16	16	16	18	17
Fire fighting vehicles	24	28	28	28	29	31	35	36	54	59
Public works:										
Paved streets (miles)	499.0	524.1	532.0	524.1	532.0	546.0	579.0	582.0	637.1	654.0
Unpaved streets (miles)	2.0	1.7	1.9	1.7	1.9	1.9	1.9	1.9	3.6	0.8
Culture and recreation:										
Acreage	667	927	935	1,959	1,935	1,935	1,935	2,015	2,076	2,168
Park facilities	70	70	72	72	72	73	75	82	83	83
Playgrounds	43	46	48	48	48	51	51	51	52	52
Swimming pools	5	5	5	5	5	5	5	5	5	5
Sanitary sewer:										
Sanitary sewer lines (miles)	528.9	546.0	564.0	546.0	564.0	650.0	696.0	716.0	743.0	743.0
Storm drains (miles)	208.0	288.0	229.0	288.0	229.0	285.0	394.0	404.0	444.0	444.0
Treatment capacity millions of gallons)		41.5	41.5	41.5	41.5	41.2	41.2	41.2	41.2	44.0
Golf:										
Golf courses ²	2	2	2	2	2	2	2	2	1	1

Source: Finance Department, Budget Division

Notes:

¹ Count for prior years not readily available

² Brookside Golf Course to close October 1, 2006

³ Fire Vehicles include all vehicles

SINGLE AUDIT REPORT



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Reno's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

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

Internal Control Over Financial Reporting (continued)

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

Compliance and Other Matters

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

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



Roseville, California
December 11, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Reno, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Reno's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Reno's management. Our responsibility is to express an opinion on the City of Reno's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Reno's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Reno's compliance with those requirements.

In our opinion, the City of Reno complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 is described in the accompanying schedule of findings and questioned costs as item 08-SA-1.

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

Internal Control Over Compliance

The management of the City of Reno is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Reno's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Reno's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-SA-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-SA-1 to be a material weakness.

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

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

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Gallina LLP

Roseville, California
December 11, 2008

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
WCISA Annual Workshop Attendance	10.664	--	\$ 3,471
Subtotal Direct			<u>3,471</u>
 <i>Child Nutrition Cluster</i>			
Passed through Nevada Department of Education, Office of Child Nutrition & School Health:			
Milk Distribution Program	10.556	--	21,415
Food Distribution Program	10.559	--	55,590
Subtotal			<u>77,005</u>
 Total <i>Child Nutrition Cluster</i> - \$77,055			
Total U.S. Department of Agriculture			<u>\$ 80,476</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Blocks Grant/Brownfields Economic Development Initiative - Senior Addition	14.246	--	158,760
Community Development Blocks Grant/Brownfields Economic Development Initiative - Wells Landscaping	14.246	--	11,584
Community Development Blocks Grant/Brownfields Economic Development Initiative - Comm. Assist Center	14.246	--	487,109
Subtotal CFDA 14.246			<u>657,453</u>
Community Development Block Grants-Entitlement Grants	14.218	--	2,886,258
HOME Investment Partnerships Program	* 14.239	--	1,295,839
Emergency Shelter Grants Program	14.231	--	49,342
Subtotal			<u>4,231,439</u>
Subtotal Direct			<u>4,888,892</u>

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Housing and Urban Development (continued)</u>			
Passed through Nevada State Housing Division:			
Emergency Shelter Grants Program	14.231	--	\$ 42,546
HOME Investment Partnership Program - State of Nevada	* 14.239	various	59,839
Subtotal			<u>102,385</u>
 Total U.S. Department of Housing and Urban Development			 <u>\$ 4,991,277</u>
 <u>U.S. Bureau of Reclamation</u>			
Direct Programs:			
Providing Water to At-Risk Natural Desert Terminal Lakes (Lower Truckee River Improvements)	15.508	--	<u>623,374</u>
Total U.S. Bureau of Reclamation			<u>\$ 623,374</u>
 <u>U.S. Department of Justice</u>			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant - FY05	16.738	--	113,204
Edward Byrne Memorial Justice Assistance Grant - FY06	16.738	--	66,320
Edward Byrne Memorial Justice Assistance Grant - FY07	16.738	--	62,494
Subtotal CFDA 16.738			<u>242,018</u>
 Public Safety Partnership and Community Policing Grant	16.710	--	<u>116,225</u>
Subtotal Direct			<u>358,244</u>
 Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:			
Edward Byrne Memorial Formula Grant -- Multi- Jurisdictional Gang Taskforce	16.579	07-JAG-24	134,707
Protecting Inmates and Safeguarding Communities	16.735	07-JAG-25	78,000
Subtotal Pass-through			<u>212,707</u>

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services:			
Crime Victim Assistance Grant		VOCA3145/20S-FY07-09-089	\$ 123,937
Crime Victim Assistance Grant	16.575	VOCA3145/20S-FY07-09-097	60,000
Subtotal Pass-through			<u>183,937</u>
Passed through Nevada Office of Attorney General:			
Violence Against Women Formula Grants	16.588	2006-STOP-31	1,125
Violence Against Women Formula Grants	16.588	2007-STOP-03	31,300
Violence Against Women Formula Grants	16.588	2006-STOP-05	27,244
Subtotal Pass-through			<u>59,670</u>
<u>U.S. Department of Justice (continued)</u>			
Passed through Boys and Girls Club of the Truckee Meadows:			
Community Capacity Development Office Operation Weed and Seed South 07-08	16.595	--	44,059
Total U.S. Department of Justice			<u>\$ 858,616</u>
<u>U.S. Department of Labor</u>			
Passed through Nevada Department of Education, Training, and Rehabilitation:			
Workforce Investment Act of 1998 Youth Activities	17.259	YS-07-CITY	103,547
Total U.S. Department of Labor			<u>\$ 103,547</u>

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through the Nevada State Emergency Response Commission and the Washoe County Local Emergency Planning Committee: Interagency Hazardous Materials Public Sector Training and Planning	20.703	07-HMEP-16-02	\$ 12,150
Passed through Nevada Department of Transportation: Highway Planning and Construction - Railroad Corridor	* 20.205	--	1,144,849
<i>Highway Safety Cluster</i>			
Passed through Nevada Department of Human Resources Division of Child and Family Services: Alcohol Traffic Safety and Driving Prevention Incentive	20.601	--	4,425
Passed through Nevada Department of Public Safety, Office of Traffic Safety: State and Community Highway Safety - Motorcycle Project	20.600	28-AL-3/27-J8-18-14	54,500
State and Community Highway Safety - Joining Forces	20.600	28-JF-1.19	62,721
State and Community Highway Safety - Speed Campaign	20.600	28-PT-5	5,000
Subtotal - Highway Safety Cluster			122,221
Total U.S. Department of Transportation			\$ 1,283,646
<u>U.S. Environmental Protection Agency</u>			
Direct Programs: Congressionally Mandated Programs (Corey Lift Station Rehabilitation)	66.202	--	240,600
Total U.S. Environmental Protection Agency			\$ 240,600

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Corporation for National & Community Service</u>			
Passed through Nevada Commission for National & Community Service			
Americorp Member Serving Youth Division Programs	94.006	--	\$ 25,365
U.S. Corporation for National & Community Service			\$ 25,365
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Nevada Welfare Division			
The Behavior Analysis Project and Child Care Training	93.575		20,000
U.S. Department of Health and Human Services			\$ 20,000
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Assistance to Firefighters Grant	* 97.044	--	452,387
Subtotal Direct			452,387
Passed through State of Nevada, Department of Public Safety:			
Emergency Management Performance Grant	97.042		78,944
Subtotal CFDA 97.073			78,944
Total U.S. Department of Homeland Security			\$ 531,331
Total Expenditures of Federal Awards, Excluding Loans			\$ 8,758,232

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Federal Loan Balances With a Continuing Compliance Requirement</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Nevada State Housing Division:			
Community Development Block Grants/States Program	14.218	--	\$ 1,064,187
Home Investment Partnership Program	* 14.239	--	27,269,416
 <u>U.S. Environmental Protection Agency</u>			
Passed through Nevada Department of Environmental Protection:			
Clean Water State Revolving Fund Loan	66.458		<u>8,033,095</u>
Federal Loan Balances with a Continuing Compliance Requirement			<u>36,366,698</u>
Total Expenditures of Federal Awards Including Loans			<u><u>\$ 45,124,930</u></u>

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

1. General

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

2. Basis of Accounting

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

3. Subrecipients

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Provided to Subrecipients</u>
14.218	Community Development Block Grants – Entitlement Grants	\$ 311,065
14.239	HOME Investment Partnership Program – State of Nevada	<u>240,137</u>
	Total	<u>\$ 551,202</u>

4. Pass-Through Entities' Identifying Number

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

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

5. Total Federal Awards Expended by CFDA Number

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

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
14.231	\$ 91,888
14.239	1,355,678

6. Type A Threshold

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

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1

Summary of Auditor's Results

Financial Statements

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

Federal Awards

- | | |
|---|---------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses | None Reported |
| 2. Type of auditor's report issued on compliance for major program: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major program: | |

CFDA Number

Name of Federal Program

14.239

HOME Investment Partnerships Program

20.205

Highway Planning and Construction -
Railroad Corridor

97.044

Assistance to Firefighters Grant

- | | |
|--|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs (See Footnote 6). | \$ 300,000 |
|--|------------|

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1 (continued)

Summary of Auditor's Results

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

Yes

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 97.044

Finding 08-SA-01

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding/Program

Findings/Noncompliance

Finding 08-SA-1

Assistance to
Firefighters Grant
CFDA 97.044

Award No. N/A
Year: 2007-2008

Federal Grantor: U.S. Department of Homeland Security
Pass-Through Entity: None
Compliance Requirement: Procurement , Suspension and Debarment
Reporting Requirement: Material Weakness and Material
Non-Compliance in Relation to a Compliance
Requirement

Criteria

When engaging in any federally-funded transaction which equals or exceeds \$25,000 with a vendor or a transaction in any amount with a subrecipient, the non-federal entity is obligated to determine if the other party is suspended or debarred. As well, the debarment rules provide that this requirement must be imposed on, and relevant information must be provided to, all subrecipients of federal funds. OMB A-133 Compliance Supplement, Part 3, §I – Procurement, Suspension and Debarment. Also see Federal Register 68FR66583–66632.

Condition

We inquired about the City’s procedures regarding suspension and debarment. We tested two vendors. Suspension and debarment had not been checked for one vendor.

Questioned Costs

No costs are questioned. The Excluded Parties List was checked during the audit and vendor was not suspended or debarred.

Perspective

We do not believe that any further information would assist perspective.

Effect of the Condition

The federal government can reject a claim for federal funds reimbursement when the underlying transaction is with a suspended or debarred individual or entity.

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-1 (continued) Assistance to Firefighters Grant CFDA 97.044 Award No. N/A Year: 2007-2008	<u>Recommendation</u> We recommend that the Department implement procedures to ensure that suspension and debarment are checked for any federally-funded transaction, which equals or exceeds \$25,000 or for any amount with a subrecipient. A list of suspended and debarred parties is available online from the Excluded Parties List System at < http://www.epls.gov >. <u>Corrective Action Plan</u> As part of the process for selecting a vendor to provide goods or services in which the transaction amount equals or exceeds \$25,000 or for any amount with a subrecipient, the Fire Department will check the Excluded Parties List System at http://www.epls.gov . The results of the search will be printed and retained in the file for the pertinent grant. This plan is effective immediately. Michele Hobbs at (775)-334-4260 is the contact person for this plan.

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Audit Reference Number	Status of Prior Year Audit Findings
N/A	There were no prior year findings.

AUDITOR'S COMMENTS

NEVADA REVISED STATUTE 354.626

STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and Nevada Administrative Code is contained in Note 19 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taken during 2007-08 relating to the potential violations reported in the June 30, 2007 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2008. There were, however, overexpenditures during the current year as reported in Note 19 to the financial statements.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2007.

CURRENT YEAR RECOMMENDATIONS

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

The City of Reno's continuing efforts toward superior financial reporting and presentation were again acknowledged by the Government Finance Officers Association when the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2007, Comprehensive Annual Financial Report. We would like to congratulate the City on this achievement.

CITY OF RENO, NEVADA

Schedule of Business License Fees
Subject to the Provisions of NRS 354.5989
For the Year Ended June 30, 2008

Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2007 (base year)		<u>\$ 1,384,983</u>
Adjustment to Base:		
1. Percentage increase in population of the local government	3.70%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>4.10%</u>	
	<u>7.80%</u>	
Total adjustment percentage		
Adjustment amount (base x percentage)		<u>108,029</u>
Adjusted Base, June 30, 2008		1,493,012
Actual Revenue		<u>631,331</u>
Amount Over (Under) Allowable Amount		<u><u>\$ (861,681)</u></u>

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for year ended June 30, 2007		\$ 13,075,847
Percentage Increase In The Consumer Price Index	4.10%	<u>536,110</u>
Adjusted Base, June 30, 2008		13,611,957
Actual Revenue		<u>13,075,847</u>
Amount Over (Under) Allowable Amount		<u><u>\$ (536,110)</u></u>