

**CITY OF RENO
STATE OF NEVADA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year
July 1, 2005 through June 30, 2006**

**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, 2006**

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INTRODUCTORY SECTION

December 13, 2006

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, 2006 is hereby submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

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

The City of Reno's financial statements have been audited by Bartig, Basler & Ray, 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, 2006 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, 2006, 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 Sierra Nevada Mountains 35 miles northwest of Lake Tahoe, in the area called the Truckee Meadows. The City was named after Civil War General Jesse Reno.

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

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

The City of Reno maintains budgetary controls. The objectives of these budgetary controls is 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 whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

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

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

Factors Affecting Financial Condition

Local Economy. Reno's economy is principally based in the trade and service sector, with approximately 64% of the work force employed in these occupations. Although gaming and other recreational activities represent a significant portion of the growing economy and assessed valuation, the City is experiencing gradual diversification of its business base with the expansion of distribution, warehousing, and manufacturing facilities. Approximately 44% of the workforce is employed in the fields of construction, manufacturing, transportation, communications, public utilities, and finance related services.

As in the prior year, sales tax revenues have continued to reflect an improving economy in Nevada. Sales tax revenues in the areas of auto sales and area construction have remained the primary contributors to sales tax revenue increases thus far in the 2005/2006 fiscal year. However, sales tax revenues, by their nature can be volatile. This is why the proposed 2006/07 budget continues to reflect a moderately conservative estimate for this and other revenue sources.

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 2006, Inc. magazine has tabbed Reno No. 5 on its list of the "Best Mid-Size Cities for Business in America, and ranks 25th overall out of 393 cities for business."

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

- 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 the conditions of special use permits by adding a code enforcement officer specifically for that purpose;
- Maintaining the current level of support for arts and culture programs and grants; and

- Operating the “4 Steps into the Future” program in conjunction with Hug High School

The Council Priorities for fiscal year 2006/07 are Public Safety, Planning, Communications, Redevelopment and Intergovernmental Cooperation. These priorities have been addressed in the City of Reno proposed budget in the following manner:

- The traffic team that was authorized last fiscal year will continue to increase police presence in the community and address an important community concern by providing additional traffic enforcement;
- The number of reserve officer positions has been increased to nineteen, which will provide additional foot patrol in the downtown, along East Fourth Street and in other portions of the City’s redevelopment areas;
- Construction of a portion of the public safety portion of the south community service center is scheduled to begin with the construction of a fire station and a police service counter at Veterans and Steamboat Parkways;
- Funding for graffiti removal is included to permit timely removal throughout the City;
- The narrowing of North Virginia Street will occur in the Fall of FY 2006/07. Virginia Street from the Truckee River to 4th Street is beginning a transformation that will make shopping and visiting downtown Reno a brand new experience. Wider sidewalks, new décor and safer crosswalks are just a few of the amenities included in the project.
- The master plan for the use of properties acquired as a part of the ReTRAC properties will be completed early in FY2006/07; and
- Funding has been included for an assistant planner to develop/implement design standards.

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 2007 include:

- Parks, Recreation and Community services funded projects include Neighborhood Park Improvements;
- Community Resources funded projects include Neighborhood Revitalization Program;
- Fire Department funded projects include Fire Vehicle Replacement Program;
- Public Works funded projects include Street Reconstruction and Rehabilitation, Neighborhood Traffic Calming, Truckee River Restoration Program, Truckee Meadows Water Reclamation Facility and Stead Facility Expansion, Sanitary Sewer Rehabilitation/Improvements, Lawton Sewer Interceptor, East 4th Street Lighting, Streetscaping and Downtown Lighting Program, and School safety improvements, and;

- Financing funding projects include Community Service Center-South construction to collocate various City of Reno Services including Police, Recreation, Building Permits, Code Enforcement and Finance.

Major Initiatives

Reno has entered an exciting time with construction recently completed on the Theater Corner Parcel, Mills B. Lane Justice Center, ReTRAC Project and Bayer Development's 566,392 square foot lifestyle mall Summit Sierra.

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

Construction is underway on the Arterra, Palladio, Belvedere, and Montage condominium projects. As described by the arterra-home.com web site, the Arterra is located at Sierra and Liberty Streets and is described as "A modern living experience surrounded by views, connected to nature and inspired by art. It rises sixteen stories above the heart of the Reno Arts District, looking out to the surrounding mountains and skyline. Its advanced architecture blending with natural elements. Its homes bringing design and beauty together in a luxurious living space."

The Palladio is BCN Development of Denver building a 13-story mixed use project at the corner of Sierra and First Streets, next to the Truckee River. This project will include 19,000 square feet of retail space with restaurants, a parking garage, and 87 market-rate condominiums.

Cabela's 125,000 square foot retail project is set to begin as is the renovation of the Grand Sierra Resort (formally the Hilton hotel/casino) property to include condominiums, water park, and retail stores.

Of note is the Cabela's retail project which will require a very complicated financing plan consisting of the use of Sales Tax Anticipation Revenue (STAR) bonds, Special Assessment District (SAD) bonds, and Redevelopment Tax Increment bonds. The Cabela's project will be the first use in the State of Nevada of STAR bonds and consequently will require special attention in regards to the timing of the various approval steps required. These projects will not only provide a large financial boost to the Truckee Meadows region, but will also provide Reno residents with additional amenities for which they currently have to travel long distances to receive.

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

In addition to the projects discussed above, the City completed the Community Assistance Center which will provide much needed support to address the social issue of assisting homeless population in Reno. This project will help improve the quality of life for homeless individuals and help them to better access

necessary services and the resources needed to find jobs and housing. Currently, the City is building an additional new facility to care and address the issues of families.

Cash Management Policies and Practices. Permissible investments of the policy include certificate 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 Worker’s Compensation. The Risk Retention Fund was designed to account for the operations of the self funded general insurance program. The Self-Funded Worker’s Compensation Fund was designed to account for the operations of the self funded workers compensation program. This program offers two medical plans, the self funded plan and a health maintenance organization. It also offers dental and vision plans and life insurance benefits. Health insurance benefits are also available to retired city employees under various plans. Notes 12 and 13 to the financial statements describe more fully the purpose of the funds, insurance coverage and stop loss amounts.

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2005.

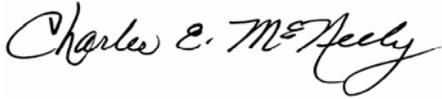
This was the 23rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently

organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and Bartig, Basler & Ray, 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, 2005

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.

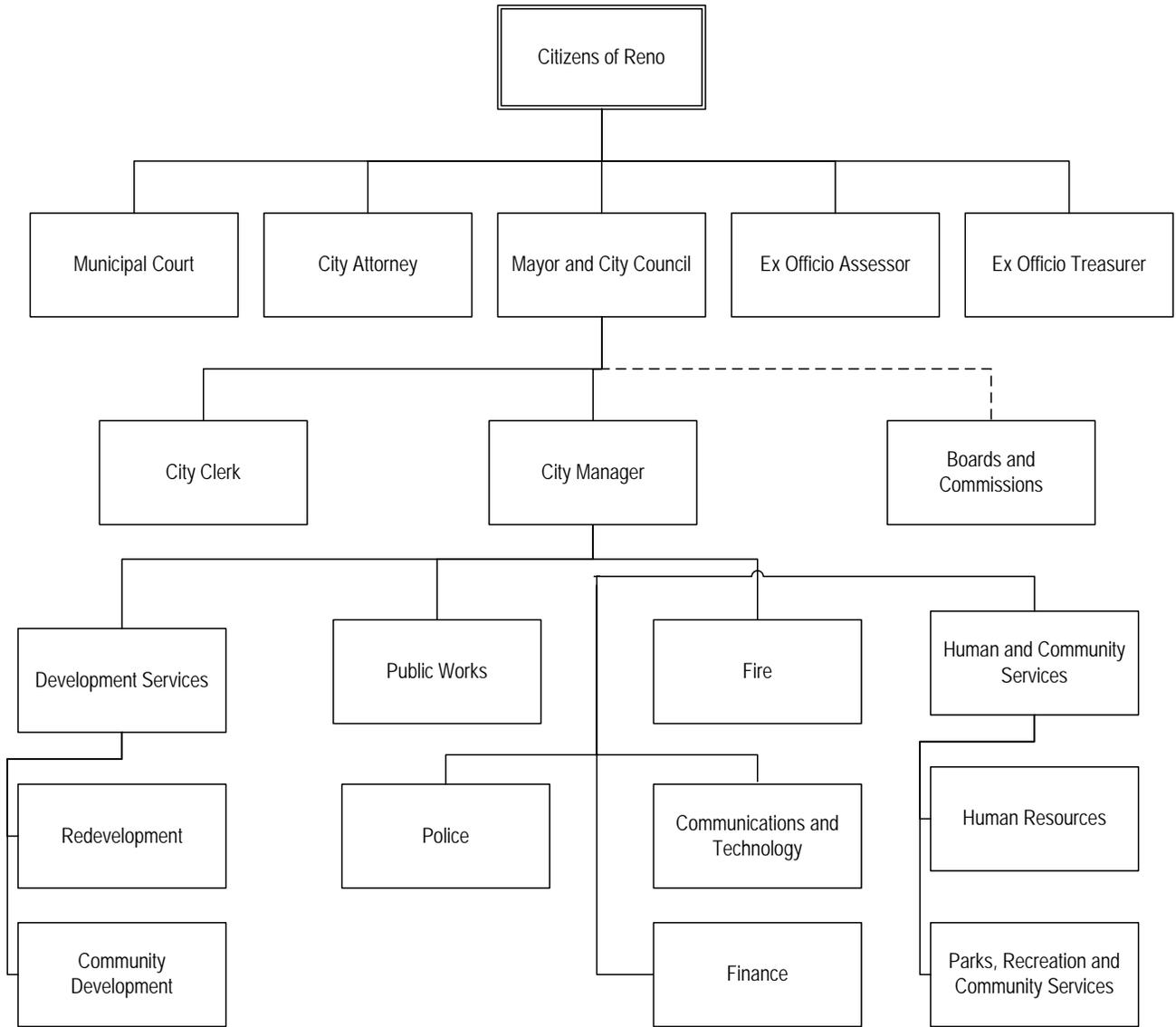


Carla E. Fudge

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

Patricia Lynch, City Attorney
Jay Dilworth, Judge
Paul Hickman, Judge
James Van Winkle, Judge
Kenneth Howard, Judge

FINANCIAL SECTION



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Reno's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno, as of June 30, 2006, 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.

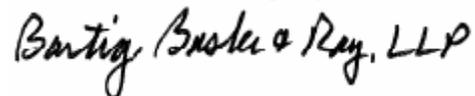
To the Honorable Mayor and Council Members
of the City of Reno

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2006 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.

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

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company



Roseville, California
November 17, 2006

**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 \$56,422,004 or 7.05%, over the prior year balance after prior year adjustment adjustments (detailed on page 3).
- The City refinanced approximately \$241.5 million of bonds related to the depressed railroad trench (ReTRAC) and events center projects. The refinancing provided additional monies to fund the second phases of these projects, as well as reduced future annual interest payments.
- Net capital assets grew 9.68% after prior year adjustments to construction in progress, art and historical treasures, and improvements other than buildings.
- General Fund revenues totaled \$164,551,021, which is an \$8,209,945 increase over the prior year. This figure excludes other financing sources.
- General Fund expenditures increased 4.83% to \$142,637,140, excluding other financing uses such as operating transfers.
- Property tax revenue increased by 6.99%, excluding property taxes that were collected for only part of the year by the Animal Services Shelter Fund.
- Consolidated taxes increased from \$52,372,923 to \$54,708,166, or 4.46%, over the prior year.
- Cash and investments at the governmental funds level declined only \$561,956, following a \$69.5 million decline in fiscal year 2005 that was primarily due to the usage of remaining bond proceeds to fund construction of the ReTRAC and events center projects.
- The Sewer Enterprise Fund drew down an additional \$39.4 million on the \$74.8 million and \$10.2 million lines of credit through the Nevada State Clean Water Revolving Loan Fund to fund water treatment plant expansions and sewer line rehabilitation. The total outstanding is \$69.4 million.

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; and parks, culture, and recreation. The business-type activities for the City of Reno include sewer operations, golf operations, dispatch, planning, and building permit operations. Operation of the animal services shelter was turned over to Washoe County effective July 1, 2005.

Fund Financial Statements

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

Governmental Funds

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

The City of Reno maintains 30 separate funds/fund groups that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance in the following seven 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, Downtown Events Center Capital Project Fund, and the Municipal Court Capital Project Fund. Information for the remaining twenty-three (23) 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, Animal Services Shelter, 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 fund 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 | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2006 | 2005* | 2006 | 2005* | 2006 | 2005* |
| Current and other assets | \$204,189,301 | \$181,242,023 | \$29,329,148 | \$26,012,990 | 233,518,449 | \$207,255,013 |
| Restricted assets | | | 16,593,980 | 11,886,453 | 16,593,980 | 11,886,453 |
| Investment in Truckee Meadows Water Reclamation Facility | | | 90,754,492 | 70,085,308 | 90,754,492 | 70,085,308 |
| Delinquent accounts receivable | | | 1,877,879 | 1,104,474 | 1,877,879 | 1,104,474 |
| Capital assets | 913,201,860 | 840,668,678 | 213,117,677 | 186,100,178 | 1,126,319,357 | 1,026,768,856 |
| Total Assets | 1,117,391,161 | 1,021,910,701 | 351,673,176 | 295,189,403 | 1,469,064,337 | 1,317,100,104 |
| Current liabilities | 53,007,495 | 67,325,487 | 12,387,359 | 10,608,695 | 65,394,854 | 77,934,182 |
| Long-term liabilities | 475,528,688 | 405,500,420 | 71,849,155 | 33,795,866 | 547,377,843 | 439,296,286 |
| Total Liabilities | 528,536,183 | 472,825,907 | 84,236,514 | 44,404,561 | 612,772,697 | 517,230,468 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 512,540,225 | 500,606,190 | 209,995,148 | 182,797,071 | 722,535,374 | 683,403,261 |
| Restricted | 68,701,814 | 59,321,040 | 5,178,970 | 5,206,160 | 73,880,784 | 64,527,200 |
| Unrestricted | 7,612,939 | (10,842,436) | 52,262,543 | 62,781,611 | 59,875,482 | 51,939,175 |
| Total Net Assets | 588,854,978 | \$549,084,794 | 267,436,662 | \$250,784,842 | \$856,291,640 | \$799,869,636 |

*Note: Totals for Governmental Activities for FY 2005 have been restated to reflect the following prior year adjustments: \$583,749 decrease to Current and Other Assets (Cash), \$590,000 decrease to Current and Other Assets (Prepaid Assets), \$1,236,356 net increase to Capital Assets (CIP), \$20,900 increase to Capital Assets (Art), \$16,520 net decrease to Capital Assets (Machinery & Equipment), \$1,638,405 increase to Current Liabilities (Accounts Payable), \$1,644,163 increase in Unearned Revenue reported under Current Liabilities, \$37,611,574 reclassified from Current Liabilities to Long-Term Liabilities (Liability for Self-Insurance), and \$23,074,434 reclassified from Long-Term Liabilities to Current Liabilities. Totals for Business-Type Activities for FY 2005 have been restated to reflect the following prior year adjustments: \$38,503 increase to Current and Other Assets (Deferred Charges), \$473,342 increase to Investment in TMWRF, \$2,139,350 net decrease to Capital Assets (CIP), \$135,795 net decrease to Capital Assets (Improvements), \$71,264 decrease in Deposits reported under Current Liabilities, and \$1,521,047 reclassified from Long-Term Liabilities to Current Liabilities.

Total assets as of June 30, 2006, net of accumulated depreciation of \$474,773,065, totaled \$1,469,064,337. Assets include cash/investments, receivables, prepaid items, and capital assets. Liabilities, which consisted primarily of long-term debt, totaled \$612,772,697. Liabilities also include payables and unearned revenue. A comparison of assets and liabilities for the government-wide financial statements reflected net assets of \$856,291,640. This total reflects an improvement during the year of \$56,422,004, or 7.05%, after taking into consideration prior period adjustments discussed in the note above. The majority of the City of Reno's total assets, \$1.13 billion, or 76.67%, is reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction in progress). Capital asset growth is responsible for 65.48% of the overall growth in total assets. Other asset investments include a \$90,754,492 ownership interest in the Truckee Meadows Water Reclamation Facility.

Fiscal year 2005/06 activity for the government-type and business-type entities is presented in the Statement of Activities and summarized below. As indicated in this statement, governmental activities increased net assets of the City of Reno by \$39,770,184. Business-type activities increased net assets by \$16,651,820.

City of Reno Change in Net Assets

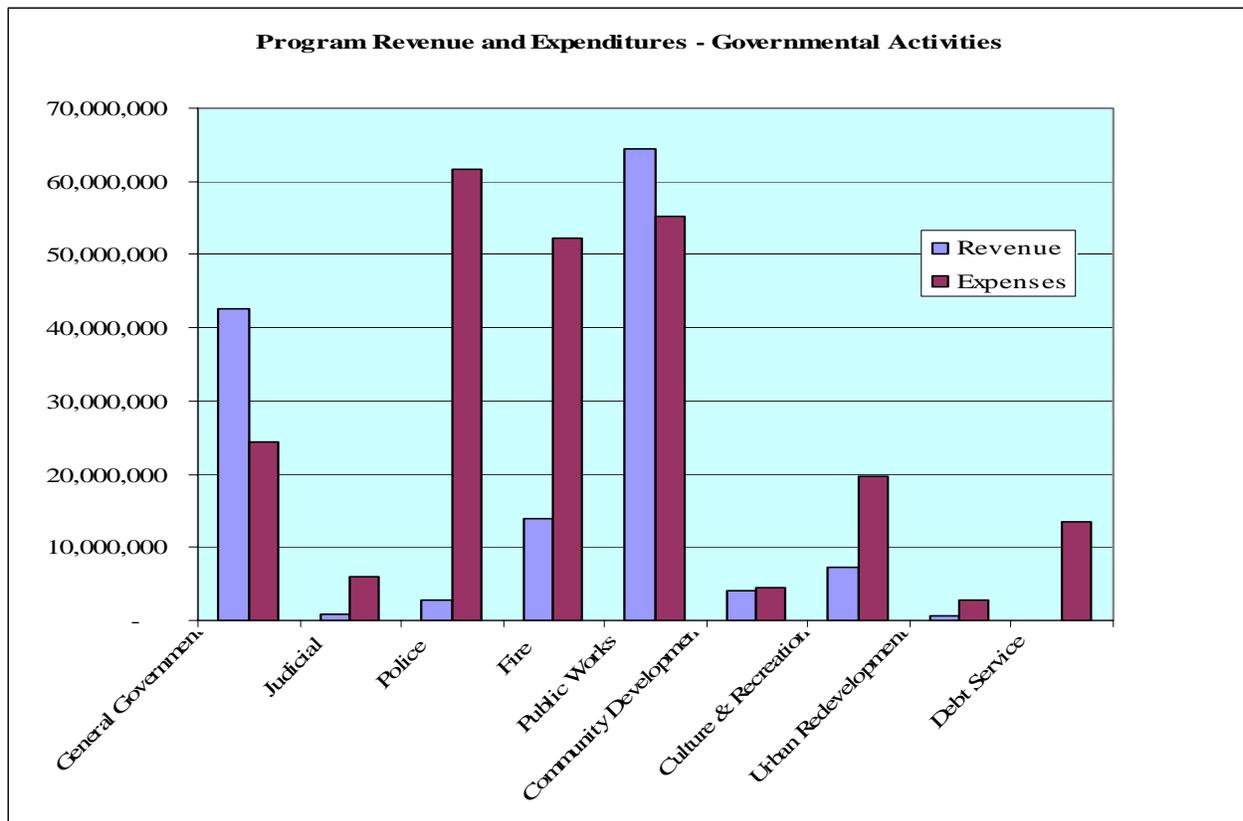
| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2006 | 2005* | 2006 | 2005* | 2006 | 2005 |
| Revenues: | | | | | | |
| <i>Program revenues:</i> | | | | | | |
| Charges for services | \$67,393,776 | \$68,945,754 | \$46,464,771 | \$40,237,859 | \$113,858,547 | \$109,183,613 |
| Operating grants, interest and contributions | 6,113,851 | 4,518,286 | 26,375 | \$54,914 | \$6,140,226 | 4,573,200 |
| Capital grants, interest and contributions | 63,266,466 | 47,852,071 | 19,082,843 | 13,753,915 | \$82,349,309 | 61,605,986 |
| Total Program Revenue | 136,774,093 | 121,316,111 | 65,573,989 | 54,046,688 | \$202,348,082 | 175,362,799 |
| <i>General revenues:</i> | | | | | | |
| Ad valorem taxes | 55,118,928 | 51,518,055 | 87,677 | 2,198,185 | \$55,206,605 | 53,716,240 |
| Consolidated taxes | 54,708,166 | 52,372,923 | - | - | 54,708,166 | 52,372,923 |
| Shared revenues | 5,497,830 | 5,775,414 | - | - | 5,497,830 | 5,775,414 |
| Other taxes | 19,559,659 | 18,084,211 | - | - | 19,559,659 | 18,084,211 |
| Unrestricted investment & interest earnings | 5,376,707 | 3,875,646 | 715,402 | 468,596 | 6,092,109 | 4,344,242 |
| Other | 7,009,892 | 1,532,505 | 1,471,656 | 288,583 | 8,481,548 | 1,821,088 |
| Total Revenues | 284,045,275 | 254,474,865 | 67,848,724 | 57,002,052 | 351,893,999 | 311,476,917 |
| Expenses: | | | | | | |
| General government | 21,455,932 | 15,624,299 | - | - | 21,455,932 | 15,624,299 |
| Judicial | 6,079,294 | 5,204,457 | - | - | 6,079,294 | 5,204,457 |
| Police | 61,728,746 | 57,230,870 | - | - | 61,728,746 | 57,230,870 |
| Fire | 52,249,991 | 56,128,634 | - | - | 52,249,991 | 56,128,634 |
| Public works | 55,125,179 | 51,600,830 | - | - | 55,125,179 | 51,600,830 |
| Community planning and development | 4,581,284 | 5,860,746 | - | - | 4,581,284 | 5,860,746 |
| Culture & recreation | 19,697,196 | 19,470,362 | - | - | 19,697,196 | 19,470,362 |
| Urban redevelopment | 5,683,381 | 3,454,927 | - | - | 5,683,381 | 3,454,927 |
| Interest & fiscal charges | 13,411,829 | 17,540,448 | - | - | 13,411,829 | 17,540,448 |
| Sanitary sewer | - | - | 34,207,565 | 29,668,235 | 34,207,565 | 29,668,235 |
| Golf courses | - | - | 2,036,125 | 1,938,796 | 2,036,125 | 1,938,796 |
| Building permits | - | - | 7,569,511 | 6,151,551 | 7,569,511 | 6,151,551 |
| Animal services shelter | - | - | 1,144,277 | 2,383,231 | 1,144,277 | 2,383,231 |
| Planning | - | - | 4,689,393 | 4,621,742 | 4,689,393 | 4,621,742 |
| Dispatch | - | - | 5,812,292 | 5,144,641 | 5,812,292 | 5,144,641 |
| Total Expenses | 240,012,832 | 232,115,573 | 55,459,163 | 49,908,196 | 295,471,995 | 282,023,769 |
| Excess of revenues over expenses before transfers | 44,032,443 | 22,359,292 | 12,389,561 | 7,093,856 | 56,422,004 | 29,453,148 |
| Transfers | (4,262,259) | (4,365,478) | 4,262,259 | 4,365,478 | - | - |
| Increase in Net Assets | 39,770,184 | 17,993,814 | 16,651,820 | 11,459,334 | 56,422,004 | 29,453,148 |
| Beginning Net Assets | 549,084,794 | 513,090,980 | 250,784,842 | 239,325,508 | 799,869,636 | 752,416,488 |
| Ending Net Assets | \$588,854,978 | \$549,084,794 | \$267,436,662 | \$250,784,842 | \$856,291,640 | \$799,869,636 |

*FY 2005 interest earnings for Governmental Activities were reduced by \$346,907 to account for double recordation of June interest earned on the Local Government Investment Pool.

Total revenues in fiscal year 2005/06 increased 12.98% over the previous year's total, while expenses increased 4.77%. The largest dollar increase in expenditures occurred in the General Government function and is primarily due to (1) \$977,377 in emergency costs related to the New Year's Eve flood, (2) \$1.25 million in additional funding to the Worker's Compensation Fund related to the potential claims liability, and (3) a \$1.36 million dollar loss on the sale of the old City Hall property. The 16.81% increase in the Judicial function results from higher compensated absences accruals and supplies for the new municipal court facility. Regularly scheduled raises and related increases in employee benefits were also contributing factors. The increase in expense within the Police functions under governmental activities is largely due to higher salaries, including overtime, and related benefits. Police also experienced higher compensated absences accruals. The decline in expenditures for the Fire function are primarily related to lower compensated absences accruals resulting from the deduction of accruals for the Truckee Meadows Fire Protection District. The increase in expenditures in the Urban Redevelopment function relate to losses taken on the disposal of two pieces of property.

General revenues in the current year rose approximately 9.87% over general revenues collected in the prior year, with all but one category of general revenues registering growth. Unrestricted County gaming revenues declined 12.82%. The largest percentage growth occurred in the unrestricted investment and interest earnings category at 38.73%.

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.

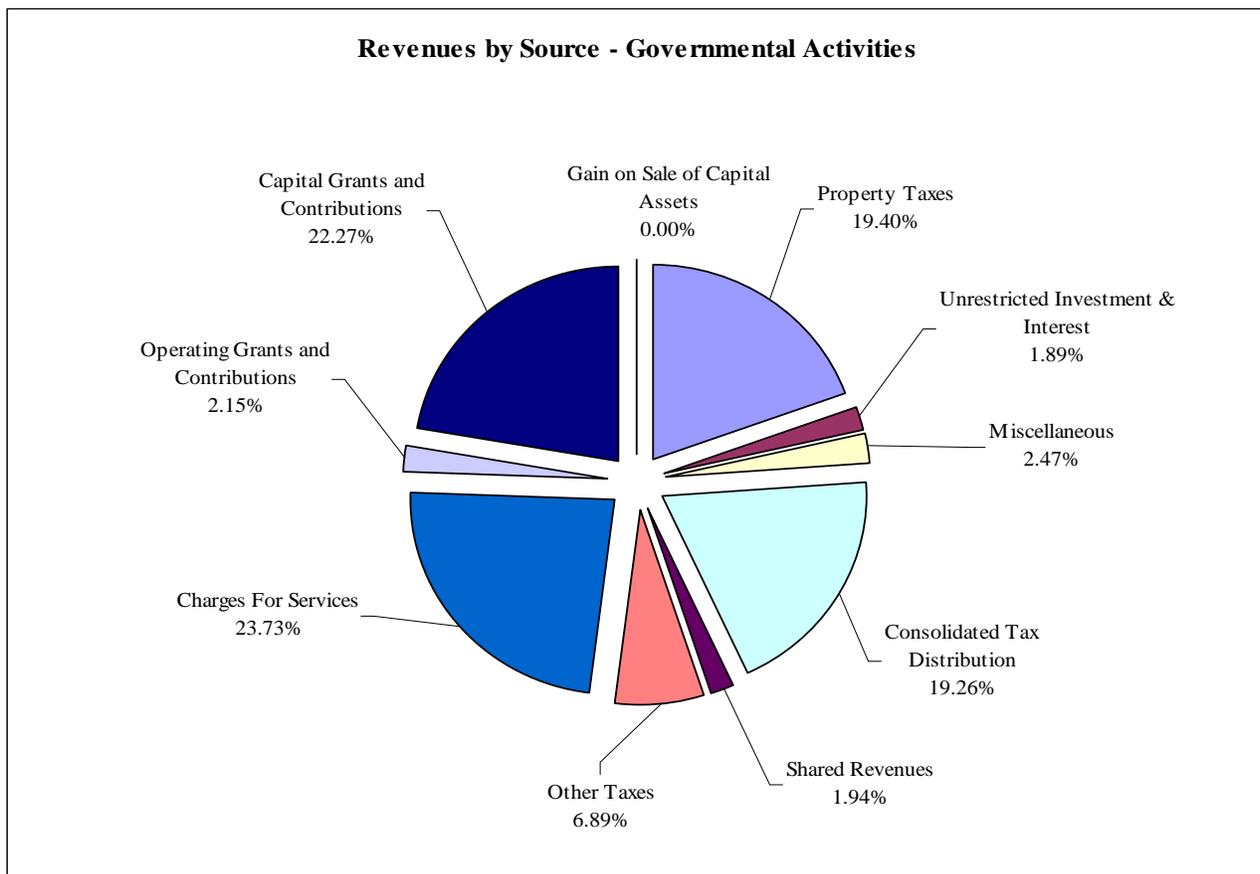


Total program revenues and expenses for government-type activities amounted to \$136,774,093 and \$240,012,832, respectively, for the 2005/06 fiscal year. As indicated above, program revenue exceeds expenditures for the General Government and the Public Works functions. The Planning & Community Development function almost broke even. For General Government, this is largely a result of the City's policy to allocate general services paid out of

the General Fund to the other funds which may fall into a non-General Government function. Public Works program revenue exceeded its expenditures primarily due to the approximately \$52.4 million of contributed infrastructure assets, such as streets dedicated to and annexed by the City and related land rights-of-way, that were recorded as revenue without an offsetting capital outlay being incurred by the City.

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

The sources of revenues have been charted to show their respective percentage of total revenues. Property taxes overtook consolidated taxes to again become the major general revenue source but by only 0.14%. Charges for services continue to be the largest overall revenue contributor.

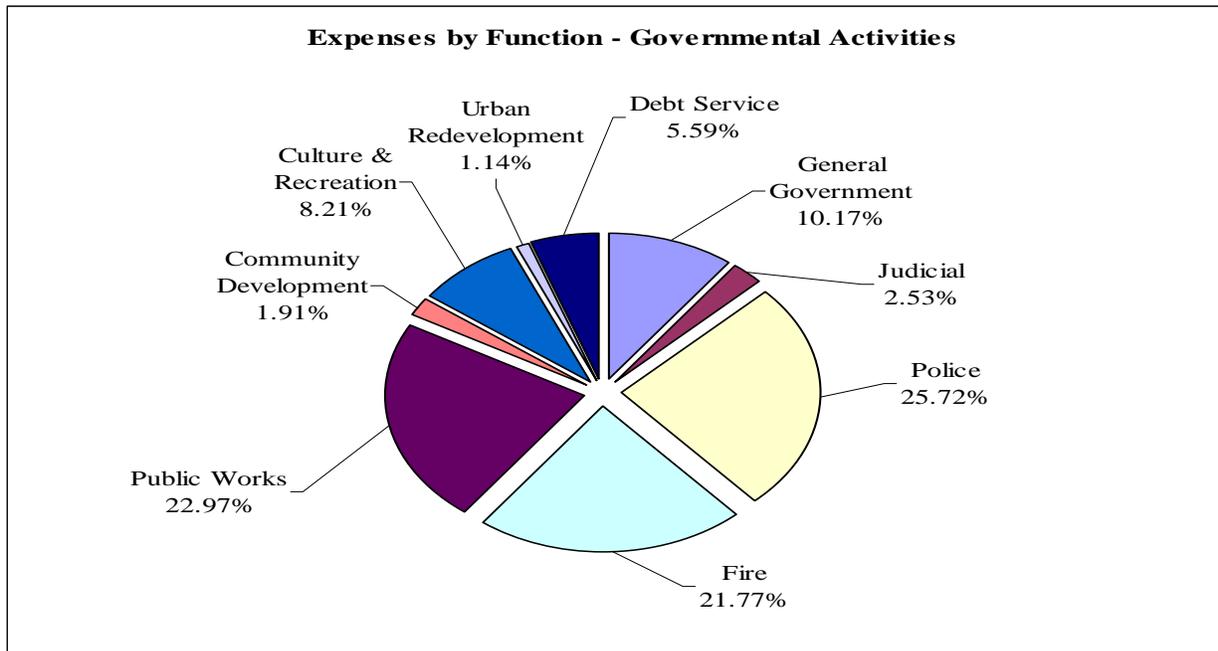


In fiscal year 2005/06, ad valorem taxes, as a percentage of total revenues, remains the third major revenue source at 19.40%. In 2005 the Nevada State Legislature passed a bill to cap residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less. Revenues resulting from new growth are excluded from the cap in the first year. Despite this cap and after consideration of \$5.46 million in abatements approved by the County for certain downtown properties, property tax collections increased over 2004/05 collections by 6.99%.

In terms of dollars, the growth rate in consolidated taxes declined to 4.46% after the 10.3% growth experienced between 2003/04 and 2004/05. The lower growth rate is more sustainable and a better predictor of future consolidated tax growth. Charges for services increased 4.28%. As stated previously, unrestricted investment and

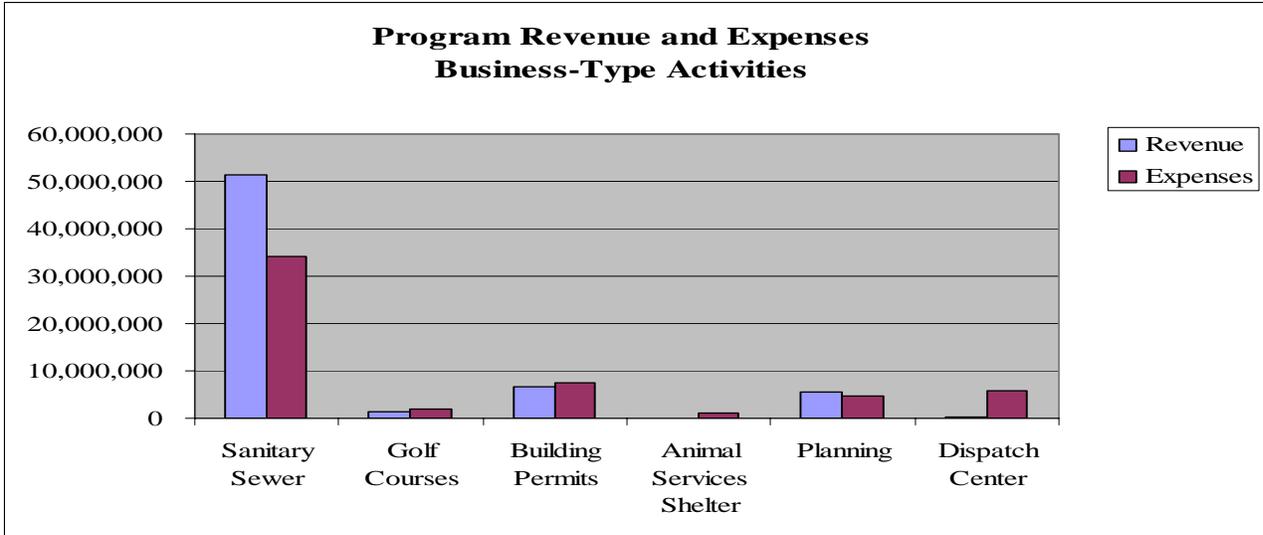
interest earnings increased 38.73% over 2004/05 earnings due to an increased interest rate environment and a higher market value of City investments due to the external economic factors.

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 47.49% of total governmental expenses. This is a slight decline from the fiscal year 2004/05 percentage of 48.84% of total governmental expenses. Public Works became the second largest function in terms of cost, mostly due to high depreciation costs related to infrastructure assets added to the balance sheet in 2004/05.



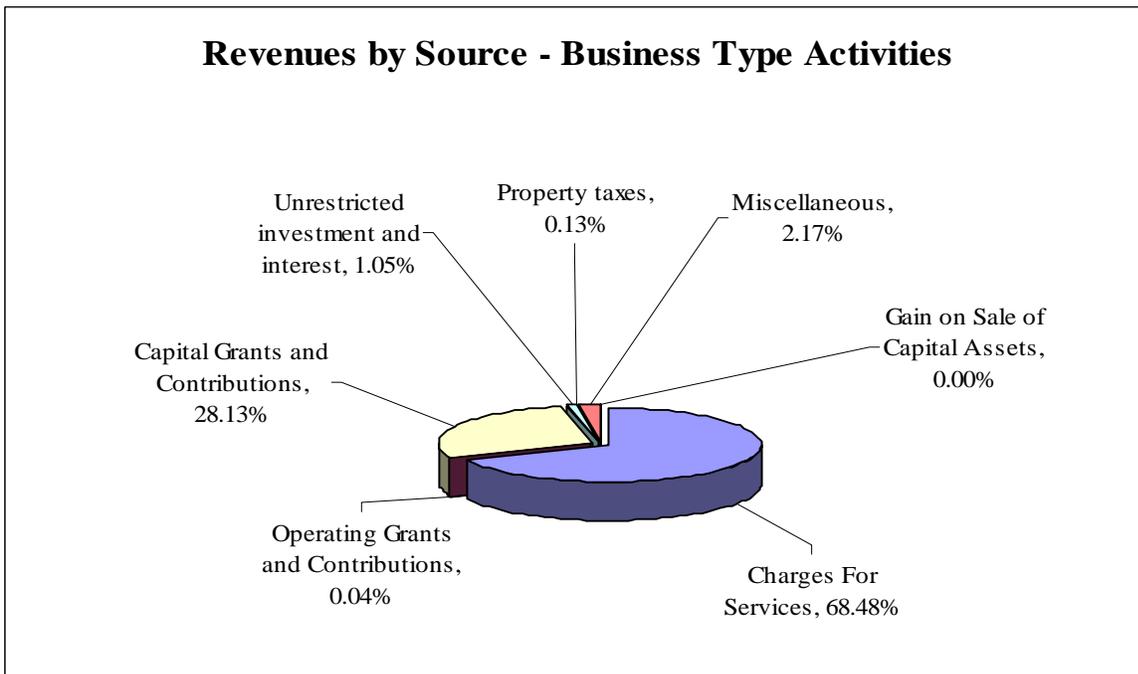
Business-type Activities

Business-type activities include sanitary sewer operations, City-owned or operated golf courses, building permit operations, the animal services shelter, planning, and the dispatch center's operations. Total program revenues and expenses are \$65,573,989 and \$55,459,163, respectively, for business-type activities for the 2005/06 fiscal year. The following graphs and charts are provided to enhance understanding of these activities.



The Sanitary Sewer program continues to be self-supporting, with program revenues exceeding operating expenses by \$17,180,198. The Planning Fund also generated a net operating profit of \$842,035. The remaining programs all experienced operating losses. The Dispatch Center experienced the largest operating loss at \$5,416,625. This four year-old enterprise activity, which previously was accounted for as part of the Police function in governmental activities, is largely funded by transfers from governmental activities (General Fund).

Unlike last fiscal year, the Building Permit Fund incurred a loss in 2005/06 of \$783,144. Charges for services were down by 11.44% and experienced declines in all categories of charges for services with the exception of plan check fees. Reno is #4 in the country in terms of market share captured by the top ten national homebuilders. Therefore, the slowdown in the new home construction market has had a negative impact in terms of the number of residential building permits being issued. The number of residential-related building permits issued declined by 6.29%. In contrast, commercial development was still going strong in 2005/06, which led to the 32.73% increase in plan check fee revenues.



Charges for services remain the major source of revenue for business-type activities. The percentage of total revenues for charges for services declined slightly from 70.59% in fiscal year 2004/05 to 68.48% in the 2005/06 fiscal year. In terms of dollars, charges for services increased by \$6.2 million, or 15.48%. Capital contributions from developers and connection charges increased from 24.13% of total revenues in fiscal year 2004/05 to 28.13% in the 2005/06 fiscal year.

In fiscal year 2005/06 the Animal Services Shelter Enterprise Fund wrapped up operations. Actual operations of the animal services shelter was assumed by Washoe County effective July 1, 2005. Capital assets not turned over to the County are now reported in governmental activities.

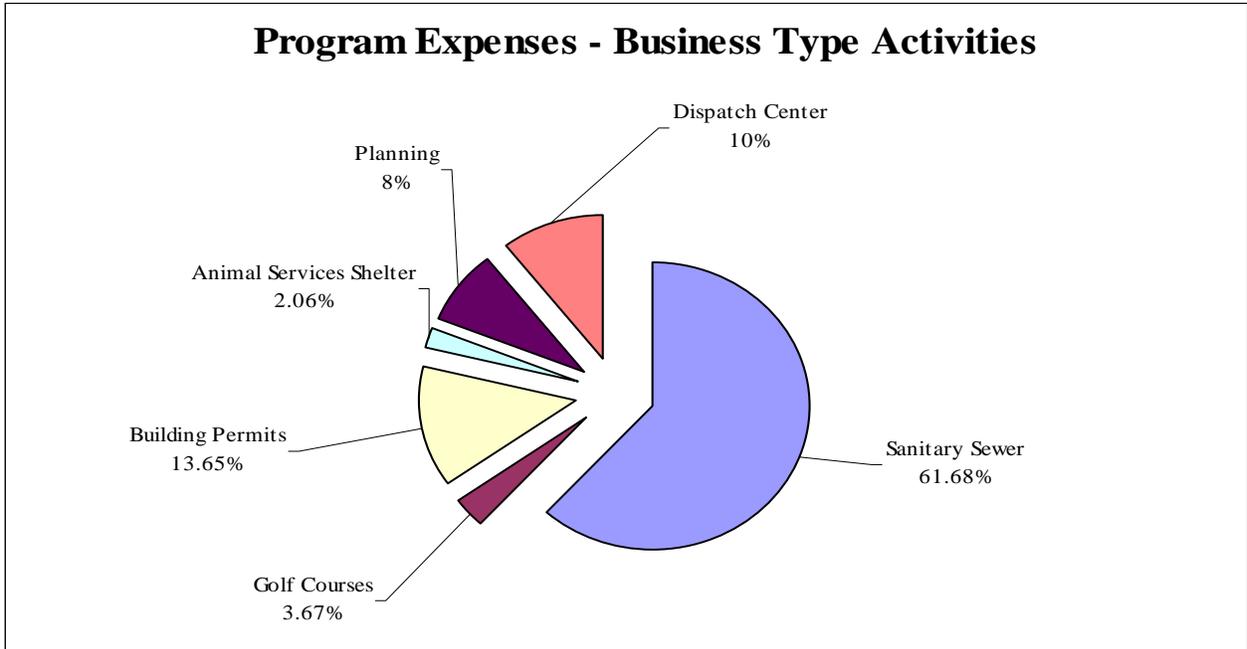
The chart on the following page breaks out business-type expenses by category. Total business-type expenses saw an overall 11.12% increase over the prior year. Services and supplies accounted for 66.6% of the increase. The increase in services and supplies includes a \$348,766 partial payment to Accela Corporation by the Building Permit Fund for new software that will replace the Tidemark Advantage system currently being used by Community Development. The total cost of implementing the program, including hardware, is budgeted at \$974,354. Reclassification of capital outlay in the Sanitary Sewer Enterprise Fund, that was below the City's capitalization threshold, also attributed to the increase in this expense category.

Interest costs also saw a large increase due to the additional draws made on the State of Nevada Clean Water Revolving Loan Fund credit line by the Sanitary Sewer Enterprise Fund. As of July 1, 2005, the amount drawn against the line totaled \$30.3 million. Approximately \$39.4 million in draws were made during fiscal year 2005/06 to continue the funding of construction costs related to the expansions of the Truckee Meadows Water Reclamation Facility and the Reno-Stead Water Treatment Facility, as well as the replacement/improvement of sewer lines throughout Reno and the Lawton-Verdi interceptor.

Business-type Expenses by Type

| | Business-type Activities | | |
|------------------------------------|--------------------------|---------------|--------|
| | 2006 | 2005 | % Chg |
| Salaries and wages | \$ 12,329,931 | \$ 13,542,161 | -9.0% |
| Employee Benefits | 4,434,091 | 4,944,992 | -10.3% |
| Services and supplies | 16,306,089 | 12,548,697 | 29.9% |
| Depreciation | 6,284,359 | 5,395,587 | 16.5% |
| Interest/issue costs | 1,611,922 | 424,025 | 280.1% |
| Loss relating to Joint Sewer Plant | 14,492,771 | 13,052,734 | 11.0% |
| Total | \$ 55,459,163 | \$ 49,908,196 | 11.1% |

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



Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflows of current resources. This serves as an important measure of working capital for service provision to Reno residents. In particular, unreserved fund balance is useful in measuring resources available for spending at fiscal year-end. Since the focus in fund accounting is on current resource activity, the balance sheet does not reflect long-term assets and debt. The following pages summarize the fiscal year 2005/06 results under this focus.

Governmental Funds

The governmental funds of the City of Reno reflected a combined total assets and liabilities of \$145,303,514 and \$51,093,250, respectively. This resulted in a total combined fund balance of \$94,210,264. The unreserved portion of the combined fund balance amount was \$26,835,057. This represents a change of \$67,983,520 from the prior reporting period, which reported a \$41,148,463 deficit in unreserved fund balance primarily due to encumbrances for construction contract commitments; i.e., outstanding commitments are greater than the amount of funds available during the 2004/05 fiscal year.

Major Governmental Funds

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2006, the unreserved fund balance in the General Fund is \$15,300,632 and the total fund balance was \$16,651,915. 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 10.73% of total fund expenditures while total fund balance represents 11.67% of expenditures. This represents approximately one and one-half months of expenditures.

The largest component of the governmental funds category for the 2005/06 fiscal year with respect to total assets, excluding the General Fund, is the Railroad Debt Service Fund. Assets total \$19,259,911 or 13.25% 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

\$13.9 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 \$5,371,370.

Assets in the Downtown Events Center Capital Project Fund total \$17,990,878 or 12.38% of the total assets in the governmental funds and are comprised primarily of cash and investments which will be used to construct Phase II of the project consisting of a ballroom facility across the street from the Reno Events Center. The total fund balance for this fund at fiscal year-end 2005/06 is \$17,969,756. Construction of the ballroom will commence in fiscal year 2007.

The Downtown Events Center Debt Service Fund accumulates money for the payment of principal and interest on outstanding revenue and special assessment district bonds being used to construct the multi-purpose facility. The principal asset of the fund is deferred special assessment revenues which, as collected, will provide the funds needed to meet debt service requirements for \$7.5 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. The primary repayment source has been room taxes (72.70% of total revenues). The total fund balance for this fund at June 30, 2006, was \$7,175,658.

Assets in the Railroad Capital Project Fund total \$3,821,856 and are comprised primarily of cash and investments which will be used to construct a cover over a portion of the depressed railroad trench. The covered portion will become a public plaza. Liabilities for the fund total \$3,665,105 (primarily accrued payments on construction contracts), leaving a total fund balance at fiscal year-end 2005/06 of \$156,751. Preliminary work has already commenced on the enhancement project.

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 2005/06 is \$3,377,304. With the exception of the SAD bonds issued and reissued for the depressed railroad and events center projects, respectively, that are reported in the funds described above, there were no new externally financed special assessment bonds issued in fiscal year 2005/06.

The Municipal Court Capital Project Fund accounts for monies expended for the City of Reno's share of the costs incurred in the construction of a new court facility that will be shared with Washoe County. Total fund balance as of fiscal year-end 2005/06 was only \$158,038, an 85.73% decline from the prior year balance of \$1,107,270, due to completion of construction of the facility. This fund is being reported as a major fund in 2005/06 for continuity purposes.

Proprietary Funds

The proprietary funds of the City of Reno reflected a combined total amount of assets and liabilities of \$358,254,697 and \$84,777,203, respectively. This resulted in a total net assets balance of \$273,477,494. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net assets declined to \$267,436,662, primarily due to large increases in workers' compensation claims liability over the past four years. Unrestricted net assets total \$58,303,375. Restricted net assets total \$5,178,970 and relate to sewer connection fees revenue restricted for sewer capital expenditures and revenue restricted for building permit operations.

Major Proprietary Fund

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 2005/06 fiscal year amounted to \$56,946,714. Total operating revenues rose 30.50%, while operating expenses increased 14.59%. The increase in revenues is primarily due to a 25% rate hike effective October 1, 2005. The rate increase was implemented to fund the rehabilitation of the City's aging sewer lines and interceptors, as well as to meet the debt service requirements on bonds issued to partially fund these projects. After accounting for the City's share of the net loss from the Truckee Meadows Water Reclamation Facility of \$2,834,540, the Sanitary Sewer Fund registered income before capital contributions and operating transfers of \$608,762.

Budgetary Highlights for General Fund

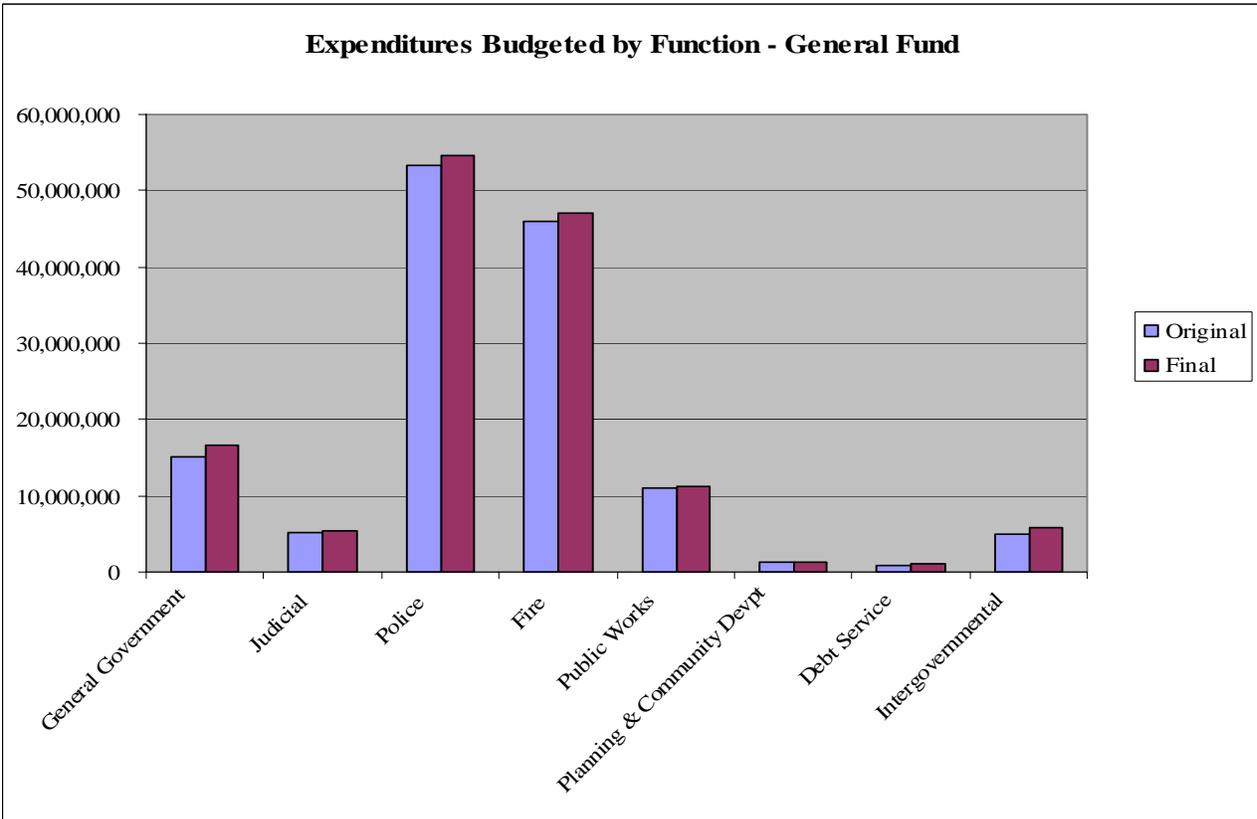
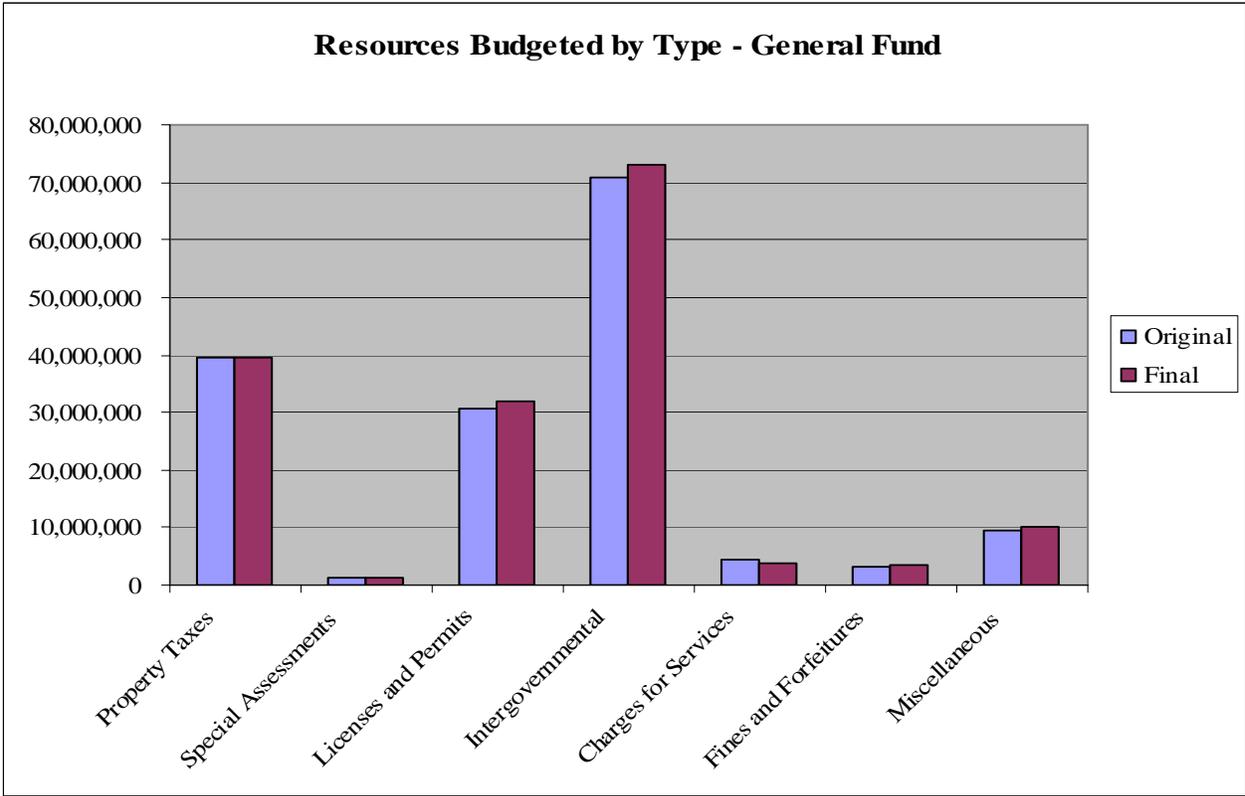
Functions represent the legal level of budgetary control. The final revised budget appropriation for the General Fund expenditures was \$143,222,439, excluding other financing uses, which is \$5,296,754 or 3.84% higher than the original budget of \$137,925,685. As shown in the table below, most of the governmental functions' fiscal year 2005/06 appropriations are substantially equivalent to their respective appropriations on a total budget percentage basis for fiscal year 2004/05. Intergovernmental increased on a percentage of budget basis, primarily due to a \$1.25 million payment to the Worker's Compensation Internal Service Fund.

Final Expenditure Budget by Function – General Fund

| | <u>2006</u> | <u>% of Total Budget</u> | <u>2005</u> | <u>% of Total Budget</u> |
|----------------------------|-------------|----------------------------------|-------------|----------------------------------|
| General Government | 16,653,215 | 11.6% | 15,666,306 | 11.2% |
| Judicial | 5,340,751 | 3.7% | 4,935,424 | 3.5% |
| Police | 54,587,610 | 38.1% | 53,809,412 | 38.6% |
| Fire | 47,132,180 | 32.9% | 47,696,129 | 34.2% |
| Public Works | 11,258,348 | 7.9% | 11,563,545 | 8.3% |
| Planning & Community Devpt | 1,286,251 | 0.9% | 1,456,734 | 1.0% |
| Debt Service | 1,118,666 | 0.8% | 736,529 | 0.5% |
| Intergovernmental | 5,845,418 | 4.1% | 3,613,460 | 2.6% |
| | 143,222,439 | | 139,477,539 | |

Actual expenditures were 0.4% less than final budgeted expenditures. Higher than budgeted utilities costs eradicated a portion of the savings set aside each year as part of the City's recession plan implemented in fiscal year 2000/01. The recession plan requires departments to refrain from spending 2% of their services and supplies budget less internal risk premiums.

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, 2006, the City of Reno had a net capital asset investment of \$1,126,319,537 in governmental and business-type activities. This represents an increase of 9.68% when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, and works of art.

Major capital investment activities for the 2005/06 fiscal year include:

- The addition of \$59.8 million in newly dedicated and constructed infrastructure assets, such as streets and traffic signals;
- The addition of \$8.1 million of sewer lines and storm drain assets dedicated to the City by developers;
- The completion of Phase I of the depressed railroad trench project, which resulted in the capitalization of \$221.2 million in improvements and \$9.6 million in bridges;
- Completion of the Community Assistance Center comprised of three buildings – a men’s drop-in center, St. Vincents dining center, and the Reno-Sparks Gospel Mission, which all serve indigent citizens;
- The completion of the \$4.8 million permanent ice rink and public plaza; and
- The substantial completion of the Mills Lane Justice Center, a joint project with Washoe County.

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

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

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|------------------------|------------------------|
| | 2006 | 2005* | 2006 | 2005* | 2006 | 2005 |
| Land and water rights | \$112,996,542 | \$108,489,734 | \$9,121,588 | \$6,032,120 | \$122,118,130 | \$114,521,854 |
| Construction in progress | 31,487,900 | 244,334,546 | 11,759,358 | 44,578,941 | 43,247,258 | 288,913,487 |
| Buildings | 128,489,949 | 124,905,494 | 9,773,820 | 10,311,884 | 138,263,769 | 135,217,378 |
| Arts and historical treasures | 981,804 | 987,322 | - | - | 981,804 | 987,322 |
| Improvements other than buildings | 261,899,457 | 23,780,351 | 182,108,828 | 124,806,537 | 444,008,285 | 148,586,888 |
| Equip’t & motor vehicles | 18,557,856 | 17,129,026 | 354,083 | 370,696 | 18,911,939 | 17,499,722 |
| Infrastructure | 358,788,352 | 321,042,205 | - | - | 358,788,352 | 321,042,205 |
| Total | \$913,201,860 | \$840,668,678 | \$213,117,677 | \$186,100,178 | \$1,126,319,537 | \$1,026,768,856 |

*Note: Totals for Governmental Activities for FY 2005 have been restated to reflect the following prior year adjustments: \$1,236,356 net increase in CIP to reflect inclusion of FY 2005 SAD capital outlay expenditures recorded in FY 2006 in error and inadvertently omitted CIP-related expenditure, as well as the write-off of certain costs on a project that did not add value to the project. Totals for Business-type Activities for FY 2006 have been restated to reflect the following prior year adjustments: \$2,139,350 net decrease to Capital Assets (CIP), and \$135,795 net decrease to Capital Assets (improvements)

Long-term Debt Activity

Long-term debt outstanding at June 30, 2006 totaled \$527,740,233, an 18.44% increase when compared to the prior year. New bonds totaling \$3,275,000 were issued to assist in the funding of a community assistance center to serve homeless families and additional improvements at the public plaza. Repayment will come from community development block grant funding and general revenues. New special assessment bonds totaling \$13,905,000 were issued to fund a portion of the depressed railroad trench project. Lastly, a new capital lease totaling \$788,014 was entered into to fund the acquisition of a fire tiller.

In 2005/06 the City underwent major debt restructuring on its two of its largest projects – the depressed railroad trench project and the events center project. The 2002 Senior Lien Sales and Room Tax (ReTRAC) bonds and loan payable received from the Federal Highway Administration for the construction of the depressed railroad trench cumulatively totaling \$164,745,000 were refunded through the issuance of \$197,393,693 in new bonds (Series 2006A, B and C). By completing the refunding, additional proposed bond issuances were not needed and new monies were obtained to apply towards the funding of the ReTRAC enhancement project. The bonds will be repaid with dedicated sales tax revenues and room tax revenues. The 2002 Capital Improvement Revenue bonds were partially refunded (\$65,355,000) through the issuance of \$89,087,556 in new bonds (Series 2005A, B and C). The excess funds obtained through the refinancing will be used to construct the ballroom facility. The refunding also allowed the City to reissue the special assessment bonds tied to the events center project and reduce the special assessment bonds outstanding by \$3.8 million.

The Series 2005A and Series 2006A bonds feature a SWAP component. In general, the City makes semiannual payments at a fixed interest rate based on a notional amount equal to the outstanding principal amount of the bonds. In return, the SWAP counterparty makes weekly payments that reflect a variable interest rate on the same notional amount. Through SWAP transactions, the City can hedge against interest rate risk and, if successful, reduce its overall interest expense.

In April of 2004, the City of Reno authorized the issuance of up to \$74,824,000 in General Obligation (Additionally Secured by Pledged Revenues) Sewer Bonds. The City of Reno also applied for, and received, approval to borrow up to this same amount from the State of Nevada's Clean Water Revolving Loan Fund. As the draws are advanced, a like dollar amount of Sewer Bonds are issued to the State of Nevada. Interest is payable on the draws, but no interest or principal payments are due on the bonds until such time as the full amount of the bonds are issued. For reporting purposes, in the Notes section of the CAFR, the City is treating the draws as Notes Payable. For the projects in which the draws are completed and the bonds are fully issued, the City shows the replacement of the Notes Payable with the Series 2004 Sewer Bonds. As of June 30, 2006, approximately \$26.6 million in draws had been converted to bonds. As of June 30, 2006, the outstanding balance of revolving loan advances is \$35,773,633.

During 2005/06, the City authorized the issuance of up to \$10,176,000 in new General Obligation (Additionally Secured by Pledged Revenues) Sewer Bonds. The City also applied for, and received, approval to borrow up to this same amount from the State of Nevada's Clean Water Revolving Loan Fund. Draws on the line are being used to fund the construction of the Lawton-Verdi sewer interceptor project. As of June 30, 2006, \$7,296,432 has been advanced.

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

As of June 30, 2006, the City of Reno had \$99,610,000 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 \$749,338,000 by \$659,180,000.

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

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

| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General obligation bonds | \$ 74,630,699 | \$ 80,138,183 | \$ - | \$ - | \$74,630,699 | \$80,138,183 |
| Special assessments | 25,401,702 | 15,691,131 | - | - | 25,401,702 | 15,691,131 |
| Pledged Revenues – Sales and Room taxes | 327,383,384 | 220,609,954 | - | - | 327,383,384 | 220,609,954 |
| Pledged Revenues – Other | - | - | 26,280,717 | - | 26,280,717 | - |
| Golf Course bonds | - | - | 3,122,528 | 3,303,107 | 3,122,528 | 3,303,107 |
| Notes payable | 541,000 | 51,089,000 | 43,070,065 | 30,307,302 | 43,611,065 | 81,396,302 |
| Capital leases | 2,549,012 | 2,519,344 | - | - | 2,549,012 | 2,519,344 |
| Compensated absences payable | 22,771,691 | 20,915,668 | 1,989,435 | 1,706,504 | 24,761,126 | 22,622,172 |
| Total | \$453,277,488 | \$390,963,280 | \$74,462,745 | \$35,316,913 | \$527,740,233 | \$426,280,193 |

Known Economic Factors

- The City of Reno is heavily reliant on property tax revenues from property within its boundaries. During its 2005 session, the State Legislature passed legislation (AB 489, SB 509) to cap property tax growth at 3% for residential and a ten-year rolling average or 8%, whichever is less, for commercial. Revenues from new growth are excluded from the cap in the first year. Despite the cap and \$5.46 million in abatements approved by Washoe County, the City of Reno is anticipating growth in property taxes in 2006/07 of 5.93%. The Redevelopment Agency was more severely impacted by the abatements, which primarily affected the downtown area. For 2006/07, the Redevelopment Agency is anticipating growth of \$287,529, or 8.03%, in property tax collections.
- Increase in City of Reno's tax base with the continued development of Somerset Development, a 6,100 acre residential/commercial development in Reno's northwest area with residential prices starting from the high \$200,000s up to \$600,000 for the luxury homes, and with new housing tracks still being developed in the Double Diamond area in Reno's south area.
- The approximately \$90 million retail project on approximately 660,000 square feet in southwest Reno called Summit Sierra opened for business in March 2006. The project is attracting local residents who would previously shop outside of the Reno area, as well as residents located in other northern Nevada towns.
- The Reno Events Center, a multi-purpose facility designed to bring new business to downtown through conventions, trade shows and big name entertainment, officially opened in downtown Reno in January 2006. In its first six months of operating, the Reno Events Center made a \$289,436 net profit.
- 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 \$24 million project to cover a three-block area of the depressed railroad spur that runs through the middle of downtown to create an additional public plaza.
 - Ballroom facility – an \$18 million project to construct a 52,778 s.f. building to house a ballroom, which can be subdivided into smaller meeting rooms, and kitchen facilities to be used in conjunction with the Reno Events Center. The project is a public-private partnership between the City of Reno and the Downtown Management Company, LLC.
 - Family Assistance Center – an \$11.6 million facility to provide homeless families with community resources and temporary living quarters.

- Enhancements to Community Assistance Center Campus – a project budget of \$1.5 million has been established to add a single women’s shelter, a resource office, and a triage center to the first floor of the men’s drop-in center.
- Virginia Street narrowing Project – a \$3.9 million project to begin transformation of the downtown area.
- 10 North Virginia Plaza – a developer project to build a four-story office/retail/restaurant center that will also house the permanent office and rental center for the ice rink.
- Community Service Centers – three proposed mini City Halls located in south, north and central Reno that will improve delivery of services throughout the community.
- The City’s Redevelopment Agency has assisted various small businesses, through donations and business loans, in establishing sites in the downtown area. This activity will help generate additional tax and business license revenues for the City.
- The City’s Redevelopment Agency Board voted in August of 2005 to establish Redevelopment Project Area No. 2., which consists of seven non-contiguous sub-areas totaling 1,171 acres. The redevelopment areas, most of which adjoin the downtown Redevelopment Project Area, are either key gateways or commercial corridors in the City that have experienced economic and physical decline. Projects in these areas will commence in fiscal year 2007/2008.
- The former Sundowner Hotel has been converted into the Belvedere, a 377-unit condominium complex, and the former Golden Phoenix Hotel is being converted into the Montage condominium complex, with 388 residential units and retail space on the ground floor. 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.
- Palladio Project – a \$15 million, 13-story multi-use project containing approximately 19,000 sq. ft. of retail space and 87 condominiums with parking located in the downtown. The opening date is January 2007.
- Waterfront Project – a two-phase project, with the first phase entailing the construction of a 34 story, 190 unit condominium complex located at 100 Lake Street. While there is not a firm start date, completion of the project will be 18 months after construction commences.
- Renown Health (formerly known as Washoe Medical Center) is spending \$365 million on an expansion project to add patient rooms, operating rooms, parking facilities and support facilities. St. Mary’s Hospital, in conjunction with a developer, is spending \$160 million to add a professional building, parking structure, and plaza, which have already been completed, as well as a west tower that is scheduled for completion in 2007. These expansions will provide job growth and a greater level of medical services and general health care to the citizenry of Reno and all of Washoe Valley.
- The City is working with Cabela’s, touted as the world’s foremost sportsmen’s outfitter, to bring a store to the Reno area that will attract tourists from California and the Pacific Northwest, providing a large economic gain to the area. Cabela’s has qualified for STAR bonds to finance the project. Opening is slated for the fall of 2007.
- In June of 2006 the unemployment rate in the Reno MSA was 4.0%, which compares favorably to the state and national unemployment rates of 4.2% and 4.6%, respectively. The Reno MSA unemployment is up slightly from 3.8% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2005 and June 2006 was 5.0%.

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.

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BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

CITY OF RENO, NEVADA

Statement of Net Assets
June 30, 2006

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 111,256,098 | \$ 24,835,763 | \$ 136,091,861 |
| Receivables: | | | |
| Accounts | 977,101 | 3,952,546 | 4,929,647 |
| Delinquent taxes | 497,699 | -- | 497,699 |
| Special assessments | 26,350,177 | -- | 26,350,177 |
| Long-term | 1,368,778 | -- | 1,368,778 |
| Interest receivable | 511,231 | 121,371 | 632,602 |
| Due from other governments | 17,747,744 | 5,928,977 | 23,676,721 |
| Internal balances | 6,040,832 | (6,040,832) | -- |
| Inventories | 603,789 | 152,118 | 755,907 |
| Prepaid items | 483,356 | 32,505 | 515,861 |
| Other assets | 116,875 | -- | 116,875 |
| Deferred charges | 38,235,621 | 346,700 | 38,582,321 |
| Restricted assets | -- | 16,593,980 | 16,593,980 |
| Investment in Truckee Meadows Water Reclamation Facility | -- | 90,754,492 | 90,754,492 |
| Delinquent accounts receivable | -- | 1,877,879 | 1,877,879 |
| Capital assets, non-depreciable | 144,484,442 | 20,880,946 | 165,365,388 |
| Capital assets, depreciable (net of accumulated depreciation) | 768,717,418 | 192,236,731 | 960,954,149 |
| TOTAL ASSETS | <u>1,117,391,161</u> | <u>351,673,176</u> | <u>1,469,064,337</u> |
| LIABILITIES | | | |
| Accounts payable | 3,834,175 | 315,297 | 4,149,472 |
| Accrued salaries and benefits | 5,599,538 | 342,651 | 5,942,189 |
| Contracts and retained percentage payable | 5,720,923 | 3,029,267 | 8,750,190 |
| Accrued interest payable | 2,020,344 | 1,261,379 | 3,281,723 |
| Due to other governments | 1,812,238 | 1,563,048 | 3,375,286 |
| Other liabilities, including deposits | 1,398,578 | 164,284 | 1,562,862 |
| Unearned revenue | 1,949,331 | -- | 1,949,331 |
| Liabilities payable from restricted assets | -- | 3,097,843 | 3,097,843 |
| Noncurrent liabilities: | | | |
| Due within one year | 30,672,368 | 2,613,590 | 33,285,958 |
| Due in more than one year, net of bond premium and discount | 475,528,688 | 71,849,155 | 547,377,843 |
| TOTAL LIABILITIES | <u>528,536,183</u> | <u>84,236,514</u> | <u>612,772,697</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 512,540,225 | 209,995,149 | 722,535,374 |
| Restricted for: | | | |
| Capital projects | 2,699,957 | 1,686,064 | 4,386,021 |
| Debt service | 58,053,546 | -- | 58,053,546 |
| Streets | 242,458 | -- | 242,458 |
| Claims | 4,531,462 | -- | 4,531,462 |
| Other purposes | 3,174,391 | 3,492,906 | 6,667,297 |
| Unrestricted (deficit) | 7,612,939 | 52,262,543 | 59,875,482 |
| TOTAL NET ASSETS | <u>\$ 588,854,978</u> | <u>\$ 267,436,662</u> | <u>\$ 856,291,640</u> |

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

CITY OF RENO, NEVADA

Statement of Activities
For the Year Ended June 30, 2006

| | <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 | \$ 21,455,932 | \$ 41,984,441 | \$ 666,347 | \$ -- |
| Judicial | 6,079,294 | 893,399 | -- | -- |
| Police | 61,728,746 | 396,670 | 2,311,303 | -- |
| Fire | 52,249,991 | 13,291,738 | 112,208 | 532,815 |
| Public works | 55,125,179 | 3,084,726 | 151,562 | 61,292,101 |
| Planning and community development | 4,581,284 | 35,344 | 2,643,576 | 1,441,550 |
| Culture and recreation | 19,697,196 | 7,068,323 | 228,855 | -- |
| Urban redevelopment | 5,683,381 | 639,135 | -- | -- |
| Debt service: | | | | |
| Interest and fiscal charges | 13,411,829 | -- | -- | -- |
| Total Governmental Activities | <u>240,012,832</u> | <u>67,393,776</u> | <u>6,113,851</u> | <u>63,266,466</u> |
| Business-Type Activities: | | | | |
| Sanitary sewer | 34,207,565 | 32,279,919 | 25,000 | 19,082,843 |
| Golf courses | 2,036,125 | 1,455,237 | -- | -- |
| Building permits | 7,569,511 | 6,786,367 | -- | -- |
| Animal services shelter | 1,144,277 | 17,528 | -- | -- |
| Planning | 4,689,393 | 5,531,428 | -- | -- |
| Dispatch center | 5,812,292 | 394,292 | 1,375 | -- |
| Total Business-Type Activities | <u>55,459,163</u> | <u>46,464,771</u> | <u>26,375</u> | <u>19,082,843</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 295,471,995</u> | <u>\$ 113,858,547</u> | <u>\$ 6,140,226</u> | <u>\$ 82,349,309</u> |

GENERAL REVENUES

Taxes:

Ad valorem taxes
Consolidated tax
SCCR taxes - AB104
Sales taxes
Other taxes

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

Transfers

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, JULY 1
PRIOR PERIOD ADJUSTMENTS
NET ASSETS, JUNE 30

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 |
| \$ 21,194,856 | \$ -- | \$ 21,194,856 |
| (5,185,895) | -- | (5,185,895) |
| (59,020,773) | -- | (59,020,773) |
| (38,313,230) | -- | (38,313,230) |
| 9,403,210 | -- | 9,403,210 |
| (460,814) | -- | (460,814) |
| (12,400,018) | -- | (12,400,018) |
| (5,044,246) | -- | (5,044,246) |
| <u>(13,411,829)</u> | <u>--</u> | <u>(13,411,829)</u> |
| <u>(103,238,739)</u> | <u>--</u> | <u>(103,238,739)</u> |
| -- | 17,180,197 | 17,180,197 |
| -- | (580,888) | (580,888) |
| -- | (783,144) | (783,144) |
| -- | (1,126,749) | (1,126,749) |
| -- | 842,035 | 842,035 |
| -- | (5,416,625) | (5,416,625) |
| <u>--</u> | <u>10,114,826</u> | <u>10,114,826</u> |
| <u>(103,238,739)</u> | <u>10,114,826</u> | <u>(93,123,913)</u> |
| 55,118,928 | 87,677 | 55,206,605 |
| 54,708,166 | -- | 54,708,166 |
| 3,602,340 | -- | 3,602,340 |
| 8,925,336 | -- | 8,925,336 |
| 10,634,323 | -- | 10,634,323 |
| 1,895,490 | -- | 1,895,490 |
| 5,376,707 | 715,402 | 6,092,109 |
| 4,495,372 | 1,756,564 | 6,251,936 |
| 2,514,520 | (284,908) | 2,229,612 |
| (4,262,259) | 4,262,259 | -- |
| <u>143,008,923</u> | <u>6,536,994</u> | <u>149,545,917</u> |
| 39,770,184 | 16,651,820 | 56,422,004 |
| 552,300,375 | 252,476,878 | 804,777,253 |
| (3,215,581) | (1,692,036) | (4,907,617) |
| <u>\$ 588,854,978</u> | <u>\$ 267,436,662</u> | <u>\$ 856,291,640</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, 2006

| | General Fund | Railroad Debt Fund | Downtown Events Center Debt Fund | Special Assessment Districts Debt Fund |
|--|----------------------|-----------------------|--|---|
| ASSETS | | | | |
| Cash and investments | \$ 10,446,795 | \$ 2,873,264 | \$ 5,793,144 | \$ 1,855,147 |
| Receivables: | | | | |
| Accounts | 55,306 | -- | -- | -- |
| Accrued interest | 59,239 | 2,712 | 28,121 | 9,667 |
| Delinquent taxes | 364,442 | -- | -- | -- |
| Special assessments: | | | | |
| Current | -- | 907,530 | 243,977 | 277,381 |
| Delinquent | 4,033 | 22 | -- | 1,890 |
| Deferred | -- | 12,997,159 | 7,208,103 | 4,710,082 |
| Long-term | -- | -- | -- | 1,243,884 |
| Due from other funds | 2,138,505 | -- | -- | -- |
| Due from other governments | 10,842,504 | 2,479,224 | 1,111,450 | 10,123 |
| Advances to other funds | 209,400 | -- | -- | -- |
| Inventories | 388,507 | -- | -- | -- |
| Prepaid items | 25,568 | -- | -- | -- |
| Other assets | 95,860 | -- | -- | -- |
| TOTAL ASSETS | <u>\$ 24,630,159</u> | <u>\$ 19,259,911</u> | <u>\$ 14,384,795</u> | <u>\$ 8,108,174</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,599,358 | \$ 802,418 | \$ 1,034 | \$ 2,378 |
| Accrued salaries and benefits | 5,234,075 | -- | -- | -- |
| Contracts and retained percentage payable | 43,580 | -- | -- | -- |
| Accrued interest payable | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- |
| Due to other governments | 4,596 | -- | -- | 972 |
| Other liabilities, including deposits | 565,137 | 88,964 | -- | 17,438 |
| Advances from other funds | -- | -- | -- | -- |
| Deferred taxes | 365,427 | -- | -- | -- |
| Deferred revenue | 166,071 | 12,997,159 | 7,208,103 | 4,710,082 |
| TOTAL LIABILITIES | <u>7,978,244</u> | <u>13,888,541</u> | <u>7,209,137</u> | <u>4,730,870</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | 643,592 | -- | -- | -- |
| Inventories | 388,507 | -- | -- | -- |
| Receivables | -- | -- | -- | 1,243,884 |
| Prepaid items | 25,568 | -- | -- | -- |
| Capital projects | -- | -- | -- | -- |
| Park capital outlay | -- | -- | -- | -- |
| Future signalization | -- | -- | -- | -- |
| Debt service | -- | 5,371,370 | 7,175,658 | 2,133,420 |
| Court assessments | -- | -- | -- | -- |
| Court collections | -- | -- | -- | -- |
| Other purposes | 293,616 | -- | -- | -- |
| Unreserved, reported in: | | | | |
| General fund | 15,300,632 | -- | -- | -- |
| Special revenue funds | -- | -- | -- | -- |
| Capital projects funds | -- | -- | -- | -- |
| TOTAL FUND BALANCES | <u>16,651,915</u> | <u>5,371,370</u> | <u>7,175,658</u> | <u>3,377,304</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 24,630,159</u> | <u>\$ 19,259,911</u> | <u>\$ 14,384,795</u> | <u>\$ 8,108,174</u> |

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

| Municipal Court Capital Project Fund | Railroad Capital Project Fund | Downtown Events Center Capital Project Fund | Other Governmental Funds | Total |
|---|-------------------------------------|--|--------------------------------|-----------------------|
| \$ 566,585 | \$ 3,283,327 | \$ 17,904,252 | \$ 47,543,120 | \$ 90,265,634 |
| -- | 538,529 | -- | 280,767 | 874,602 |
| -- | -- | 86,626 | 222,663 | 409,028 |
| -- | -- | -- | 133,257 | 497,699 |
| -- | -- | -- | -- | 1,428,888 |
| -- | -- | -- | -- | 5,945 |
| -- | -- | -- | -- | 24,915,344 |
| -- | -- | -- | 1,705,593 | 2,949,477 |
| -- | -- | -- | 3,366,309 | 5,504,814 |
| 67,800 | -- | -- | 3,116,305 | 17,627,406 |
| -- | -- | -- | -- | 209,400 |
| -- | -- | -- | 84,007 | 472,514 |
| -- | -- | -- | 320 | 25,888 |
| -- | -- | -- | 21,015 | 116,875 |
| <u>\$ 634,385</u> | <u>\$ 3,821,856</u> | <u>\$ 17,990,878</u> | <u>\$ 56,473,356</u> | <u>\$ 145,303,514</u> |
| \$ -- | \$ 31,566 | \$ -- | \$ 1,103,155 | \$ 3,539,909 |
| -- | 6,003 | -- | 293,673 | 5,533,751 |
| 168 | 3,616,249 | 21,122 | 2,039,804 | 5,720,923 |
| -- | 11,287 | -- | 2,362 | 13,649 |
| 476,179 | -- | -- | 5,028,635 | 5,504,814 |
| -- | -- | -- | 1,806,670 | 1,812,238 |
| -- | -- | -- | 727,039 | 1,398,578 |
| -- | -- | -- | 209,400 | 209,400 |
| -- | -- | -- | 125,853 | 491,280 |
| -- | -- | -- | 1,787,293 | 26,868,708 |
| <u>476,347</u> | <u>3,665,105</u> | <u>21,122</u> | <u>13,123,884</u> | <u>51,093,250</u> |
| -- | 249,084 | 1,644,081 | 4,360,047 | 6,896,804 |
| -- | -- | -- | 84,007 | 472,514 |
| -- | -- | -- | 1,705,593 | 2,949,477 |
| -- | -- | -- | 320 | 25,888 |
| 158,038 | -- | 16,325,675 | 6,778,163 | 23,261,876 |
| -- | -- | -- | 7,291,474 | 7,291,474 |
| -- | -- | -- | 481,537 | 481,537 |
| -- | -- | -- | 9,455,407 | 24,135,855 |
| -- | -- | -- | 826,283 | 826,283 |
| -- | -- | -- | 94,860 | 94,860 |
| -- | -- | -- | 645,023 | 938,639 |
| -- | -- | -- | -- | 15,300,632 |
| -- | -- | -- | 2,593,727 | 2,593,727 |
| -- | (92,333) | -- | 9,033,031 | 8,940,698 |
| <u>158,038</u> | <u>156,751</u> | <u>17,969,756</u> | <u>43,349,472</u> | <u>94,210,264</u> |
| <u>\$ 634,385</u> | <u>\$ 3,821,856</u> | <u>\$ 17,990,878</u> | <u>\$ 56,473,356</u> | <u>\$ 145,303,514</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, 2006

| | |
|--|-----------------------|
| TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET | \$ 94,210,264 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 902,674,050 |
| Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 38,235,621 |
| 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 | (456,631,841) |
| Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds | 25,410,656 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets | <u>(15,043,772)</u> |
| TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS | <u>\$ 588,854,978</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, 2006

| | General Fund | Railroad Debt Service Fund | Downtown Events Center Debt Fund | Special Assessment Districts Debt Fund |
|--|----------------------|----------------------------------|--|---|
| REVENUES | | | | |
| Taxes | \$ 38,909,583 | \$ 1,077,511 | \$ 6,053,376 | \$ -- |
| Special assessments | 1,316,655 | 1,273,924 | 275,449 | 1,202,859 |
| Fees, licenses, and permits | 32,138,304 | -- | -- | -- |
| Intergovernmental | 72,501,092 | 8,925,336 | -- | -- |
| Grants and contributions | 1,696,329 | -- | -- | -- |
| Charges for services | 3,893,987 | -- | -- | -- |
| Fines and forfeitures | 3,576,364 | -- | -- | -- |
| Miscellaneous | 10,518,707 | 924,363 | 1,997,428 | 442,257 |
| TOTAL REVENUES | <u>164,551,021</u> | <u>12,201,134</u> | <u>8,326,253</u> | <u>1,645,116</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 15,447,232 | -- | -- | -- |
| Judicial | 5,329,249 | -- | -- | -- |
| Public safety - Police | 55,068,000 | -- | -- | -- |
| Public safety - Fire | 46,764,717 | -- | -- | -- |
| Public works | 11,280,032 | -- | -- | -- |
| Planning and community development | 1,258,748 | -- | -- | -- |
| Culture and recreation | -- | -- | -- | -- |
| Urban redevelopment | -- | -- | -- | -- |
| Intergovernmental | 5,500,472 | -- | -- | -- |
| Capital outlay | 1,120,000 | -- | -- | -- |
| Debt service: | | | | |
| Principal | 758,347 | -- | 130,000 | 324,090 |
| Interest | 110,343 | 3,004,939 | 4,247,486 | 208,537 |
| Bond issue costs | -- | 5,782,176 | 2,937,005 | -- |
| Fiscal charges | -- | 366,532 | 339,974 | 145,965 |
| TOTAL EXPENDITURES | <u>142,637,140</u> | <u>9,153,647</u> | <u>7,654,465</u> | <u>678,592</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>21,913,881</u> | <u>3,047,487</u> | <u>671,788</u> | <u>966,524</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds issued | -- | 211,298,693 | 96,587,556 | -- |
| Other financing proceeds | 1,120,000 | -- | (478,872) | 987,713 |
| Inception of capital leases | 788,014 | -- | -- | -- |
| Premium on bonds issued | -- | -- | -- | -- |
| Discounts on bonds issued | -- | (47,453) | (82,671) | -- |
| Payment to refunded debt escrow agent | -- | (55,137,974) | (11,701,404) | -- |
| Advance refunding escrow payment | -- | (120,161,442) | (72,674,704) | -- |
| Sale of capital assets | (193,131) | -- | -- | -- |
| Transfers from other funds | 3,832,127 | -- | 12,210,782 | -- |
| Transfers to other funds | (26,580,279) | (49,036,172) | (23,102,661) | (1,723,714) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(21,033,269)</u> | <u>(13,084,348)</u> | <u>758,026</u> | <u>(736,001)</u> |
| NET CHANGE IN FUND BALANCES | <u>880,612</u> | <u>(10,036,861)</u> | <u>1,429,814</u> | <u>230,523</u> |
| FUND BALANCES - BEGINNING OF YEAR | 16,773,010 | 15,408,231 | 5,745,844 | 3,146,781 |
| PRIOR PERIOD ADJUSTMENT | (1,001,707) | -- | -- | -- |
| FUND BALANCES - RESTATED, BEGINNING | <u>15,771,303</u> | <u>15,408,231</u> | <u>5,745,844</u> | <u>3,146,781</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 16,651,915</u> | <u>\$ 5,371,370</u> | <u>\$ 7,175,658</u> | <u>\$ 3,377,304</u> |

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

| Municipal Court Capital Project Fund | Railroad Capital Project Fund | Downtown Events Center Capital Projects Fund | Other Governmental Funds | Total |
|---|-------------------------------------|---|--------------------------------|----------------------|
| \$ -- | \$ -- | \$ -- | \$ 21,127,689 | \$ 67,168,159 |
| -- | -- | -- | 88,975 | 4,157,862 |
| -- | -- | -- | 145,518 | 32,283,822 |
| -- | -- | -- | 5,107,238 | 86,533,666 |
| -- | -- | -- | 11,646,872 | 13,343,201 |
| -- | 407,823 | -- | 4,193,039 | 8,494,849 |
| -- | -- | -- | 47,777 | 3,624,141 |
| 94,385 | 1,182,292 | 352,366 | 6,848,433 | 22,360,231 |
| <u>94,385</u> | <u>1,590,115</u> | <u>352,366</u> | <u>49,205,541</u> | <u>237,965,931</u> |
| -- | -- | -- | 1,633,026 | 17,080,258 |
| -- | -- | -- | 285,865 | 5,615,114 |
| -- | -- | -- | -- | 55,068,000 |
| -- | -- | -- | -- | 46,764,717 |
| 976 | 1,102,112 | 273,275 | 8,136,473 | 20,792,868 |
| -- | -- | -- | 3,030,434 | 4,289,182 |
| -- | -- | -- | 15,924,189 | 15,924,189 |
| -- | -- | -- | 2,347,178 | 2,347,178 |
| -- | -- | -- | -- | 5,500,472 |
| 4,464,641 | 34,307,055 | 2,676,003 | 19,292,055 | 61,859,754 |
| -- | -- | -- | 8,618,000 | 9,830,437 |
| -- | -- | -- | 4,131,802 | 11,703,107 |
| -- | -- | -- | 87,798 | 8,806,979 |
| -- | -- | -- | 32,989 | 885,460 |
| <u>4,465,617</u> | <u>35,409,167</u> | <u>2,949,278</u> | <u>63,519,809</u> | <u>266,467,715</u> |
| <u>(4,371,232)</u> | <u>(33,819,052)</u> | <u>(2,596,912)</u> | <u>(14,314,268)</u> | <u>(28,501,784)</u> |
| -- | -- | -- | 3,275,000 | 311,161,249 |
| -- | -- | -- | -- | 1,628,841 |
| -- | -- | -- | -- | 788,014 |
| -- | -- | -- | 42,358 | 42,358 |
| -- | -- | -- | -- | (130,124) |
| -- | -- | -- | -- | (66,839,378) |
| -- | -- | -- | -- | (192,836,146) |
| -- | -- | -- | 2,239,853 | 2,046,722 |
| 3,422,000 | 50,076,172 | 12,921,038 | 37,440,124 | 119,902,243 |
| -- | -- | (12,210,782) | (16,008,339) | (128,661,947) |
| <u>3,422,000</u> | <u>50,076,172</u> | <u>710,256</u> | <u>26,988,996</u> | <u>47,101,832</u> |
| <u>(949,232)</u> | <u>16,257,120</u> | <u>(1,886,656)</u> | <u>12,674,728</u> | <u>18,600,048</u> |
| 1,107,270 | (16,100,369) | 19,856,412 | 34,129,354 | 80,066,533 |
| -- | -- | -- | (3,454,610) | (4,456,317) |
| <u>1,107,270</u> | <u>(16,100,369)</u> | <u>19,856,412</u> | <u>30,674,744</u> | <u>75,610,216</u> |
| <u>\$ 158,038</u> | <u>\$ 156,751</u> | <u>\$ 17,969,756</u> | <u>\$ 43,349,472</u> | <u>\$ 94,210,264</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, 2006

| | |
|--|----------------------|
| NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES | \$ 18,600,048 |
| 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. | 27,109,919 |
| The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase Net Assets. | (7,363,754) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds. | 48,074,128 |
| 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. | (35,383,484) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | (2,182,675) |
| 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>(9,083,998)</u> |
| CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 39,770,184</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 39,538,230 | \$ 39,538,230 | \$ 38,909,583 | \$ (628,647) |
| Special assessments | 1,210,000 | 1,210,000 | 1,316,655 | 106,655 |
| Licenses and permits: | | | | |
| Business licenses and permits: | | | | |
| Business licenses | 11,700,000 | 12,286,975 | 12,320,382 | 33,407 |
| City gaming licenses | 3,000,000 | 2,600,000 | 2,367,783 | (232,217) |
| Liquor licenses | 1,268,649 | 1,150,000 | 1,030,430 | (119,570) |
| Non-business licenses and permits | 60,000 | 60,000 | 55,356 | (4,644) |
| Franchises: | | | | |
| Electricity | 4,659,633 | 5,009,633 | 5,064,303 | 54,670 |
| Telephone | 3,553,341 | 3,500,000 | 3,414,967 | (85,033) |
| Natural gas | 1,247,746 | 1,900,000 | 2,071,950 | 171,950 |
| Sanitation | 1,723,546 | 1,875,000 | 1,869,581 | (5,419) |
| Water | 1,000,000 | 1,000,000 | 961,514 | (38,486) |
| Sewer | 980,000 | 1,101,890 | 1,289,617 | 187,727 |
| Cable television | 1,550,000 | 1,550,000 | 1,692,421 | 142,421 |
| Total licenses and permits | <u>30,742,915</u> | <u>32,033,498</u> | <u>32,138,304</u> | <u>104,806</u> |
| Intergovernmental: | | | | |
| Federal grants | 550,000 | 1,263,327 | 1,696,329 | 433,002 |
| State grants | -- | 576,673 | -- | (576,673) |
| State shared revenues | 53,404,228 | 53,404,228 | 54,708,166 | 1,303,938 |
| County shared revenues: | | | | |
| County gaming licenses | 1,706,202 | 2,100,000 | 1,895,490 | (204,510) |
| AB 104 | 3,000,000 | 3,500,000 | 3,602,340 | 102,340 |
| Fire consolidated payment | 12,239,933 | 12,239,933 | 12,279,096 | 39,163 |
| Other | -- | 16,000 | 16,000 | -- |
| Total intergovernmental | <u>70,900,363</u> | <u>73,100,161</u> | <u>74,197,421</u> | <u>1,097,260</u> |
| Charges for services: | | | | |
| General government: | | | | |
| Administration fees | 1,605,000 | 865,000 | 949,537 | 84,537 |
| Other | 358,038 | 358,038 | 354,371 | (3,667) |
| Judicial: | | | | |
| Municipal court charges | 200,000 | 225,000 | 250,088 | 25,088 |

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

continued

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
 General Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services: | | | | |
| Public safety: | | | | |
| Police service charges | \$ 255,000 | \$ 230,000 | \$ 284,511 | \$ 54,511 |
| Work permits | 100,000 | 100,000 | 78,084 | (21,916) |
| Fire service charges | 374,082 | 455,000 | 568,196 | 113,196 |
| Public works: | | | | |
| Engineering fees | 788,519 | 788,519 | 783,080 | (5,439) |
| Parking receipts | 633,800 | 633,800 | 590,711 | (43,089) |
| Other | 16,500 | 30,000 | 35,409 | 5,409 |
| Total charges for services | <u>4,330,939</u> | <u>3,685,357</u> | <u>3,893,987</u> | <u>208,630</u> |
| Fines and forfeits: | | | | |
| Municipal court fines | 2,865,000 | 2,920,000 | 2,941,524 | 21,524 |
| Municipal court forfeitures | 65,000 | 110,000 | 174,055 | 64,055 |
| Delinquent license penalties | 300,000 | 400,000 | 460,796 | 60,796 |
| Fines and forfeitures, other | 4,000 | 4,000 | (11) | (4,011) |
| Total fines and forfeits | <u>3,234,000</u> | <u>3,434,000</u> | <u>3,576,364</u> | <u>142,364</u> |
| Miscellaneous: | | | | |
| Investment earnings | 300,000 | 300,000 | 350,909 | 50,909 |
| Rent and royalties | -- | -- | 11,064 | 11,064 |
| Reimbursement and restitution | 8,888,128 | 9,354,888 | 9,115,024 | (239,864) |
| Private grants | -- | 67,451 | 149,538 | 82,087 |
| Other | 207,500 | 316,231 | 892,172 | 575,941 |
| Total miscellaneous | <u>9,395,628</u> | <u>10,038,570</u> | <u>10,518,707</u> | <u>480,137</u> |
| TOTAL REVENUES | <u>159,352,075</u> | <u>163,039,816</u> | <u>164,551,021</u> | <u>1,511,205</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council: | | | | |
| Salaries and wages | 330,452 | 333,822 | 336,823 | (3,001) |
| Employee benefits | 203,682 | 236,582 | 234,092 | 2,490 |
| Services and supplies | 577,514 | 552,614 | 449,078 | 103,536 |
| Subtotal | <u>1,111,648</u> | <u>1,123,018</u> | <u>1,019,993</u> | <u>103,025</u> |
| City Clerk: | | | | |
| Salaries and wages | 543,185 | 588,153 | 584,814 | 3,339 |
| Employee benefits | 258,225 | 240,784 | 229,480 | 11,304 |
| Services and supplies | 839,194 | 886,138 | 907,768 | (21,630) |
| Subtotal | <u>1,640,604</u> | <u>1,715,075</u> | <u>1,722,062</u> | <u>(6,987)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| City Manager: | | | | |
| Salaries and wages | \$ 1,967,352 | \$ 2,197,127 | \$ 2,156,743 | \$ 40,384 |
| Employee benefits | 867,559 | 896,594 | 892,568 | 4,026 |
| Services and supplies | 1,934,180 | 2,810,545 | 1,947,347 | 863,198 |
| Subtotal | <u>4,769,091</u> | <u>5,904,266</u> | <u>4,996,658</u> | <u>907,608</u> |
| Finance: | | | | |
| Salaries and wages | 1,419,943 | 1,392,253 | 1,378,661 | 13,592 |
| Employee benefits | 449,665 | 613,404 | 600,544 | 12,860 |
| Services and supplies | 338,054 | 634,532 | 583,024 | 51,508 |
| Capital outlay | 15,000 | 31,902 | 16,902 | 15,000 |
| Subtotal | <u>2,222,662</u> | <u>2,672,091</u> | <u>2,579,131</u> | <u>92,960</u> |
| City Attorney: | | | | |
| Salaries and wages | 2,401,756 | 2,358,530 | 2,361,607 | (3,077) |
| Employee benefits | 969,441 | 974,109 | 946,853 | 27,256 |
| Services and supplies | 443,585 | 448,993 | 437,708 | 11,285 |
| Subtotal | <u>3,814,782</u> | <u>3,781,632</u> | <u>3,746,168</u> | <u>35,464</u> |
| Human Resources: | | | | |
| Salaries and wages | 734,798 | 629,814 | 626,905 | 2,909 |
| Employee benefits | 333,827 | 310,652 | 289,312 | 21,340 |
| Services and supplies | 209,855 | 168,413 | 193,454 | (25,041) |
| Subtotal | <u>1,278,480</u> | <u>1,108,879</u> | <u>1,109,671</u> | <u>(792)</u> |
| Civil Service Commission: | | | | |
| Salaries and wages | 180,552 | 140,552 | 136,067 | 4,485 |
| Employee benefits | 76,512 | 64,766 | 58,424 | 6,342 |
| Services and supplies | 97,336 | 142,936 | 79,058 | 63,878 |
| Subtotal | <u>354,400</u> | <u>348,254</u> | <u>273,549</u> | <u>74,705</u> |
| General government summary: | | | | |
| Salaries and wages | 7,578,038 | 7,640,251 | 7,581,620 | 58,631 |
| Employee benefits | 3,158,911 | 3,336,891 | 3,251,273 | 85,618 |
| Services and supplies | 4,439,718 | 5,644,171 | 4,597,437 | 1,046,734 |
| Capital outlay | 15,000 | 31,902 | 16,902 | 15,000 |
| Total General government | <u>15,191,667</u> | <u>16,653,215</u> | <u>15,447,232</u> | <u>1,205,983</u> |

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

continued

CITY OF RENO, NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)
 General Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|--------------------|--------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Judicial: | | | | |
| Salaries and wages | \$ 3,104,836 | \$ 3,057,078 | \$ 3,000,793 | \$ 56,285 |
| Employee benefits | 1,371,414 | 1,368,824 | 1,354,291 | 14,533 |
| Services and supplies | 791,849 | 832,149 | 917,224 | (85,075) |
| Capital outlay | -- | 82,700 | 56,941 | 25,759 |
| Total Judicial | <u>5,268,099</u> | <u>5,340,751</u> | <u>5,329,249</u> | <u>11,502</u> |
| Public safety: | | | | |
| Police department: | | | | |
| Salaries and wages | 33,391,268 | 33,418,800 | 33,743,896 | (325,096) |
| Employee benefits | 15,362,176 | 14,875,512 | 14,944,392 | (68,880) |
| Services and supplies | 4,483,246 | 6,092,383 | 6,379,712 | (287,329) |
| Capital outlay | -- | 200,915 | -- | 200,915 |
| Subtotal | <u>53,236,690</u> | <u>54,587,610</u> | <u>55,068,000</u> | <u>(480,390)</u> |
| Fire department: | | | | |
| Salaries and wages | 30,078,191 | 29,870,152 | 29,703,616 | 166,536 |
| Employee benefits | 12,790,908 | 12,822,609 | 12,926,178 | (103,569) |
| Services and supplies | 2,875,334 | 3,137,609 | 3,234,539 | (96,930) |
| Capital outlay | 280,000 | 1,301,810 | 900,384 | 401,426 |
| Subtotal | <u>46,024,433</u> | <u>47,132,180</u> | <u>46,764,717</u> | <u>367,463</u> |
| Total Public safety summary: | | | | |
| Salaries and wages | 63,469,459 | 63,288,952 | 63,447,512 | (158,560) |
| Employee benefits | 28,153,084 | 27,698,121 | 27,870,570 | (172,449) |
| Services and supplies | 7,358,580 | 9,229,992 | 9,614,251 | (384,259) |
| Capital outlay | 280,000 | 1,502,725 | 900,384 | 602,341 |
| Total Public safety | <u>99,261,123</u> | <u>101,719,790</u> | <u>101,832,717</u> | <u>(112,927)</u> |
| Public works: | | | | |
| Salaries and wages | 4,615,475 | 4,348,642 | 4,205,442 | 143,200 |
| Employee benefits | 2,009,543 | 1,841,362 | 1,829,176 | 12,186 |
| Services and supplies | 4,469,885 | 5,068,344 | 5,245,414 | (177,070) |
| Total Public works: | <u>11,094,903</u> | <u>11,258,348</u> | <u>11,280,032</u> | <u>(21,684)</u> |
| Planning and community development: | | | | |
| Salaries and wages | 724,954 | 700,022 | 679,694 | 20,328 |
| Employee benefits | 292,139 | 295,102 | 278,643 | 16,459 |
| Services and supplies | 287,227 | 291,127 | 300,411 | (9,284) |
| Total Planning and community development | <u>1,304,320</u> | <u>1,286,251</u> | <u>1,258,748</u> | <u>27,503</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Intergovernmental: | | | | |
| Retired Employees Trust | \$ 2,200,000 | \$ 2,700,000 | \$ 2,735,364 | \$ (35,364) |
| Miscellaneous | 2,736,885 | 3,145,418 | 2,765,108 | 380,310 |
| Capital outlay | -- | -- | 1,120,000 | (1,120,000) |
| Total Intergovernmental | <u>4,936,885</u> | <u>5,845,418</u> | <u>6,620,472</u> | <u>(775,054)</u> |
| DEBT SERVICE | | | | |
| Principal | 763,377 | 758,347 | 758,347 | -- |
| Interest | <u>105,311</u> | <u>360,319</u> | <u>110,343</u> | <u>249,976</u> |
| Total Debt Service | <u>868,688</u> | <u>1,118,666</u> | <u>868,690</u> | <u>249,976</u> |
| TOTAL EXPENDITURES | <u>137,925,685</u> | <u>143,222,439</u> | <u>142,637,140</u> | <u>585,299</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>21,426,390</u> | <u>19,817,377</u> | <u>21,913,881</u> | <u>2,096,504</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | 19,659 | (193,131) | (212,790) |
| Proceeds - short-term financing | -- | 446,810 | 1,908,014 | 1,461,204 |
| Transfers from other funds | 2,575,796 | 3,836,208 | 3,832,127 | (4,081) |
| Transfers to other funds | <u>(25,467,321)</u> | <u>(26,580,279)</u> | <u>(26,580,279)</u> | <u>--</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(22,891,525)</u> | <u>(22,277,602)</u> | <u>(21,033,269)</u> | <u>1,244,333</u> |
| NET CHANGES IN FUND BALANCES | (1,465,135) | (2,460,225) | 880,612 | 3,340,837 |
| CONTINGENCY | (1,439,814) | (795,667) | -- | 795,667 |
| FUND BALANCES, BEGINNING OF YEAR | 16,773,010 | 16,773,010 | 16,773,010 | -- |
| PRIOR PERIOD ADJUSTMENT | -- | -- | (1,001,707) | (1,001,707) |
| FUND BALANCES, END OF YEAR | <u>\$ 13,868,061</u> | <u>\$ 13,517,118</u> | <u>\$ 16,651,915</u> | <u>\$ 3,134,797</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, 2006

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|---|---|---------------------|---------------------|---------------------------|
| | Sanitary | Nonmajor | Total | Activities |
| | Sewer Fund | Enterprise Funds | Enterprise Funds | Internal Service Funds |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 18,008,926 | \$ 6,826,837 | \$ 24,835,763 | \$ 20,990,464 |
| Receivables: | | | | |
| Accounts receivable | 3,950,484 | 2,062 | 3,952,546 | 102,499 |
| Accrued Interest | 88,704 | 32,667 | 121,371 | 102,203 |
| Due from other funds | 540,689 | -- | 540,689 | -- |
| Due from other governments | 5,928,977 | -- | 5,928,977 | 120,338 |
| Inventories | 56,005 | 96,113 | 152,118 | 131,275 |
| Prepaid expenses | -- | 32,505 | 32,505 | 457,468 |
| Restricted assets: | | | | |
| Cash and investments | 11,649,690 | -- | 11,649,690 | -- |
| Accrued interest receivable | 57,819 | -- | 57,819 | -- |
| Accounts receivable | 12,057 | -- | 12,057 | -- |
| Due from other governments | 4,874,414 | -- | 4,874,414 | -- |
| Total Restricted Assets | 16,593,980 | -- | 16,593,980 | -- |
| Total Current Assets | 45,167,765 | 6,990,184 | 52,157,949 | 21,904,247 |
| Noncurrent Assets: | | | | |
| Delinquent accounts receivable | 1,877,879 | -- | 1,877,879 | -- |
| Deferred charges | 166,431 | 180,269 | 346,700 | -- |
| Investment in Truckee Meadows Water Reclamation Facility | 90,754,492 | -- | 90,754,492 | -- |
| Capital assets: | | | | |
| Land | 4,519,234 | 2,832,317 | 7,351,551 | -- |
| Water rights | 1,770,037 | -- | 1,770,037 | -- |
| Buildings | 12,357,401 | 1,203,025 | 13,560,426 | -- |
| Improvements other than buildings | 236,198,505 | 7,857,345 | 244,055,850 | -- |
| Machinery and equipment | 1,037,248 | 617,297 | 1,654,545 | 23,497,601 |
| Construction in progress | 11,759,358 | -- | 11,759,358 | -- |
| Total Capital assets | 267,641,783 | 12,509,984 | 280,151,767 | 23,497,601 |
| Less accumulated depreciation | (61,886,768) | (5,147,322) | (67,034,090) | (12,987,327) |
| Net Capital assets | 205,755,015 | 7,362,662 | 213,117,677 | 10,510,274 |
| Total Noncurrent Assets | 298,553,817 | 7,542,931 | 306,096,748 | 10,510,274 |
| TOTAL ASSETS | 343,721,582 | 14,533,115 | 358,254,697 | 32,414,521 |

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

continued

CITY OF RENO, NEVADA

Statement of Fund Net Assets (continued)
 Proprietary Funds
 June 30, 2006

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---------------------------------|------------------------------|----------------------------|
| | Sanitary Sewer Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 177,766 | 137,531 | 315,297 | 294,266 |
| Accrued salaries and benefits | 108,573 | 234,078 | 342,651 | 65,787 |
| Contracts and retained percentage payable | 3,029,267 | -- | 3,029,267 | -- |
| Accrued interest payable | 1,259,918 | 1,461 | 1,261,379 | -- |
| Accrued liabilities, other | 87,050 | -- | 87,050 | -- |
| Compensated absences payable | 436,096 | 876,383 | 1,312,479 | 204,894 |
| Due to other funds | -- | 540,689 | 540,689 | -- |
| Due to other governments | 1,557,263 | 5,785 | 1,563,048 | -- |
| Deposits | 57,151 | 20,083 | 77,234 | -- |
| Bonds payable | 1,116,111 | 185,000 | 1,301,111 | -- |
| Liability for self-insurance | -- | -- | -- | 7,294,928 |
| Total Current Liabilities (payable from current assets) | <u>7,829,195</u> | <u>2,001,010</u> | <u>9,830,205</u> | <u>7,859,875</u> |
| Current liabilities (payable from restricted assets): | | | | |
| Accounts payable | 2,172 | -- | 2,172 | -- |
| Contracts and retained percentage payable | 2,828,392 | -- | 2,828,392 | -- |
| Accrued interest payable | 26,158 | -- | 26,158 | -- |
| Due to other governments | 239,121 | -- | 239,121 | -- |
| Deferred revenue | 2,000 | -- | 2,000 | -- |
| Total Current Liabilities (payable from restricted assets) | <u>3,097,843</u> | <u>--</u> | <u>3,097,843</u> | <u>--</u> |
| Total Current Liabilities | <u>10,927,038</u> | <u>2,001,010</u> | <u>12,928,048</u> | <u>7,859,875</u> |
| Noncurrent Liabilities: | | | | |
| Compensated absences payable | 172,080 | 504,876 | 676,956 | 28,147 |
| Bonds payable | 68,234,671 | 2,937,528 | 71,172,199 | -- |
| Liability for self-insurance | -- | -- | -- | 45,628,640 |
| Total Noncurrent Liabilities | <u>68,406,751</u> | <u>3,442,404</u> | <u>71,849,155</u> | <u>45,656,787</u> |
| TOTAL LIABILITIES | <u>79,333,789</u> | <u>5,443,414</u> | <u>84,777,203</u> | <u>53,516,662</u> |
| NET ASSETS | | | | |
| Invested in capital, net of related debt | 205,755,015 | 4,240,134 | 209,995,149 | 10,510,274 |
| Restricted for: | | | | |
| Capital projects | 1,686,064 | -- | 1,686,064 | -- |
| Claims | -- | -- | -- | 4,531,462 |
| Building permit operations | -- | 3,492,906 | 3,492,906 | -- |
| Unrestricted (deficit) | 56,946,714 | 1,356,661 | 58,303,375 | (36,143,877) |
| TOTAL NET ASSETS | <u>\$ 264,387,793</u> | <u>\$ 9,089,701</u> | <u>273,477,494</u> | <u>\$ (21,102,141)</u> |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds | | | (6,040,832) | |
| Net assets of business-type activities (page 21) | | | <u>\$ 267,436,662</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, 2006

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|--|---|---------------------------------|-----------------------------|---------------------------|
| | Sanitary Sewer Fund | Nonmajor Enterprise Funds | Total Enterprise Fund | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 32,164,627 | \$14,178,582 | \$46,343,209 | \$ 24,910,026 |
| Fines and forfeitures | 727,343 | 923 | 728,266 | -- |
| Miscellaneous | 1,759,351 | 113,184 | 1,872,535 | 2,798,560 |
| TOTAL OPERATING REVENUES | <u>34,651,321</u> | <u>14,292,689</u> | <u>48,944,010</u> | <u>27,708,586</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 3,940,576 | 8,845,274 | 12,785,850 | 2,389,282 |
| Employee benefits | 1,614,321 | 3,371,434 | 4,985,755 | 994,697 |
| Services and supplies | 7,080,167 | 7,683,728 | 14,763,895 | 37,424,079 |
| Joint Sewer plant | 11,658,231 | -- | 11,658,231 | -- |
| Depreciation | 5,936,073 | 348,287 | 6,284,360 | 2,858,238 |
| TOTAL OPERATING EXPENSES | <u>30,229,368</u> | <u>20,248,723</u> | <u>50,478,091</u> | <u>43,666,296</u> |
| OPERATING INCOME (LOSS) | <u>4,421,953</u> | <u>(5,956,034)</u> | <u>(1,534,081)</u> | <u>(15,957,710)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Taxes | -- | 87,677 | 87,677 | -- |
| Private grants | 25,000 | -- | 25,000 | -- |
| Federal grants | -- | 1,375 | 1,375 | -- |
| Investment earnings | 590,513 | 124,889 | 715,402 | 631,434 |
| Debt service - interest | (1,504,036) | (98,453) | (1,602,489) | -- |
| Debt service - fiscal charges | (4,267) | (5,166) | (9,433) | -- |
| Gain (loss) on asset disposal | (85,861) | (199,047) | (284,908) | 61,851 |
| Net loss from Truckee Meadows Water Reclamation Facility | (2,834,540) | -- | (2,834,540) | -- |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(3,813,191)</u> | <u>(88,725)</u> | <u>(3,901,916)</u> | <u>693,285</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>608,762</u> | <u>(6,044,759)</u> | <u>(5,435,997)</u> | <u>(15,264,425)</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Connection charges | 10,981,553 | -- | 10,981,553 | -- |
| Contribution of assets | 8,102,098 | -- | 8,102,098 | 407,352 |
| TOTAL CAPITAL CONTRIBUTIONS | <u>19,083,651</u> | <u>--</u> | <u>19,083,651</u> | <u>407,352</u> |
| TRANSFERS | | | | |
| Transfers in | -- | 5,303,978 | 5,303,978 | 5,506,157 |
| Transfers out | (597,619) | (160,000) | (757,619) | (1,292,812) |
| TOTAL TRANSFERS IN (OUT) | <u>(597,619)</u> | <u>5,143,978</u> | <u>4,546,359</u> | <u>4,213,345</u> |
| CHANGES IN NET ASSETS | <u>19,094,794</u> | <u>(900,781)</u> | <u>18,194,013</u> | <u>(10,643,728)</u> |
| NET ASSETS - BEGINNING OF YEAR | <u>247,056,299</u> | <u>9,919,218</u> | | <u>(10,458,413)</u> |
| PRIOR PERIOD ADJUSTMENT | <u>(1,763,300)</u> | <u>71,264</u> | | <u>--</u> |
| NET ASSETS - RESTATED, BEGINNING | <u>245,292,999</u> | <u>9,990,482</u> | | <u>(10,458,413)</u> |
| NET ASSETS, END OF YEAR | <u>\$264,387,793</u> | <u>\$ 9,089,701</u> | | <u>\$ (21,102,141)</u> |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds | | | (1,542,193) | |
| Change in net assets of business-type activities (page 23) | | | <u>\$16,651,820</u> | |

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

CITY OF RENO, NEVADA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

| | Business-type Activities - Enterprise Funds | | | Governmental |
|---|---|---------------------|----------------------|---------------------------|
| | Sanitary | Nonmajor | Total | Activities |
| | Sewer Fund | Enterprise Funds | Enterprise Fund | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 23,877,858 | \$ 14,268,137 | \$ 38,145,995 | \$ -- |
| Cash received from other funds for services | 1,032,357 | -- | 1,032,357 | 24,714,878 |
| Cash received from miscellaneous income, reimbursements and restitutions | 1,759,351 | 114,111 | 1,873,462 | 2,798,560 |
| Cash paid for employee's salaries and benefits | (4,687,028) | (10,443,437) | (15,130,465) | (2,927,797) |
| Cash payments to suppliers for goods and services | (17,388,404) | (4,245,777) | (21,634,181) | (25,999,360) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (2,669,834) | (4,753,648) | (7,423,482) | (1,027,765) |
| Cash paid to deferred compensation plans | (144,396) | (265,972) | (410,368) | (82,750) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 1,779,904 | (5,326,586) | (3,546,682) | (2,524,234) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash received from other funds | 1,967,721 | 143,104 | 2,110,825 | -- |
| Tax revenue | -- | 87,677 | 87,677 | -- |
| Cash received from private grants | 25,000 | -- | 25,000 | -- |
| Cash received from federal grants | -- | 1,375 | 1,375 | -- |
| Transfers in | -- | 5,303,978 | 5,303,978 | 5,506,157 |
| Transfers out | (597,619) | (579,277) | (1,176,896) | (1,292,812) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 1,395,102 | 4,956,857 | 6,351,959 | 4,213,345 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Cash received from connection charges | 10,981,553 | -- | 10,981,553 | -- |
| Investment in Truckee Meadows Water Reclamation Facility | (23,977,065) | -- | (23,977,065) | -- |
| Proceeds from sale of capital assets | -- | -- | -- | 61,851 |
| Acquisition and construction of capital assets | (23,175,373) | 703,889 | (22,471,484) | (2,611,355) |
| Payments on bonds payable | -- | (180,000) | (180,000) | -- |
| Note payable issued | 39,043,480 | -- | 39,043,480 | -- |
| Interest and fiscal charges paid on debt | (499,264) | (104,197) | (603,461) | -- |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | 2,373,331 | 419,692 | 2,793,023 | (2,549,504) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment earnings received | 535,722 | 111,921 | 647,643 | 602,350 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,084,059 | 161,884 | 6,245,943 | (258,043) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTATED) | 23,574,557 | 6,664,953 | 30,239,510 | 21,248,507 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 29,658,616 | \$ 6,826,837 | \$ 36,485,453 | \$ 20,990,464 |

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

continued

CITY OF RENO, NEVADA

Statement of Cash Flows (continued)
 Proprietary Funds
 June 30, 2006

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|---|-----------------------|-----------------------|---------------------------|
| | Sanitary | Nonmajor | Total | Activities |
| | Sewer Fund | Enterprise Funds | Enterprise Fund | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 4,421,953 | \$ (5,956,034) | \$ (1,534,081) | \$ (15,957,710) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 5,936,073 | 348,287 | 6,284,360 | 2,858,238 |
| Gain/(loss) on disposal of assets | (85,861) | (199,047) | (284,908) | |
| Changes in assets and liabilities: | | | | |
| (Increases) decrease: | | | | |
| Accounts receivable | (1,991,511) | 158,464 | (1,833,047) | (91,141) |
| Deferred charges | (49,359) | 5,745 | (43,614) | -- |
| Due from other governments | (6,092,459) | -- | (6,092,459) | (104,007) |
| Inventories | (45,859) | 23,577 | (22,282) | (3,764) |
| Prepaid expenses | 177 | 90,425 | 90,602 | (14,352) |
| Increase (decrease): | | | | |
| Accounts payable | (17,226) | 57,940 | 40,714 | (46,504) |
| Deposits | 15,165 | (7,451) | 7,714 | -- |
| Accrued salaries and benefits | 23,261 | 26,806 | 50,067 | 16,541 |
| Compensated absences payable | 93,941 | 188,990 | 282,931 | (13,786) |
| Contracts and retained percentage payable | (486,830) | -- | (486,830) | -- |
| Accrued liabilities | 87,050 | -- | 87,050 | 10,832,251 |
| Due to other governments | (28,611) | (64,288) | (92,899) | -- |
| Deferred revenue | -- | -- | -- | -- |
| Total adjustments | (2,642,049) | 629,448 | (2,012,601) | 13,433,476 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 1,779,904 | \$ (5,326,586) | \$ (3,546,682) | \$ (2,524,234) |
| NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital contributions: | | | | |
| Contribution of assets | \$ 8,102,098 | \$ -- | \$ 8,102,098 | \$ 407,352 |

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

CITY OF RENO, NEVADA

Statement of Fiduciary Net Assets Agency Funds June 30, 2006

| | |
|-----------------------------|---------------------|
| ASSETS | |
| Cash and Investments | \$ 6,207,633 |
| Accrued interest receivable | 6,547 |
| Special assessments: | |
| Current | 881,818 |
| Delinquent | 882 |
| Due from other governments | 190,805 |
| TOTAL ASSETS | <u>\$ 7,287,685</u> |
| LIABILITIES | |
| Accounts payable | \$ 22,593 |
| Accrued liabilities | 46,834 |
| Deposits | 932,976 |
| Due to other governments | 19 |
| Due to others | 6,285,263 |
| TOTAL LIABILITIES | <u>\$ 7,287,685</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, 2006

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, 2006

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

Government-Wide and Fund Financial Statements

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

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

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, 2006

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 forfeits 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 revenue 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 **Municipal Court Capital Projects Fund** is used 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.

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, 2006

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.

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.

Budgets and Budgetary Accounting

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

1. Prior to April 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. This is in accordance with Nevada Revised Statutes and the City of Reno Charter. The operating budget includes proposed expenditures/expenses and the means of financing them. Appropriations are required to be detailed by object (salaries and wages, employee benefits, services and supplies, or capital outlay) within a department, within a function, within a fund.
2. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.
3. On or before June 1, the budget is legally adopted by a majority vote of the City Council members.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Budgets and Budgetary Accounting (continued)

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

Cash, Cash Equivalents and Investments

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

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

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Accrued Interest Receivable

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

Inventories

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

Due to and Due from Other Funds

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

Restricted Assets

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

Capital Assets

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Capital Assets (continued)

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 |

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 non-current.

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.

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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Long-Term Liabilities (continued)

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, 2006

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 \$(456,631,841) difference are as follows:

| | |
|---|-------------------------|
| Bonds payable, net of bond premium and discount | \$ (428,622,713) |
| Bond premiums (discounts outstanding) | 1,206,929 |
| Notes payable | (3,090,012) |
| Notes receivable outstanding for self-financed SADs | (1,243,884) |
| Notes receivable outstanding for RDA/City of Reno | (336,815) |
| Accrued interest payable | (2,006,695) |
| Compensated absences | <u>(22,538,651)</u> |
| Net Difference in Reporting Long-Term Liabilities | <u>\$ (456,631,841)</u> |

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

| | |
|--|----------------------|
| Bond costs, deferred charges | \$ 39,114,812 |
| Less: Current year amortization | <u>(879,191)</u> |
| Net Difference in Reporting Other Assets | <u>\$ 38,235,621</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 | \$ 62,952,497 |
| Depreciation expense | <u>(35,842,578)</u> |
| Net Difference in Reporting Capital Asset Activity | <u>\$ 27,109,919</u> |

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:

| | |
|---|-----------------------|
| Loss on sales of assets reclassified to expenditures | <u>\$ (7,363,754)</u> |
| Net Difference in Reporting Transactions Involving Capital Asset Sales/Disposition | <u>\$ (7,363,754)</u> |

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

| | |
|--|----------------------|
| Deferred revenue decreases net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources | \$ (4,534,882) |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources | <u>52,609,010</u> |
| Net Difference in Reporting Revenues | <u>\$ 48,074,128</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 | \$ (311,161,249) |
| Notes payable issued | (2,107,713) |
| Capital leases issued | (788,014) |
| Less net bond premiums | 87,766 |
| Plus bond issuance costs | 8,806,979 |
| Accrued interest | (510,399) |
| Principal repayments: | |
| General obligation debt | 8,998,344 |
| Notes payable and capital leases | 1,589,532 |
| Internally financed special assessment debt | 25,746 |
| Refunded debt | 241,405,000 |
| Deferred loss on early debt retirement | <u>18,270,524</u> |
| Net Difference in Reporting Long-Term Debt Transactions | <u>\$ (35,383,484)</u> |

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

| | |
|---|-----------------------|
| Amortization of current year bond discount and issuance costs | \$ (312,865) |
| Compensated absences change | <u>(1,869,810)</u> |
| Net Difference in Reporting Other Long-Term Transactions | <u>\$ (2,182,675)</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 3: **Cash and Investments**

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2006:

Pooled Cash and Investments:

| | |
|-----------------------------------|--------------------|
| Petty cash | \$ 21,810 |
| Cash on hand | 202,906 |
| Cash in bank | 3,830,689 |
| Certificates of deposit | 5,465,000 |
| Investments | 135,071,290 |
| Total pooled cash and investments | <u>144,591,695</u> |

Non-Pooled Cash and Investments

| | |
|---------------------------------------|------------------|
| Cash in bank | 333,940 |
| Certificates of deposit | 12,210 |
| Investments | 9,011,339 |
| Total non-pooled cash and investments | <u>9,357,489</u> |

Total cash and investments \$ 153,949,184

Total cash and investments at June 30, 2006 were presented on the City's financial statements as follows:

| | |
|----------------------------|-----------------------|
| Governmental activities | \$ 111,256,098 |
| Business-type activities | 36,485,453 |
| Fiduciary funds | <u>6,207,633</u> |
| Total cash and investments | <u>\$ 153,949,184</u> |

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

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

| <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 |

At June 30, 2006, 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 | 2.19% - 5.27% | 07/21/06 - 12/12/08 | \$ 79,800,000 | \$ 79,766,250 | 79,023,462 | 1.15 |
| State of Nevada Local Government Investment Pool | On Demand | Variable | n/a | 42,291,507 | 42,291,507 | -- |
| Repurchase agreement | Variable | 7/1/2006 | n/a | 13,756,321 | 13,756,321 | -- |
| Total Pooled Investments | | | | <u>135,814,078</u> | <u>135,071,290</u> | <u>0.67</u> |
| Non-Pooled Investments | | | | | | |
| Money Market Accounts | Variable | On Demand | n/a | 9,011,339 | 9,011,339 | -- |
| Total Non-Pooled Investments | | | | <u>9,011,339</u> | <u>9,011,339</u> | <u>--</u> |
| Total Investments | | | | | <u>\$ 144,082,629</u> | |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

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

Interest Rate Risk

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

Concentration of Credit Risk

At June 30, 2006, 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:

| | <u>S&P</u> | <u>Moody's</u> | <u>% of Portfolio</u> |
|---|----------------|----------------|---------------------------|
| Pooled Investments | | | |
| U.S. Agency Obligations | AAA | Aaa | 58.81% |
| Repurchase Agreement | Unrated | Unrated | 31.31% |
| State of Nevada Local Government Investment Pool | Unrated | Unrated | 10.18% |
| Total Pooled Investments | | | <u>100.00%</u> |
| | | | |
| | <u>S&P</u> | <u>Moody's</u> | <u>% of Portfolio</u> |
| Non-Pooled Investments | | | |
| Money Market accounts | Unrated | Unrated | 100.00% |
| Total Non-Pooled Investments | | | <u>100.00%</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Custodial Credit Risk

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

Note 4: **Property Tax**

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

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

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

The 1979 Nevada Legislature enacted provisions requiring the combined overlapping tax rate be limited to \$3.64 per \$100 of assessed valuation except in the case of severe financial emergencies as defined in NRS 354.705.

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, 2006

Note 5: Capital Assets

Capital Asset activity for the year ended June 30, 2006 was as follows:

| | Balance July 1, 2005 (as restated) | Additions | Retirements | Transfers & Adjustments | Balance June 30, 2006 |
|--|--|----------------------|-----------------------|----------------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 108,489,734 | \$ 7,751,089 | \$ (3,256,529) | \$ 12,248 | \$ 112,996,542 |
| Construction in progress | 244,334,546 | 59,215,900 | -- | (272,062,546) | 31,487,900 |
| Total capital assets, not being depreciated | <u>352,824,280</u> | <u>66,966,989</u> | <u>(3,256,529)</u> | <u>(272,050,298)</u> | <u>144,484,442</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 627,510,202 | 45,678,469 | -- | 20,739,459 | 693,928,130 |
| Improvements other than buildings | 45,621,816 | 1,078,965 | (172,000) | 240,178,297 | 286,707,078 |
| Buildings | 148,164,649 | -- | (5,719,792) | 11,186,169 | 153,631,026 |
| Arts and historical treasures | 1,184,297 | 45,200 | -- | -- | 1,229,497 |
| Equipment | 38,121,498 | 4,901,038 | (2,696,920) | 635,046 | 40,960,662 |
| Total capital assets, being depreciated | <u>860,602,462</u> | <u>51,703,672</u> | <u>(8,588,712)</u> | <u>272,738,971</u> | <u>1,176,456,393</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (306,467,997) | (28,671,781) | -- | -- | (335,139,778) |
| Improvements other than buildings | (21,841,465) | (3,138,156) | 172,000 | -- | (24,807,621) |
| Buildings | (23,259,155) | (2,997,618) | 1,620,538 | (504,842) | (25,141,077) |
| Arts and historical treasures | (196,975) | (50,718) | -- | -- | (247,693) |
| Equipment | (20,992,472) | (3,842,542) | 2,417,801 | 14,407 | (22,402,806) |
| Total accumulated depreciation | <u>(372,758,064)</u> | <u>(38,700,815)</u> | <u>4,210,339</u> | <u>(490,435)</u> | <u>(407,738,975)</u> |
| Total capital assets, being depreciated, net | <u>487,844,398</u> | <u>13,002,857</u> | <u>(4,378,373)</u> | <u>272,248,536</u> | <u>768,717,418</u> |
| Governmental activities capital assets, net | <u>\$ 840,668,678</u> | <u>\$ 79,969,846</u> | <u>\$ (7,634,902)</u> | <u>\$ 198,238</u> | <u>\$ 913,201,860</u> |
| Business-Type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and water rights | \$ 6,032,120 | \$ 3,101,716 | \$ -- | \$ (12,248) | \$ 9,121,588 |
| Construction in progress | 44,578,941 | 22,258,820 | -- | (55,078,403) | 11,759,358 |
| Total capital assets, not being depreciated | <u>50,611,061</u> | <u>25,360,536</u> | <u>--</u> | <u>(55,090,651)</u> | <u>20,880,946</u> |
| Capital assets, being depreciated: | | | | | |
| Improvements other than buildings | 180,876,157 | 8,101,290 | -- | 55,078,403 | 244,055,850 |
| Buildings | 14,252,067 | -- | -- | (691,641) | 13,560,426 |
| Equipment | 1,563,347 | 89,983 | (14,000) | 15,215 | 1,682,545 |
| Total capital assets, being depreciated | <u>196,691,571</u> | <u>8,191,273</u> | <u>(14,000)</u> | <u>54,401,977</u> | <u>259,298,821</u> |
| Accumulated depreciation for: | | | | | |
| Improvements other than buildings | (56,069,620) | (5,825,690) | -- | (51,712) | (61,947,022) |
| Buildings | (3,940,183) | (351,265) | -- | 504,842 | (3,786,606) |
| Equipment | (1,192,651) | (107,405) | 14,000 | (14,406) | (1,328,462) |
| Total accumulated depreciation | <u>(61,202,454)</u> | <u>(6,284,360)</u> | <u>14,000</u> | <u>438,724</u> | <u>(67,062,090)</u> |
| Total capital assets, being depreciated, net | <u>135,489,117</u> | <u>1,906,913</u> | <u>--</u> | <u>54,840,701</u> | <u>192,236,731</u> |
| Business-type activities capital assets, net | <u>\$ 186,100,178</u> | <u>\$ 27,267,449</u> | <u>\$ --</u> | <u>\$ (249,950)</u> | <u>\$ 213,117,677</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

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

Governmental Activities:

| | |
|--|----------------------|
| General government | \$ 1,010,311 |
| Judicial | 9,421 |
| Police | 231,489 |
| Fire | 750,862 |
| Public works | 30,543,695 |
| Planning and community development | 192,250 |
| Culture and recreation | 2,784,058 |
| <i>Urban redevelopment</i> | 373,031 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 2,805,698 |
| Total depreciation expense - governmental activities | <u>\$ 38,700,815</u> |

Business-Type Activities:

| | |
|---|---------------------|
| Sanitary Sewer Fund | \$ 5,936,073 |
| Golf Course Fund | 327,511 |
| Buildng Permit Fund | 20,776 |
| Animal Services Shelter Fund | -- |
| Total depreciation expense - business-type activities | <u>\$ 6,284,360</u> |

Commitments outstanding for construction at June 30, 2006 totaled approximately \$24.4 million.

On January 9, 2002, the City entered into an interlocal agreement with Washoe County for the construction of joint facilities to house the City's Municipal Court and Washoe County's District Attorney's office. The County owns the land on which the joint facilities will be constructed. The facility will be jointly owned by the City and County as a condominium. On February 1, 2002, the City paid the County a fixed amount of \$2.3 million for their share of the demolition and relocation costs. Pursuant to the interlocal agreement, the County will reimburse the City for 60% of the design fees. The 60% represents the estimate of the County's eventual share of the total joint costs of construction of their private space and a corresponding share of the construction costs of the common areas. The total project costs are expected to be approximately \$37.8 million. At June 30, 2006, the City's share of the project costs is estimated at \$16.9 million, which includes the \$2.3 million of demolition and relocation costs. The total amount expended by the City, to date, on this project is \$16,903,340 (net of Washoe County reimbursements).

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Enterprise fund construction in progress at June 30, 2006 primarily represents progress on sewer projects, including construction of interceptors and treatment plant improvements. Outstanding construction commitments total \$10,142,032 for City of Reno enterprise fund projects and \$7,660,052 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, 2006, approximately 70% of the Facility was owned by Reno and 30% by Sparks.

The City of Sparks is responsible for administration and daily operation 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. Staff of the two Cities are in the process of developing a capital improvement replacement plan. During the year ended June 30, 2006, the City of Reno's share of the Facility's loss before contributions, recorded in the Sanitary Sewer Enterprise Fund, was \$2,834,540.

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

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Summary June 30, 2006 financial information for the Facility is as follows:

| | |
|---|----------------------|
| ASSETS | |
| Current assets | \$ 3,630,706 |
| Utility plant | 116,762,011 |
| Total | <u>120,392,717</u> |
| LIABILITIES AND EQUITY | |
| Current liabilities | 1,256,701 |
| Noncurrent liabilities | 813,154 |
| Total Liabilities | <u>2,069,855</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 116,762,011 |
| Unrestricted | 1,560,851 |
| Total Net Assets | <u>118,322,862</u> |
| OPERATING INFORMATION | |
| Operating revenue | 16,973,036 |
| Operating expenses before depreciation | (16,973,036) |
| Depreciation | (4,316,358) |
| Nonoperating income (expense) | <u>99,387</u> |
| Loss before contributions | (4,216,971) |
| Capital contributions | <u>22,449,988</u> |
| Change in Net Assets | <u>\$ 18,233,017</u> |

The Truckee Meadows Water Reclamation Facility is in the process of expansion. Commitments outstanding for construction at June 30, 2006 totaled \$7,660,052. These commitments will be shared based on future capacity requirements for each entity.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 7: **Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|--------------------------------------|---------------------|
| General Fund | Nonmajor Governmental Fund | \$ 2,138,505 |
| | | <u>2,138,505</u> |
| Nonmajor Governmental Funds | City of Reno Debt Service Fund | 36,065 |
| | Municipal Court Capital Project Fund | 476,179 |
| | Nonmajor Governmental Funds | <u>2,854,065</u> |
| | | <u>3,366,309</u> |
| Sanitary Sewer Fund | Nonmajor Enterprise Fund | <u>540,689</u> |
| | | <u>540,689</u> |
| | Total | <u>\$ 6,045,503</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, 2006

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

Transfers (continued)

(a) Between Governmental and Business-Type Activities:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|---------------------------|---------------------------|---------------------|---|
| General Fund | Nonmajor Enterprise Funds | <u>\$ 5,303,978</u> | Per Dispatch Fund policy/General Fund subsidy |
| Sanitary Sewer Fund | General Fund | 264,026 | Reimburse General Fund for ½ of GIS Administrator and 1/3 of water attorney |
| | Internal Service Fund | 249,842 | Transfer from Sewer for IT expenditures paid for by IT |
| | Internal Service Fund | <u>83,751</u> | Reimburse MV for sewer mechanic |
| | | <u>597,619</u> | |
| Nonmajor Enterprise Funds | General Fund | 120,000 | Transfer PY unused subsidy from Dispatch |
| Nonmajor Enterprise Funds | General Fund | 40,000 | Reimburse General Fund for portion of new document imaging system |
| | | <u>160,000</u> | |
| | Total | <u>\$ 6,061,597</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 | 10,718,144 | Per PRCS Fund policy/General Fund subsidy of various programs |
| | Nonmajor Governmental Funds | 578,659 | Transfer special events costs of General Fund departments |
| | Nonmajor Governmental Funds | 250,000 | Transfer funds borrowed from Stabilization for early out costs |
| | Nonmajor Governmental Funds | 184,771 | General Fund portion of 96 bonds issued for McQueen Fire Station |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Transfers (continued)

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

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|--|-------------------------------|-------------------|---|
| General Fund | Nonmajor Governmental Funds | 315,001 | Transfer General Fund subsidy for new City Hall |
| | Nonmajor Governmental Funds | 1,243,000 | Per Council policy 1% of General Fund expenditures transferred to City Capital Projects Fund for CIP projects |
| | Nonmajor Governmental Funds | 563,800 | General Fund contribution for new City Hall |
| | Nonmajor Governmental Funds | 310,000 | Transfer air right funds for Community Assistance Center construction |
| | Internal Service Fund | <u>5,113,893</u> | Per Technology Fund policy/General Fund subsidy |
| | Subtotal | <u>21,276,301</u> | |
| Railroad Debt Service Fund | Railroad Capital Project Fund | <u>49,036,172</u> | Transfer bond proceeds to construction fund |
| Downtown Events Center Debt Service Fund | Nonmajor Governmental Funds | 574,405 | Transfers funds to cover cost of RSCVA managing event center |
| Downtown Events Center Debt Service Fund | Nonmajor Governmental Funds | <u>22,528,256</u> | Transfers bond proceeds to construction funds |
| | Subtotal | <u>23,102,661</u> | |
| Special Assessment Districts Debt Service Fund | Nonmajor Governmental Funds | 6,700 | Transfer money to close out fund |
| Special Assessment Districts Debt Service Fund | Nonmajor Governmental Funds | <u>1,717,014</u> | Transfer debt proceeds to construction fund |
| | Subtotal | <u>1,723,714</u> | |
| Downtown Events Center Capital Projects Fund | Nonmajor Governmental Funds | <u>12,210,782</u> | Transfer unused bond proceeds to debt fund |
| Nonmajor Governmental Funds | General Fund | 53,000 | Transfer to cover partial costs of Economic Development Manager |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 | General Fund | 227,119 | Transfer from Street Program to General Fund to cover cost of additional engineering positions hired in place of outside consultants |
| | General Fund | 126,078 | Transfer to General Fund \$100,000 for special events and \$26,078 for partial reimbursement of web master position per Council direction |
| | General Fund | 460,634 | Transfer from police/forfeitures to pay for various Equipment |
| | General Fund | 203,614 | Reimburse General Fund for unused PY PRCS subsidy |
| | General Fund | 99,186 | Transfer from CMP allocation for position assigned to building maintenance |
| | General Fund | 395,285 | To reimburse General Fund for utilities and maintenance at 1 East 1 |
| | General Fund | 783,185 | Reimburse General Fund for RDA portion of downtown maintenance |
| | Nonmajor Governmental Funds | 3,422,000 | Transfer bond proceeds for new Municipal Court Building |
| | Nonmajor Governmental Funds | 1,715,000 | Transfer bond proceeds for homeless resource center |
| | Nonmajor Governmental Funds | 1,460,520 | Transfer to debt service funds for 10 N. Virginia |
| | Nonmajor Governmental Funds | 50,000 | Transfer to PRCS for seniors programs |
| | Nonmajor Governmental Funds | 708,719 | Transfer to debt service funds for the 97 recreation bonds issued for NECC, Paradise Park, Neil Road Community Center, 10 N. Virginia |
| | Nonmajor Governmental Funds | 10,000 | Transfer to CDBG Administration to reimburse all costs |
| | Nonmajor Governmental Funds | 49,704 | Transfer for project manager position |
| | Nonmajor Governmental Funds | 147,000 | Reimburse PRCS for special events covered by PW staff |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 | Nonmajor Governmental Funds | 1,105,320 | Transfer of PRCS allocation of Room Tax per Council Direction |
| | Nonmajor Governmental Funds | 9,000 | Arts Commission funding for bridge lighting |
| | Nonmajor Governmental Funds | 43,494 | Transfer to Streets to repay portion of prior year Subsidy for special event covered by PW staff |
| | Nonmajor Governmental Funds | 300,000 | Transfer of CMP funds to PRCS for their small projects |
| | Nonmajor Governmental Funds | 321,725 | Transfer room taxes set aside for homeless resource center |
| | Nonmajor Governmental Funds | 457,000 | Transfer room taxes set aside for new city hall Project |
| | Nonmajor Government Funds | 285,000 | Transfer funds for homeless resource center |
| | Nonmajor Governmental Funds | 1,040,000 | Transfer funds set aside for ReTRAC project |
| | Nonmajor Governmental Funds | 300,000 | Transfer funds for new fire station |
| | Nonmajor Governmental Funds | 253,074 | Capital Tax fund portion of 96 bond issue for UST & McKinley |
| | Nonmajor Governmental Funds | 25,000 | Transfer public art funds for bridge lighting |
| | Nonmajor Governmental Funds | 155,000 | Transfer to capital projects for new 1 East 1 |
| | Nonmajor Governmental Funds | 650,000 | Transfer funds for Virginia St. narrowing |
| | Nonmajor Governmental Funds | 958,932 | Transfer old city hall sale proceeds to debt service for new city hall |
| | Nonmajor Governmental Funds | 20,000 | Transfer RDA funds for bridge lighting |
| | Nonmajor Governmental Funds | 173,750 | Transfer funds for debt service |
| | Subtotal | <u>16,008,339</u> | |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Transfers (continued)

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

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|------------------------|-----------------------|--|
| Internal Service Funds | General Fund | \$ 310,000 | Reimburse General Fund for public works motor vehicle administration and funding reduction |
| | General Fund | 750,000 | Reimburse General Fund for IT subsidy not used in prior year |
| | Internal Service Funds | 174,141 | Transfer funds set aside for replacement equipment transferred to PRCS in prior years |
| | Internal Service Funds | 58,671 | Transfer from Risk for IT expenditures paid for by IT |
| | Subtotal | <u>1,292,812</u> | |
| | Total | <u>\$ 124,650,781</u> | |

Note 8: **Long-Term Debt**

Long-term liabilities at June 30, 2006 consisted of the following:

| <u>Type of indebtedness (purpose)</u> | <u>Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2006</u> |
|---|-----------------|-----------------------|--------------------------------------|------------------------------|-------------------------------------|
| <u>Governmental Activities</u> | | | | | |
| <i>Tax Allocation Bonds:</i> | | | | | |
| 1995A Downtown Redevelopment Project <i>(to finance portion of Agency's downtown redevelopment projects)</i> | 7/1/03 – 6/1/18 | 5.40% - 6.20% | \$1,800,000-\$1,315,000 | \$ 23,995,000 | \$ 16,350,000 |
| 1998A Downtown Redevelopment Project <i>(to finance portion of Agency's downtown redevelopment projects)</i> | 7/1/03 – 6/1/18 | 6.20% - 6.75% | \$60,000-\$450,000 | 4,000,000 | 3,750,000 |
| 1998F Downtown Redevelopment Project <i>(to partially refund 1990 and 1991 downtown redevelopment project bonds)</i> | 7/1/03 – 9/1/17 | 4.50% - 5.25% | \$855,000-\$1,105,000 | <u>22,685,000</u> | <u>15,655,000</u> |
| Total Tax Allocation Bonds | | | | <u>50,680,000</u> | <u>35,755,000</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2006 |
|---|------------------|-----------------|-------------------------------|-----------------------|------------------------------|
| <u>Governmental Activities (continued)</u> | | | | | |
| General Obligation Bonds: | | | | | |
| 1997B Street Refunding Bonds <i>(to partially refund 1992 Street Bond)</i> | 7/1/03 – 5/1/12 | 4.40% - 5.125% | \$65,000-\$1,285,000 | 9,025,000 | 6,715,000 |
| 2003 Capital Improvement Refunding Bonds <i>(to refund 1993A Capital Improvement Bonds)</i> | 4/1/04 – 6/1/10 | 4.00% - 5.00% | \$2,465,000-\$3,615,000 | 21,705,000 | 13,445,000 |
| 2003A Building Bonds (Tax Exempt) <i>(to finance renovations for the new City Hall and Police Department buildings)</i> | 6/1/12 – 6/1/18 | 3.75% | \$780,000-\$970,000 | 6,100,000 | 6,100,000 |
| 2003B Building Bonds (Taxable) <i>(to finance renovations for the new City Hall and Police Department buildings)</i> | 6/1/04 – 6/1/11 | 6.17% | \$480,000-\$735,000 | 4,800,000 | 3,265,000 |
| 2004B Medium-Term (limited tax) Bonds <i>(to partially refund 1996 Medium Term Bonds and 1997A Recreational Facilities Bonds)</i> | 8/1/04 – 8/1/07 | 1.50% - 2.0% | \$620,000-\$1,040,000 | 3,680,000 | 1,660,000 |
| 2005 Medium-Term (limited tax) Bonds <i>(to finance capital improvement projects, including public plaza and a homeless shelter)</i> | 6/1/06 – 12/1/15 | 4.0% | \$270,000-\$390,000 | <u>3,275,000</u> | <u>3,275,000</u> |
| Total General Obligation Bonds | | | | <u>48,585,000</u> | <u>34,460,000</u> |
| Revenue Bonds: | | | | | |
| 2002 Capital Improvement Revenue <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 | \$ 43,140,000 |
| 2005A Capital Improvement Refunding <i>(to partially refund the Series 2002 Capital Improvement Revenue Bonds)</i> | 6/1/08 – 6/1/32 | 3.53% | \$400,000-\$6,500,000 | 73,450,000 | 73,450,000 |
| 2005B Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i> | 6/1/37 – 6/1/40 | 5.42% - 5.48% | \$1,072,294-\$1,900,071 | 6,445,154 | 6,445,154 |
| 2005C Capital Improvement Refunding <i>(to finance the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility)</i> | 6/1/33 – 6/1/37 | 5.78% | \$845,926-\$2,268,194 | 9,192,402 | 9,192,402 |
| 2006A Tax Exempt Sales Tax Bonds <i>(to refund the 2002 ReTRAC Transportation Rail Access Corridor Project Bonds)</i> | 6/1/07 – 6/1/40 | 3.78% | \$650,000-\$8,800,000 | 137,425,000 | 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 | 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 | 8,720,000 |
| 2004 Building Bond <i>(to finance the acquisition, renovation, construction and improvements of the City's building projects)</i> | 6/1/06 – 6/1/24 | 4.0% - 5.0% | \$115,000-\$275,000 | <u>3,500,000</u> | <u>3,385,000</u> |
| Total Revenue Bonds | | | | <u>398,606,249</u> | <u>333,006,249</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2006 |
|---|-------------------|----------------|-------------------------------|-----------------------|------------------------------|
| <u>Governmental Activities (continued)</u> | | | | | |
| <i>Special Assessment Bonds:</i> | | | | | |
| 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 | 63,000 |
| 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 | 75,000 |
| 1997 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 4/1/10 | 6.09% | \$5,164 | 48,280 | 20,000 |
| 1997 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 4/1/10 | 6.09% | \$7,061 | 66,009 | 28,000 |
| 1998 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 4/1/10 | 6.09% | \$22,665 | 211,894 | 92,000 |
| 1998 Special Assessment District No. 2 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 4/1/10 | 6.09% | \$8,110 | 75,817 | 32,000 |
| 1999 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 1/1/11 | 5.90% | \$4,600 | 44,700 | 23,000 |
| 1999 Special Assessment District No. 3 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 2/1/22 | 4.50% - 5.60% | \$85,000-\$90,000 | 1,763,728 | 1,405,000 |
| 2000 Special Assessment District No. 1 <i>(to finance sidewalks, curbs and gutter improvements)</i> | 7/1/03 – 1/15/12 | 4.39% | \$14,744 | 147,438 | 88,464 |
| 2001 Stead Special Improvement District No. 2 <i>(to acquire and improve streets in Northwest Reno)</i> | 6/1/04 – 6/1/23 | 2.75% - 5.00% | \$100,000-\$170,000 | 2,470,000 | 2,170,000 |
| 2002 Special Improvement District No. 5 <i>(to partially finance the construction of the Downtown Events Center)</i> | 6/1/04 – 6/1/23 | 3.00% - 5.00% | \$425,000-\$855,000 | 12,175,000 | 7,500,000 |
| 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 | <u>13,905,000</u> | <u>13,905,000</u> |
| Total Special Assessment Bonds | | | | <u>31,364,866</u> | <u>25,401,464</u> |
| <i>Notes Payable</i> | | | | | |
| HUD Section 108 Loan | 8/1/03 – 8/1/20 | 5.00% - 6.62% | \$33,000-\$48,000 | <u>665,000</u> | <u>541,000</u> |
| Total Notes Payable | | | | <u>665,000</u> | <u>541,000</u> |
| <i>Capital Leases:</i> | | | | | |
| Oshkosh Capital <i>(to finance fire department equipment)</i> | 11/6/03 – 11/6/11 | 5.35% | \$45,016-\$204,743 | 708,338 | 565,933 |
| Oshkosh Capital <i>(to finance fire department equipment)</i> | 3/17/13 | 4.99% | \$115,000-\$136,000 | 787,124 | 694,242 |
| Federal Signal <i>(to finance fire tiller)</i> | 12/21/09 | 4.49% | \$90,000-\$110,000 | 612,873 | 500,823 |
| 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 | <u>788,014</u> | <u>788,014</u> |
| Total Capital Leases | | | | <u>2,896,349</u> | <u>2,549,012</u> |
| Total Governmental Activities | | | | <u>\$ 532,797,464</u> | <u>\$ 431,712,725</u> |
| <u>Business-Type Activities</u> | | | | | |
| <i>General Obligation Bonds:</i> | | | | | |
| 2004A Golf Course Refunding <i>(to refund 1993 Golf Course Bond)</i> | 7/1/04 – 7/1/19 | 2.25% - 4.0% | \$180,000-\$270,000 | \$ 3,505,000 | \$ 3,115,000 |
| 2004 Sewer Revenue Bonds CS32-0403 <i>(to finance plant expansion and sewer lines rehabilitation)</i> | 6/30/06 - 6/30/24 | 2.988% | \$553,847-\$938,969 | <u>26,280,717</u> | <u>26,280,717</u> |
| Total General Obligation Bonds | | | | <u>29,785,717</u> | <u>29,395,717</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 8: Long-Term Debt (continued)

Business-Type Activities (continued)

Notes Payable:

| | | | | |
|---|---------------|------------------------|-----------------------|----------------------|
| State Clean Water Revolving Loan Fund (1) <i>(to finance plant expansion and sewer lines rehabilitation)</i> | 2.85% - 2.87% | interest-only payments | 74,824,000 | 35,773,633 |
| State Clean Water Revolving Loan Fund (2) <i>(to construct the Lawton-Verdi interceptor)</i> | 2.65% | interest-only payments | <u>7,296,432</u> | <u>7,296,432</u> |
| Total Notes Payable | | | <u>82,120,432</u> | <u>43,070,065</u> |
| Total Business-Type Activities | | | <u>\$ 112,235,389</u> | <u>\$ 72,795,022</u> |

The following is a summary of long-term liabilities transactions for the year ended June 30, 2006:

| | <u>Balance</u> <u>July 1, 2005</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2006</u> | <u>Amounts</u> <u>Due within</u> <u>One Year</u> |
|--|---------------------------------------|--------------------|----------------------|--|--|
| Governmental Activities | | | | | |
| <i>Tax Allocation Bonds:</i> | | | | | |
| 1995A Downtown Redevelopment Project | \$ 18,365,000 | \$ -- | \$ (2,015,000) | \$ 16,350,000 | \$ 995,000 |
| 1998A Downtown Redevelopment Project | 3,800,000 | -- | (50,000) | 3,750,000 | 140,000 |
| 1998F Downtown Redevelopment Project | <u>16,600,000</u> | <u>--</u> | <u>(945,000)</u> | <u>15,655,000</u> | <u>1,020,000</u> |
| Total Tax Allocation Bonds | <u>38,765,000</u> | <u>--</u> | <u>(3,010,000)</u> | <u>35,755,000</u> | <u>2,155,000</u> |
| <i>General Obligation Bonds:</i> | | | | | |
| 1997B Street Refunding Bonds | 7,630,000 | -- | (915,000) | 6,715,000 | 965,000 |
| 2003 Capital Improvement Refunding Bonds | 16,415,000 | -- | (2,970,000) | 13,445,000 | 3,120,000 |
| Add: Unamortized Premium | 1,201,937 | -- | (239,923) | 962,014 | -- |
| 2003A Building Bonds (Tax Exempt) | 6,100,000 | -- | -- | 6,100,000 | -- |
| Less: Unamortized Discount | (12,790) | -- | 984 | (11,806) | -- |
| 2003B Building Bonds (Taxable) | 3,810,000 | -- | (545,000) | 3,265,000 | 575,000 |
| Less: Unamortized Discount | (8,470) | -- | 1,411 | (7,059) | -- |
| 2004B Medium-Term (limited tax) Refunding Bonds | 2,675,000 | -- | (1,015,000) | 1,660,000 | 1,040,000 |
| Less: Unamortized Premium | 20,653 | -- | (10,326) | 10,327 | -- |
| 2005 Medium-term Bonds | -- | 3,275,000 | -- | 3,275,000 | 270,000 |
| Add: Unamortized Premium | -- | <u>42,358</u> | <u>(4,236)</u> | <u>38,122</u> | <u>--</u> |
| Total General Obligation Bonds | <u>37,831,330</u> | <u>3,327,358</u> | <u>(5,697,090)</u> | <u>35,451,598</u> | <u>5,970,000</u> |
| <i>Revenue Bonds:</i> | | | | | |
| 2002 Capital Improvement Revenue (Special Event Center) | 108,625,000 | -- | (65,485,000) | 43,140,000 | 285,000 |
| Less: Unamortized Discount | (84,019) | -- | 3,122 | (80,897) | -- |
| 2002 ReTRAC Transp. Rail Access Cor. Project | 114,245,000 | -- | (114,245,000) | -- | -- |
| Less: Unamortized Discount | (2,176,027) | -- | 60,586 | (2,115,441) | -- |
| 2005A Capital Improvement Refunding | -- | 73,450,000 | -- | 73,450,000 | -- |
| 2005B Capital Improvement | -- | 6,445,154 | -- | 6,445,154 | -- |
| 2005C Capital Improvement | -- | 9,192,402 | -- | 9,192,402 | -- |
| 2006A Tax Exempt Sales Tax Bonds | -- | 137,425,000 | -- | 137,425,000 | 650,000 |
| 2006B Tax Exempt Sales Tax Bonds | -- | 51,248,693 | -- | 51,248,693 | -- |
| Less: Unamortized Discount | -- | (41,701) | 174 | (41,527) | -- |
| 2006C Taxable Room Tax Bond | -- | 8,720,000 | -- | 8,720,000 | 75,000 |
| 2004 Building Bond | 3,500,000 | -- | (115,000) | 3,385,000 | 120,000 |
| Add: Unamortized Premium | 41,853 | -- | (2,752) | 39,101 | -- |
| Total Revenue Bonds | <u>224,151,807</u> | <u>286,439,548</u> | <u>(179,783,870)</u> | <u>330,807,485</u> | <u>1,130,000</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

| | Balance <u>July 1, 2005</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>June 30, 2006</u> | Amounts Due within <u>One Year</u> |
|---|--------------------------------|----------------------|-------------------------|---------------------------------|--|
| <u>Governmental Activities</u> (continued) | | | | | |
| <i>Special Assessment Bonds:</i> | | | | | |
| 1995 Special Assessment District No. 1 | \$ 84,000 | \$ -- | \$ (21,000) | \$ 63,000 | \$ 21,000 |
| 1996 Special Assessment District No. 1 | 100,000 | -- | (25,000) | 75,000 | 25,000 |
| 1997 Special Assessment District No. 2 | 25,000 | -- | (5,000) | 20,000 | 5,000 |
| 1997 Special Assessment District No. 3 | 35,000 | -- | (7,000) | 28,000 | 7,000 |
| 1998 Special Assessment District No. 1 | 115,000 | -- | (23,000) | 92,000 | 23,000 |
| 1998 Special Assessment District No. 2 | 40,000 | -- | (8,000) | 32,000 | 8,000 |
| 1999 Special Assessment District No. 1 | 27,600 | -- | (4,600) | 23,000 | 4,600 |
| 1999 Special Assessment District No. 3 | 1,495,000 | -- | (90,000) | 1,405,000 | 90,000 |
| Add: Unamortized Premium | 3,318 | -- | (197) | 3,121 | -- |
| 2000 Special Assessment District No. 1 | 103,208 | -- | (14,744) | 88,464 | 14,744 |
| 2001 Stead Special Improvement District No. 2 | 2,270,000 | -- | (100,000) | 2,170,000 | 100,000 |
| Add: Unamortized Premium | 23,545 | -- | (1,314) | 22,231 | -- |
| 2002 Special Improvement District No. 5 | 11,305,000 | 7,500,000 | (11,305,000) | 7,500,000 | 260,000 |
| Add: Unamortized Premium | 64,460 | -- | (3,598) | 60,862 | -- |
| 1999 Special Assessment District No. 2 | -- | 13,905,000 | -- | 13,905,000 | 355,000 |
| Less: Unamortized Discount | -- | (88,424) | 2,448 | (85,976) | -- |
| Total Special Assessment Bonds | <u>15,691,131</u> | <u>21,316,576</u> | <u>(11,606,005)</u> | <u>25,401,702</u> | <u>913,344</u> |
| <i>Loans Payable</i> | | | | | |
| TIFIA Loan | <u>50,500,000</u> | <u>--</u> | <u>(50,500,000)</u> | <u>--</u> | <u>--</u> |
| <i>Notes Payable:</i> | | | | | |
| HUD Section 108 Loan | <u>589,000</u> | <u>--</u> | <u>(48,000)</u> | <u>541,000</u> | <u>44,000</u> |
| Total Notes Payable | <u>589,000</u> | <u>--</u> | <u>(48,000)</u> | <u>541,000</u> | <u>44,000</u> |
| <i>Capital Leases:</i> | | | | | |
| Oshkosh Capital – Pierce Fire Pumpers | 615,896 | -- | (49,963) | 565,933 | 52,636 |
| Oshkosh Capital – Pierce Fire Pumpers | 787,124 | -- | (92,882) | 694,242 | 34,643 |
| Federal Signal – Fire Tiller | 612,873 | -- | (112,050) | 500,823 | 117,081 |
| Fire Tiller #2 | -- | 788,014 | -- | 788,014 | 73,280 |
| Koch Financial Corporation – New Financial System | <u>503,451</u> | <u>--</u> | <u>(503,451)</u> | <u>--</u> | <u>--</u> |
| Total Capital Leases | <u>2,519,344</u> | <u>788,014</u> | <u>(758,346)</u> | <u>2,549,012</u> | <u>277,640</u> |
| Compensated absences – Governmental | <u>20,915,668</u> | <u>15,604,645</u> | <u>(13,748,622)</u> | <u>22,771,691</u> | <u>12,887,456</u> |
| Total Governmental Activities | <u>\$ 390,963,280</u> | <u>\$327,476,141</u> | <u>\$ (265,151,933)</u> | <u>\$ 453,277,488</u> | <u>\$ 23,377,440</u> |
| <u>Business-Type Activities</u> | | | | | |
| <i>General Obligation Bonds:</i> | | | | | |
| 2004A Golf Course Refunding | \$ 3,295,000 | \$ -- | \$ (180,000) | \$ 3,115,000 | \$ 185,000 |
| Add: Unamortized Premium | 8,107 | -- | (579) | 7,528 | -- |
| 2004 Sewer Revenue Bonds | <u>--</u> | <u>26,280,717</u> | <u>--</u> | <u>26,280,717</u> | <u>1,116,111</u> |
| Total General Obligation Bonds | <u>3,303,107</u> | <u>27,280,717</u> | <u>(180,579)</u> | <u>29,403,245</u> | <u>1,301,111</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

| | Balance July 1, 2005 | Additions | Retirements | Balance June 30, 2006 | Amounts Due within One Year |
|--|-------------------------|----------------------|------------------------|--------------------------|-----------------------------------|
| <u>Business-Type Activities</u> (continued) | | | | | |
| <i>Notes Payable:</i> | | | | | |
| State Clean Water Revolving Loan Fund 1 | \$ 30,307,302 | \$ 32,076,288 | \$ (26,609,957) | \$ 35,773,633 | \$ -- |
| State Clean Water Revolving Loan Fund 2 | -- | <u>7,296,432</u> | -- | <u>7,296,432</u> | -- |
| Total Notes Payable | <u>30,307,302</u> | <u>39,372,720</u> | <u>(26,609,957)</u> | <u>43,070,065</u> | -- |
| Compensated absences – Business-type activities | <u>1,706,504</u> | <u>1,600,813</u> | <u>(1,317,882)</u> | <u>1,989,435</u> | <u>1,312,479</u> |
| Total Business-Type Activities | <u>\$ 35,316,913</u> | <u>\$ 68,254,250</u> | <u>\$ (28,108,418)</u> | <u>\$ 74,462,745</u> | <u>\$ 2,613,590</u> |

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 October 26, 2005, the City issued \$73,450,000 of Tax-Exempt Capital Improvement Revenue Refunding Bonds, Series 2005A. The proceeds from the Bonds are to be used for a partial advance refunding and defeasance of the City's outstanding Capital Improvement Revenue Bonds, Series 2002 and to acquire a municipal bond insurance policy and a reserve fund surety policy. The 2005A 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 2005A Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2005A Bonds. The Bonds will mature annually on June 1 of each year starting in 2008 and ending in 2032. Interest on these bonds is 3.53% payable on June 1 and December 1, commencing December 1, 2005. As a result of the refunding, the City reduced its total debt service requirements by \$9,214,926, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,740,608.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2006

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

New Debt (continued)

On October 26, 2005, the City issued \$6,445,154 of Tax-Exempt Capital Improvement Revenue Bonds, Series 2005B. The proceeds from the Bonds are to be used to fund the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility and other ancillary facilities determined by the City, and to acquire a municipal bond insurance policy and a reserve fund surety policy. The 2005B 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 2005B Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2005B Bonds. The Bonds will mature annually on June 1 of each year starting in 2037 and ending in 2040. Interest rates range between 5.42% and 5.48% and is payable on June 1 and December 1, commencing June 1, 2037.

On October 26, 2005, the City issued \$9,192,402 of Taxable Capital Improvement Revenue Bonds, Series 2005C. The proceeds from the Bonds are to be used to fund the acquisition, establishment, construction, expansion, and improvement of the City's MultiPurpose Bowling Facility and other ancillary facilities determined by the City, and to acquire a municipal bond insurance policy and a reserve fund surety policy. The 2005C 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 2005C Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2005C Bonds. The Bonds will mature annually on June 1 of each year starting in 2033 and ending in 2037. Interest on these bonds is 5.78% payable on June 1 and December 1, commencing December 1, 2033.

On December 13, 2005, the City issued \$3,275,000 of General Obligation (Limited Tax) Medium-Term Bonds, Series 2005. The proceeds from the Bonds are to be used for the purpose of acquiring, constructing, improving and equipping a capital improvement project, including but not limited to, public plaza and homeless shelter in the City. The Bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The Bonds will mature annually on December 1 of each year starting in 2006 and ending in 2015. Interest on these bonds is 4.00% payable on June 1 and December 1, commencing June 1, 2006.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

New Debt (continued)

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 are to be 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. The 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 2006A Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2006A Bonds. The Bonds will mature annually on June 1 of each year starting in 2007 and ending in 2040. Interest on these bonds is 3.778% payable on June 1 and December 1, commencing December 1, 2006. As a result of the refunding, the City increased its total debt service requirements by \$99,483,901, which resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$18,256,433. However, the refinancing included \$24 million in new money proceeds, which reduced the present value of the negative cash flows to \$1,113,757.

On May 3, 2006, the City issued \$51,248,693 of Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2006B. The proceeds from the Bonds are to be used to pay off the 2005 TIFIA Loan and to fund a portion of the costs of completing the City's ReTRAC Project and the Enhancement Project. The 2006B 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 2006B Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2006B Bonds. The Bonds will mature annually on June 1 of each year starting in 2008 and ending in 2046. Interest rates range between 6.000% and 6.875% and is payable on June 1 and December 1, commencing December 1, 2006.

On May 3, 2006, the City issued \$8,720,000 of Taxable Senior Lien Room Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project), Series 2006. The proceeds from the Bonds are to be used to pay off the 2005 TIFIA Loan, acquire a municipal bond insurance policy and a debt service reserve insurance policy, and fund a Swap Termination Reserve Account. The 2006 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 2006 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2006 Bonds. The Bonds will mature annually on June 1 of each year starting in 2007 and ending in 2036. Interest on these bonds is 5.91% payable on June 1 and December 1, commencing December 1, 2006.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Summary of Long-Term Debt

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

| Fiscal Year June 30, | Debt Supported by Ad Valorem Tax | | Debt Supported by Special Assessment Installments | |
|--------------------------------------|-------------------------------------|----------------------|---|----------------------|
| | Principal | Interest | Principal | Interest |
| 2007 | \$ 6,815,000 | \$ 3,454,309 | \$ 913,344 | \$ 1,596,036 |
| 2008 | 7,175,000 | 3,096,689 | 908,344 | 1,624,196 |
| 2009 | 7,670,000 | 2,718,904 | 943,344 | 1,572,165 |
| 2010 | 8,095,000 | 2,309,593 | 947,344 | 1,517,104 |
| 2011 | 4,745,000 | 1,875,816 | 949,344 | 1,460,487 |
| 2012-2016 | 22,095,000 | 5,645,626 | 5,524,744 | 6,362,410 |
| 2017-2021 | 8,685,000 | 597,253 | 7,350,000 | 4,310,434 |
| 2022-2026 | -- | -- | 7,865,000 | 1,438,289 |
| Subtotal | 65,280,000 | 19,698,189 | 25,401,464 | 19,881,121 |
| Unamortized premium (discount) | 943,149 | -- | 82,910 | -- |
| Total | <u>\$ 66,223,149</u> | <u>\$ 19,698,189</u> | <u>\$ 25,484,374</u> | <u>\$ 19,881,121</u> |
| | | <u>Notes Payable</u> | | |
| | | <u>Principal</u> | <u>Interest</u> | |
| | 2007 | \$ 44,000 | \$ 29,332 | |
| | 2008 | 44,000 | 27,594 | |
| | 2009 | 39,000 | 25,802 | |
| | 2010 | 39,000 | 23,954 | |
| | 2011 | 39,000 | 22,070 | |
| | 2012-2016 | 165,000 | 80,962 | |
| | 2017-2021 | 171,000 | 28,808 | |
| | | <u>\$ 541,000</u> | <u>\$ 238,522</u> | |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Summary of Long-Term Debt (continued)

| Fiscal Year June 30, | Debt Supported By Sales Tax/Room Tax Revenues | | Debt Supported by Specific or General Revenues Installments | |
|--------------------------------------|---|-----------------------|---|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2007 | \$ 1,130,000 | \$ 12,524,510 | \$ 1,310,000 | \$ 148,400 |
| 2008 | 2,520,000 | 11,931,489 | 905,000 | 120,700 |
| 2009 | 3,050,000 | 11,831,675 | 295,000 | 102,900 |
| 2010 | 3,585,000 | 11,704,460 | 305,000 | 90,900 |
| 2011 | 4,190,000 | 11,550,451 | 320,000 | 78,400 |
| 2012-2016 | 30,865,000 | 54,359,261 | 1,800,000 | 186,000 |
| 2017-2021 | 47,779,409 | 47,727,049 | -- | -- |
| 2022-2026 | 55,956,104 | 50,383,397 | -- | -- |
| 2027-2031 | 74,425,362 | 43,696,571 | -- | -- |
| 2032-2036 | 58,311,023 | 71,046,480 | -- | -- |
| 2037-2041 | 44,523,884 | 76,418,411 | -- | -- |
| 2042-2046 | <u>6,670,467</u> | <u>63,724,691</u> | <u>--</u> | <u>--</u> |
| Subtotal | 333,006,249 | 468,898,445 | 4,935,000 | 727,300 |
| Unamortized premium (discount) | <u>(2,198,764)</u> | <u>--</u> | <u>48,449</u> | <u>--</u> |
| Total | <u>\$ 330,807,485</u> | <u>\$ 468,898,445</u> | <u>\$ 4,983,449</u> | <u>\$ 727,300</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 8: **Long-Term Debt** (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, | Principal | Interest |
|-------------------------|---------------|--------------|
| 2007 | \$ 1,301,111 | \$ 884,717 |
| 2008 | 1,345,288 | 846,264 |
| 2009 | 1,385,513 | 806,846 |
| 2010 | 1,421,816 | 766,343 |
| 2011 | 1,464,232 | 724,164 |
| 2012-2016 | 8,008,767 | 2,923,210 |
| 2017-2021 | 9,041,869 | 1,591,981 |
| 2022-2026 | 5,427,121 | 292,323 |
| | 29,395,717 | 8,835,848 |
| Unamortized Premium | 7,528 | -- |
| Total | \$ 29,403,245 | \$ 8,835,848 |

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, 2006

Note 8: **Long-Term Debt** (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, 2006 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> | |
|--------------------------------|---------------------|
| 2007 | \$ 664,851 |
| 2008 | 581,247 |
| 2009 | <u>262,495</u> |
| Total | <u>\$ 1,508,593</u> |

Rent expenditures were \$618,937 for the year ended June 30, 2006.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 9: **Leases** (continued)

Capital Leases

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

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

| | <u>Governmental Activities</u> |
|-------------------------------|------------------------------------|
| Equipment | \$ 2,933,443 |
| Less accumulated depreciation | <u>(327,678)</u> |
| Net capital assets | <u>\$ 2,605,765</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

| <u>Year Ending June 30,</u> | |
|-------------------------------------|---------------------|
| 2007 | \$ 462,515 |
| 2008 | 462,515 |
| 2009 | 462,515 |
| 2010 | 462,515 |
| 2011 | 283,641 |
| 2012-2016 | <u>929,862</u> |
| Total requirements | 3,063,563 |
| Less interest | <u>(514,551)</u> |
| Present value of remaining payments | <u>\$ 2,549,012</u> |

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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 capital assets – five adjustments totaling \$(397,669) were made as follows: \$(16,520) to remove the net book value of equipment that was donated and should not have been capitalized, \$20,900 to increase prior year art and historical treasures due to expensing an asset that should have been capitalized, \$(357,581) to reduce prior year construction in progress for a scrapped golf-course project, \$(28,876) to reduce prior year construction in progress for repair-related expenditures, and \$(15,592) to reduce prior year construction in progress for sidewalk repair-related expenditures.
- Governmental activities current liabilities – an adjustment for \$1,638,405 was made to increase accounts payable related to invoices for work performed in the prior year that was billed and paid in FY 2006.
- General Fund – three adjustments totaling \$(1,001,707) were made as follows: \$(346,907) to remove interest income recorded twice in prior year, \$(64,800) to reduce cash for Charter Cable special fees collected in the prior year and belonging to another fund, and \$(590,000) to reduce prior year prepaid assets.
- Redevelopment Agency Special Revenue Fund – an adjustment for \$(1,644,163) to record a deferred revenue balance related to a long-term receivable entered into by the Redevelopment Agency and a developer related to the construction of the downtown theater in a prior year.
- Public Works Capital Project Fund – two adjustments totaling \$(172,042) were made as follows: \$(236,842) to remove cash due to federal grants revenue being recorded twice, and \$64,800 to increase cash for Charter Cable special fees that were recorded in the General Fund in error.
- Special Assessment District Capital Projects Fund – an adjustment for \$(970,488) was made for RTC billings processed in FY 2006 for work completed in FY 2005.
- Street Impact Fee Capital Projects Fund – an adjustment for \$(667,917) was made for RTC billings processed in FY 2006 for work completed in FY 2005.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

- Sanitary Sewer Fund – four adjustments totaling \$(1,763,300) were made as follows: \$38,503 to increase deferred charges for bond issuance costs, \$473,342 to increase investment in joint water reclamation facility due to construction in process adjustments, \$(2,139,350) for various construction in progress reclassifications, and \$(135,795) to remove a capitalized asset that should have been expensed in a prior year.
- Animal Services Shelter Fund – two adjustments totaling \$71,264 were made as follows: \$67,197 to reduce monies due to Washoe County and \$4,067 to close out animal neuter deposits that were not claimed.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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.

Restricted net assets at June 30, 2006 for governmental activities are as follows:

| | | |
|---|------------|---------------|
| Restricted for Capital Projects: | | |
| Railroad CP Fund | \$ 156,751 | |
| Downtown Events Center CP Fund | 1,644,081 | |
| Public Works CP Fund | 604,763 | |
| Community Assistance Center CP Fund | 272,041 | |
| Special Ad Valorem Fund | 22,321 | |
| | | \$ 2,699,957 |
| Restricted for Debt Service | | |
| Railroad Debt Service | 15,281,380 | |
| Events Center Debt Service Fund | 14,522,362 | |
| Special Assessment Debt Service Fund | 28,249,804 | |
| | | 58,053,546 |
| Restricted for Streets: | | |
| Street Fund | 242,458 | |
| | | 242,458 |
| Restricted for Claims: | | |
| Risk Retention Fund | 4,531,462 | |
| | | 4,531,462 |
| Restricted for Other Purposes: | | |
| General Fund | 293,616 | |
| Parks and Recreation Fund | 324,116 | |
| Courts Fund | 1,274,921 | |
| Drug Forfeiture Fund | 508,493 | |
| Redevelopment Special Revenue Fund | 705,057 | |
| Public Works CP Fund | 68,188 | |
| | | 3,174,391 |
| Total Restricted Net Assets - Governmental Activities | | \$ 68,701,814 |

Included in total restricted net assets for the governmental activities at June 30, 2006 are net assets restricted by enabling legislation of \$61,130,912.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

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

Restricted net assets at June 30, 2006 for business-type activities are as follows:

| | | |
|--|---------------------|----------------------------|
| Restricted for Capital Projects: | | |
| Sanitary Sewer Fund | <u>\$ 1,686,064</u> | \$ 1,686,064 |
| Restricted for Other Purposes: | | |
| Building Permits Fund | <u>3,492,906</u> | <u>3,492,906</u> |
| Total Restricted Net Assets - Business-Type Activities | | <u><u>\$ 5,178,970</u></u> |

Note 12: **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 four remaining eminent domain cases related to property acquisitions for the ReTRAC Project. No liability has been accrued on the City’s financial statements because of the uncertainty of the outcome of these cases. Trials are pending on these cases.

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

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 12: **Contingent Liabilities** (continued)

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 is or will be 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.

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, 2006, 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) will own an undivided and equal interest in the property and water rights purchased. The amount attributable to the City of Reno at June 30, 2006 is \$1,770,037 and is recorded in the Sanitary Sewer Enterprise Fund.

Separate financial statements and information for the Joint Venture are available by contacting the Washoe County Comptroller's Department, 1001 E. 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 community. The Authority and SPPCo entered into an Asset Purchase Agreement dated as of January 15, 2001 in order to establish the terms and conditions of the Authority's purchase of the water system. The Authority has issued bonds that do not constitute an obligation of Reno, Sparks, the County or the State of Nevada.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2006

Note 12: **Contingent Liabilities** (continued)

The Authority is considered a joint venture because: 1) the Agreement results in a contractual entity, 2) joint control exists in a seven member governing body with three directors appointed by Reno, two directors appointed by Sparks, one director appointed by the County and one at-large director, who shall be an elected official from the governing body of a member, and 3) there is an ongoing financial relationship/responsibility on the part of the participating entities. The arrangement is considered a joint venture with no equity interest recorded on the City's balance sheet as of June 30, 2006, because no explicit and measurable equity interest is deemed to exist.

The City entered into a cancelable administrative services agreement with the Authority on June 7, 2001, the term of which was for three years, automatically renewing on an annual basis until cancelled by either party. Under the original agreement, the City provided a variety of services including, but not limited to, accounting, purchasing, investing and other financial services, budgeting, human resources, administration of payroll and employee benefits, development and maintenance of information systems, and property management. The agreement was modified on June 30, 2004, and again on December 10, 2004, to reduce the services performed by the City to primarily human resources, payroll and employee benefits. The fee for such services is \$29,460 per month beginning December 10, 2004, increasing 4% annually on July 1. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$388,561 during the year ended June 30, 2006 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 13: **Risk Retention and Self-Funded Workers Compensation Funds**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Retention Internal Service Fund and a Self-Funded Workers Compensation Internal Service Fund to account for and finance these risks of loss. Under these programs, the Funds provide coverage for up to a maximum of \$2,500,000 for each worker's compensation claim, \$1,000,000 for each general liability claim, and \$10,000 for each property damage claim, with the exception of flood and earthquake occurrences. In fiscal year 2006, 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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 13: **Risk Retention and Self-Funded Workers Compensation Funds** (continued)

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 \$4,531,462 and \$0, respectively, at June 30, 2006. Claims liabilities of \$2,806,347 and \$48,347,293 are reported in the funds at June 30, 2006, respectively. The City estimates the current portion of claims liability in these funds as \$725,000 and \$4,800,000, respectively.

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

| | <u>Risk Retention Fund</u> | <u>Self-Funded Workers Compensation Fund</u> |
|---------------------------------|------------------------------------|--|
| Claims liability, July 1, 2004 | \$ 2,600,052 | \$ 25,413,920 |
| Claims and changes in estimates | 518,081 | 15,248,466 |
| Claim payments | <u>(377,667)</u> | <u>(2,691,278)</u> |
| Claims liability, June 30, 2005 | 2,740,466 | 37,971,108 |
| Claims and changes in estimates | 780,361 | 14,236,627 |
| Claim payments | <u>(714,361)</u> | <u>(3,860,442)</u> |
| Claims liability, June 30, 2006 | <u>\$ 2,806,347</u> | <u>\$ 48,347,293</u> |

Note 14: **Self-Funded Medical Plan Internal Service Fund**

The City is self-insured for medical insurance for certain City employees. Payments to the Self-Funded Medical Plan Internal Service Fund are accounted for as operating revenues and as expenditures/expenses, as appropriate, in the General Fund and other funds. The City maintains stop-loss coverage in the amount of \$140,000 per employee per year. The City's maximum payment is \$1 million per individual per lifetime.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 14: **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. Liabilities also include other incremental costs. The City estimates the entire claims liability of \$1,769,928 as current. Changes in the fund's claims liability amounts for the past two years were:

| | |
|---------------------------------|---------------------|
| Claims liability, June 30, 2004 | \$ 1,570,089 |
| Claims and changes in estimates | 9,775,036 |
| Claims payments | <u>(9,965,381)</u> |
| Claims liability, June 30, 2005 | 1,379,744 |
| Claims and changes in estimates | 12,169,557 |
| Claims payments | <u>(11,779,373)</u> |
| Claims liability, June 30, 2006 | <u>\$ 1,769,928</u> |

Note 15: **Other Post Employment Benefits**

The City provides health insurance benefits to its employees from the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first. The percentage of the health insurance premium paid by the City is dependent upon the applicable bargaining unit contract and ranges from 50% to 100%. The City's contribution is financed on a pay-as-you-go basis. The amount of these expenditures for the year ended June 30, 2006 was \$2,735,364. There were 541 participants eligible to receive benefits at June 30, 2006.

Note 16: **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.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 16: **Defined Benefit Pension Plan** (continued)

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. The City’s contribution rates and amounts contributed (equal to required contribution) for the last three years are as follows:

| <u>Fiscal Year</u> | <u>Contribution Rate</u> | | <u>Total Contribution</u> | <u>Percentage of APC Contributed</u> |
|--------------------|--------------------------|--------------------|---------------------------|--------------------------------------|
| | <u>Regular Members</u> | <u>Police/Fire</u> | | |
| 2005-2006 | 19.75% | 32.00% | \$ 24,298,993 | 100% |
| 2004-2005 | 20.25% | 28.50% | 22,344,293 | 100% |
| 2003-2004 | 20.25% | 28.50% | 20,445,906 | 100% |

Note 17: **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 354.626:

| | <u>Final Budget</u> | <u>Expenditures/ Expenses</u> | <u>Variance to Final Budget</u> |
|---|---------------------|-------------------------------|---------------------------------|
| <u>Nonmajor Enterprise Funds:</u> | | | |
| Golf Course Fund | \$ 1,806,167 | \$ 1,842,135 | \$ (35,968) |
| Animal Shelter Fund | 1,037,278 | 1,144,381 | (107,103) |
| <u>Nonmajor Internal Service Funds:</u> | | | |
| Self-Funded Workers Compensation Fund | 5,124,013 | 15,991,368 | (10,867,355) |

Deficit Fund Balances/Net Assets

The Special Assessment Districts Capital Projects Fund had a fund balance deficit of \$(1,869,054) which will be eliminated in FY 2006/2007 by transfers from the Special Assessment Districts Debt Service Fund.

The Community Development Block Grant Administration Fund had a fund balance deficit of \$(390,140) which will be eliminated in FY 2006/2007 by a transfer from the Community Development Block Grant Fund.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 17: **Expenditures and Expenses in Excess of Budget and Deficit Fund Balances/Net Assets** (continued)

Deficit Fund Balances/Net Assets (continued)

The Emergency Operations Fund had a fund balance deficit of \$(734,232), which will be eliminated in future years by receipt of federal grants and transfers from other funds.

The Self-Funded Worker's Compensation internal service fund had a net assets deficit of \$(45,119,520). This deficit is expected to be eliminated in future years through rate increases.

Note 18: **Special Ad Valorem Capital Projects Fund**

Pursuant to NRS 354.598155, the Special Ad Valorem Capital Projects Fund expended \$1,362,136 on the following projects:

| | |
|---|---------------------|
| Administration – indirect cost allocation | \$ 10,897 |
| Sidewalk, curb and gutter repair | 19,312 |
| Park capital projects | 202,331 |
| Park maintenance projects | 34,241 |
| Underground storage tanks monitoring | 39,143 |
| Traffic signals and school flashers | 34,138 |
| Minors pathway | 89,000 |
| Bridge lighting | 25,000 |
| Community assistance center construction | 200,000 |
| New City Hall | 155,000 |
| Community service centers | 300,000 |
| Debt service | 253,074 |
| Total | <u>\$ 1,362,136</u> |

Note 19: **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 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.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

CITY OF RENO, NEVADA

Notes to Financial Statements June 30, 2006

Note 19: **Conduit Debt Obligations** (continued)

On February 26, 1998, the City of Reno issued \$34,940,000 of insured hospital revenue bonds and \$20,000,000 of insured variable rate demand hospital revenue bonds for the St. Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2006, is \$23,460,000 and \$20,000,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On May 7, 1998, the City of Reno issued \$3,070,000 in variable rate economic development revenue bonds for the University of Nevada Student Aid Fund, Inc. project. The bonds, which had an outstanding balance of \$300,000 at June 30, 2005, were paid off in 2006.

On September 15, 2003, the City of Reno issued \$46,850,000 of insured revenue bonds (Series 2003A for \$23,425,000 and Series 2003B for \$23,425,000) for the Saint Mary's Regional Medical Center project. The amount of bonds outstanding as of June 30, 2006 are \$21,600,000 and \$21,600,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

On June 29, 2004, the City of Reno issued \$200,000,000 of insured hospital revenue bonds (Series 2004A for \$34,350,000, Series 2004B for \$65,650,000, and Series 2004C for \$100,000,000) for the Washoe Medical Center project. The amount of bonds outstanding as of June 30, 2006 is \$195,550,000. 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 variables rate hospital revenue bonds and \$3,975,000 of insured hospital revenue bonds (Series 2005C) for the Washoe Regional Medical Center project. The amount of bonds outstanding as of June 30, 2006, is \$96,025,000 and \$3,975,000, respectively. The bonds are not obligations of the City of Reno, nor shall they ever constitute a debt of the City.

Note 20: **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, 2006 is \$3,200,000.

CITY OF RENO, NEVADA

Notes to Financial Statements
June 30, 2006

Note 20: **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, 2006 is \$16,465,000.

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. These 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, 2006 is \$6,710,000.

Note 21: **Subsequent Events**

On November 15, 2006, an official statement was released regarding the issuance of Nevada Taxable ReTRAC Lease Revenue Bonds by the City in the amount of \$14,295,000. The bonds constitute special, limited obligations. The principal of and interest on these bonds will be payable solely from and secured by an irrevocable pledged on certain pledged revenues derived from leases on seventy-seven (77) properties given to the City per its settlement agreement with Union Pacific Railroad. Proceeds of the 2006 Lease Revenue Bonds may be used for: (1) acquiring, constructing, improving, equipping, operating and maintaining all or any part of building projects; (2) drainage projects and flood control projects; (3) fire protection projects; (4) off-street parking projects; (5) overpass projects; (6) park projects; (7) recreational projects; (8) sidewalk projects; (9) transportation projects; and/or (10) water projects, as defined by various sections of the Nevada Revised Statutes. A portion of the proceeds will be used to establish a \$1.72 million bond reserve fund.

NONMAJOR GOVERNMENTAL FUNDS

CITY OF RENO, NEVADA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|--|-----------------------------|----------------------------|------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and Investments | \$ 13,976,652 | \$ 9,402,045 | \$ 24,164,423 | \$ 47,543,120 |
| Receivables: | | | | |
| Accounts | 280,767 | -- | -- | 280,767 |
| Accrued interest | 66,134 | 28,500 | 128,029 | 222,663 |
| Delinquent taxes | 69,744 | 63,513 | -- | 133,257 |
| Long-term | 1,705,593 | -- | -- | 1,705,593 |
| Due from other funds | 206,439 | 36,065 | 3,123,805 | 3,366,309 |
| Due from other governments | 2,507,607 | -- | 608,698 | 3,116,305 |
| Inventories | 84,007 | -- | -- | 84,007 |
| Prepaid items | 320 | -- | -- | 320 |
| Other assets | -- | 21,015 | -- | 21,015 |
| TOTAL ASSETS | <u><u>\$ 18,897,263</u></u> | <u><u>\$ 9,551,138</u></u> | <u><u>\$ 28,024,955</u></u> | <u><u>\$ 56,473,356</u></u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 801,895 | \$ 3,750 | \$ 297,510 | \$ 1,103,155 |
| Accrued salaries and benefits | 293,673 | -- | -- | 293,673 |
| Contracts and retained percentage payable | 1,610,045 | -- | 429,759 | 2,039,804 |
| Accrued interest payable | 2,081 | -- | 281 | 2,362 |
| Due to other funds | 2,344,944 | 36,065 | 2,647,626 | 5,028,635 |
| Due to other governments | 2,531 | -- | 1,804,139 | 1,806,670 |
| Other liabilities, including deposits | 717,796 | -- | 9,243 | 727,039 |
| Advances from other funds | 209,400 | -- | -- | 209,400 |
| Deferred taxes | 69,937 | 55,916 | -- | 125,853 |
| Deferred revenue | 1,787,293 | -- | -- | 1,787,293 |
| TOTAL LIABILITIES | <u><u>7,839,595</u></u> | <u><u>95,731</u></u> | <u><u>5,188,558</u></u> | <u><u>13,123,884</u></u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | 3,942,459 | -- | 417,588 | 4,360,047 |
| Prepaid items | 320 | -- | -- | 320 |
| Long-term receivables | 1,705,593 | -- | -- | 1,705,593 |
| Capital projects | 1,233,584 | -- | 5,544,579 | 6,778,163 |
| Park capital outlay | -- | -- | 7,291,474 | 7,291,474 |
| Future signalization | -- | -- | 481,537 | 481,537 |
| Debt service | -- | 9,455,407 | -- | 9,455,407 |
| Inventories | 84,007 | -- | -- | 84,007 |
| Court assessments | 826,283 | -- | -- | 826,283 |
| Court collection | 94,860 | -- | -- | 94,860 |
| Other programs | 576,835 | -- | 68,188 | 645,023 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 2,593,727 | -- | -- | 2,593,727 |
| Capital projects funds | -- | -- | 9,033,031 | 9,033,031 |
| TOTAL FUND BALANCES | <u><u>11,057,668</u></u> | <u><u>9,455,407</u></u> | <u><u>22,836,397</u></u> | <u><u>43,349,472</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 18,897,263</u></u> | <u><u>\$ 9,551,138</u></u> | <u><u>\$ 28,024,955</u></u> | <u><u>\$ 56,473,356</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, 2006

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|--|-----------------------------|--------------------------|------------------------------|----------------------|
| REVENUES | | | | |
| Taxes | \$ 9,620,826 | \$ 8,715,429 | \$ 2,791,434 | \$ 21,127,689 |
| Special assessments | -- | -- | 88,975 | 88,975 |
| Fees, licenses and permits | 145,518 | -- | -- | 145,518 |
| Intergovernmental | 3,963,733 | -- | 1,143,505 | 5,107,238 |
| Grants and contributions | 4,348,312 | -- | 7,298,560 | 11,646,872 |
| Charges for services | 4,105,730 | -- | 87,309 | 4,193,039 |
| Fines and forfeitures | 47,777 | -- | -- | 47,777 |
| Miscellaneous | 4,175,986 | 971,481 | 1,700,966 | 6,848,433 |
| TOTAL REVENUES | <u>26,407,882</u> | <u>9,686,910</u> | <u>13,110,749</u> | <u>49,205,541</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,633,026 | -- | -- | 1,633,026 |
| Judicial | 285,865 | -- | -- | 285,865 |
| Public works | 7,053,114 | -- | 1,083,359 | 8,136,473 |
| Planning and community development | 3,030,434 | -- | -- | 3,030,434 |
| Culture and recreation | 15,911,159 | -- | 13,030 | 15,924,189 |
| Urban redevelopment | 2,326,816 | -- | 20,362 | 2,347,178 |
| Capital outlay | 10,987,437 | -- | 8,304,618 | 19,292,055 |
| Debt Service: | | | | |
| Principal | 48,000 | 8,570,000 | -- | 8,618,000 |
| Interest | 32,892 | 4,098,910 | -- | 4,131,802 |
| Bond issue costs | -- | 87,798 | -- | 87,798 |
| Fiscal charges | -- | 32,989 | -- | 32,989 |
| TOTAL EXPENDITURES | <u>41,308,743</u> | <u>12,789,697</u> | <u>9,421,369</u> | <u>63,519,809</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(14,900,861)</u> | <u>(3,102,787)</u> | <u>3,689,380</u> | <u>(14,314,268)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds issued | -- | 3,275,000 | -- | 3,275,000 |
| Premium on bonds issued | -- | 42,358 | -- | 42,358 |
| Sale of capital assets | 406,559 | -- | 1,833,294 | 2,239,853 |
| Transfers from other funds | 18,110,420 | 2,594,247 | 16,735,457 | 37,440,124 |
| Transfers to other funds | (4,949,342) | (6,597,520) | (4,461,477) | (16,008,339) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>13,567,637</u> | <u>(685,915)</u> | <u>14,107,274</u> | <u>26,988,996</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,333,224)</u> | <u>(3,788,702)</u> | <u>17,796,654</u> | <u>12,674,728</u> |
| FUND BALANCES - BEGINNING OF YEAR | 14,035,055 | 13,244,109 | 6,850,190 | 34,129,354 |
| PRIOR PERIOD ADJUSTMENT | (1,644,163) | -- | (1,810,447) | (3,454,610) |
| FUND BALANCES - RESTATED, BEGINNING | <u>12,390,892</u> | <u>13,244,109</u> | <u>5,039,743</u> | <u>30,674,744</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 11,057,668</u> | <u>\$ 9,455,407</u> | <u>\$ 22,836,397</u> | <u>\$ 43,349,472</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 people 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 recreational 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 pools 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 substance 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, 2006

| | Community Development Block Grant Fund | Community Development Block Grant Administration Fund | Street Fund | Events Center Fund |
|--|---|---|---------------------|--------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 215,354 | \$ 236,842 | \$ 1,605,532 | \$ 291,506 |
| Receivables: | | | | |
| Accounts | -- | -- | 81,894 | -- |
| Accrued interest | -- | -- | 7,868 | 1,408 |
| Delinquent taxes | -- | -- | 69,744 | -- |
| Long-term | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- |
| Due from other governments | 766,501 | 127,277 | 634,523 | -- |
| Inventories | -- | -- | 84,007 | -- |
| Prepaid items | -- | -- | -- | -- |
| TOTAL ASSETS | <u>\$ 981,855</u> | <u>\$ 364,119</u> | <u>\$ 2,483,568</u> | <u>\$ 292,914</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 82,950 | \$ 52,238 | \$ 113,175 | \$ -- |
| Accrued salaries and benefits | 1,680 | 4,405 | 71,156 | -- |
| Contracts and retained percentage payable | -- | -- | 1,578,682 | -- |
| Accrued interest payable | -- | -- | 2,081 | -- |
| Due to other funds | 443,499 | 460,774 | -- | -- |
| Due to other governments | -- | -- | -- | -- |
| Other liabilities, including deposits | 3,500 | -- | 476,016 | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred taxes | -- | -- | 69,937 | -- |
| Deferred revenue | 67,000 | -- | -- | -- |
| TOTAL LIABILITIES | <u>598,629</u> | <u>517,417</u> | <u>2,311,047</u> | <u>--</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | -- | -- | 3,507,716 | -- |
| Inventories | -- | -- | 84,007 | -- |
| Prepaid items | -- | -- | -- | -- |
| Long-term receivables | -- | -- | -- | -- |
| Capital projects | -- | -- | 879,806 | -- |
| Court assessments | -- | -- | -- | -- |
| Court collections | -- | -- | -- | -- |
| Other programs | -- | -- | -- | -- |
| Unreserved | 383,226 | (153,298) | (4,299,008) | 292,914 |
| TOTAL FUND BALANCES | <u>383,226</u> | <u>(153,298)</u> | <u>172,521</u> | <u>292,914</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 981,855</u> | <u>\$ 364,119</u> | <u>\$ 2,483,568</u> | <u>\$ 292,914</u> |

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2006

| | Room Tax Fund | Parks and Recreation Fund | Stabilization Fund | Emergency Operations Fund |
|--|-------------------|---------------------------------|-----------------------|---------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 38,544 | \$ 2,885,634 | \$ 5,686,602 | \$ -- |
| Receivables: | | | | |
| Accounts | -- | 91,058 | -- | -- |
| Accrued interest | 190 | 13,115 | 27,513 | -- |
| Delinquent taxes | -- | -- | -- | -- |
| Long-term | -- | -- | -- | -- |
| Due from other funds | -- | 206,439 | -- | -- |
| Due from other governments | 412,878 | 34,422 | -- | 500,000 |
| Inventories | -- | -- | -- | -- |
| Prepaid items | -- | 320 | -- | -- |
| TOTAL ASSETS | <u>\$ 451,612</u> | <u>\$ 3,230,988</u> | <u>\$ 5,714,115</u> | <u>\$ 500,000</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 34,828 | \$ 299,397 | \$ -- | \$ -- |
| Accrued salaries and benefits | -- | 201,530 | -- | -- |
| Contracts and retained percentage payable | -- | 9,749 | -- | -- |
| Accrued interest payable | -- | -- | -- | -- |
| Due to other funds | 206,439 | -- | -- | 1,234,232 |
| Due to other governments | -- | 606 | -- | -- |
| Other liabilities, including deposits | -- | 38,280 | -- | -- |
| Advances from other funds | -- | -- | -- | -- |
| Deferred taxes | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- |
| TOTAL LIABILITIES | <u>241,267</u> | <u>549,562</u> | <u>--</u> | <u>1,234,232</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | -- | 256,590 | -- | -- |
| Inventories | -- | -- | -- | -- |
| Prepaid items | -- | 320 | -- | -- |
| Long-term receivables | -- | -- | -- | -- |
| Capital projects | -- | -- | -- | -- |
| Court assessments | -- | -- | -- | -- |
| Court collections | -- | -- | -- | -- |
| Other programs | -- | 67,206 | -- | -- |
| Unreserved | 210,345 | 2,357,310 | 5,714,115 | (734,232) |
| TOTAL FUND BALANCES | <u>210,345</u> | <u>2,681,426</u> | <u>5,714,115</u> | <u>(734,232)</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 451,612</u> | <u>\$ 3,230,988</u> | <u>\$ 5,714,115</u> | <u>\$ 500,000</u> |

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2006

| | Courts Fund | Drug Forfeiture Fund | Redevelopment Agency Fund | Total |
|--|---------------------|----------------------------|---------------------------------|----------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and Investments | \$ 1,476,992 | \$ 506,044 | \$ 1,033,602 | \$ 13,976,652 |
| Receivables: | | | | |
| Accounts | -- | -- | 107,815 | 280,767 |
| Accrued interest | 6,866 | 2,449 | 6,725 | 66,134 |
| Delinquent taxes | -- | -- | -- | 69,744 |
| Long-term | -- | -- | 1,705,593 | 1,705,593 |
| Due from other funds | -- | -- | -- | 206,439 |
| Due from other governments | -- | -- | 32,006 | 2,507,607 |
| Inventories | -- | -- | -- | 84,007 |
| Prepaid items | -- | -- | -- | 320 |
| TOTAL ASSETS | <u>\$ 1,483,858</u> | <u>\$ 508,493</u> | <u>\$ 2,885,741</u> | <u>\$ 18,897,263</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 204,832 | \$ -- | \$ 14,475 | \$ 801,895 |
| Accrued salaries and benefits | -- | -- | 14,902 | 293,673 |
| Contracts and retained percentage payable | -- | -- | 21,614 | 1,610,045 |
| Accrued interest payable | -- | -- | -- | 2,081 |
| Due to other funds | -- | -- | -- | 2,344,944 |
| Due to other governments | 1,925 | -- | -- | 2,531 |
| Other liabilities, including deposits | -- | -- | 200,000 | 717,796 |
| Advances from other funds | -- | -- | 209,400 | 209,400 |
| Deferred taxes | -- | -- | -- | 69,937 |
| Deferred revenue | -- | -- | 1,720,293 | 1,787,293 |
| TOTAL LIABILITIES | <u>206,757</u> | <u>--</u> | <u>2,180,684</u> | <u>7,839,595</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | -- | -- | 178,153 | 3,942,459 |
| Inventories | -- | -- | -- | 84,007 |
| Prepaid items | -- | -- | -- | 320 |
| Long-term receivables | -- | -- | 1,705,593 | 1,705,593 |
| Capital projects | 353,778 | -- | -- | 1,233,584 |
| Court assessments | 826,283 | -- | -- | 826,283 |
| Court collections | 94,860 | -- | -- | 94,860 |
| Other programs | -- | 509,629 | -- | 576,835 |
| Unreserved | 2,180 | (1,136) | (1,178,689) | 2,593,727 |
| TOTAL FUND BALANCES | <u>1,277,101</u> | <u>508,493</u> | <u>705,057</u> | <u>11,057,668</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,483,858</u> | <u>\$ 508,493</u> | <u>\$ 2,885,741</u> | <u>\$ 18,897,263</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, 2006

| | Community Development Block Grant Fund | Community Development Block Grant Administration Fund | Street Fund | Events Center Fund |
|--|---|---|--------------------|--------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem taxes | \$ -- | \$ -- | \$ 7,398,425 | \$ -- |
| Room taxes | -- | -- | -- | -- |
| Licenses and permits | -- | -- | 145,518 | -- |
| Intergovernmental | -- | -- | 3,835,709 | -- |
| Grants and contributions | 3,342,011 | 338,837 | -- | -- |
| Charges for services | -- | -- | -- | -- |
| Fines and forfeits | -- | -- | 47,777 | -- |
| Investment earnings | -- | -- | 27,274 | 1,027 |
| Interest earnings, other | 559,601 | -- | -- | -- |
| Reimbursement & restitutions | -- | -- | 8,866 | -- |
| Miscellaneous | 472,410 | -- | 45,688 | -- |
| TOTAL REVENUES | <u>4,374,022</u> | <u>338,837</u> | <u>11,509,257</u> | <u>1,027</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | -- | -- | -- | 293,048 |
| Judicial | -- | -- | -- | -- |
| Public works | -- | -- | 7,053,114 | -- |
| Planning and community development | 2,648,205 | 382,229 | -- | -- |
| Culture and recreation | -- | -- | -- | -- |
| Urban redevelopment | -- | -- | -- | -- |
| Capital outlay | -- | -- | 7,000,346 | -- |
| Debt Service: | | | | |
| Principal | 48,000 | -- | -- | -- |
| Interest | 32,892 | -- | -- | -- |
| TOTAL EXPENDITURES | <u>2,729,097</u> | <u>382,229</u> | <u>14,053,460</u> | <u>293,048</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,644,925</u> | <u>(43,392)</u> | <u>(2,544,203)</u> | <u>(292,021)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | (70,234) | -- |
| Transfers in | -- | 10,000 | 2,692,527 | 574,405 |
| Transfers out | (768,719) | (102,704) | (374,119) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(768,719)</u> | <u>(92,704)</u> | <u>2,248,174</u> | <u>574,405</u> |
| NET CHANGE IN FUND BALANCES | <u>876,206</u> | <u>(136,096)</u> | <u>(296,029)</u> | <u>282,384</u> |
| FUND BALANCES, BEGINNING OF YEAR | (492,980) | (17,202) | 468,550 | 10,530 |
| PRIOR PERIOD ADJUSTMENT | -- | -- | -- | -- |
| FUND BALANCES - RESTATED, BEGINNING | <u>(492,980)</u> | <u>(17,202)</u> | <u>468,550</u> | <u>10,530</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 383,226</u> | <u>\$ (153,298)</u> | <u>\$ 172,521</u> | <u>\$ 292,914</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, 2006

| | <u>Room Tax Fund</u> | <u>Parks and Recreation Fund</u> | <u>Stabilization Fund</u> | <u>Emergency Operations Fund</u> |
|--|--------------------------|--|-------------------------------|--|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Room taxes | 2,210,639 | -- | -- | -- |
| Licenses and permits | -- | -- | -- | -- |
| Intergovernmental | -- | -- | -- | -- |
| Grants and contributions | -- | 167,464 | -- | 500,000 |
| Charges for services | -- | 4,105,730 | -- | -- |
| Fines and forfeits | -- | -- | -- | -- |
| Investment earnings | 7,436 | 13,576 | 103,897 | -- |
| Interest earnings, other | -- | -- | -- | -- |
| Reimbursement & restitutions | -- | 179,580 | -- | -- |
| Miscellaneous | 40,859 | 133,973 | -- | -- |
| TOTAL REVENUES | <u>2,258,934</u> | <u>4,600,323</u> | <u>103,897</u> | <u>500,000</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 362,601 | -- | -- | 977,377 |
| Judicial | -- | -- | -- | -- |
| Public works | -- | -- | -- | -- |
| Planning and community development | -- | -- | -- | -- |
| Culture and recreation | -- | 15,911,159 | -- | -- |
| Urban redevelopment | -- | -- | -- | -- |
| Capital outlay | 25,822 | 335,630 | -- | 256,855 |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest | -- | -- | -- | -- |
| TOTAL EXPENDITURES | <u>388,423</u> | <u>16,246,789</u> | <u>--</u> | <u>1,234,232</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,870,511</u> | <u>(11,646,466)</u> | <u>103,897</u> | <u>(734,232)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | (21,303) | -- | -- |
| Transfers in | -- | 13,073,264 | 250,000 | -- |
| Transfers out | (2,019,123) | (247,108) | -- | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,019,123)</u> | <u>12,804,853</u> | <u>250,000</u> | <u>--</u> |
| NET CHANGE IN FUND BALANCES | <u>(148,612)</u> | <u>1,158,387</u> | <u>353,897</u> | <u>(734,232)</u> |
| FUND BALANCES, BEGINNING OF YEAR | 358,957 | 1,523,039 | 5,360,218 | -- |
| PRIOR PERIOD ADJUSTMENT | -- | -- | -- | -- |
| FUND BALANCES - RESTATED, BEGINNING | <u>358,957</u> | <u>1,523,039</u> | <u>5,360,218</u> | <u>--</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 210,345</u> | <u>\$ 2,681,426</u> | <u>\$ 5,714,115</u> | <u>\$ (734,232)</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, 2006

| | Courts Fund | Drug Forfeiture Fund | Redevelopment Agency Fund | Total |
|--|---------------------|----------------------------|---------------------------------|----------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem taxes | \$ -- | \$ -- | \$ 11,762 | \$ 7,410,187 |
| Room taxes | -- | -- | -- | 2,210,639 |
| Licenses and permits | -- | -- | -- | 145,518 |
| Intergovernmental | -- | -- | 128,024 | 3,963,733 |
| Grants and contributions | -- | -- | -- | 4,348,312 |
| Charges for services | -- | -- | -- | 4,105,730 |
| Fines and forfeits | -- | -- | -- | 47,777 |
| Investment earnings | 27,848 | 11,669 | 35,700 | 228,427 |
| Interest earnings, other | -- | -- | -- | 559,601 |
| Reimbursement & restitutions | -- | -- | 1,128,545 | 1,316,991 |
| Miscellaneous | 639,069 | 112,744 | 626,224 | 2,070,967 |
| TOTAL REVENUES | <u>666,917</u> | <u>124,413</u> | <u>1,930,255</u> | <u>26,407,882</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | -- | -- | -- | 1,633,026 |
| Judicial | 285,865 | -- | -- | 285,865 |
| Public works | -- | -- | -- | 7,053,114 |
| Planning and community development | -- | -- | -- | 3,030,434 |
| Culture and recreation | -- | -- | -- | 15,911,159 |
| Urban redevelopment | -- | -- | 2,326,816 | 2,326,816 |
| Capital outlay | 259,851 | -- | 3,108,933 | 10,987,437 |
| Debt Service: | | | | |
| Principal | -- | -- | -- | 48,000 |
| Interest | -- | -- | -- | 32,892 |
| TOTAL EXPENDITURES | <u>545,716</u> | <u>--</u> | <u>5,435,749</u> | <u>41,308,743</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>121,201</u> | <u>124,413</u> | <u>(3,505,494)</u> | <u>(14,900,861)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | 98,096 | 400,000 | 406,559 |
| Transfers in | -- | -- | 1,510,224 | 18,110,420 |
| Transfers out | (180,000) | (280,634) | (976,935) | (4,949,342) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(180,000)</u> | <u>(182,538)</u> | <u>933,289</u> | <u>13,567,637</u> |
| NET CHANGE IN FUND BALANCES | <u>(58,799)</u> | <u>(58,125)</u> | <u>(2,572,205)</u> | <u>(1,333,224)</u> |
| FUND BALANCES, BEGINNING OF YEAR | 1,335,900 | 566,618 | 4,921,425 | 14,035,055 |
| PRIOR PERIOD ADJUSTMENT | -- | -- | (1,644,163) | (1,644,163) |
| FUND BALANCES - RESTATED, BEGINNING | <u>1,335,900</u> | <u>566,618</u> | <u>3,277,262</u> | <u>12,390,892</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 1,277,101</u> | <u>\$ 508,493</u> | <u>\$ 705,057</u> | <u>\$ 11,057,668</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal grants | \$ 3,597,851 | \$ 3,308,214 | \$ 2,242,974 | \$ (1,065,240) |
| State grants | -- | -- | 1,099,037 | 1,099,037 |
| Total Intergovernmental | <u>3,597,851</u> | <u>3,308,214</u> | <u>3,342,011</u> | <u>33,797</u> |
| Miscellaneous: | | | | |
| Interest earnings, other | 110,120 | 301,000 | 559,601 | 258,601 |
| Loan payments | 100,000 | 400,000 | 404,279 | 4,279 |
| Other | 95,000 | 95,000 | 68,131 | (26,869) |
| Total Miscellaneous | <u>305,120</u> | <u>796,000</u> | <u>1,032,011</u> | <u>236,011</u> |
| TOTAL REVENUES | <u>3,902,971</u> | <u>4,104,214</u> | <u>4,374,022</u> | <u>269,808</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Planning and Community Development: | | | | |
| Salaries and wages | 115,207 | 100,654 | 75,878 | 24,776 |
| Employee benefits | 54,254 | 51,503 | 36,965 | 14,538 |
| Services and supplies | 49,182 | 49,182 | 29,306 | 19,876 |
| Capital outlay | 3,750 | 3,750 | -- | 3,750 |
| Community projects | 2,422,716 | 2,253,822 | 2,506,056 | (252,234) |
| Total Planning and Community Development | <u>2,645,109</u> | <u>2,458,911</u> | <u>2,648,205</u> | <u>(189,294)</u> |
| Debt Service: | | | | |
| Principal | 40,000 | 50,000 | 48,000 | 2,000 |
| Interest | 54,620 | 40,000 | 32,892 | 7,108 |
| TOTAL EXPENDITURES | <u>2,739,729</u> | <u>2,548,911</u> | <u>2,729,097</u> | <u>(182,186)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,163,242</u> | <u>1,555,303</u> | <u>1,644,925</u> | <u>89,622</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 444,786 | -- | -- | -- |
| Transfers out | (1,163,242) | (759,738) | (768,719) | (8,981) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(718,456)</u> | <u>(759,738)</u> | <u>(768,719)</u> | <u>(8,981)</u> |
| NET CHANGE IN FUND BALANCES | 444,786 | 795,565 | 876,206 | 80,641 |
| FUND BALANCE, BEGINNING OF YEAR | 2,584 | (492,980) | (492,980) | -- |
| FUND BALANCE, END OF YEAR | <u>\$ 447,370</u> | <u>\$ 302,585</u> | <u>\$ 383,226</u> | <u>\$ 80,641</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal Grants | \$ 100,000 | \$ 564,637 | \$ 338,837 | \$ (225,800) |
| TOTAL REVENUES | <u>100,000</u> | <u>564,637</u> | <u>338,837</u> | <u>(225,800)</u> |
| EXPENDITURES | | | | |
| Salaries and wages | 152,263 | 142,699 | 132,278 | 10,421 |
| Employee benefits | 71,538 | 69,538 | 60,149 | 9,389 |
| Services and supplies | 280,006 | 200,396 | 189,802 | 10,594 |
| Capital outlay | 3,750 | 3,750 | -- | 3,750 |
| TOTAL EXPENDITURES | <u>507,557</u> | <u>416,383</u> | <u>382,229</u> | <u>34,154</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(407,557)</u> | <u>148,254</u> | <u>(43,392)</u> | <u>(191,646)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 464,637 | -- | 10,000 | 10,000 |
| Transfers out | (57,080) | (113,080) | (102,704) | 10,376 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>407,557</u> | <u>(113,080)</u> | <u>(92,704)</u> | <u>20,376</u> |
| NET CHANGE IN FUND BALANCES | -- | 35,174 | (136,096) | (171,270) |
| FUND BALANCE, BEGINNING OF YEAR | -- | (17,202) | (17,202) | -- |
| FUND BALANCE, END OF YEAR | <u>\$ --</u> | <u>\$ 17,972</u> | <u>\$ (153,298)</u> | <u>\$ (171,270)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 7,521,241 | \$ 7,521,241 | \$ 7,398,425 | \$ (122,816) |
| Licenses and permits: | | | | |
| Excavation permits | 175,000 | 175,000 | 145,518 | (29,482) |
| Intergovernmental: | | | | |
| Motor vehicle fuel tax | 3,534,224 | 3,534,224 | 3,786,435 | 252,211 |
| County road tax | 49,200 | 49,200 | 49,274 | 74 |
| Total intergovernmental | 3,583,424 | 3,583,424 | 3,835,709 | 252,285 |
| Grants and contributions: | | | | |
| Street patching penalties | 100,000 | 50,000 | 47,777 | (2,223) |
| Miscellaneous: | | | | |
| Investment earnings | 20,000 | 20,000 | 27,274 | 7,274 |
| Interest earnings, other | 1,500 | -- | -- | -- |
| Reimbursements and restitution | -- | 5,130 | 8,866 | 3,736 |
| Exactions | -- | 270 | 405 | 135 |
| Other | -- | 7,753 | 45,283 | 37,530 |
| Total miscellaneous | 21,500 | 33,153 | 81,828 | 48,675 |
| TOTAL REVENUES | 11,401,165 | 11,362,818 | 11,509,257 | 146,439 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries and wages | 2,996,582 | 2,858,648 | 2,594,962 | 263,686 |
| Employee benefits | 1,169,841 | 1,107,341 | 1,101,426 | 5,915 |
| Services and supplies | 3,344,520 | 3,432,210 | 3,356,726 | 75,484 |
| Capital Outlay | 50,000 | 160,000 | -- | 160,000 |
| Capital Outlay | 5,500,000 | 5,688,976 | 7,000,346 | (1,311,370) |
| TOTAL EXPENDITURES | 13,060,943 | 13,247,175 | 14,053,460 | (806,285) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,659,778) | (1,884,357) | (2,544,203) | (659,846) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | (70,234) | (70,234) |
| Transfers in | 1,999,033 | 2,692,527 | 2,692,527 | -- |
| Transfers out | (382,000) | (366,238) | (374,119) | (7,881) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,617,033 | 2,326,289 | 2,248,174 | (78,115) |
| NET CHANGE IN FUND BALANCES | (42,745) | 441,932 | (296,029) | (737,961) |
| FUND BALANCE, BEGINNING OF YEAR | 27,262 | 468,550 | 468,550 | -- |
| FUND BALANCE, END OF YEAR | \$ (15,483) | \$ 910,482 | \$ 172,521 | \$ (737,961) |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 1,027 | \$ 1,027 |
| TOTAL REVENUES | -- | -- | 1,027 | 1,027 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Services and supplies | 510,433 | 584,935 | 293,048 | 291,887 |
| TOTAL EXPENDITURES | 510,433 | 584,935 | 293,048 | 291,887 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (510,433) | (584,935) | (292,021) | 292,914 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 500,000 | 574,405 | 574,405 | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | 500,000 | 574,405 | 574,405 | -- |
| NET CHANGE IN FUND BALANCES | (10,433) | (10,530) | 282,384 | 292,914 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 10,530 | 10,530 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ (10,433)</u> | <u>\$ --</u> | <u>\$ 292,914</u> | <u>\$ 292,914</u> |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Room Tax Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|--------------|----------------|---------------|
| | Original | Final | | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Room Tax | \$ 2,200,000 | \$ 2,260,000 | \$ 2,210,639 | \$ (49,361) |
| Miscellaneous: | | | | |
| Investment earnings | 11,000 | 11,000 | 7,436 | (3,564) |
| Other income | -- | 1,633 | 40,859 | 39,226 |
| Total Miscellaneous | 11,000 | 12,633 | 48,295 | 35,662 |
| TOTAL REVENUES | 2,211,000 | 2,272,633 | 2,258,934 | (13,699) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Tourism: | | | | |
| Services and supplies | 345,150 | 336,150 | 362,601 | (26,451) |
| Capital outlay | 260,994 | 173,110 | 25,822 | 147,288 |
| TOTAL EXPENDITURES | 606,144 | 509,260 | 388,423 | 120,837 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,604,856 | 1,763,373 | 1,870,511 | 107,138 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (1,791,607) | (2,122,330) | (2,019,123) | 103,207 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,791,607) | (2,122,330) | (2,019,123) | 103,207 |
| NET CHANGE IN FUND BALANCES | (186,751) | (358,957) | (148,612) | 210,345 |
| FUND BALANCE, BEGINNING OF YEAR | 61,000 | 358,957 | 358,957 | -- |
| FUND BALANCE, END OF YEAR | \$ (125,751) | \$ -- | \$ 210,345 | \$ 210,345 |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal grants | \$ 376,524 | \$ 599,000 | \$ 167,464 | \$ (431,536) |
| Total Intergovernmental | <u>376,524</u> | <u>599,000</u> | <u>167,464</u> | <u>(431,536)</u> |
| Charges for Services: | | | | |
| Engineering charges | 106,864 | 80,000 | 60,012 | (19,988) |
| Swimming pool fees | 452,543 | 446,350 | 416,372 | (29,978) |
| Recreation facility fees | 3,409,351 | 3,067,400 | 3,422,057 | 354,657 |
| Parks and recreation fees | 219,000 | 219,000 | 207,289 | (11,711) |
| Total Charges for Services | <u>4,187,758</u> | <u>3,812,750</u> | <u>4,105,730</u> | <u>292,980</u> |
| Miscellaneous: | | | | |
| Investment earnings | 7,500 | 7,500 | 13,576 | 6,076 |
| Rents and royalties | 13,632 | 42,500 | 51,468 | 8,968 |
| Reimbursements and restitution | -- | 107,027 | 179,580 | 72,553 |
| Private grants | 35,125 | 28,000 | 61,391 | 33,391 |
| Other | 10,000 | 2,000 | 21,114 | 19,114 |
| Total Miscellaneous | <u>66,257</u> | <u>187,027</u> | <u>327,129</u> | <u>140,102</u> |
| TOTAL REVENUES | <u>4,630,539</u> | <u>4,598,777</u> | <u>4,600,323</u> | <u>1,546</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and Recreation: | | | | |
| Salaries and wages | 8,335,704 | 8,342,972 | 7,650,767 | 692,205 |
| Employee benefits | 1,967,288 | 1,952,743 | 2,004,840 | (52,097) |
| Services and supplies | 6,243,116 | 6,888,064 | 6,255,552 | 632,512 |
| Capital outlay | 183,197 | 208,000 | -- | 208,000 |
| CAPITAL OUTLAY | <u>275,000</u> | <u>522,075</u> | <u>335,630</u> | <u>186,445</u> |
| TOTAL EXPENDITURES | <u>17,004,305</u> | <u>17,913,854</u> | <u>16,246,789</u> | <u>1,667,065</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(12,373,766)</u> | <u>(13,315,077)</u> | <u>(11,646,466)</u> | <u>1,668,611</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | (21,303) | (21,303) |
| Transfers in | 12,484,375 | 13,278,406 | 13,073,264 | (205,142) |
| Transfers out | -- | (352,041) | (247,108) | 104,933 |
| TOTAL OTHER FINANCING SOURCSE (USES) | <u>12,484,375</u> | <u>12,926,365</u> | <u>12,804,853</u> | <u>(121,512)</u> |
| NET CHANGE IN FUND BALANCES | 110,609 | (388,712) | 1,158,387 | 1,547,099 |
| FUND BALANCE, BEGINNING OF YEAR | <u>151,985</u> | <u>1,523,039</u> | <u>1,523,039</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 262,594</u> | <u>\$ 1,134,327</u> | <u>\$ 2,681,426</u> | <u>\$ 1,547,099</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ 54,000 | \$ 54,000 | \$ 103,897 | \$ 49,897 |
| TOTAL REVENUES | <u>54,000</u> | <u>54,000</u> | <u>103,897</u> | <u>49,897</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Services and supplies | 5,623,270 | -- | -- | -- |
| TOTAL EXPENDITURES | <u>5,623,270</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (5,569,270) | 54,000 | 103,897 | 49,897 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | -- | 250,000 | 250,000 | -- |
| TOTAL OTHER FINANCING SOURCSE (USES) | <u>--</u> | <u>250,000</u> | <u>250,000</u> | <u>--</u> |
| NET CHANGE IN FUND BALANCES | (5,569,270) | 304,000 | 353,897 | 49,897 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 5,360,218 | 5,360,218 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ (5,569,270)</u> | <u>\$ 5,664,218</u> | <u>\$ 5,714,115</u> | <u>\$ 49,897</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal Grants | \$ -- | \$ -- | \$ 500,000 | \$ 500,000 |
| TOTAL REVENUES | <u> --</u> | <u> --</u> | <u> 500,000</u> | <u> 500,000</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Salaries and wages | -- | -- | 321,065 | (321,065) |
| Employee benefits | -- | -- | 56,447 | (56,447) |
| Services and supplies | -- | -- | 599,865 | (599,865) |
| Capital outlay | -- | -- | 256,855 | (256,855) |
| TOTAL EXPENDITURES | <u> --</u> | <u> --</u> | <u> 1,234,232</u> | <u> (1,234,232)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u> --</u> | <u> --</u> | <u> (734,232)</u> | <u> (734,232)</u> |
| NET CHANGE IN FUND BALANCES | -- | -- | (734,232) | (734,232) |
| FUND BALANCE, BEGINNING OF YEAR | -- | -- | -- | -- |
| FUND BALANCE, END OF YEAR | <u> --</u> | <u> --</u> | <u> (734,232)</u> | <u> (734,232)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|-------------|----------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ 19,000 | \$ 19,000 | \$ 27,848 | \$ 8,848 |
| Court administrative charges | 234,000 | 234,000 | 342,559 | 108,559 |
| Court construction fees | 200,000 | 200,000 | 295,635 | 95,635 |
| Other | -- | -- | 875 | 875 |
| TOTAL REVENUES | 453,000 | 453,000 | 666,917 | 213,917 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Judicial: | | | | |
| Services and supplies | 398,587 | 1,608,901 | 285,865 | 1,323,036 |
| Capital outlay | -- | -- | 259,851 | (259,851) |
| TOTAL EXPENDITURES | 398,587 | 1,608,901 | 545,716 | 1,063,185 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 54,413 | (1,155,901) | 121,201 | 1,277,102 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | -- | (180,000) | (180,000) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | -- | (180,000) | (180,000) | -- |
| NET CHANGE IN FUND BALANCES | 54,413 | (1,335,901) | (58,799) | 1,277,102 |
| FUND BALANCE, BEGINNING OF YEAR | 304,347 | 1,335,900 | 1,335,900 | -- |
| FUND BALANCE, END OF YEAR | \$ 358,760 | \$ (1) | \$ 1,277,101 | \$ 1,277,102 |

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, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ 7,000 | \$ 7,000 | \$ 11,669 | \$ 4,669 |
| Federal drug forfeiture monies | 25,000 | 60,000 | 50,781 | (9,219) |
| State drug forfeiture monies | 30,000 | 65,500 | 61,963 | (3,537) |
| TOTAL REVENUES | <u>62,000</u> | <u>132,500</u> | <u>124,413</u> | <u>(8,087)</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Services and supplies | <u>469,496</u> | <u>418,484</u> | <u>--</u> | <u>418,484</u> |
| TOTAL EXPENDITURES | <u>469,496</u> | <u>418,484</u> | <u>--</u> | <u>418,484</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(407,496)</u> | <u>(285,984)</u> | <u>124,413</u> | <u>410,397</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | 98,096 | 98,096 |
| Transfers out | <u>(40,000)</u> | <u>(280,634)</u> | <u>(280,634)</u> | <u>--</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(40,000)</u> | <u>(280,634)</u> | <u>(182,538)</u> | <u>98,096</u> |
| NET CHANGE IN FUND BALANCES | (447,496) | (566,618) | (58,125) | 508,493 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 566,618 | 566,618 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ (447,496)</u> | <u>\$ --</u> | <u>\$ 508,493</u> | <u>\$ 508,493</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|-----------------------|-----------------------|--------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ -- | \$ -- | \$ 11,762 | \$ 11,762 |
| Total Taxes | <u> --</u> | <u> --</u> | <u> 11,762</u> | <u> 11,762</u> |
| Intergovernmental: | | | | |
| State Shared Revenues: | | | | |
| Motor vehicle privilege tax | 128,024 | 128,024 | 128,024 | -- |
| Total Intergovernmental | <u>128,024</u> | <u>128,024</u> | <u>128,024</u> | <u> --</u> |
| Miscellaneous: | | | | |
| Investment earnings | 50,000 | 50,000 | 35,700 | (14,300) |
| Rent and royalties | -- | 10,002 | 10,002 | -- |
| Reimbursements and restitution | -- | 316,081 | 1,128,545 | 812,464 |
| Parking revenues | 295,658 | 500,000 | 559,158 | 59,158 |
| Other | 154,836 | 112,338 | 57,064 | (55,274) |
| Total Miscellaneous | <u>500,494</u> | <u>988,421</u> | <u>1,790,469</u> | <u>802,048</u> |
| TOTAL REVENUES | <u>628,518</u> | <u>1,116,445</u> | <u>1,930,255</u> | <u>813,810</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Urban Redevelopment: | | | | |
| Salaries and wages | 407,105 | 407,305 | 425,792 | (18,487) |
| Employee benefits | 160,941 | 160,941 | 165,678 | (4,737) |
| Services and supplies | 1,456,908 | 1,613,466 | 1,735,346 | (121,880) |
| Capital outlay | -- | 5,174,206 | 3,108,933 | 2,065,273 |
| TOTAL EXPENDITURES | <u>2,024,954</u> | <u>7,355,918</u> | <u>5,435,749</u> | <u>1,920,169</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER (UNDER) EXPENDITURES | <u>(1,396,436)</u> | <u>(6,239,473)</u> | <u>(3,505,494)</u> | <u>2,733,979</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 783,185 | 1,183,185 | 400,000 | (783,185) |
| Transfers in | -- | 1,516,520 | 1,510,224 | (6,296) |
| Transfers out | (783,185) | (803,185) | (976,935) | (173,750) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u> --</u> | <u>1,896,520</u> | <u>933,289</u> | <u>(963,231)</u> |
| NET CHANGE IN FUND BALANCES | (1,396,436) | (4,342,953) | (2,572,205) | 1,770,748 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 3,664,423 | 4,921,425 | 1,257,002 |
| PRIOR PERIOD ADJUSTMENT | <u>(1,644,163)</u> | <u>(1,644,163)</u> | <u>(1,644,163)</u> | <u> --</u> |
| FUND BALANCE, END OF YEAR | <u>\$ (3,040,599)</u> | <u>\$ (2,322,693)</u> | <u>\$ 705,057</u> | <u>\$ 3,027,750</u> |

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DEBT SERVICE FUNDS

– DEBT SERVICE FUNDS –

To account for the accumulation of resources and payment of general obligation (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 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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|----------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Room taxes (railroad) | \$ 1,100,000 | \$ 1,060,000 | \$ 1,077,511 | \$ 17,511 |
| Intergovernmental: | | | | |
| Sales taxes (railroad) | -- | 8,350,000 | 8,925,336 | 575,336 |
| Special assessments | -- | -- | 1,273,924 | 1,273,924 |
| Miscellaneous: | | | | |
| Investment earnings | 8,100,000 | 340,000 | 466,092 | 126,092 |
| Other | -- | 532,900 | 458,271 | (74,629) |
| TOTAL REVENUES | <u>9,200,000</u> | <u>10,282,900</u> | <u>12,201,134</u> | <u>1,918,234</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Interest | 5,928,319 | 10,566,293 | 3,004,939 | 7,561,354 |
| Fiscal charges | 50,345 | 335,345 | 366,532 | (31,187) |
| Bond issue costs | -- | 4,680,592 | 5,782,176 | (1,101,584) |
| TOTAL EXPENDITURES | <u>5,978,664</u> | <u>15,582,230</u> | <u>9,153,647</u> | <u>6,428,583</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>3,221,336</u> | <u>(5,299,330)</u> | <u>3,047,487</u> | <u>8,346,817</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from issuance of bonds | -- | 197,393,693 | 211,298,693 | 13,905,000 |
| Discount on bonds issued | -- | -- | (47,453) | (47,453) |
| Payment to refunded debt escrow agent | -- | (50,500,000) | (55,137,974) | (4,637,974) |
| Advanced refunding escrow payment | -- | (112,865,427) | (120,161,442) | (7,296,015) |
| Transfers out | (573,596) | (6,623,787) | (49,036,172) | (42,412,385) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(573,596)</u> | <u>27,404,479</u> | <u>(13,084,348)</u> | <u>(40,488,827)</u> |
| NET CHANGE IN FUND BALANCE | 2,647,740 | 22,105,149 | (10,036,861) | (32,142,010) |
| FUND BALANCE, BEGINNING OF YEAR | (818,082) | 15,408,231 | 15,408,231 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ 1,829,658</u> | <u>\$ 37,513,380</u> | <u>\$ 5,371,370</u> | <u>\$ (32,142,010)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Room taxes (Events Center) | \$ 5,810,000 | \$ 6,030,000 | \$ 6,053,376 | \$ 23,376 |
| Special Assessments | 750,000 | 750,000 | 275,449 | (474,551) |
| Miscellaneous: | | | | |
| Investment earnings | 100,000 | 170,000 | 233,844 | 63,844 |
| Interest earnings, other | 400,000 | 460,000 | 439,620 | (20,380) |
| Other | 15,000 | 1,327,218 | 1,323,964 | (3,254) |
| TOTAL REVENUES | <u>7,075,000</u> | <u>8,737,218</u> | <u>8,326,253</u> | <u>(410,965)</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 595,000 | 117,194 | 130,000 | (12,806) |
| Interest | 6,205,907 | 4,305,438 | 4,247,486 | 57,952 |
| Fiscal charges | 51,290 | 316,290 | 339,974 | (23,684) |
| Bond issue costs | -- | 2,840,888 | 2,937,005 | (96,117) |
| TOTAL EXPENDITURES | <u>6,852,197</u> | <u>7,579,810</u> | <u>7,654,465</u> | <u>(74,655)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>222,803</u> | <u>1,157,408</u> | <u>671,788</u> | <u>(485,620)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds issued | -- | 96,587,556 | 96,587,556 | -- |
| Discount on bonds issued | -- | -- | (82,671) | (82,671) |
| Payment to refunded debt escrow agent | -- | (11,701,401) | (11,701,404) | (3) |
| Advanced refunding escrow payment | -- | (72,674,704) | (72,674,704) | -- |
| Refund of cash prepayments | -- | (475,224) | (478,872) | (3,648) |
| Transfers in | -- | 12,210,782 | 12,210,782 | -- |
| Transfers out | (500,000) | (23,102,662) | (23,102,661) | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(500,000)</u> | <u>844,347</u> | <u>758,026</u> | <u>(86,321)</u> |
| NET CHANGE IN FUND BALANCES | (277,197) | 2,001,755 | 1,429,814 | (571,941) |
| FUND BALANCE, BEGINNING OF YEAR | <u>(614,879)</u> | <u>5,745,844</u> | <u>5,745,844</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u>\$ (892,076)</u> | <u>\$ 7,747,599</u> | <u>\$ 7,175,658</u> | <u>\$ (571,941)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$ 399,747 | \$ 354,489 | \$ 1,202,859 | \$ 848,370 |
| Miscellaneous: | | | | |
| Investment earnings | 35,337 | 40,037 | 59,978 | 19,941 |
| Interest earnings, other | 225,777 | 279,799 | 278,102 | (1,697) |
| Other | 2,000 | 61,925 | 104,177 | 42,252 |
| TOTAL REVENUES | <u>662,861</u> | <u>736,250</u> | <u>1,645,116</u> | <u>908,866</u> |
| EXPENDITURSE | | | | |
| Debt Service: | | | | |
| Principal | 313,088 | 324,090 | 324,090 | -- |
| Interest | 196,611 | 208,536 | 208,537 | (1) |
| Fiscal charges | 116,248 | 255,099 | 145,965 | 109,134 |
| TOTAL EXPENDITURES | <u>625,947</u> | <u>787,725</u> | <u>678,592</u> | <u>109,133</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>36,914</u> | <u>(51,475)</u> | <u>966,524</u> | <u>1,017,999</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Other financing proceeds | -- | -- | 987,713 | 987,713 |
| Transfers out | -- | -- | (1,723,714) | (1,723,714) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>--</u> | <u>--</u> | <u>(736,001)</u> | <u>(736,001)</u> |
| NET CHANGE IN FUND BALANCES | 36,914 | (51,475) | 230,523 | 281,998 |
| FUND BALANCE, BEGINNING OF YEAR | <u>120,522</u> | <u>3,146,781</u> | <u>3,146,781</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 157,436</u> | <u>\$ 3,095,306</u> | <u>\$ 3,377,304</u> | <u>\$ 281,998</u> |

CITY OF RENO, NEVADA

Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2006

| | City of Reno Fund | Redevelopment Agency Fund | Total |
|--|-------------------------|---------------------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 5,775,354 | \$ 3,626,691 | \$ 9,402,045 |
| Receivables: | | | |
| Accrued interest | 28,171 | 329 | 28,500 |
| Delinquent taxes | 46,549 | 16,964 | 63,513 |
| Due from other funds | 36,065 | -- | 36,065 |
| Other assets | 21,015 | -- | 21,015 |
| TOTAL ASSETS | <u>\$ 5,907,154</u> | <u>\$ 3,643,984</u> | <u>\$ 9,551,138</u> |
| LIABILITIES | | | |
| Accounts payable | 600 | 3,150 | 3,750 |
| Due to other funds | 36,065 | -- | 36,065 |
| Deferred taxes | 46,671 | 9,245 | 55,916 |
| TOTAL LIABILITIES | <u>83,336</u> | <u>12,395</u> | <u>95,731</u> |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Debt service | 5,823,818 | 3,631,589 | 9,455,407 |
| TOTAL FUND BALANCES | <u>5,823,818</u> | <u>3,631,589</u> | <u>9,455,407</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 5,907,154</u> | <u>\$ 3,643,984</u> | <u>\$ 9,551,138</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, 2006

| | <u>City of Reno Fund</u> | <u>Redevelopment Agency Fund</u> | <u>Total</u> |
|--|----------------------------------|--|--------------------|
| REVENUES | | | |
| Taxes: | | | |
| Ad valorem taxes | \$ 5,145,467 | \$ 3,569,962 | \$ 8,715,429 |
| Investment earnings | 197,523 | 171,419 | 368,942 |
| Miscellaneous | 602,539 | -- | 602,539 |
| TOTAL REVENUES | <u>5,945,529</u> | <u>3,741,381</u> | <u>9,686,910</u> |
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal | 5,560,000 | 3,010,000 | 8,570,000 |
| Interest | 1,920,727 | 2,178,183 | 4,098,910 |
| Bond issue costs | 87,798 | -- | 87,798 |
| Fiscal charges | 18,837 | 14,152 | 32,989 |
| TOTAL EXPENDITURES | <u>7,587,362</u> | <u>5,202,335</u> | <u>12,789,697</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,641,833)</u> | <u>(1,460,954)</u> | <u>(3,102,787)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Bonds issued | 3,275,000 | -- | 3,275,000 |
| Premium on bonds issued | 42,358 | -- | 42,358 |
| Transfers in | 2,420,497 | 173,750 | 2,594,247 |
| Transfers out | <u>(6,597,520)</u> | <u>--</u> | <u>(6,597,520)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(859,665)</u> | <u>173,750</u> | <u>(685,915)</u> |
| NET CHANGE IN FUND BALANCES | (2,501,498) | (1,287,204) | (3,788,702) |
| FUND BALANCES, BEGINNING OF YEAR | 8,325,316 | 4,918,793 | 13,244,109 |
| FUND BALANCES, END OF YEAR | <u>\$ 5,823,818</u> | <u>\$ 3,631,589</u> | <u>9,455,407</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 5,220,616 | \$ 5,220,616 | \$ 5,145,467 | \$ (75,149) |
| Miscellaneous: | | | | |
| Investment earnings | 116,469 | 116,469 | 197,523 | 81,054 |
| Other | 784,645 | 550,835 | 602,539 | 51,704 |
| TOTAL REVENUES | <u>6,121,730</u> | <u>5,887,920</u> | <u>5,945,529</u> | <u>57,609</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 5,410,000 | 5,410,000 | 5,560,000 | (150,000) |
| Interest | 1,711,794 | 2,070,727 | 1,920,727 | 150,000 |
| Fiscal charges | 10,000 | 20,580 | 18,837 | 1,743 |
| Bond issue costs | -- | 87,795 | 87,798 | (3) |
| TOTAL EXPENDITURES | <u>7,131,794</u> | <u>7,589,102</u> | <u>7,587,362</u> | <u>1,740</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,010,064)</u> | <u>(1,701,182)</u> | <u>(1,641,833)</u> | <u>59,349</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds issued | -- | 3,275,000 | 3,275,000 | -- |
| Premium on bonds issued | -- | 42,358 | 42,358 | -- |
| Transfers in | 1,366,450 | 2,421,516 | 2,420,497 | (1,019) |
| Transfers out | -- | (6,610,916) | (6,597,520) | 13,396 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,366,450</u> | <u>(872,042)</u> | <u>(859,665)</u> | <u>12,377</u> |
| NET CHANGE IN FUND BALANCES | 356,386 | (2,573,224) | (2,501,498) | 71,726 |
| FUND BALANCE, BEGINNING OF YEAR | <u>427,521</u> | <u>8,325,316</u> | <u>8,325,316</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 783,907</u> | <u>\$ 5,752,092</u> | <u>\$ 5,823,818</u> | <u>\$ 71,726</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 4,474,535 | \$ 3,787,222 | \$ 3,569,962 | \$ (217,260) |
| Miscellaneous: | | | | |
| Investment earnings | 143,961 | 143,961 | 171,419 | 27,458 |
| TOTAL REVENUES | <u>4,618,496</u> | <u>3,931,183</u> | <u>3,741,381</u> | <u>(189,802)</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 3,010,000 | 3,010,000 | 3,010,000 | -- |
| Interest | 2,178,401 | 2,178,401 | 2,178,183 | 218 |
| Fiscal charges | 10,000 | 10,000 | 14,152 | (4,152) |
| TOTAL EXPENDITURES | <u>5,198,401</u> | <u>5,198,401</u> | <u>5,202,335</u> | <u>(3,934)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(579,905)</u> | <u>(1,267,218)</u> | <u>(1,460,954)</u> | <u>(193,736)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | -- | -- | 173,750 | 173,750 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>--</u> | <u>--</u> | <u>173,750</u> | <u>173,750</u> |
| NET CHANGE IN FUND BALANCES | (579,905) | (1,267,218) | (1,287,204) | (19,986) |
| FUND BALANCE, BEGINNING OF YEAR | 40,416 | 4,918,793 | 4,918,793 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ (539,489)</u> | <u>\$ 3,651,575</u> | <u>\$ 3,631,589</u> | <u>\$ (19,986)</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 PROJECTS FUNDS

Major Capital Projects Funds

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.

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

Downtown Events Center Fund – to account for the acquisition and construction of the Downtown Events Center.

Nonmajor Capital Projects Funds

Public Works Fund – to account for traffic signal, safety improvements and other designated capital expenditures relating to traffic improvements and other capital improvement projects, including City Hall renovations, that are not accounted for in other divisions.

Community Assistance Center Fund – to account for the construction of a shelter for indigent men and 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 Fund – 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 recreation 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 purchased 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 Districts Fund – to account for the acquisition and construction of streets, sidewalks, and curbs and gutters, where the cost of such improvements is assessed to property owners.

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

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

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ 62,000 | \$ 94,385 | \$ 32,385 |
| TOTAL REVENUES | -- | 62,000 | 94,385 | 32,385 |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Services and supplies | -- | -- | 976 | (976) |
| Capital Outlay: | | | | |
| Improvements other than buildings | -- | 4,591,270 | 4,464,641 | 126,629 |
| TOTAL EXPENDITURES | -- | 4,591,270 | 4,465,617 | 125,653 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | -- | (4,529,270) | (4,371,232) | 158,038 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | -- | 3,422,000 | 3,422,000 | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | -- | 3,422,000 | 3,422,000 | -- |
| NET CHANGE IN FUND BALANCES | -- | (1,107,270) | (949,232) | 158,038 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 1,107,270 | 1,107,270 | -- |
| FUND BALANCE, END OF YEAR | \$ -- | \$ -- | \$ 158,038 | \$ 158,038 |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Railroad Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental Revenue: | | | | |
| Federal grants | \$ 22,992,538 | \$ 18,683,209 | \$ -- | \$ (18,683,209) |
| Special assessments | -- | -- | -- | -- |
| Charges for services | -- | 784,553 | 407,823 | (376,730) |
| Miscellaneous: | | | | |
| Investment earnings | 127,000 | -- | -- | -- |
| Other | 9,348,879 | 1,300,000 | 1,182,292 | (117,708) |
| TOTAL REVENUES | <u>32,468,417</u> | <u>20,767,762</u> | <u>1,590,115</u> | <u>(19,177,647)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Salaries and wages | 202,044 | 202,044 | 224,844 | (22,800) |
| Employee benefits | 91,496 | 91,496 | 100,127 | (8,631) |
| Services and supplies | 1,382,273 | 542,505 | 777,141 | (234,636) |
| Total Public Works | <u>1,675,813</u> | <u>836,045</u> | <u>1,102,112</u> | <u>(266,067)</u> |
| Capital Outlay: | | | | |
| Land | 1,000,000 | -- | 1,435,000 | (1,435,000) |
| Public art | 202,800 | 202,800 | 618,994 | (416,194) |
| Improvements other than buildings | 35,163,400 | 31,009,125 | 32,253,061 | (1,243,936) |
| Total Capital Outlay | <u>36,366,200</u> | <u>31,211,925</u> | <u>34,307,055</u> | <u>(3,095,130)</u> |
| TOTAL EXPENDITURES | <u>38,042,013</u> | <u>32,047,970</u> | <u>35,409,167</u> | <u>(3,361,197)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(5,573,596)</u> | <u>(11,280,208)</u> | <u>(33,819,052)</u> | <u>(22,538,844)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from issuance of bonds (net) | -- | 22,500,000 | -- | (22,500,000) |
| Transfers in | 573,596 | 7,663,787 | 50,076,172 | 42,412,385 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>573,596</u> | <u>30,163,787</u> | <u>50,076,172</u> | <u>19,912,385</u> |
| NET CHANGE IN FUND BALANCES | (5,000,000) | 18,883,579 | 16,257,120 | (2,626,459) |
| FUND BALANCE, BEGINNING OF YEAR | 13,996,747 | (16,100,369) | (16,100,369) | -- |
| FUND BALANCE, END OF YEAR | <u>\$ 8,996,747</u> | <u>\$ 2,783,210</u> | <u>\$ 156,751</u> | <u>\$ (2,626,459)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------------|----------------------------|-----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ 50,000 | \$ 50,000 | \$ 352,366 | \$ 302,366 |
| TOTAL REVENUES | <u>50,000</u> | <u>50,000</u> | <u>352,366</u> | <u>302,366</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works: | | | | |
| Services and supplies | 159,007 | 159,007 | 273,275 | (114,268) |
| Capital Outlay: | | | | |
| Improvements | <u>15,238,370</u> | <u>12,505,630</u> | <u>2,676,003</u> | <u>9,829,627</u> |
| Total Capital Outlay | <u>15,238,370</u> | <u>12,505,630</u> | <u>2,676,003</u> | <u>9,829,627</u> |
| TOTAL EXPENDITURES | <u>15,397,377</u> | <u>12,664,637</u> | <u>2,949,278</u> | <u>9,715,359</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(15,347,377)</u> | <u>(12,614,637)</u> | <u>(2,596,912)</u> | <u>10,017,725</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | -- | 12,921,038 | 12,921,038 | -- |
| Transfers out | <u>--</u> | <u>(12,210,782)</u> | <u>(12,210,782)</u> | <u>--</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>--</u> | <u>710,256</u> | <u>710,256</u> | <u>--</u> |
| NET CHANGE IN FUND BALANCES | (15,347,377) | (11,904,381) | (1,886,656) | 10,017,725 |
| FUND BALANCE, BEGINNING OF YEAR | <u>2,053,566</u> | <u>19,856,412</u> | <u>19,856,412</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ (13,293,811)</u></u> | <u><u>\$ 7,952,031</u></u> | <u><u>\$ 17,969,756</u></u> | <u><u>\$ 10,017,725</u></u> |

CITY OF RENO, NEVADA

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2006

| | Public Works Fund | Community Assistance Center Fund | City Bonds Fund | Community Service Center Fund |
|--|----------------------|---|---------------------|--|
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> |
| ASSETS | | | | |
| Cash and investments | \$ 1,535,922 | \$ 3,765,591 | \$ 6,477,203 | \$ 288,696 |
| Receivables: | | | | |
| Accrued interest | 4,382 | 15,285 | 46,397 | 1,395 |
| Due from other funds | -- | -- | 3,123,805 | -- |
| Due from other governments | 608,698 | -- | -- | -- |
| TOTAL ASSETS | <u>\$ 2,149,002</u> | <u>\$ 3,780,876</u> | <u>\$ 9,647,405</u> | <u>\$ 290,091</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 64,028 | \$ 1,078 | \$ -- | \$ -- |
| Contracts and retained percentage payable | 147,885 | 43,511 | -- | -- |
| Accrued interest payable | 215 | -- | -- | -- |
| Due to other funds | -- | 603,975 | -- | -- |
| Due to other governments | -- | -- | -- | -- |
| Other liabilities | 9,243 | -- | -- | -- |
| TOTAL LIABILITIES | <u>221,371</u> | <u>648,564</u> | <u>--</u> | <u>--</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | 123,226 | 272,041 | -- | -- |
| Park capital outlay | -- | -- | -- | -- |
| Capital projects | -- | 2,860,271 | -- | 290,091 |
| Future signalization | 481,537 | -- | -- | -- |
| Sensitive lands | 68,188 | -- | -- | -- |
| Unreserved | 1,254,680 | -- | 9,647,405 | -- |
| TOTAL FUND BALANCES | <u>1,927,631</u> | <u>3,132,312</u> | <u>9,647,405</u> | <u>290,091</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,149,002</u> | <u>\$ 3,780,876</u> | <u>\$ 9,647,405</u> | <u>\$ 290,091</u> |

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2006

| | Parks Fund | City Extraordinary Maintenance Fund | Special Ad Valorem Fund | Special Assessment Districts Fund |
|--|----------------------------|--|-------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and investments | \$ 7,592,169 | \$ 1,756 | \$ 1,349,901 | \$ 325,228 |
| Receivables: | | | | |
| Accrued interest | 36,624 | 10 | 8,870 | 1,574 |
| Due from other funds | -- | -- | -- | -- |
| Due from other governments | -- | -- | -- | -- |
| TOTAL ASSETS | <u><u>\$ 7,628,793</u></u> | <u><u>\$ 1,766</u></u> | <u><u>\$ 1,358,771</u></u> | <u><u>\$ 326,802</u></u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 64,949 | \$ -- | \$ 15,250 | \$ 152,205 |
| Contracts and retained percentage payable | 238,363 | -- | -- | -- |
| Accrued interest payable | 66 | -- | -- | -- |
| Due to other funds | -- | -- | -- | 2,043,651 |
| Due to other governments | -- | -- | -- | -- |
| Other liabilities | -- | -- | -- | -- |
| TOTAL LIABILITIES | <u><u>303,378</u></u> | <u><u>--</u></u> | <u><u>15,250</u></u> | <u><u>2,195,856</u></u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Encumbrances | -- | -- | 22,321 | -- |
| Park capital outlay | 7,291,474 | -- | -- | -- |
| Capital projects | 33,941 | 1,766 | 1,321,200 | -- |
| Future signalization | -- | -- | -- | -- |
| Sensitive lands | -- | -- | -- | -- |
| Unreserved | -- | -- | -- | (1,869,054) |
| TOTAL FUND BALANCES | <u><u>7,325,415</u></u> | <u><u>1,766</u></u> | <u><u>1,343,521</u></u> | <u><u>(1,869,054)</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 7,628,793</u></u> | <u><u>\$ 1,766</u></u> | <u><u>\$ 1,358,771</u></u> | <u><u>\$ 326,802</u></u> |

continued

CITY OF RENO, NEVADA

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2006

| | <u>Street Impact Fund</u> | <u>Redevelopment Agency Extraordinary Maintenance Fund</u> | <u>Total</u> |
|--|-------------------------------|--|-----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 2,757,123 | \$ 70,834 | \$ 24,164,423 |
| Receivables: | | | |
| Accrued interest | 13,149 | 343 | 128,029 |
| Due from other funds | -- | -- | 3,123,805 |
| Due from other governments | -- | -- | 608,698 |
| TOTAL ASSETS | <u><u>\$ 2,770,272</u></u> | <u><u>\$ 71,177</u></u> | <u><u>\$ 28,024,955</u></u> |
| LIABILITIES | | | |
| Accounts payable | \$ -- | \$ -- | \$ 297,510 |
| Contracts and retained percentage payable | -- | -- | 429,759 |
| Accrued interest payable | -- | -- | 281 |
| Due to other funds | -- | -- | 2,647,626 |
| Due to other governments | 1,804,139 | -- | 1,804,139 |
| Other liabilities | -- | -- | 9,243 |
| TOTAL LIABILITIES | <u><u>1,804,139</u></u> | <u><u>--</u></u> | <u><u>5,188,558</u></u> |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Encumbrances | -- | -- | 417,588 |
| Park capital outlay | -- | -- | 7,291,474 |
| Capital projects | 966,133 | 71,177 | 5,544,579 |
| Future signalization | -- | -- | 481,537 |
| Sensitive lands | -- | -- | 68,188 |
| Unreserved | -- | -- | 9,033,031 |
| TOTAL FUND BALANCES | <u><u>966,133</u></u> | <u><u>71,177</u></u> | <u><u>22,836,397</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 2,770,272</u></u> | <u><u>\$ 71,177</u></u> | <u><u>\$ 28,024,955</u></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, 2006

| | Public Works Fund | Community Assistance Center Fund | City Bonds Fund | Community Service Center Fund |
|--|----------------------|---|---------------------|--|
| REVENUES | | | | |
| Taxes: | | | | |
| Park district construction taxes | \$ -- | \$ -- | \$ -- | \$ -- |
| Special assessment | -- | -- | -- | -- |
| Intergovernmental | -- | -- | -- | -- |
| Grants and contributions | 645,418 | 6,626,484 | -- | -- |
| Charges for services | 87,309 | -- | -- | -- |
| Miscellaneous: | | | | |
| Investment earnings | 26,082 | 21,840 | 40,187 | 396 |
| Other | 1,018,411 | 200,000 | -- | -- |
| Total Miscellaneous | <u>1,044,493</u> | <u>221,840</u> | <u>40,187</u> | <u>396</u> |
| TOTAL REVENUES | <u>1,777,220</u> | <u>6,848,324</u> | <u>40,187</u> | <u>396</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 576,772 | 250,888 | -- | -- |
| Culture and recreation | -- | -- | -- | -- |
| Urban redevelopment | -- | -- | -- | -- |
| Capital outlay | 1,356,450 | 4,634,694 | -- | 10,305 |
| TOTAL EXPENDITURES | <u>1,933,222</u> | <u>4,885,582</u> | <u>--</u> | <u>10,305</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(156,002)</u> | <u>1,962,742</u> | <u>40,187</u> | <u>(9,909)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 1,833,294 | -- | -- | -- |
| Transfers in | 2,472,800 | 2,631,725 | 9,607,218 | 300,000 |
| Transfers out | (2,878,403) | -- | -- | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,427,691</u> | <u>2,631,725</u> | <u>9,607,218</u> | <u>300,000</u> |
| NET CHANGE IN FUND BALANCES | <u>1,271,689</u> | <u>4,594,467</u> | <u>9,647,405</u> | <u>290,091</u> |
| FUND BALANCES - BEGINNING OF YEAR | 827,984 | (1,462,155) | -- | -- |
| PRIOR PERIOD ADJUSTMENT | (172,042) | -- | -- | -- |
| FUND BALANCES - RESTATED, BEGINNING | <u>655,942</u> | <u>(1,462,155)</u> | <u>--</u> | <u>--</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 1,927,631</u> | <u>\$ 3,132,312</u> | <u>\$ 9,647,405</u> | <u>\$ 290,091</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, 2006

| | Parks Fund | City Extraordinary Maintenance Fund | Special Ad valorem Fund | Special Assessment Districts Fund |
|--|---------------------|--|-------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Park district construction taxes | \$ 2,791,434 | \$ -- | \$ -- | \$ -- |
| Special assessment | -- | -- | -- | 88,975 |
| Intergovernmental | -- | -- | 1,143,505 | -- |
| Grants and contributions | -- | -- | 26,658 | -- |
| Charges for services | -- | -- | -- | -- |
| Miscellaneous: | | | | |
| Investment earnings | 135,668 | 1,766 | 30,514 | 9,271 |
| Other | 3,136 | -- | 99,030 | 50,780 |
| Total Miscellaneous | <u>138,804</u> | <u>1,766</u> | <u>129,544</u> | <u>60,051</u> |
| TOTAL REVENUES | <u>2,930,238</u> | <u>1,766</u> | <u>1,299,707</u> | <u>149,026</u> |
| | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | -- | -- | 226,731 | 8,341 |
| Culture and recreation | 13,030 | -- | -- | -- |
| Urban redevelopment | -- | -- | -- | -- |
| Capital outlay | <u>1,737,064</u> | -- | <u>202,331</u> | <u>363,774</u> |
| TOTAL EXPENDITURES | <u>1,750,094</u> | <u>--</u> | <u>429,062</u> | <u>372,115</u> |
| | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,180,144</u> | <u>1,766</u> | <u>870,645</u> | <u>(223,089)</u> |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | -- | -- |
| Transfers in | -- | -- | -- | 1,723,714 |
| Transfers out | -- | -- | (933,074) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>--</u> | <u>--</u> | <u>(933,074)</u> | <u>1,723,714</u> |
| | | | | |
| NET CHANGE IN FUND BALANCES | <u>1,180,144</u> | <u>1,766</u> | <u>(62,429)</u> | <u>1,500,625</u> |
| | | | | |
| FUND BALANCES - BEGINNING OF YEAR | 6,145,271 | -- | 1,405,950 | (2,399,191) |
| PRIOR PERIOD ADJUSTMENT | -- | -- | -- | (970,488) |
| FUND BALANCES - RESTATED, BEGINNING | <u>6,145,271</u> | <u>--</u> | <u>1,405,950</u> | <u>(3,369,679)</u> |
| | | | | |
| FUND BALANCES, END OF YEAR | <u>\$ 7,325,415</u> | <u>\$ 1,766</u> | <u>\$ 1,343,521</u> | <u>\$ (1,869,054)</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, 2006

| | Street Impact Fund | Redevelopment Agency Extraordinary Maintenance Fund | Total |
|--|-----------------------|---|----------------------|
| REVENUES | | | |
| Taxes: | | | |
| Park district construction taxes | \$ -- | \$ -- | \$ 2,791,434 |
| Special assessment | -- | -- | 88,975 |
| Intergovernmental | -- | -- | 1,143,505 |
| Grants and contributions | -- | -- | 7,298,560 |
| Charges for services | -- | -- | 87,309 |
| Miscellaneous: | | | |
| Investment earnings | 62,491 | 1,394 | 329,609 |
| Other | -- | -- | 1,371,357 |
| Total Miscellaneous | <u>62,491</u> | <u>1,394</u> | <u>1,700,966</u> |
| TOTAL REVENUES | <u>62,491</u> | <u>1,394</u> | <u>13,110,749</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | 20,627 | -- | 1,083,359 |
| Culture and recreation | -- | -- | 13,030 |
| Urban redevelopment | -- | 20,362 | 20,362 |
| Capital outlay | -- | -- | 8,304,618 |
| TOTAL EXPENDITURES | <u>20,627</u> | <u>20,362</u> | <u>9,421,369</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>41,864</u> | <u>(18,968)</u> | <u>3,689,380</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of capital assets | -- | -- | 1,833,294 |
| Transfers in | -- | -- | 16,735,457 |
| Transfers out | <u>(650,000)</u> | <u>--</u> | <u>(4,461,477)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(650,000)</u> | <u>--</u> | <u>14,107,274</u> |
| NET CHANGE IN FUND BALANCES | <u>(608,136)</u> | <u>(18,968)</u> | <u>17,796,654</u> |
| FUND BALANCES - BEGINNING OF YEAR | 2,242,186 | 90,145 | 6,850,190 |
| PRIOR PERIOD ADJUSTMENT | <u>(667,917)</u> | <u>--</u> | <u>(1,810,447)</u> |
| FUND BALANCES - RESTATED, BEGINNING | <u>1,574,269</u> | <u>90,145</u> | <u>5,039,743</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 966,133</u> | <u>\$ 71,177</u> | <u>\$ 22,836,397</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal grants | \$ -- | \$ -- | \$ 645,418 | \$ 645,418 |
| Total Intergovernmental | <u>--</u> | <u>--</u> | <u>645,418</u> | <u>645,418</u> |
| Charges for services: | | | | |
| Cable TV service fees | -- | 60,000 | 87,309 | 27,309 |
| Total Intergovernmental | <u>--</u> | <u>60,000</u> | <u>87,309</u> | <u>27,309</u> |
| Miscellaneous: | | | | |
| Investment earnings | 33,500 | 33,500 | 26,082 | (7,418) |
| Reimbursements and restitution | -- | 400,000 | 720,000 | 320,000 |
| Other income | 158,200 | 1,867,556 | 298,411 | (1,569,145) |
| Total Miscellaneous | <u>191,700</u> | <u>2,301,056</u> | <u>1,044,493</u> | <u>(1,256,563)</u> |
| TOTAL REVENUES | <u>191,700</u> | <u>2,361,056</u> | <u>1,777,220</u> | <u>(583,836)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Services and supplies | 48,141 | 49,841 | 576,772 | (526,931) |
| Capital Outlay: | | | | |
| Improvements other than buildings | 1,482,502 | 2,031,415 | 1,356,450 | 674,965 |
| TOTAL EXPENDITURES | <u>1,530,643</u> | <u>2,081,256</u> | <u>1,933,222</u> | <u>148,034</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,338,943)</u> | <u>279,800</u> | <u>(156,002)</u> | <u>(435,802)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | -- | -- | 1,833,294 | 1,833,294 |
| Transfers in | 2,418,800 | 2,472,800 | 2,472,800 | -- |
| Transfers out | (1,165,172) | (3,178,403) | (2,878,403) | 300,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,253,628</u> | <u>(705,603)</u> | <u>1,427,691</u> | <u>2,133,294</u> |
| NET CHANGE IN FUND BALANCES | (85,315) | (425,803) | 1,271,689 | 1,697,492 |
| FUND BALANCE, BEGINNING OF YEAR | 2,430,639 | 827,984 | 827,984 | -- |
| PRIOR PERIOD ADJUSTMENT | -- | -- | (172,042) | (172,042) |
| FUND BALANCES - RESTATED, BEGINNING | <u>2,430,639</u> | <u>827,984</u> | <u>655,942</u> | <u>(172,042)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 2,345,324</u> | <u>\$ 402,181</u> | <u>\$ 1,927,631</u> | <u>\$ 1,525,450</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal awards | \$ -- | \$ 101,484 | \$ 101,484 | \$ -- |
| State grants | | 3,750,000 | 5,000,000 | 1,250,000 |
| Total Intergovernmental | -- | 3,851,484 | 5,101,484 | 1,250,000 |
| Miscellaneous: | | | | |
| Investment earnings | -- | -- | 21,840 | 21,840 |
| Private grants | -- | 1,250,000 | 1,525,000 | 275,000 |
| Reimbursements and restitution | -- | 200,000 | 200,000 | -- |
| Total Miscellaneous | -- | 1,450,000 | 1,746,840 | 296,840 |
| TOTAL REVENUES | -- | 5,301,484 | 6,848,324 | 1,546,840 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Services and supplies | -- | 75,000 | 250,888 | 175,888 |
| Capital Outlay: | | | | |
| Machinery and equipment | -- | 120,000 | -- | 120,000 |
| Improvements other than buildings | 70,000 | 6,289,450 | 4,634,694 | 1,654,756 |
| TOTAL EXPENDITURES | 70,000 | 6,484,450 | 4,885,582 | 1,950,644 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (70,000) | (1,182,966) | 1,962,742 | 3,145,708 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 70,000 | 2,645,121 | 2,631,725 | (13,396) |
| TOTAL OTHER FINANCING SOURCES (USES) | 70,000 | 2,645,121 | 2,631,725 | (13,396) |
| NET CHANGE IN FUND BALANCES | -- | 1,462,155 | 4,594,467 | 3,132,312 |
| FUND BALANCE, BEGINNING OF YEAR | -- | (1,462,155) | (1,462,155) | -- |
| FUND BALANCE, END OF YEAR | \$ -- | \$ -- | \$ 3,132,312 | \$ 3,132,312 |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 40,187 | \$ 40,187 |
| TOTAL REVENUES | <u> --</u> | <u> --</u> | <u> 40,187</u> | <u> 40,187</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u> --</u> | <u> --</u> | <u> 40,187</u> | <u> 40,187</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u> --</u> | <u> --</u> | <u> 9,607,218</u> | <u> 9,607,218</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u> --</u> | <u> --</u> | <u> 9,607,218</u> | <u> 9,607,218</u> |
| NET CHANGE IN FUND BALANCES | <u> --</u> | <u> --</u> | <u> 9,647,405</u> | <u> 9,647,405</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u> --</u> | <u> --</u> | <u> --</u> | <u> --</u> |
| FUND BALANCE, END OF YEAR | <u><u> --</u></u> | <u><u> --</u></u> | <u><u> 9,647,405</u></u> | <u><u> 9,647,405</u></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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 396 | \$ 396 |
| Total Miscellaneous | -- | -- | 396 | 396 |
| TOTAL REVENUES | -- | -- | 396 | 396 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Capital Outlay: | | | | |
| Improvements other than buildings | -- | 300,000 | 10,305 | 289,695 |
| TOTAL EXPENDITURES | -- | 300,000 | 10,305 | 289,695 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | -- | (300,000) | (9,909) | 290,091 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | -- | 300,000 | 300,000 | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | -- | 300,000 | 300,000 | -- |
| NET CHANGE IN FUND BALANCES | -- | -- | 290,091 | 290,091 |
| FUND BALANCE, BEGINNING OF YEAR | -- | -- | -- | -- |
| FUND BALANCE, END OF YEAR | \$ -- | \$ -- | \$ 290,091 | \$ 290,091 |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks Fund
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Park construction taxes | \$ 1,930,000 | \$ 2,821,000 | \$ 2,791,434 | \$ (29,566) |
| Miscellaneous: | | | | |
| Investment earnings | 33,050 | 43,050 | 135,668 | 92,618 |
| Other income | -- | 3,136 | 3,136 | -- |
| Total Miscellaneous | 33,050 | 46,186 | 138,804 | 92,618 |
| TOTAL REVENUES | <u>1,963,050</u> | <u>2,867,186</u> | <u>2,930,238</u> | <u>63,052</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and Recreation: | | | | |
| Services and supplies | -- | -- | 13,030 | (13,030) |
| Capital Outlay: | | | | |
| Improvements other than buildings | 2,415,489 | 5,983,859 | 1,737,064 | 4,246,795 |
| TOTAL EXPENDITURES | <u>2,415,489</u> | <u>5,983,859</u> | <u>1,750,094</u> | <u>4,233,765</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(452,439)</u> | <u>(3,116,673)</u> | <u>1,180,144</u> | <u>4,296,817</u> |
| NET CHANGE IN FUND BALANCES | (452,439) | (3,116,673) | 1,180,144 | 4,296,817 |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,371,200</u> | <u>6,145,271</u> | <u>6,145,271</u> | <u>--</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 918,761</u> | <u>\$ 3,028,598</u> | <u>\$ 7,325,415</u> | <u>\$ 4,296,817</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|-----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 1,766 | \$ 1,766 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | -- | -- | 1,766 | 1,766 |
| NET CHANGE IN FUND BALANCE | -- | -- | 1,766 | 1,766 |
| FUND BALANCE, BEGINNING OF YEAR | 90,283 | -- | -- | -- |
| FUND BALANCE, END OF YEAR | <u>\$ 90,283</u> | <u>\$ --</u> | <u>\$ 1,766</u> | <u>\$ 1,766</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| State grants | \$ -- | \$ 26,659 | \$ 26,658 | \$ (1) |
| County capital projects tax | 1,203,722 | 1,203,722 | 1,143,505 | (60,217) |
| Total Intergovernmental | <u>1,203,722</u> | <u>1,230,381</u> | <u>1,170,163</u> | <u>(60,218)</u> |
| Miscellaneous: | | | | |
| Investment earnings | 10,000 | 10,000 | 30,514 | 20,514 |
| Reimbursements and restitution | -- | 10,786 | 99,030 | 88,244 |
| Total Miscellaneous | <u>10,000</u> | <u>20,786</u> | <u>129,544</u> | <u>108,758</u> |
| TOTAL REVENUES | <u>1,213,722</u> | <u>1,251,167</u> | <u>1,299,707</u> | <u>48,540</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Services and supplies | 9,345 | 9,345 | 226,731 | (217,386) |
| Capital Outlay | | | | |
| Improvements other than buildings | 796,303 | 2,014,698 | 202,331 | 1,812,367 |
| TOTAL EXPENDITURES | <u>805,648</u> | <u>2,024,043</u> | <u>429,062</u> | <u>1,594,981</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>408,074</u> | <u>(772,876)</u> | <u>870,645</u> | <u>1,643,521</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (408,074) | (633,074) | (933,074) | (300,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(408,074)</u> | <u>(633,074)</u> | <u>(933,074)</u> | <u>(300,000)</u> |
| NET CHANGE IN FUND BALANCES | -- | (1,405,950) | (62,429) | 1,343,521 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 1,405,950 | 1,405,950 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 1,343,521</u> | <u>\$ 1,343,521</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$ -- | \$ 100,000 | \$ 88,975 | \$ (11,025) |
| Miscellaneous: | | | | |
| Investment earnings | -- | -- | 9,271 | 9,271 |
| Reimbursements and restitution | -- | 50,780 | 50,780 | -- |
| Total Miscellaneous | -- | 50,780 | 60,051 | 9,271 |
| TOTAL REVENUES | <u>--</u> | <u>150,780</u> | <u>149,026</u> | <u>(1,754)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Services and supplies | -- | -- | 8,341 | (8,341) |
| Capital Outlay | | | | |
| Improvements other than buildings | -- | 2,070,975 | 363,774 | 1,707,201 |
| TOTAL EXPENDITURES | <u>--</u> | <u>2,070,975</u> | <u>372,115</u> | <u>1,698,860</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>--</u> | <u>(1,920,195)</u> | <u>(223,089)</u> | <u>1,697,106</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from issuance of debt | -- | 50,000 | -- | (50,000) |
| Proceeds from interim warrants | -- | 4,269,386 | -- | (4,269,386) |
| Transfers in | -- | -- | 1,723,714 | 1,723,714 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>--</u> | <u>4,319,386</u> | <u>1,723,714</u> | <u>(2,595,672)</u> |
| NET CHANGE IN FUND BALANCE | -- | 2,399,191 | 1,500,625 | (898,566) |
| FUND BALANCE, BEGINNING OF YEAR | -- | (2,399,191) | (2,399,191) | -- |
| PRIOR YEAR ADJUSTMENT | -- | -- | (970,488) | (970,488) |
| FUND BALANCE - RESTATED, BEGINNING | <u>--</u> | <u>(2,399,191)</u> | <u>(3,369,679)</u> | <u>(970,488)</u> |
| FUND BALANCE, END OF YEAR | <u>\$ --</u> | <u>\$ --</u> | <u>\$ (1,869,054)</u> | <u>\$ (1,869,054)</u> |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Street Impact Fund
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------------|-------------------------|-----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 62,491 | \$ 62,491 |
| TOTAL REVENUES | <u> --</u> | <u> --</u> | <u> 62,491</u> | <u> 62,491</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Services and supplies | -- | -- | 20,627 | (20,627) |
| Capital Outlay: | | | | |
| Improvements other than buildings | -- | 1,592,186 | -- | 1,592,186 |
| TOTAL EXPENDITURES | <u> --</u> | <u> 1,592,186</u> | <u> 20,627</u> | <u> 1,571,559</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u> --</u> | <u> (1,592,186)</u> | <u> 41,864</u> | <u> 1,634,050</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | -- | (649,722) | (650,000) | (278) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u> --</u> | <u> (649,722)</u> | <u> (650,000)</u> | <u> (278)</u> |
| NET CHANGE IN FUND BALANCES | -- | (2,241,908) | (608,136) | 1,633,772 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 2,242,186 | 2,242,186 | -- |
| PRIOR YEAR ADJUSTMENT | -- | -- | (667,917) | (667,917) |
| FUND BALANCE - RESTATED, BEGINNING | <u> --</u> | <u> 2,242,186</u> | <u> 1,574,269</u> | <u> (667,917)</u> |
| FUND BALANCE, END OF YEAR | <u> \$ --</u> | <u> \$ 278</u> | <u> \$ 966,133</u> | <u> \$ 965,855</u> |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Extraordinary Maintenance Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment earnings | \$ -- | \$ -- | \$ 1,394 | \$ 1,394 |
| TOTAL REVENUES | <u> --</u> | <u> --</u> | <u> 1,394</u> | <u> 1,394</u> |
| EXPENDITURES | | | | |
| Urban redevelopment: | | | | |
| Services and supplies | -- | 90,145 | 20,362 | 69,783 |
| TOTAL EXPENDITURES | <u> --</u> | <u> 90,145</u> | <u> 20,362</u> | <u> 69,783</u> |
| NET CHANGE IN FUND BALANCES | -- | (90,145) | (18,968) | 71,177 |
| FUND BALANCE, BEGINNING OF YEAR | -- | 90,145 | 90,145 | -- |
| FUND BALANCE, END OF YEAR | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 71,177</u> | <u>\$ 71,177</u> |

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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.

Nonmajor Enterprise Funds

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

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.

Animal Services Shelter Fund – to account for activities involved in providing an animal control shelter for Reno, Sparks, and adjacent areas of Washoe County.

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

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.

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-----------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| User fees | \$ 26,112,000 | \$ 29,816,101 | \$ 31,132,269 | \$ 1,316,168 |
| Other | 600,000 | 802,145 | 1,032,358 | 230,213 |
| Total Charges for Services | <u>26,712,000</u> | <u>30,618,246</u> | <u>32,164,627</u> | <u>1,546,381</u> |
| Fines and forfeits | <u>450,000</u> | <u>800,000</u> | <u>727,343</u> | <u>(72,657)</u> |
| Miscellaneous: | | | | |
| Reimbursements and restitution | -- | 221,137 | 395,533 | 174,396 |
| Other | -- | -- | 1,363,818 | 1,363,818 |
| Total Miscellaneous | <u>--</u> | <u>221,137</u> | <u>1,759,351</u> | <u>1,538,214</u> |
| TOTAL OPERATING REVENUES | <u>27,162,000</u> | <u>31,639,383</u> | <u>34,651,321</u> | <u>3,011,938</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 4,509,366 | 4,095,949 | 3,940,576 | 155,373 |
| Employee benefits | 1,795,842 | 1,644,742 | 1,614,321 | 30,421 |
| Services and supplies | 7,656,149 | 7,908,329 | 7,080,168 | 828,161 |
| Joint sewer plant | 12,935,842 | 12,935,842 | 11,658,231 | 1,277,611 |
| Depreciation | 2,491,520 | 5,100,000 | 5,936,072 | (836,072) |
| TOTAL OPERATING EXPENSES | <u>29,388,719</u> | <u>31,684,862</u> | <u>30,229,368</u> | <u>1,455,494</u> |
| OPERATING INCOME (LOSS) | <u>(2,226,719)</u> | <u>(45,479)</u> | <u>4,421,953</u> | <u>4,467,432</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Private grants | -- | -- | 25,000 | 25,000 |
| Investment earnings | 325,000 | 365,640 | 590,513 | 224,873 |
| Gain (loss) on asset disposal | -- | -- | (85,861) | (85,861) |
| Debt service - interest | (600,000) | (600,000) | (1,504,036) | (904,036) |
| Debt service - fiscal charges | -- | -- | (4,267) | (4,267) |
| Net loss from Truckee Meadows Water Reclamation Facility | -- | (2,600,000) | (2,834,540) | (234,540) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(275,000)</u> | <u>(2,834,360)</u> | <u>(3,813,191)</u> | <u>(978,831)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(2,501,719)</u> | <u>(2,879,839)</u> | <u>608,762</u> | <u>3,488,601</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Connection charges | 8,175,000 | 9,805,457 | 10,981,553 | 1,176,096 |
| Contributions of assets | -- | -- | 8,102,098 | 8,102,098 |
| TOTAL CAPITAL CONTRIBUTIONS | <u>8,175,000</u> | <u>9,805,457</u> | <u>19,083,651</u> | <u>9,278,194</u> |
| TRANSFERS | | | | |
| Transfers out | <u>(450,755)</u> | <u>(647,620)</u> | <u>(597,619)</u> | <u>50,001</u> |
| CHANGES IN NET ASSETS | <u>\$ 5,222,526</u> | <u>\$ 6,277,998</u> | <u>19,094,794</u> | <u>\$ 12,816,796</u> |
| NET ASSETS - BEGINNING OF YEAR | | | 247,056,299 | |
| PRIOR PERIOD ADJUSTMENT | | | (1,763,300) | |
| NET ASSETS - RESTATED, BEGINNING OF YEAR | | | <u>245,292,999</u> | |
| NET ASSETS, END OF YEAR | | | <u>\$ 264,387,793</u> | |

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2006

| | Golf Course Fund | Building Permits Fund | Animal Services Shelter Fund | Dispatch Center Fund | Planning Fund | Total |
|-----------------------------------|----------------------------|-----------------------------|------------------------------------|----------------------------|---------------------------|----------------------------|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and investments | \$ 7,631 | \$4,328,404 | \$ -- | \$1,326,976 | \$1,163,826 | \$ 6,826,837 |
| Receivables: | | | | | | |
| Accounts | -- | 2,062 | -- | -- | -- | 2,062 |
| Accrued interest | -- | 20,706 | -- | 6,412 | 5,549 | 32,667 |
| Inventories | 90,021 | 6,092 | -- | -- | -- | 96,113 |
| Prepaid expenses | -- | 32,505 | -- | -- | -- | 32,505 |
| Total Current Assets | <u>97,652</u> | <u>4,389,769</u> | <u>--</u> | <u>1,333,388</u> | <u>1,169,375</u> | <u>6,990,184</u> |
| Noncurrent Assets: | | | | | | |
| Deferred charges | 180,269 | -- | -- | -- | -- | 180,269 |
| Capital assets: | | | | | | |
| Land | 2,725,000 | 107,317 | -- | -- | -- | 2,832,317 |
| Buildings | 1,203,025 | -- | -- | -- | -- | 1,203,025 |
| Improvements other than buildings | 7,265,811 | 591,534 | -- | -- | -- | 7,857,345 |
| Machinery and equipment | 604,597 | 12,700 | -- | -- | -- | 617,297 |
| Total capital assets | <u>11,798,433</u> | <u>711,551</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>12,509,984</u> |
| Less accumulated depreciation | <u>(4,986,454)</u> | <u>(160,868)</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>(5,147,322)</u> |
| Net capital assets | <u>6,811,979</u> | <u>550,683</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>7,362,662</u> |
| Total Noncurrent Assets | <u>6,992,248</u> | <u>550,683</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>7,542,931</u> |
| TOTAL ASSETS | <u><u>\$ 7,089,900</u></u> | <u><u>\$4,940,452</u></u> | <u><u>\$ --</u></u> | <u><u>\$1,333,388</u></u> | <u><u>\$1,169,375</u></u> | <u><u>\$14,533,115</u></u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
 Nonmajor Enterprise Funds
 June 30, 2006

| | Golf Course Fund | Building Permits Fund | Animal Services Shelter Fund | Dispatch Center Fund | Planning Fund | Total |
|---|----------------------------|-----------------------------|------------------------------------|----------------------------|--------------------------|----------------------------|
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$ 40,012 | \$ 90,292 | \$ -- | \$ 2,079 | \$ 5,148 | \$ 137,531 |
| Accrued salaries and benefits | 19,240 | 94,101 | -- | 87,385 | 33,352 | 234,078 |
| Accrued interest payable | 1,461 | -- | -- | -- | -- | 1,461 |
| Due to other funds | 540,689 | -- | -- | -- | -- | 540,689 |
| Due to other governments | -- | -- | -- | -- | 5,785 | 5,785 |
| Compensated absences payable | 26,142 | 324,331 | -- | 387,673 | 138,237 | 876,383 |
| Deposits | 20,083 | -- | -- | -- | -- | 20,083 |
| Bonds payable | 185,000 | -- | -- | -- | -- | 185,000 |
| Total Current Liabilities (payable from current assets) | <u>832,627</u> | <u>508,724</u> | <u>--</u> | <u>477,137</u> | <u>182,522</u> | <u>2,001,010</u> |
| Noncurrent Liabilities: | | | | | | |
| Compensated absences payable | 88,597 | 388,139 | -- | 28,140 | -- | 504,876 |
| Bonds payable | 2,937,528 | -- | -- | -- | -- | 2,937,528 |
| Total Noncurrent Liabilities | <u>3,026,125</u> | <u>388,139</u> | <u>--</u> | <u>28,140</u> | <u>--</u> | <u>3,442,404</u> |
| TOTAL LIABILITIES | <u>3,858,752</u> | <u>896,863</u> | <u>--</u> | <u>505,277</u> | <u>182,522</u> | <u>5,443,414</u> |
| NET ASSETS | | | | | | |
| Invested in capital, net of related debt | 3,689,451 | 550,683 | -- | -- | -- | 4,240,134 |
| Restricted for: | | | | | | |
| Building permit operations | -- | 3,492,906 | -- | -- | -- | 3,492,906 |
| Unrestricted (deficit) | (458,303) | -- | -- | 828,111 | 986,853 | 1,356,661 |
| TOTAL NET ASSETS | <u>\$ 3,231,148</u> | <u>\$ 4,043,589</u> | <u>\$ --</u> | <u>\$ 828,111</u> | <u>\$ 986,853</u> | <u>\$ 9,089,701</u> |

CITY OF RENO, NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

| | <u>Golf Course Fund</u> | <u>Building Permits Fund</u> | <u>Animal Services Shelter Fund</u> |
|---|---------------------------------|--------------------------------------|---|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,455,237 | \$ 6,786,367 | \$ 16,605 |
| Fines and forfeitures | -- | -- | 923 |
| Miscellaneous | <u>33,379</u> | <u>52,146</u> | <u>14,404</u> |
| TOTAL OPERATING REVENUES | <u>1,488,616</u> | <u>6,838,513</u> | <u>31,932</u> |
| OPERATING EXPENSES | | | |
| Salaries and wages | 661,214 | 3,566,452 | 14,906 |
| Employee benefits | 184,201 | 1,459,127 | 2,302 |
| Services and supplies | 669,209 | 2,037,246 | 1,127,173 |
| Depreciation | <u>327,511</u> | <u>20,776</u> | <u>--</u> |
| TOTAL OPERATING EXPENSES | <u>1,842,135</u> | <u>7,083,601</u> | <u>1,144,381</u> |
| OPERATING INCOME (LOSS) | <u>(353,519)</u> | <u>(245,088)</u> | <u>(1,112,449)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Taxes | -- | -- | 87,677 |
| Federal grants | -- | -- | -- |
| Investment earnings (loss) | 27 | 83,428 | 11,392 |
| Gain (loss) on asset disposal | -- | -- | (199,047) |
| Interest expense | (98,453) | -- | -- |
| Fiscal charges | <u>(5,166)</u> | <u>--</u> | <u>--</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(103,592)</u> | <u>83,428</u> | <u>(99,978)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(457,111)</u> | <u>(161,660)</u> | <u>(1,212,427)</u> |
| TRANSFERS | | | |
| Transfers in | -- | -- | -- |
| Transfers out | <u>--</u> | <u>(40,000)</u> | <u>--</u> |
| TOTAL TRANSFERS IN (OUT) | <u>--</u> | <u>(40,000)</u> | <u>--</u> |
| CHANGES IN NET ASSETS | (457,111) | (201,660) | (1,212,427) |
| NET ASSETS, BEGINNING OF YEAR | 3,688,259 | 4,245,249 | 1,141,163 |
| PRIOR PERIOD ADJUSTMENT | <u>--</u> | <u>--</u> | <u>71,264</u> |
| NET ASSETS - RESTATED, BEGINNING | 3,688,259 | 4,245,249 | 1,212,427 |
| NET ASSETS, END OF YEAR | <u>\$ 3,231,148</u> | <u>\$ 4,043,589</u> | <u>\$ --</u> |

continued

CITY OF RENO, NEVADA

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

Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

| | <u>Dispatch Center Fund</u> | <u>Planning Fund</u> | <u>Total</u> |
|---|-------------------------------------|--------------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 388,945 | \$ 5,531,428 | \$ 14,178,582 |
| Fines and forfeitures | -- | -- | 923 |
| Miscellaneous | 5,347 | 7,908 | 113,184 |
| TOTAL OPERATING REVENUES | <u>394,292</u> | <u>5,539,336</u> | <u>14,292,689</u> |
| OPERATING EXPENSES | | | |
| Salaries and wages | 3,356,854 | 1,245,848 | 8,845,274 |
| Employee benefits | 1,246,973 | 478,831 | 3,371,434 |
| Services and supplies | 997,871 | 2,852,229 | 7,683,728 |
| Depreciation | -- | -- | 348,287 |
| TOTAL OPERATING EXPENSES | <u>5,601,698</u> | <u>4,576,908</u> | <u>20,248,723</u> |
| OPERATING INCOME (LOSS) | <u>(5,207,406)</u> | <u>962,428</u> | <u>(5,956,034)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Taxes | -- | -- | 87,677 |
| Federal grants | 1,375 | -- | 1,375 |
| Investment earnings (loss) | 13,574 | 16,468 | 124,889 |
| Gain (loss) on asset disposal | -- | -- | (199,047) |
| Interest expense | -- | -- | (98,453) |
| Fiscal charges | -- | -- | (5,166) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>14,949</u> | <u>16,468</u> | <u>(88,725)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(5,192,457)</u> | <u>978,896</u> | <u>(6,044,759)</u> |
| TRANSFERS | | | |
| Transfers in | 5,303,978 | -- | 5,303,978 |
| Transfers out | (120,000) | -- | (160,000) |
| TOTAL TRANSFERS IN (OUT) | <u>5,183,978</u> | <u>--</u> | <u>5,143,978</u> |
| CHANGES IN NET ASSETS | (8,479) | 978,896 | (900,781) |
| NET ASSETS, BEGINNING OF YEAR | 836,590 | 7,957 | 9,919,218 |
| PRIOR PERIOD ADJUSTMENT | -- | -- | 71,264 |
| NET ASSETS - RESTATED, BEGINNING | <u>836,590</u> | <u>7,957</u> | <u>9,990,482</u> |
| NET ASSETS, END OF YEAR | <u>\$ 828,111</u> | <u>\$ 986,853</u> | <u>\$ 9,089,701</u> |

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

| | Golf Course Fund | Building Permits Fund | Animal Services Shelter Fund |
|--|------------------------|-----------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 1,457,598 | \$ 6,786,367 | \$ 98,799 |
| Cash received from miscellaneous income, reimbursements and restitutions | 33,378 | 52,146 | 15,332 |
| Cash paid for employees' salaries and benefits | (734,299) | (4,231,160) | (92,296) |
| Cash payments to suppliers for goods and services | (498,880) | (928,093) | (1,197,597) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (211,444) | (1,661,611) | (608) |
| Cash paid to deferred compensation plans | <u>(10,940)</u> | <u>(118,497)</u> | <u>(682)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>35,413</u> | <u>(100,848)</u> | <u>(1,177,052)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash received from (paid to) other funds | 143,104 | -- | -- |
| Tax revenue | -- | -- | 87,677 |
| Cash received from federal grants | -- | -- | -- |
| Transfers in | -- | -- | -- |
| Tranfers out | -- | (40,000) | (419,277) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>143,104</u> | <u>(40,000)</u> | <u>(331,600)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Payments on bonds payable | (180,000) | -- | -- |
| Acquisition and construction of capital assets | -- | -- | 703,889 |
| Interest and fiscal charges paid on debt | <u>(104,197)</u> | <u>--</u> | <u>--</u> |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(284,197)</u> | <u>--</u> | <u>703,889</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment earnings received | <u>27</u> | <u>76,253</u> | <u>14,610</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (105,653) | (64,595) | (790,153) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTATED) | <u>113,284</u> | <u>4,392,999</u> | <u>790,153</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 7,631</u> | <u>\$ 4,328,404</u> | <u>\$ --</u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2006

| | Dispatch Center Fund | Planning Fund | Total |
|--|----------------------------|---------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 393,945 | \$ 5,531,428 | \$ 14,268,137 |
| Cash received from miscellaneous income, reimbursements and restitutions | 5,347 | 7,908 | 114,111 |
| Cash paid for employees' salaries and benefits | (3,910,088) | (1,475,594) | (10,443,437) |
| Cash payments to suppliers for goods and services | (492,899) | (1,128,308) | (4,245,777) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (978,679) | (1,901,306) | (4,753,648) |
| Cash paid to deferred compensation plans | (86,788) | (49,065) | (265,972) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(5,069,162)</u> | <u>985,063</u> | <u>(5,326,586)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash received from (paid to) other funds | -- | -- | 143,104 |
| Tax revenue | -- | -- | 87,677 |
| Cash received from federal grants | 1,375 | -- | 1,375 |
| Transfers in | 5,303,978 | -- | 5,303,978 |
| Transfers out | (120,000) | -- | (579,277) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>5,185,353</u> | <u>--</u> | <u>4,956,857</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Payments on bonds payable | -- | -- | (180,000) |
| Acquisition and construction of capital assets | -- | -- | 703,889 |
| Interest and fiscal charges paid on debt | -- | -- | (104,197) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>--</u> | <u>--</u> | <u>419,692</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment earnings received | 9,608 | 11,423 | 111,921 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 125,799 | 996,486 | 161,884 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTATED) | 1,201,177 | 167,340 | 6,664,953 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,326,976</u> | <u>\$ 1,163,826</u> | <u>\$ 6,826,837</u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2006

| | <u>Golf Course Fund</u> | <u>Building Permits Fund</u> | <u>Animal Services Shelter Fund</u> |
|--|---------------------------------|--------------------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | <u>\$ (353,519)</u> | <u>\$ (245,088)</u> | <u>\$ (1,112,449)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 327,511 | 20,776 | -- |
| Gain/(loss) on disposal of assets | -- | -- | (199,047) |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | -- | -- | 153,464 |
| Inventories | (8,369) | 1,657 | 30,289 |
| Deferred charges | 5,745 | -- | -- |
| Prepaid expenses | -- | (32,175) | 122,600 |
| Increase (decrease) in: | | | |
| Accounts payable | 27,903 | 57,563 | (24,268) |
| Accrued salaries and benefits | 3,745 | 17,603 | (19,002) |
| Deposits | (3,384) | -- | (4,067) |
| Due to other governments | -- | -- | (67,197) |
| Compensated absences payable | 35,781 | 78,816 | (57,375) |
| Total Adjustments | <u>388,932</u> | <u>144,240</u> | <u>(64,603)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ 35,413</u></u> | <u><u>\$ (100,848)</u></u> | <u><u>\$ (1,177,052)</u></u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2006

| | <u>Dispatch Center Fund</u> | <u>Planning Fund</u> | <u>Total</u> |
|--|-------------------------------------|--------------------------|------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (5,207,406) | \$ 962,428 | \$ (5,956,034) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | -- | -- | 348,287 |
| Gain/(loss) on disposal of assets | -- | -- | (199,047) |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | 5,000 | -- | 158,464 |
| Inventories | -- | -- | 23,577 |
| Deferred charges | -- | -- | 5,745 |
| Prepaid expenses | -- | -- | 90,425 |
| Increase (decrease) in: | | | |
| Accounts payable | (1,278) | (1,980) | 57,940 |
| Accrued salaries and benefits | 17,414 | 7,046 | 26,806 |
| Deposits | -- | -- | (7,451) |
| Due to other governments | -- | 2,909 | (64,288) |
| Compensated absences payable | 117,108 | 14,660 | 188,990 |
| Total Adjustments | <u>138,244</u> | <u>22,635</u> | <u>629,448</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ (5,069,162)</u></u> | <u><u>\$ 985,063</u></u> | <u><u>\$ (5,326,586)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| Golf course fees | \$ -- | \$ 1,136,050 | \$ 937,269 | \$ (198,781) |
| Concession and merchandise sales | -- | 174,475 | 164,144 | (10,331) |
| Equipment and cart rental fees | -- | 289,590 | 245,467 | (44,123) |
| Other | -- | 109,500 | 108,357 | (1,143) |
| Total Charges for Services | -- | 1,709,615 | 1,455,237 | (254,378) |
| Miscellaneous | 20,000 | 25,000 | 33,379 | 8,379 |
| TOTAL OPERATING REVENUES | 20,000 | 1,734,615 | 1,488,616 | (245,999) |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 678,572 | 664,249 | 661,214 | 3,035 |
| Employee benefits | 155,128 | 150,128 | 184,201 | (34,073) |
| Services and supplies | 742,048 | 661,790 | 669,209 | (7,419) |
| Depreciation | -- | 330,000 | 327,511 | 2,489 |
| TOTAL OPERATING EXPENSES | 1,575,748 | 1,806,167 | 1,842,135 | (35,968) |
| OPERATING INCOME (LOSS) | (1,555,748) | (71,552) | (353,519) | (281,967) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | 1,200 | 600 | 27 | (573) |
| Debt service - interest | (98,452) | (98,452) | (98,453) | (1) |
| Debt service - fiscal charges | -- | -- | (5,166) | (5,166) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (97,252) | (97,852) | (103,592) | (5,740) |
| CHANGES IN NET ASSETS | \$ (1,653,000) | \$ (169,404) | (457,111) | \$ (287,707) |
| NET ASSETS, BEGINNING OF YEAR | | | 3,688,259 | |
| NET ASSETS, END OF YEAR | | | \$ 3,231,148 | |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| Building permits | \$ 2,837,506 | \$ 3,000,000 | \$ 2,603,316 | \$ (396,684) |
| Electrical and plumbing permits | 211,342 | 150,000 | 119,675 | (30,325) |
| Plan check fees | 2,062,866 | 2,200,000 | 2,662,283 | 462,283 |
| Plumbing inspection fees | 913,440 | 700,000 | 642,388 | (57,612) |
| Electrical inspection fees | 406,798 | 475,000 | 461,858 | (13,142) |
| Miscellaneous permits | -- | -- | 100 | 100 |
| Other building and safety fees | 296,208 | 250,000 | 296,747 | 46,747 |
| Total Charges for Services | <u>6,728,160</u> | <u>6,775,000</u> | <u>6,786,367</u> | <u>11,367</u> |
| Miscellaneous: | | | | |
| Reimbursements and restitution | -- | 52,062 | 52,062 | -- |
| Other income | -- | -- | 84 | 84 |
| Total Miscellaneous | <u>--</u> | <u>52,062</u> | <u>52,146</u> | <u>84</u> |
| TOTAL OPERATING REVENUES | <u>6,728,160</u> | <u>6,827,062</u> | <u>6,838,513</u> | <u>11,451</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 3,696,113 | 3,471,919 | 3,566,452 | (94,533) |
| Employee benefits | 1,539,351 | 1,456,138 | 1,459,127 | (2,989) |
| Services and supplies | 1,531,720 | 1,956,384 | 2,037,246 | (80,862) |
| Depreciation | 25,732 | 20,000 | 20,776 | (776) |
| TOTAL OPERATING EXPENSES | <u>6,792,916</u> | <u>6,904,441</u> | <u>7,083,601</u> | <u>(179,160)</u> |
| OPERATING INCOME (LOSS) | <u>(64,756)</u> | <u>(77,379)</u> | <u>(245,088)</u> | <u>(167,709)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (loss) | 20,000 | 20,000 | 83,428 | 63,428 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>20,000</u> | <u>20,000</u> | <u>83,428</u> | <u>63,428</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(44,756)</u> | <u>(57,379)</u> | <u>(161,660)</u> | <u>(104,281)</u> |
| TRANSFERS | | | | |
| Transfers out | <u>(40,000)</u> | <u>(40,000)</u> | <u>(40,000)</u> | <u>--</u> |
| CHANGES IN NET ASSETS | <u>\$ (84,756)</u> | <u>\$ (97,379)</u> | <u>(201,660)</u> | <u>\$ (104,281)</u> |
| NET ASSETS, BEGINNING OF YEAR | | | <u>4,245,249</u> | |
| NET ASSETS, END OF YEAR | | | <u>\$ 4,043,589</u> | |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Animal Services Shelter Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------------|--------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| Animal redemption | \$ -- | \$ 16,605 | \$ 16,605 | \$ -- |
| Total Charges for Services | -- | 16,605 | 16,605 | -- |
| Fines and forfeits | -- | -- | 923 | 923 |
| Miscellaneous: | | | | |
| Other | -- | -- | 14,404 | 14,404 |
| Total Miscellaneous | -- | -- | 14,404 | 14,404 |
| TOTAL OPERATING REVENUES | -- | 16,605 | 31,932 | 15,327 |
| OPERATING EXPENSES | | | | |
| Salaries and wages | -- | 13,620 | 14,906 | (1,286) |
| Employee benefits | -- | 2,302 | 2,302 | -- |
| Services and supplies | -- | 1,021,356 | 1,127,173 | (105,817) |
| TOTAL OPERATING EXPENSES | -- | 1,037,278 | 1,144,381 | (107,103) |
| OPERATING INCOME (LOSS) | -- | (1,020,673) | (1,112,449) | (91,776) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Ad Valorem Taxes | -- | 87,677 | 87,677 | -- |
| Investment earnings (loss) | -- | 4,339 | 11,392 | 7,053 |
| Gain (loss) on asset disposal | -- | (199,047) | (199,047) | -- |
| TOTAL NONOPERATING REVENUES (EXPENSES) | -- | (107,031) | (99,978) | 7,053 |
| CHANGES IN NET ASSETS | \$ - | \$(1,127,704) | (1,212,427) | \$ (84,723) |
| NET ASSETS, BEGINNING OF YEAR | | | 1,141,163 | |
| PRIOR PERIOD ADJUSTMENT | | | 71,264 | |
| NET ASSETS - RESTATED, BEGINNING | | | 1,212,427 | |
| NET ASSETS, END OF YEAR | | | \$ -- | |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|----------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| Dispatch services | \$ 400,000 | \$ 508,000 | \$ 388,945 | \$ (119,055) |
| Total Charges for Services | 400,000 | 508,000 | 388,945 | (119,055) |
| Miscellaneous: | | | | |
| Reimbursements and restitution | -- | 974 | 5,347 | 4,373 |
| Other | -- | (124) | -- | 124 |
| Total Miscellaneous | -- | 850 | 5,347 | 4,497 |
| TOTAL OPERATING REVENUES | 400,000 | 508,850 | 394,292 | (114,558) |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 3,895,467 | 3,337,161 | 3,356,854 | (19,693) |
| Employee benefits | 1,378,176 | 1,255,173 | 1,246,973 | 8,200 |
| Services and supplies | 1,026,345 | 1,043,937 | 997,871 | 46,066 |
| TOTAL OPERATING EXPENSES | 6,299,988 | 5,636,271 | 5,601,698 | 34,573 |
| OPERATING INCOME (LOSS) | (5,899,988) | (5,127,421) | (5,207,406) | (79,985) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Federal grants | -- | 124 | 1,375 | 1,251 |
| Investment earnings (loss) | 2,200 | 2,200 | 13,574 | 11,374 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 2,200 | 2,324 | 14,949 | 12,625 |
| INCOME (LOSS) BEFORE TRANSFERS | (5,897,788) | (5,125,097) | (5,192,457) | (67,360) |
| TRANSFERS | | | | |
| Transfers in | 5,303,978 | 5,303,978 | 5,303,978 | -- |
| Transfers out | -- | (120,000) | (120,000) | -- |
| TOTAL TRANSFERS | 5,303,978 | 5,183,978 | 5,183,978 | -- |
| CHANGES IN NET ASSETS | \$ (593,810) | \$ 58,881 | (8,479) | \$ (67,360) |
| NET ASSETS, BEGINNING OF YEAR | | | 836,590 | |
| NET ASSETS, END OF YEAR | | | \$ 828,111 | |

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, 2006

| | <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: | | | | |
| Planning application fees | \$ 4,409,877 | \$ 5,037,462 | \$ 5,531,428 | \$ 493,966 |
| Total Charges for Services | <u>4,409,877</u> | <u>5,037,462</u> | <u>5,531,428</u> | <u>493,966</u> |
| Miscellaneous: | | | | |
| Reimbursements and restitution | 215,860 | 215,860 | 6,157 | (209,703) |
| Other | -- | 500 | 1,751 | 1,251 |
| Total Miscellaneous | <u>215,860</u> | <u>216,360</u> | <u>7,908</u> | <u>(208,452)</u> |
| TOTAL OPERATING REVENUES | <u>4,625,737</u> | <u>5,253,822</u> | <u>5,539,336</u> | <u>285,514</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 1,331,900 | 1,268,905 | 1,245,848 | 23,057 |
| Employee benefits | 556,727 | 494,234 | 478,831 | 15,403 |
| Services and supplies | 2,737,110 | 2,606,229 | 2,852,229 | (246,000) |
| TOTAL OPERATING EXPENSES | <u>4,625,737</u> | <u>4,369,368</u> | <u>4,576,908</u> | <u>(207,540)</u> |
| OPERATING INCOME (LOSS) | <u>--</u> | <u>884,454</u> | <u>962,428</u> | <u>77,974</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (loss) | -- | -- | 16,468 | 16,468 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>--</u> | <u>--</u> | <u>16,468</u> | <u>16,468</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>--</u> | <u>884,454</u> | <u>978,896</u> | <u>94,442</u> |
| CHANGES IN NET ASSETS | <u>\$ --</u> | <u>\$ 884,454</u> | 978,896 | <u>\$ 94,442</u> |
| NET ASSETS, BEGINNING OF YEAR | | | 7,957 | |
| NET ASSETS, END OF YEAR | | | <u>\$ 986,853</u> | |

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 SERVICES 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 the 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, 2006

| | <u>Motor Vehicle Fund</u> | <u>Risk Retention Fund</u> | <u>Self-Funded Medical Plan Fund</u> |
|---|-----------------------------------|------------------------------------|--|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 2,908,164 | \$ 6,977,151 | \$ 6,035,463 |
| Receivables: | | | |
| Accounts receivable | 60,960 | -- | 356 |
| Accrued interest | 14,086 | 33,759 | 28,945 |
| Due from other governments | 1,811 | -- | -- |
| Inventories | 131,275 | -- | -- |
| Prepaid expenses | 38,045 | 363,539 | -- |
| Total Current Assets | <u>3,154,341</u> | <u>7,374,449</u> | <u>6,064,764</u> |
| Non Current Assets: | | | |
| Capital Assets: | | | |
| Machinery, equipment and motor vehicles | 22,961,701 | 71,000 | -- |
| Less accumulated depreciation | <u>(12,759,298)</u> | <u>(71,000)</u> | -- |
| Net Capital Assets | <u>10,202,403</u> | -- | -- |
| TOTAL ASSETS | <u>13,356,744</u> | <u>7,374,449</u> | <u>6,064,764</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 155,873 | 26,775 | -- |
| Accrued salaries and benefits | 21,182 | 4,950 | -- |
| Compensated absences payable | 69,428 | 4,915 | -- |
| Liability for self-insurance | -- | 725,000 | 1,769,928 |
| Total Current Liabilities | <u>246,483</u> | <u>761,640</u> | <u>1,769,928</u> |
| Noncurrent Liabilities: | | | |
| Compensated absences payable | 28,147 | -- | -- |
| Liability for self-insurance | -- | 2,081,347 | -- |
| Total Noncurrent Liabilities | <u>28,147</u> | <u>2,081,347</u> | -- |
| TOTAL LIABILITIES | <u>274,630</u> | <u>2,842,987</u> | <u>1,769,928</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 10,202,403 | -- | -- |
| Restricted for claims | -- | 4,531,462 | -- |
| Unrestricted (deficit) | 2,879,711 | -- | 4,294,836 |
| TOTAL NET ASSETS | <u>\$ 13,082,114</u> | <u>\$ 4,531,462</u> | <u>\$ 4,294,836</u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2006

| | <u>Self-Funded Workers Compensation Fund</u> | <u>Communications and Technology Fund</u> | <u>Total</u> |
|---|--|---|------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 3,057,653 | \$ 2,012,033 | \$ 20,990,464 |
| Receivables: | | | |
| Accounts receivable | 41,183 | -- | 102,499 |
| Accrued interest | 15,680 | 9,733 | 102,203 |
| Due from other governments | 81,448 | 37,079 | 120,338 |
| Inventories | -- | -- | 131,275 |
| Prepaid expenses | 55,884 | -- | 457,468 |
| Total Current Assets | <u>3,251,848</u> | <u>2,058,845</u> | <u>21,904,247</u> |
| Non Current Assets: | | | |
| Capital Assets: | | | |
| Machinery, equipment and motor vehicles | -- | 464,900 | 23,497,601 |
| Less accumulated depreciation | -- | (157,029) | (12,987,327) |
| Net Capital Assets | <u>--</u> | <u>307,871</u> | <u>10,510,274</u> |
| TOTAL ASSETS | <u>3,251,848</u> | <u>2,366,716</u> | <u>32,414,521</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 3,736 | 107,882 | 294,266 |
| Accrued salaries and benefits | 4,475 | 35,180 | 65,787 |
| Compensated absences payable | 15,864 | 114,687 | 204,894 |
| Liability for self-insurance | 4,800,000 | -- | 7,294,928 |
| Total Current Liabilities | <u>4,824,075</u> | <u>257,749</u> | <u>7,859,875</u> |
| Noncurrent Liabilities: | | | |
| Compensated absences payable | -- | -- | 28,147 |
| Liability for self-insurance | 43,547,293 | -- | 45,628,640 |
| Total Noncurrent Liabilities | <u>43,547,293</u> | <u>--</u> | <u>45,656,787</u> |
| TOTAL LIABILITIES | <u>48,371,368</u> | <u>257,749</u> | <u>53,516,662</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | -- | 307,871 | 10,510,274 |
| Restricted for claims | -- | -- | 4,531,462 |
| Unrestricted (deficit) | (45,119,520) | 1,801,096 | (36,143,877) |
| TOTAL NET ASSETS | <u>\$ (45,119,520)</u> | <u>\$ 2,108,967</u> | <u>\$ (21,102,141)</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, 2006

| | Motor Vehicle Fund | Risk Retention Fund | Self-Funded Medical Plan Fund |
|---|--------------------------|---------------------------|-------------------------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 5,013,844 | \$ 2,356,619 | \$ 14,915,055 |
| Miscellaneous | 28,763 | 68,760 | 1,273,405 |
| TOTAL OPERATING REVENUES | 5,042,607 | 2,425,379 | 16,188,460 |
| OPERATING EXPENSES | | | |
| Salaries and wages | 756,658 | 189,065 | -- |
| Employee benefits | 333,614 | 62,854 | -- |
| Services and supplies | 2,496,454 | 1,730,896 | 14,768,295 |
| Depreciation | 2,768,065 | 3,550 | -- |
| TOTAL OPERATING EXPENSES | 6,354,791 | 1,986,365 | 14,768,295 |
| OPERATING INCOME (LOSS) | (1,312,184) | 439,014 | 1,420,165 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 88,338 | 129,817 | 103,304 |
| Gain (loss) on asset disposal | 61,851 | -- | -- |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 150,189 | 129,817 | 103,304 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | (1,161,995) | 568,831 | 1,523,469 |
| CAPITAL CONTRIBUTIONS IN (OUT) | | | |
| Contributions of assets | 407,352 | -- | -- |
| TOTAL CAPITAL CONTRIBUTIONS IN (OUT) | 407,352 | -- | -- |
| TRANSFERS IN (OUT) | | | |
| Transfers in | 83,751 | -- | -- |
| Transfers out | (484,141) | (58,671) | -- |
| TOTAL TRANSFERS IN (OUT) | (400,390) | (58,671) | -- |
| CHANGES IN NET ASSETS | (1,155,033) | 510,160 | 1,523,469 |
| NET ASSETS, BEGINNING OF YEAR | 14,237,147 | 4,021,302 | 2,771,367 |
| NET ASSETS, END OF YEAR | \$ 13,082,114 | \$ 4,531,462 | \$ 4,294,836 |

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, 2006

| | <u>Self-Funded Workers Compensation Fund</u> | <u>Communications and Technology Fund</u> | <u>Total</u> |
|---|--|---|-----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 2,624,508 | \$ -- | \$ 24,910,026 |
| Miscellaneous | 1,250,000 | 177,632 | 2,798,560 |
| TOTAL OPERATING REVENUES | <u>3,874,508</u> | <u>177,632</u> | <u>27,708,586</u> |
| OPERATING EXPENSES | | | |
| Salaries and wages | 166,132 | 1,277,427 | 2,389,282 |
| Employee benefits | 62,397 | 535,832 | 994,697 |
| Services and supplies | 15,762,839 | 2,665,595 | 37,424,079 |
| Depreciation | -- | 86,623 | 2,858,238 |
| TOTAL OPERATING EXPENSES | <u>15,991,368</u> | <u>4,565,477</u> | <u>43,666,296</u> |
| OPERATING INCOME (LOSS) | <u>(12,116,860)</u> | <u>(4,387,845)</u> | <u>(15,957,710)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 287,011 | 22,964 | 631,434 |
| Gain (loss) on asset disposal | -- | -- | 61,851 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>287,011</u> | <u>22,964</u> | <u>693,285</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(11,829,849)</u> | <u>(4,364,881)</u> | <u>(15,264,425)</u> |
| CAPITAL CONTRIBUTIONS IN (OUT) | | | |
| Contributions of assets | -- | -- | 407,352 |
| TOTAL CAPITAL CONTRIBUTIONS IN (OUT) | <u>--</u> | <u>--</u> | <u>407,352</u> |
| TRANSFERS IN (OUT) | | | |
| Transfers in | -- | 5,422,406 | 5,506,157 |
| Transfers out | -- | (750,000) | (1,292,812) |
| TOTAL TRANSFERS IN (OUT) | <u>--</u> | <u>4,672,406</u> | <u>4,213,345</u> |
| CHANGES IN NET ASSETS | <u>(11,829,849)</u> | <u>307,525</u> | <u>(10,643,728)</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>(33,289,671)</u> | <u>1,801,442</u> | <u>(10,458,413)</u> |
| NET ASSETS, END OF YEAR | <u>\$ (45,119,520)</u> | <u>\$ 2,108,967</u> | <u>\$(21,102,141)</u> |

CITY OF RENO, NEVADA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006

| | Motor Vehicle Fund | Risk Retention Fund |
|--|--------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from other funds for services | \$ 4,978,763 | \$ 2,356,619 |
| Cash received from miscellaneous income, reimbursements and restitutions | 28,763 | 68,760 |
| Cash paid for employees' salaries and benefits | (905,428) | (224,004) |
| Cash payments to suppliers for goods and services | (2,207,320) | (1,518,761) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (378,613) | (189,780) |
| Cash paid to deferred compensation plans | (27,212) | (6,840) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 1,488,953 | 485,994 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | 83,751 | -- |
| Transfers out | (484,141) | (58,671) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (400,390) | (58,671) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of machinery and equipment | 61,851 | -- |
| Acquisition of capital assets | (2,484,216) | -- |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | (2,422,365) | -- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment earnings received | 92,724 | 117,758 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,241,078) | 545,081 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,149,242 | 6,432,070 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 2,908,164 | \$ 6,977,151 |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2006

| | Self-Funded Medical Plan Fund | Self-Funded Workers Compensation Fund |
|--|-------------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from other funds for services | \$ 14,914,699 | \$ 2,501,876 |
| Cash received from miscellaneous income, reimbursements and restitutions | 1,273,405 | 1,250,000 |
| Cash paid for employees' salaries and benefits | -- | (225,969) |
| Cash payments to suppliers for goods and services | (14,309,126) | (5,249,251) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (68,985) | (162,235) |
| Cash paid to deferred compensation plans | -- | (7,429) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 1,809,993 | (1,893,008) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | -- | -- |
| Transfers out | -- | -- |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | -- | -- |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of machinery and equipment | -- | -- |
| Acquisition of capital assets | -- | -- |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | -- | -- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment earnings received | 89,284 | 284,540 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,899,277 | (1,608,468) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,136,186 | 4,666,121 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 6,035,463 | \$ 3,057,653 |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2006

| | <u>Communications and Technology Fund</u> | <u>Total</u> |
|--|---|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from other funds for services | \$ (37,079) | \$ 24,714,878 |
| Cash received from miscellaneous income, reimbursements and restitutions | 177,632 | 2,798,560 |
| Cash paid for employees' salaries and benefits | (1,572,396) | (2,927,797) |
| Cash payments to suppliers for goods and services | (2,714,902) | (25,999,360) |
| Cash paid to other funds for motor vehicle rentals, liability and medical insurance, and indirect costs | (228,152) | (1,027,765) |
| Cash paid to deferred compensation plans | (41,269) | (82,750) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(4,416,166)</u> | <u>(2,524,234)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | 5,422,406 | 5,506,157 |
| Transfers out | (750,000) | (1,292,812) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>4,672,406</u> | <u>4,213,345</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of machinery and equipment | -- | 61,851 |
| Acquisition of capital assets | (127,139) | (2,611,355) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(127,139)</u> | <u>(2,549,504)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment earnings received | 18,044 | 602,350 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 147,145 | (258,043) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,864,888 | 21,248,507 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 2,012,033</u> | <u>\$ 20,990,464</u> |

continued

CITY OF RENO, NEVADA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2006

| | <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) | \$ (1,312,184) | \$ 439,014 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 2,768,065 | 3,550 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Due from other governments | 14,520 | -- |
| Accounts receivable | (49,601) | -- |
| Inventories | (3,764) | -- |
| Prepaid expenses | 9,300 | (30,688) |
| Increase (decrease) in: | | |
| Accounts payable | 41,466 | 9,124 |
| Accrued salaries and benefits | 8,599 | 2,356 |
| Accrued liabilities | -- | 65,881 |
| Compensated absences payable | 12,552 | (3,243) |
| Total Adjustments | <u>2,801,137</u> | <u>46,980</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ 1,488,953</u></u> | <u><u>\$ 485,994</u></u> |
| NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital contributions: | | |
| Contributions of assets | <u><u>\$ 407,352</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, 2006

| | <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) | \$ 1,420,165 | \$ (12,116,860) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | -- | -- |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Due from other governments | -- | (81,448) |
| Accounts receivable | (356) | (41,184) |
| Inventories | -- | -- |
| Prepaid expenses | -- | 7,036 |
| Increase (decrease) in: | | |
| Accounts payable | -- | (30,800) |
| Accrued salaries and benefits | -- | 699 |
| Accrued liabilities | 390,184 | 10,376,186 |
| Compensated absences payable | -- | (6,637) |
| Total Adjustments | <u>389,828</u> | <u>10,223,852</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ 1,809,993</u></u> | <u><u>\$ (1,893,008)</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, 2006

| | <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) | \$ (4,387,845) | \$ (15,957,710) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 86,623 | 2,858,238 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Due from other governments | (37,079) | (104,007) |
| Accounts receivable | -- | (91,141) |
| Inventories | -- | (3,764) |
| Prepaid expenses | -- | (14,352) |
| Increase (decrease) in: | | |
| Accounts payable | (66,294) | (46,504) |
| Accrued salaries and benefits | 4,887 | 16,541 |
| Accrued liabilities | -- | 10,832,251 |
| Compensated absences payable | (16,458) | (13,786) |
| Total Adjustments | <u>(28,321)</u> | <u>13,433,476</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (4,416,166)</u> | <u>\$ (2,524,234)</u> |
| NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital contributions: | | |
| Contributions of assets | <u>\$ --</u> | <u>\$ 407,352</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|----------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | <u>\$ 5,095,865</u> | <u>\$ 5,033,568</u> | <u>\$ 5,013,844</u> | <u>\$ (19,724)</u> |
| Miscellaneous: | | | | |
| Reimbursements and restitution | -- | 12,121 | 16,369 | 4,248 |
| Other | -- | -- | 12,394 | 12,394 |
| Total Miscellaneous | <u>--</u> | <u>12,121</u> | <u>28,763</u> | <u>16,642</u> |
| TOTAL OPERATING REVENUES | <u>5,095,865</u> | <u>5,045,689</u> | <u>5,042,607</u> | <u>(3,082)</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 796,622 | 741,622 | 756,658 | (15,036) |
| Employee benefits | 354,011 | 325,385 | 333,614 | (8,229) |
| Services and supplies | 1,861,886 | 2,373,269 | 2,496,454 | (123,185) |
| Capital outlay | 3,530,000 | 4,245,961 | -- | 4,245,961 |
| Depreciation | 2,500,000 | 2,600,000 | 2,768,065 | (168,065) |
| TOTAL OPERATING EXPENSES | <u>9,042,519</u> | <u>10,286,237</u> | <u>6,354,791</u> | <u>3,931,446</u> |
| OPERATING INCOME (LOSS) | <u>(3,946,654)</u> | <u>(5,240,548)</u> | <u>(1,312,184)</u> | <u>3,928,364</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | 50,000 | 50,000 | 88,338 | (38,338) |
| Gain (loss) on asset disposal | -- | 13,312 | 61,851 | (48,539) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>50,000</u> | <u>63,312</u> | <u>150,189</u> | <u>(86,877)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(3,896,654)</u> | <u>(5,177,236)</u> | <u>(1,161,995)</u> | <u>3,841,487</u> |
| CAPITAL CONTRIBUTIONS IN (OUT) | | | | |
| Contributions of assets | -- | -- | 407,352 | (407,352) |
| TOTAL CAPITAL CONTRIBUTIONS IN (OUT) | <u>--</u> | <u>--</u> | <u>407,352</u> | <u>(407,352)</u> |
| TRANSFERS IN (OUT) | | | | |
| Transfers in | 83,751 | 133,751 | 83,751 | 50,000 |
| Transfers out | <u>(310,000)</u> | <u>(481,141)</u> | <u>(484,141)</u> | <u>3,000</u> |
| TOTAL TRANSFERS IN (OUT) | <u>(226,249)</u> | <u>(347,390)</u> | <u>(400,390)</u> | <u>53,000</u> |
| CHANGES IN NET ASSETS | <u>\$ (4,122,903)</u> | <u>\$ (5,524,626)</u> | <u>(1,155,033)</u> | <u>\$ 3,487,135</u> |
| NET ASSETS, BEGINNING OF YEAR | | | <u>14,237,147</u> | |
| NET ASSETS, END OF YEAR | | | <u>\$ 13,082,114</u> | |

CITY OF RENO, NEVADA

Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
 Risk Retention Fund
 For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|----------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 2,381,904 | \$ 2,381,904 | \$ 2,356,619 | \$ (25,285) |
| Miscellaneous: | | | | |
| Reimbursements and restitution | 1,000 | 1,000 | 23,582 | 22,582 |
| Other | -- | -- | 45,178 | 45,178 |
| Total Miscellaneous | 1,000 | 1,000 | 68,760 | 67,760 |
| TOTAL OPERATING REVENUES | 2,382,904 | 2,382,904 | 2,425,379 | 42,475 |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 200,688 | 223,229 | 189,065 | 34,164 |
| Employee benefits | 79,901 | 72,901 | 62,854 | 10,047 |
| Services and supplies | 2,167,877 | 2,167,877 | 1,730,896 | 436,981 |
| Depreciation | 13,000 | 7,100 | 3,550 | 3,550 |
| TOTAL OPERATING EXPENSES | 2,461,466 | 2,471,107 | 1,986,365 | 484,742 |
| OPERATING INCOME (LOSS) | (78,562) | (88,203) | 439,014 | 527,217 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (loss) | 40,000 | 40,000 | 129,817 | 89,817 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 40,000 | 40,000 | 129,817 | 89,817 |
| INCOME (LOSS) BEFORE TRANSFERS | (38,562) | (48,203) | 568,831 | 617,034 |
| TRANSFERS | | | | |
| Transfers out | (58,671) | (58,671) | (58,671) | -- |
| TOTAL TRANSFERS | (58,671) | (58,671) | (58,671) | -- |
| CHANGES IN NET ASSETS | \$ (97,233) | \$ (106,874) | 510,160 | \$ 617,034 |
| NET ASSETS, BEGINNING OF YEAR | | | 4,021,302 | |
| NET ASSETS, END OF YEAR | | | \$ 4,531,462 | |

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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 14,041,604 | \$ 14,080,620 | \$ 14,915,055 | \$ 834,435 |
| Miscellaneous: | | | | |
| Stop-loss reimbursements | 700,000 | 200,000 | 1,075,627 | 875,627 |
| Other | -- | -- | 197,778 | 197,778 |
| TOTAL OPERATING REVENUES | <u>14,741,604</u> | <u>14,280,620</u> | <u>16,188,460</u> | <u>1,907,840</u> |
| OPERATING EXPENSES | | | | |
| Services and supplies | <u>14,817,604</u> | <u>15,073,985</u> | <u>14,768,295</u> | <u>305,690</u> |
| OPERATING INCOME (LOSS) | (76,000) | (793,365) | 1,420,165 | 2,213,530 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | <u>76,000</u> | <u>19,000</u> | <u>103,304</u> | <u>(84,304)</u> |
| CHANGES IN NET ASSETS | <u>\$ --</u> | <u>\$ (774,365)</u> | 1,523,469 | <u>\$ 2,129,226</u> |
| NET ASSETS, BEGINNING OF YEAR | | | <u>2,771,367</u> | |
| NET ASSETS, END OF YEAR | | | <u>\$ 4,294,836</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|-----------------------|------------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 2,391,750 | \$ 2,394,945 | \$ 2,624,508 | \$ 229,563 |
| Miscellaneous: | | | | |
| Other | 1,250,000 | 1,250,000 | 1,250,000 | -- |
| TOTAL OPERATING REVENUES | <u>3,641,750</u> | <u>3,644,945</u> | <u>3,874,508</u> | <u>229,563</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 188,046 | 160,032 | 166,132 | (6,100) |
| Employee benefits | 75,570 | 65,974 | 62,397 | 3,577 |
| Services and supplies | 4,267,357 | 4,897,757 | 15,762,839 | (10,865,082) |
| Depreciation | 250 | 250 | -- | 250 |
| TOTAL OPERATING EXPENSES | <u>4,531,223</u> | <u>5,124,013</u> | <u>15,991,368</u> | <u>(10,867,355)</u> |
| OPERATING INCOME (LOSS) | <u>(889,473)</u> | <u>(1,479,068)</u> | <u>(12,116,860)</u> | <u>(10,637,792)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | 100,000 | 100,000 | 287,011 | (187,011) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>100,000</u> | <u>100,000</u> | <u>287,011</u> | <u>187,011</u> |
| CHANGES IN NET ASSETS | <u>\$ (789,473)</u> | <u>\$ (1,379,068)</u> | (11,829,849) | <u>\$ (10,450,781)</u> |
| NET ASSETS, BEGINNING OF YEAR | | | (33,289,671) | |
| NET ASSETS, END OF YEAR | | | <u>\$ (45,119,520)</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, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Miscellaneous: | | | | |
| Other | \$ 31,020 | \$ 100,000 | \$ 177,632 | \$ 77,632 |
| TOTAL OPERATING REVENUES | <u>31,020</u> | <u>100,000</u> | <u>177,632</u> | <u>77,632</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 1,577,118 | 1,304,808 | 1,277,427 | 27,381 |
| Employee benefits | 655,604 | 1,568,904 | 535,832 | 1,033,072 |
| Services and supplies | 3,135,136 | 3,858,311 | 2,665,595 | 1,192,716 |
| Capital outlay | 155,000 | 155,000 | -- | 155,000 |
| Depreciation | -- | 45,000 | 86,623 | (41,623) |
| TOTAL OPERATING EXPENSES | <u>5,522,858</u> | <u>6,932,023</u> | <u>4,565,477</u> | <u>2,366,546</u> |
| OPERATING INCOME (LOSS) | <u>(5,491,838)</u> | <u>(6,832,023)</u> | <u>(4,387,845)</u> | <u>2,444,178</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | 1,600 | 1,600 | 22,964 | (21,364) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>1,600</u> | <u>1,600</u> | <u>22,964</u> | <u>21,364</u> |
| INCOME (LOSS) BEFORE TRANSFERS | (5,490,238) | (6,830,423) | (4,364,881) | 2,465,542 |
| TRANSFERS | | | | |
| Transfers in | 5,422,406 | 5,422,406 | 5,422,406 | -- |
| Transfers out | -- | (750,000) | (750,000) | -- |
| TOTAL TRANSFERS | <u>5,422,406</u> | <u>4,672,406</u> | <u>4,672,406</u> | <u>--</u> |
| CHANGES IN NET ASSETS | <u>\$ (67,832)</u> | <u>\$ (2,158,017)</u> | 307,525 | <u>\$ 2,465,542</u> |
| NET ASSETS, BEGINNING OF YEAR | | | <u>1,801,442</u> | |
| NET ASSETS, END OF YEAR | | | <u>\$ 2,108,967</u> | |

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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 Somersett 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.

Washoe Local Emergency Planning Committee – to account for state and federal grant monies received by the Washoe Local Emergency Planning Committee to purchase equipment relative to preparedness for a potential weapons of mass destruction or terrorist incident and to provide related training and planning. The City of Reno acts as the fiscal agent for the Committee.

CITY OF RENO, NEVADA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2006

| | Balance July 1, 2005 | Additions | Deductions | Balance June 30, 2006 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| DEPOSITS FUND | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 858,041 | \$ 749,579 | \$ 719,339 | \$ 888,281 |
| Accrued interest receivable | 3,164 | 1,179 | -- | 4,343 |
| TOTAL ASSETS | <u>\$ 861,205</u> | <u>\$ 750,758</u> | <u>\$ 719,339</u> | <u>\$ 892,624</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,500 | \$ 15,500 | \$ 2,500 | \$ 15,500 |
| Accrued liabilities | 35,913 | 10,589 | 156 | 46,346 |
| Deposits | 822,792 | 716,202 | 708,216 | 830,778 |
| TOTAL LIABILITIES | <u>\$ 861,205</u> | <u>\$ 742,291</u> | <u>\$ 710,872</u> | <u>\$ 892,624</u> |
| SPECIAL ASSESSMENT DISTRICT FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 4,765,053 | \$ 4,096,898 | \$ 3,542,599 | \$ 5,319,352 |
| Special assessments, current | 857,311 | 861,420 | 836,913 | 881,818 |
| Special assessments, delinquent | 379 | 503 | -- | 882 |
| Due from other governments | -- | 190,805 | -- | 190,805 |
| Accrued interest receivable | 1,079 | 1,125 | -- | 2,204 |
| TOTAL ASSETS | <u>\$ 5,623,822</u> | <u>\$ 5,150,751</u> | <u>\$ 4,379,512</u> | <u>\$ 6,395,061</u> |
| LIABILITIES | | | | |
| Due to others | \$ 5,586,656 | \$ 3,766,299 | \$ 3,067,768 | \$ 6,285,187 |
| Accounts payable | 3,261 | 135,913 | 132,081 | 7,093 |
| Due to other governments | 76 | 19 | -- | 95 |
| Deposits | 33,829 | 226,031 | 157,174 | 102,686 |
| TOTAL LIABILITIES | <u>\$ 5,623,822</u> | <u>\$ 4,128,262</u> | <u>\$ 3,357,023</u> | <u>\$ 6,395,061</u> |
| WASHOE LOCAL EMERGENCY PLANNING COMMITTEE ASSETS | | | | |
| Cash and investments | \$ 12,951 | \$ 104,477 | \$ 117,428 | \$ -- |
| TOTAL ASSETS | <u>\$ 12,951</u> | <u>\$ 104,477</u> | <u>\$ 117,428</u> | <u>\$ --</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 12,951 | \$ 68,035 | \$ 80,986 | \$ -- |
| TOTAL LIABILITIES | <u>\$ 12,951</u> | <u>\$ 68,035</u> | <u>\$ 80,986</u> | <u>\$ --</u> |
| TOTALS, AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 5,636,045 | \$ 4,950,954 | \$ 4,379,366 | \$ 6,207,633 |
| Accrued interest receivable | 4,243 | 2,304 | -- | 6,547 |
| Special assessments, current | 857,311 | 861,420 | 836,913 | 881,818 |
| Special assessments, delinquent | 379 | 503 | -- | 882 |
| Due from other governments | -- | 190,805 | -- | 190,805 |
| TOTAL ASSETS | <u>\$ 6,497,978</u> | <u>\$ 6,005,986</u> | <u>\$ 5,216,279</u> | <u>\$ 7,287,685</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 18,712 | \$ 219,448 | \$ 215,567 | \$ 22,593 |
| Accrued liabilities | 35,913 | 10,589 | 156 | 46,346 |
| Deposits | 856,621 | 942,233 | 865,390 | 933,464 |
| Due to other governments | 76 | 19 | -- | 95 |
| Due to others | 5,586,656 | 3,766,299 | 3,067,768 | 6,285,187 |
| TOTAL LIABILITIES | <u>\$ 6,497,978</u> | <u>\$ 4,938,588</u> | <u>\$ 4,148,881</u> | <u>\$ 7,287,685</u> |

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STATISTICAL SECTION

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

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Governmental activities: | | | | | |
| Invested in capital assets, net of related debt | \$ 74,054,796 | \$ 140,927,234 | \$ 179,636,709 | \$ 501,003,859 | \$ 512,540,225 |
| Restricted | 58,237,414 | 214,513,161 | 140,155,187 | 59,321,040 | 68,701,814 |
| Unrestricted | (2,480,893) | (169,406,858) | (96,001,031) | (8,024,524) | 7,612,939 |
| 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>588,854,978</u> |
| Business-type activities: | | | | | |
| Invested in capital assets, net of related debt | 119,990,593 | 127,046,765 | 158,305,006 | 185,072,216 | 209,995,149 |
| Restricted | 1,462,902 | 1,470,070 | 3,187,697 | 5,206,160 | 5,178,970 |
| Unrestricted | 95,259,575 | 96,303,139 | 79,524,841 | 62,198,502 | 52,262,543 |
| 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>267,436,662</u> |
| Primary government: | | | | | |
| Invested in capital assets, net of related debt | 194,045,389 | 267,973,999 | 337,941,715 | 686,076,075 | 722,535,374 |
| Restricted | 59,700,316 | 215,983,231 | 143,342,884 | 64,527,200 | 73,880,784 |
| Unrestricted | 92,778,682 | (73,103,719) | (16,476,190) | 54,173,978 | 59,875,482 |
| 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>\$ 856,291,640</u> |

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

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

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|-------------------------|------------------------|
| | 2002 ^{1,2} | 2003 | 2004 | 2005 ³ | 2006 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 17,891,225 | \$ 18,447,393 | \$ 17,721,359 | \$ 15,624,299 | \$ 21,455,932 |
| Judicial | 4,026,192 | 4,130,566 | 5,002,728 | 5,204,457 | 6,079,294 |
| Police | 54,799,718 | 47,974,615 | 55,508,977 | 57,230,870 | 61,728,746 |
| Fire | 41,263,133 | 41,313,419 | 50,343,306 | 56,128,634 | 52,249,991 |
| Public works | 19,403,364 | 23,329,696 | 24,934,712 | 51,600,829 | 55,125,179 |
| Planning and community development | 5,165,370 | 5,489,076 | 6,901,518 | 5,860,746 | 4,581,284 |
| Culture and recreation | 15,659,627 | 16,081,352 | 17,439,791 | 19,470,362 | 19,697,196 |
| Urban redevelopment | 1,349,781 | 1,716,205 | 2,516,724 | 3,454,927 | 5,683,381 |
| Interest and fiscal charges, debt service | 6,406,058 | 17,567,596 | 17,655,983 | 17,540,449 | 13,411,829 |
| 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> |
| Business-type activities: | | | | | |
| Sanitary sewer | 24,622,533 | 25,327,746 | 27,012,523 | 29,668,235 | 34,207,565 |
| Golf courses | 2,378,168 | 2,150,809 | 1,970,295 | 1,938,796 | 2,036,125 |
| Building permits | 6,048,698 | 5,933,092 | 5,370,592 | 6,151,551 | 7,569,511 |
| Animal services shelter | 965,714 | 1,114,066 | 2,322,400 | 2,383,231 | 1,144,277 |
| Planning | -- | -- | -- | 4,621,742 | 4,689,393 |
| Dispatch center | -- | 5,067,935 | 4,828,368 | 5,144,641 | 5,812,292 |
| 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>55,459,163</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>295,471,995</u> |
| Program Revenues (See Schedule 3) | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Business licensing | 13,273,329 | 13,696,099 | 14,551,981 | 15,891,618 | 15,718,595 |
| Franchise fees | 12,502,243 | 12,331,104 | 12,922,556 | 14,908,232 | 16,365,353 |
| Fire protection contract and services ⁴ | 11,416,864 | 12,372,991 | 12,280,396 | 12,631,956 | 13,291,738 |
| Parks and recreation | 3,009,996 | 3,164,536 | 3,912,985 | 3,507,073 | 4,045,721 |
| Fines and forfeitures | 2,582,355 | 2,612,231 | 2,654,501 | 2,721,830 | 3,576,365 |
| Insurance premiums | N/A | 2,497,033 | 3,137,092 | 3,502,736 | 4,444,134 |
| Other activities | 4,917,913 | 7,090,828 | 12,897,585 | 15,782,309 | 9,951,870 |
| Operating grants and contributions | 6,850,005 | 8,381,978 | 6,183,124 | 4,518,286 | 6,113,851 |
| Capital grants and contributions | 40,311,605 | 56,401,220 | 48,469,078 | 47,852,071 | 63,266,466 |
| 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> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Sanitary sewer | 22,098,386 | 23,663,275 | 25,998,547 | 26,056,319 | 32,279,919 |
| Golf courses | 1,870,950 | 1,837,518 | 1,774,513 | 1,541,647 | 1,455,237 |
| Building permits | 4,451,025 | 5,695,061 | 6,576,326 | 7,763,374 | 6,786,367 |
| Animal services shelter | 456,404 | 609,517 | 142,538 | 175,321 | 17,528 |
| Planning fees | -- | -- | -- | 4,386,410 | 5,531,428 |
| Dispatch center | -- | 311,462 | 410,328 | 314,788 | 394,292 |
| Operating grants and contributions | 63,137 | 17,987 | 45,822 | 54,914 | 26,375 |
| Capital grants and contributions | 8,270,821 | 11,885,620 | 15,028,222 | 13,753,915 | 19,082,843 |
| 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>65,573,989</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>\$ 202,348,082</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | (71,100,158) | (57,501,898) | (81,015,800) | (110,799,462) | (103,238,739) |
| Business-type activities | 3,195,610 | 4,426,792 | 8,472,118 | 4,138,492 | 10,114,826 |
| 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>\$ (93,123,913)</u> |

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

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</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 |
| Consolidated tax | 40,757,992 | 42,948,773 | 47,480,733 | 52,372,923 | 54,708,166 |
| SCCR taxes -- AB104 | 3,687,113 | 3,551,915 | 3,475,827 | 3,601,134 | 3,602,340 |
| Sales taxes | 6,443,210 | 6,725,011 | 7,409,815 | 8,260,700 | 8,925,336 |
| Other taxes | 1,012,118 | 2,332,083 | 9,462,124 | 9,823,511 | 10,634,323 |
| Unrestricted County gaming contributions | 2,176,194 | 2,396,644 | 2,020,849 | 2,174,280 | 1,895,490 |
| Unrestricted investment and interest earnings | 5,388,931 | 5,165,957 | 1,406,368 | 4,222,553 | 5,376,707 |
| Miscellaneous | 2,638,247 | 3,418,429 | 3,299,870 | 1,532,505 | 7,009,892 |
| Transfers | (3,593,971) | (2,960,140) | (3,980,501) | (4,365,478) | (4,262,259) |
| 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> |
| 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 |
| Miscellaneous | 111,047 | 255,580 | 2,008,515 | 288,583 | 1,474,656 |
| Transfers | 3,593,971 | 2,960,140 | 3,980,501 | 4,365,478 | 4,262,259 |
| 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>6,539,994</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>149,548,917</u> |
| Change in Net Assets | | | | | |
| Governmental activities | 35,206,482 | 55,606,306 | 39,151,546 | 18,340,721 | 39,770,184 |
| Business-type activities | 8,133,817 | 8,106,904 | 16,218,907 | 11,459,334 | 16,654,820 |
| Total primary government | <u>\$ 43,340,299</u> | <u>\$ 63,713,210</u> | <u>\$ 55,370,453</u> | <u>\$ 29,800,055</u> | <u>\$ 56,425,004</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.

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

| Function/Program | Program Revenues | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 ¹ | 2004 | 2005 ² | 2006 ³ |
| Governmental activities: | | | | | |
| General government | \$ 30,260,557 | \$ 32,291,822 | \$ 34,843,752 | \$ 38,156,171 | \$ 42,650,790 |
| Judicial | 168,836 | 534,251 | 606,625 | 715,007 | 893,399 |
| Police | 3,886,764 | 2,650,014 | 2,938,738 | 3,003,418 | 2,707,973 |
| Fire | 11,414,538 | 12,416,411 | 12,745,384 | 13,430,125 | 13,936,761 |
| Public works | 42,288,959 | 59,871,081 | 50,000,316 | 51,976,502 | 64,528,389 |
| Planning and community development | 3,830,159 | 4,927,120 | 8,137,378 | 5,796,930 | 4,120,470 |
| Culture and recreation | 3,014,497 | 5,534,931 | 7,446,416 | 7,782,413 | 7,297,178 |
| Urban redevelopment | | 322,390 | 290,689 | 455,545 | 639,135 |
| 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>136,774,095</u> |
| Business-type activities: | | | | | |
| Sanitary sewer | 30,369,207 | 35,548,895 | 41,026,769 | 39,810,234 | 51,387,762 |
| Golf courses | 1,870,950 | 1,837,518 | 1,774,513 | 1,541,647 | 1,455,237 |
| Building permits | 4,451,025 | 5,695,061 | 6,576,326 | 7,763,374 | 6,786,367 |
| Animal services shelter | 519,541 | 627,504 | 188,360 | 230,235 | 17,528 |
| Planning | -- | -- | -- | 4,386,410 | 5,531,428 |
| Dispatch center | -- | 311,462 | 410,328 | 314,788 | 395,667 |
| 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>65,573,989</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>\$ 202,348,084</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.

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 2,328,369 | \$ 5,405,976 | \$ 8,437,649 | \$ 6,459,221 | \$ 4,670,711 | \$ 1,641,352 | \$ 2,428,376 | \$ 1,695,188 | \$ 3,438,861 | \$ 1,351,283 |
| Unreserved | 12,260,732 | 7,720,963 | 11,554,749 | 6,969,949 | 11,067,727 | 16,952,185 | 19,419,475 | 15,597,870 | 13,334,149 | 15,300,632 |
| Total general fund | <u>\$ 14,589,101</u> | <u>\$ 13,126,939</u> | <u>\$ 19,992,398</u> | <u>\$ 13,429,170</u> | <u>\$ 15,738,438</u> | <u>\$ 18,593,537</u> | <u>\$ 21,847,851</u> | <u>\$ 17,293,058</u> | <u>\$ 16,773,010</u> | <u>\$ 16,651,915</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Reserved | \$ 53,199,737 | \$ 56,544,154 | \$ 48,816,624 | \$ 57,598,742 | \$ 60,382,965 | \$ 213,472,300 | \$ 303,124,056 | \$ 241,401,679 | \$ 117,776,135 | \$ 66,023,924 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 4,263,351 | 4,897,989 | 6,723,543 | 9,325,894 | 16,552,572 | 13,846,805 | 5,084,400 | 8,695,310 | 5,786,466 | 2,356,885 |
| Capital projects funds | (38,299) | 2,370 | (448,679) | (264,727) | (7,983,962) | (2,429,540) | (110,389,575) | (118,289,314) | (60,269,078) | 9,177,540 |
| Total all other governmental funds | <u>\$ 57,424,789</u> | <u>\$ 61,444,513</u> | <u>\$ 55,091,488</u> | <u>\$ 66,659,909</u> | <u>\$ 68,951,575</u> | <u>\$ 224,889,565</u> | <u>\$ 197,818,881</u> | <u>\$ 131,807,675</u> | <u>\$ 63,293,523</u> | <u>\$ 77,558,349</u> |

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

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|------------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 36,292,057 | \$ 38,850,778 | \$ 44,982,332 | \$ 49,765,470 | \$ 50,602,929 | \$ 54,774,653 | \$ 59,711,395 | \$ 61,490,644 | \$ 64,246,504 | \$ 67,168,158 |
| Licenses, fees and permits | 18,649,050 | 19,161,311 | 21,133,988 | 21,872,367 | 23,881,811 | 26,067,201 | 26,361,845 | 27,758,399 | 31,153,624 | 32,283,822 |
| Fines and penalties | 2,502,187 | 2,397,212 | 2,710,761 | 2,613,657 | 3,051,065 | 2,802,813 | 2,728,491 | 2,745,003 | 2,806,405 | 3,624,141 |
| Charges for service | 7,995,246 | 8,590,984 | 9,050,188 | 9,389,750 | 9,650,090 | 9,058,772 | 9,606,143 | 13,592,054 | 7,314,653 | 8,494,849 |
| Special assessments | 900,778 | 1,922,022 | 1,922,666 | 2,016,836 | 1,692,971 | 4,223,674 | 2,904,775 | 2,317,235 | 4,040,392 | 4,157,862 |
| Intergovernmental | 47,711,876 | 49,221,153 | 55,111,683 | 61,366,637 | 73,005,269 | 74,509,251 | 87,509,446 | 91,674,996 | 95,757,876 | 99,876,867 |
| Investment earnings | 2,043,967 | 4,430,278 | 2,730,929 | 3,053,326 | 6,080,056 | 3,749,779 | 3,661,289 | 853,470 | 2,484,982 | 4,187,738 |
| Other revenues | 7,932,150 | 5,840,808 | 4,989,626 | 5,225,773 | 10,437,331 | 10,731,195 | 9,113,763 | 10,231,344 | 21,916,497 | 18,172,493 |
| Total revenues | <u>124,027,311</u> | <u>130,414,546</u> | <u>142,632,173</u> | <u>155,303,816</u> | <u>178,401,522</u> | <u>185,917,338</u> | <u>201,597,147</u> | <u>210,663,145</u> | <u>229,720,933</u> | <u>237,965,930</u> |
| Expenditures | | | | | | | | | | |
| General Government | 8,172,304 | 11,846,010 | 11,477,820 | 13,725,400 | 17,480,723 | 17,842,682 | 16,667,848 | 13,961,260 | 15,603,717 | 17,080,258 |
| Judicial | 2,031,330 | 2,132,070 | 2,515,360 | 2,902,242 | 3,310,295 | 3,708,482 | 4,017,116 | 4,524,392 | 4,915,250 | 5,615,114 |
| Police | 36,898,584 | 39,860,155 | 42,943,162 | 44,222,361 | 45,645,049 | 50,295,366 | 45,588,649 | 47,405,724 | 51,888,871 | 55,068,000 |
| Fire | 19,044,141 | 19,863,026 | 20,415,368 | 22,697,865 | 35,082,618 | 37,200,107 | 39,846,654 | 42,803,148 | 47,762,718 | 46,764,717 |
| Public works | 16,762,952 | 17,629,933 | 18,929,846 | 20,593,986 | 19,354,298 | 27,470,609 | 23,500,835 | 21,125,778 | 24,438,773 | 20,792,868 |
| Planning & community devp't | 5,646,141 | 6,937,200 | 4,509,019 | 5,352,050 | 5,761,110 | 4,690,722 | 5,235,340 | 6,226,999 | 6,975,537 | 4,289,182 |
| Culture and recreation | 9,675,585 | 11,049,370 | 11,937,787 | 13,089,556 | 13,321,928 | 13,825,145 | 14,229,611 | 14,942,100 | 16,372,705 | 15,924,188 |
| Urban redevelopment | 2,467,215 | 2,130,295 | 1,697,448 | 1,764,461 | 1,260,556 | 2,621,822 | 1,424,710 | 1,548,241 | 2,071,514 | 2,347,178 |
| Intergovernmental | 460,633 | 503,190 | 531,512 | 613,002 | 709,008 | 1,097,868 | 1,451,756 | 2,590,208 | 3,394,609 | 5,500,472 |
| Capital outlay | 17,386,515 | 10,553,392 | 21,440,743 | 16,853,521 | 19,628,755 | 73,179,141 | 67,713,258 | 92,259,688 | 149,866,708 | 61,859,754 |
| Debt service: | | | | | | | | | | |
| Interest | 6,929,547 | 6,738,457 | 6,219,327 | 6,298,800 | 6,056,523 | 5,463,416 | 16,901,960 | 17,429,743 | 16,789,578 | 11,703,107 |
| Principal | 5,090,693 | 6,306,908 | 6,866,233 | 5,780,310 | 9,075,216 | 9,124,695 | 9,106,337 | 8,206,423 | 9,399,109 | 9,830,437 |
| Bond issue costs | | | | | | 11,553,713 | 584,896 | 52,810 | 120,226 | 8,806,979 |
| Fiscal charges | 32,054 | 558,566 | 59,980 | 47,780 | 53,036 | 15,321 | 148,452 | 121,582 | 432,854 | 885,460 |
| Total expenditures | <u>130,597,694</u> | <u>136,108,572</u> | <u>149,543,605</u> | <u>153,941,334</u> | <u>176,739,115</u> | <u>258,089,089</u> | <u>246,417,422</u> | <u>273,198,096</u> | <u>350,032,169</u> | <u>266,467,714</u> |
| Excess of revenues over (under) expenditures | (6,570,383) | (5,694,026) | (6,911,432) | 1,362,482 | 1,662,407 | (72,171,751) | (44,820,275) | (62,534,951) | (120,311,236) | (28,501,784) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing ¹ | 7,550,481 | 9,700,000 | 6,571,000 | 1,898,906 | 44,700 | 220,563,634 | 25,829,948 | 1,708,338 | 55,738,063 | 44,475,642 |
| Proceeds from refunding ¹ | -- | 31,848,820 | -- | -- | -- | 4,265,000 | 23,294,817 | 3,714,422 | -- | 269,493,568 |
| Payments to escrow agents | -- | (34,343,786) | -- | -- | -- | (4,265,000) | (23,596,955) | (3,655,582) | -- | (259,675,524) |
| Refund of cash SAD prepayments | -- | -- | -- | -- | -- | -- | -- | -- | -- | (478,872) |
| Gain (loss) on sale of capital assets | 552,418 | 5,244 | 3,731 | 349,100 | 50,710 | 9,618,883 | 2,500 | 353,115 | 89,074 | 2,046,722 |
| Transfers in | 13,766,010 | 24,304,358 | 19,372,195 | 34,003,299 | 32,749,251 | 23,522,810 | 41,862,199 | 41,888,902 | 41,696,731 | 119,902,244 |
| Transfers out | (14,273,814) | (22,984,226) | (18,523,060) | (32,608,594) | (29,906,134) | (22,740,487) | (46,388,604) | (52,056,931) | (51,605,189) | (128,661,948) |
| Total other financing sources (uses) | <u>7,595,095</u> | <u>8,530,410</u> | <u>7,423,866</u> | <u>3,642,711</u> | <u>2,938,527</u> | <u>230,964,840</u> | <u>21,003,905</u> | <u>(8,047,736)</u> | <u>45,918,679</u> | <u>47,101,832</u> |
| Net change in fund balances | <u>\$ 1,024,712</u> | <u>\$ 2,836,384</u> | <u>\$ 512,434</u> | <u>\$ 5,005,193</u> | <u>\$ 4,600,934</u> | <u>\$ 158,793,089</u> | <u>\$ (23,816,370)</u> | <u>\$ (70,582,687)</u> | <u>\$ (74,392,557)</u> | <u>\$ 18,600,048</u> |
| Debt service as a percentage of non-capital expenditures | 10.6% | 10.4% | 10.2% | 8.8% | 9.6% | 8.0% | 14.6% # | 14.3% | 13.3% | 10.5% |

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

Schedule 6

City of Reno, Nevada

Taxable Assessed Value and Actual Value of Property

Last Ten Fiscal Years

(In Thousands of Dollars)

| <u>Fiscal Year</u> | <u>Vacant Property</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Agricultural Property</u> | <u>Other Property</u> | <u>Less: Tax Exempt Property</u> | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Value</u> | <u>Taxable Assessed Value as a Percentabe of Actual Taxable Value</u> |
|--------------------|------------------------|-----------------------------|----------------------------|----------------------------|------------------------------|-----------------------|----------------------------------|-------------------------------------|------------------------------|-------------------------------|---|
| 1997 | | | | | | | | \$ 3,379,037 | \$ 3.2662 | \$ 9,654,391 | 0.35 |
| 1998 | | | | | | | | 3,963,115 | \$ 3.3526 | 11,323,186 | 0.35 |
| 1999 | | | | | | | | 4,399,428 | \$ 3.4056 | 12,569,794 | 0.35 |
| 2000 | | | | | | | | 4,084,454 | \$ 3.4461 | 11,669,869 | 0.35 |
| 2001 | | | | | | | | 4,318,883 | \$ 3.4461 | 12,339,666 | 0.35 |
| 2002 | | | | | | | | 4,380,916 | \$ 3.5151 | 12,516,903 | 0.35 |
| 2003 | | | | | | | | 4,501,165 | \$ 3.5799 | 12,860,471 | 0.35 |
| 2004 | | | | | | | | 4,757,490 | \$ 3.6380 | 13,592,829 | 0.35 |
| 2005 | | | | | | | | 5,105,374 | \$ 3.6478 | 14,586,783 | 0.35 |
| 2006 | 547,337 | 3,259,772 | 2,175,812 | 625,783 | 1,255 | 60,623 | 1,073,606 | 5,596,976 | \$ 3.6477 | 15,991,361 | 0.35 |

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

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

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

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | |
|-------------|-------------------|---------------------------------|------------|-------------------|-----------------|---------------|-------------------|
| | City Operations | General Obligation Debt Service | City Total | State of Nevada | School District | Washoe County | Special Districts |
| 1997 | 0.5986 | 0.1548 | 0.7534 | 0.1500 | 1.1135 | 1.2443 | 0.0050 |
| 1998 | 0.6999 | 0.1547 | 0.8546 | 0.1500 | 1.0985 | 1.2495 | 0.0000 |
| 1999 | 0.7711 | 0.1365 | 0.9076 | 0.1500 | 1.0985 | 1.2495 | 0.0000 |
| 2000 | 0.7804 | 0.1272 | 0.9076 | 0.1500 | 1.1385 | 1.2495 | 0.0005 |
| 2001 | 0.7946 | 0.1130 | 0.9076 | 0.1500 | 1.1385 | 1.2495 | 0.0005 |
| 2002 | 0.8442 | 0.1114 | 0.9556 | 0.1500 | 1.1385 | 1.2705 | 0.0005 |
| 2003 | 0.8337 | 0.1119 | 0.9456 | 0.1500 | 1.1385 | 1.3453 | 0.0005 |
| 2004 | 0.8555 | 0.0901 | 0.9456 | 0.1700 | 1.1385 | 1.3817 | 0.0022 |
| 2005 | 0.8555 | 0.0901 | 0.9456 | 0.1700 | 1.1385 | 1.3917 | 0.0020 |
| 2006 | 0.8767 | 0.0689 | 0.9456 | 0.1700 | 1.1385 | 1.3917 | 0.0019 |

| Fiscal Year | Reno Increment District | Redevelopment Agency Debt Service |
|-------------|-------------------------|-----------------------------------|
| 1997 | 3.2669 | 3.2669 |
| 1998 | 3.3532 | 3.3532 |
| 1999 | 3.4062 | 3.4062 |
| 2000 | 3.4461 | 3.4461 |
| 2001 | 3.1782 | 3.1782 |
| 2002 | 3.5151 | 3.5151 |
| 2003 | 3.2398 | 3.2398 |
| 2004 | 3.2398 | 3.2398 |
| 2005 | 3.2398 | 3.2398 |
| 2006 | 3.2398 | 3.2398 |

Source: State of Nevada, Department of Taxation/Redbook

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

| Taxpayer | 2006 | | | 1997 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Valuation |
| DP Industrial LLC | \$ 65,728 | 1 | 1.17% | \$ -- | | 0.00% |
| Circus Circus & Eldorado Joint Venture | 54,435 | 2 | 0.97% | 71,874 | 1 | 1.85% |
| Grand Sierra Operating Corp. (aka Reno Hilton Resort Corp.) | 49,225 | 3 | 0.88% | 51,577 | 2 | 1.33% |
| Peppermill Casinos Inc | 47,032 | 4 | 0.84% | 32,827 | 6 | 0.85% |
| Washoe Medical Center Inc | 42,729 | 5 | 0.76% | 30,223 | 7 | 0.78% |
| International Game Technology | 37,221 | 6 | 0.67% | -- | | 0.00% |
| Golden Road Motor Inn Inc | 36,490 | 7 | 0.65% | -- | | 0.00% |
| El Dorado Resorts | 33,463 | 8 | 0.60% | 43,050 | 3 | 1.11% |
| Reno Retail Company LLC | 28,974 | 9 | 0.52% | -- | | 0.00% |
| Harrah's Club | 27,884 | 10 | 0.50% | 40,309 | | 1.04% |
| Total | <u>\$ 423,181</u> | | <u>7.56%</u> | <u>\$ 269,860</u> | | <u>6.95%</u> |

Source: Office of the Washoe County Assessor

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

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

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections In Subsequent Years | Total Collections to Date | |
|------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1997 | 32,683 | 32,063 | 98.10 | 342 | 32,405 | 99.15 |
| 1998 | 36,164 | 36,015 | 99.59 | 120 | 36,135 | 99.92 |
| 1999 | 40,184 | 39,760 | 98.94 | 355 | 40,115 | 99.83 |
| 2000 | 43,884 | 43,449 | 99.01 | 310 | 43,759 | 99.72 |
| 2001 | 44,839 | 44,300 | 98.80 | 261 | 44,561 | 99.38 |
| 2002 | 48,985 | 43,194 | 88.18 | 544 | 43,738 | 89.29 |
| 2003 | 46,177 | 45,572 | 98.69 | 504 | 46,076 | 99.78 |
| 2004 | 46,425 | 45,156 | 97.27 | 41 | 45,197 | 97.35 |
| 2005 | 48,263 | 47,836 | 99.12 | 237 | 48,073 | 99.61 |
| 2006 | 51,949 | 51,203 | 98.56 | 0 | 51,203 | 98.56 |

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

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

| | Fiscal Year | | | | | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Business licenses | \$ 6,973,394 | \$ 7,173,746 | \$ 7,981,844 | \$ 8,269,089 | \$ 8,809,129 | \$ 9,308,935 | \$ 9,814,258 | \$ 10,813,952 | \$ 11,901,676 | \$ 12,320,382 |
| City gaming licenses | 3,190,364 | 3,042,448 | 3,090,419 | 3,055,963 | 3,085,365 | 2,898,537 | 2,798,038 | 2,646,162 | 2,848,771 | 2,367,783 |
| Liquor licenses | 873,683 | 895,817 | 1,015,761 | 996,339 | 1,020,381 | 1,046,357 | 1,083,803 | 1,091,867 | 1,141,170 | 1,030,430 |
| Non-business licenses and permits | 196,251 | 124,958 | 105,500 | 123,237 | 125,670 | 124,542 | 135,892 | 116,423 | 160,660 | 55,356 |
| Electricity franchise fees | 2,507,766 | 2,619,194 | 2,751,471 | 2,781,703 | 2,962,146 | 3,302,995 | 4,026,704 | 4,212,395 | 4,580,484 | 5,064,303 |
| Telephone franchise fees | 1,561,705 | 1,661,631 | 2,184,083 | 2,327,386 | 3,382,000 | 3,211,083 | 3,291,210 | 3,324,443 | 3,498,648 | 3,414,967 |
| Natural gas franchise fees | 809,497 | 835,937 | 960,689 | 890,174 | 1,128,210 | 2,144,211 | 1,507,664 | 1,617,493 | 1,728,638 | 2,071,950 |
| Sanitation franchise fees | 1,032,482 | 1,086,991 | 1,052,663 | 1,217,304 | 1,231,510 | 1,404,773 | 1,417,765 | 1,441,167 | 1,709,852 | 1,869,581 |
| Water toll fees | 602,337 | 639,102 | 670,466 | 718,839 | 782,920 | 980,149 | 689,154 | 920,836 | 939,670 | 961,514 |
| Sewer-in-lieu-of-franchise fees | -- | -- | -- | -- | -- | -- | -- | -- | 1,031,041 | 1,289,617 |
| Cable television fees | 840,799 | 909,706 | 1,193,363 | 1,116,985 | 1,201,741 | 1,459,032 | 1,398,607 | 1,406,222 | 1,419,899 | 1,692,421 |
| Total | \$ 18,588,278 | \$ 18,989,530 | \$ 21,006,259 | \$ 21,497,019 | \$ 23,729,072 | \$ 25,880,614 | \$ 26,163,095 | \$ 27,590,960 | \$ 30,960,509 | \$ 32,138,304 |

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.

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

186

| 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 (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 | | | |
| 1997 | 52,745 | 51,540 | -- | 3,225 | -- | 4,161 | 813 | 2,225 | -- | 4,290 | 118,999 | 2.59% | 613.44 |
| 1998 | 55,800 | 52,765 | -- | 2,282 | -- | 4,484 | 1,489 | 1,000 | -- | 4,180 | 122,000 | 2.57% | 623.94 |
| 1999 | 52,380 | 52,240 | 5,860 | 1,773 | -- | 2,830 | -- | -- | -- | 4,070 | 119,153 | 2.32% | 581.22 |
| 2000 | 48,735 | 51,685 | 5,360 | 1,804 | -- | 3,806 | -- | -- | -- | 3,860 | 115,250 | 2.18% | 554.81 |
| 2001 | 44,895 | 49,345 | 4,830 | 1,359 | -- | 2,040 | -- | -- | -- | 3,735 | 106,204 | 1.83% | 506.67 |
| 2002 | 40,865 | 46,905 | 222,870 | 2,677 | -- | 3,028 | -- | -- | -- | 3,600 | 319,945 | 4.88% | 469.36 |
| 2003 | 46,405 | 44,335 | 222,870 | 17,097 | -- | 517 | -- | -- | -- | 3,455 | 334,679 | 4.62% | 465.33 |
| 2004 | 41,835 | 41,620 | 222,870 | 16,343 | -- | 627 | 1,663 | -- | -- | 3,505 | 328,463 | 5.46% | 419.37 |
| 2005 | 36,630 | 38,765 | 226,370 | 15,599 | 50,500 | 589 | 2,519 | -- | -- | 3,295 | 374,267 | 4.36% | 366.00 |
| 2006 | 34,460 | 35,755 | 333,006 | 25,401 | -- | 541 | 2,549 | 26,280 | 43,070 | 3,115 | 504,177 | 5.70% | 332.77 |

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 1995 thru 1998 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: Nevada Department of Taxation, Nevada State Demographer's Office reporting period 7/1/90 through 7/1/05

Schedule 12
City of Reno, Nevada
Direct and Overlapping Debt
As of June 30, 2006
(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 | \$ 34,460 | 100.00 | \$ 34,460 |
| Washoe County School District | 433,985 | 46.73 | 202,801 |
| Washoe County | 103,302 | 46.73 | 48,273 |
| State of Nevada | <u>1,027,143</u> | 6.53 | <u>67,072</u> |
| Total | <u><u>\$ 1,598,890</u></u> | | <u><u>\$ 352,608</u></u> |

Notes:

1 Per Nevada Department of Taxation "Red Book" for 2005-2006

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| General bonded debt outstanding | | | | | | | | | | |
| General obligation bonds | 52,745 | 55,800 | 52,380 | 48,735 | 44,895 | 40,865 | 46,405 | 41,835 | 36,630 | 34,460 |
| Redevpt tax allocation bonds | 51,540 | 52,765 | 52,240 | 51,685 | 49,345 | 46,905 | 44,335 | 41,620 | 38,765 | 35,755 |
| Sanitary sewer bonds | 2,225 | 1,000 | -- | -- | -- | -- | -- | -- | -- | 26,280 |
| Golf course bonds | 4,290 | 4,180 | 4,070 | 3,860 | 3,735 | 3,600 | 3,455 | 3,505 | 3,295 | 3,115 |
| Total | 110,800 | 113,745 | 108,690 | 104,280 | 97,975 | 91,370 | 94,195 | 86,960 | 78,690 | 99,610 |
| Percentage of estimated actual property value ¹ | 3.28% | 2.87% | 2.47% | 2.55% | 2.27% | 2.09% | 2.09% | 1.83% | 1.54% | 1.78% |
| Per capita ² | 650.14 | 652.78 | 603.20 | 574.22 | 524.26 | 486.44 | 481.26 | 436.44 | 380.63 | 470.53 |
| Less: Amounts set aside to repay general debt | (9,934) | (6,567) | (12,874) | (20,851) | (23,430) | (9,657) | (9,505) | (6,223) | (13,114) | (9,402) |
| Total net debt applicable to debt limit | 100,866 | 107,178 | 95,816 | 83,429 | 74,545 | 81,713 | 84,690 | 80,737 | 65,576 | 90,208 |
| Legal debt limit ³ | 506,856 | 594,467 | 659,914 | 612,668 | 647,832 | 657,137 | 675,175 | 713,624 | 765,806 | 839,546 |
| Legal debt margin ⁴ | 405,990 | 487,289 | 564,098 | 529,239 | 573,287 | 575,424 | 590,485 | 632,887 | 700,230 | 749,338 |
| Legal debt margin as a percentage of the debt limit | 80.10% | 81.97% | 85.48% | 86.38% | 88.49% | 87.57% | 87.46% | 88.69% | 91.44% | 89.26% |

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

| Fiscal Year | 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 | | | Room Tax Collections ² | Principal | Interest | Coverage | |
| | | | Revenue | Principal | Interest | | | | | Coverage |
| 1999 | \$ 486,118 | \$ 1,467,813 | \$ 1,953,931 | \$ 140,000 | \$ 121,133 | \$ 7.48 | \$ -- | \$ -- | \$ -- | \$ -- |
| 2000 | 1,110,450 | 6,064,552 | 7,175,002 | 500,000 | 269,560 | 9.32 | -- | -- | -- | -- |
| 2001 | 1,101,831 | 6,369,790 | 7,471,621 | 530,000 | 246,560 | 9.62 | -- | -- | -- | -- |
| 2002 | 989,646 | 6,443,210 | 7,432,856 | 565,000 | 222,180 | 9.44 | 2,691,779 | -- | -- | -- |
| 2003 | 978,896 | 6,725,011 | 7,703,907 | -- | 5,483,695 | 1.40 | 5,596,237 | -- | 6,257,902 | 0.89 |
| 2004 | 924,359 | 7,409,814 | 8,334,173 | -- | 5,928,319 | 1.41 | 5,980,798 | -- | 5,776,525 | 1.04 |
| 2005 | 948,736 | 8,260,700 | 9,209,436 | -- | 5,928,319 | 1.55 | 5,811,018 | -- | 5,776,525 | 1.01 |
| 2006 | 1,077,511 | 8,925,336 | 10,002,847 | -- | 2,964,159 | 3.37 | 6,053,375 | 130,000 | 2,279,025 | 2.51 |

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

Notes: ^a 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.

¹ 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.

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

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

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

| <u>Fiscal Year</u> | <u>Population ¹</u> | <u>Personal Income (thousands of dollars) ²</u> | <u>Per Capita Personal Income</u> | <u>Median Age ³</u> | <u>Public School Enrollment ⁴</u> | <u>Unemployment Rate ⁵</u> |
|--------------------|--------------------------------|--|-----------------------------------|--------------------------------|--|---------------------------------------|
| 1997 | 170,425 | 4,589,545 | 26,930 | 36.7 | 30,294 | 4.5% |
| 1998 | 174,247 | 4,755,201 | 27,290 | 36.5 | 26,797 | 4.1% |
| 1999 | 180,190 | 5,137,217 | 28,510 | 36.9 | 27,980 | 3.4% |
| 2000 | 181,603 | 5,275,567 | 29,050 | 37.3 | 28,939 | 3.0% |
| 2001 | 186,883 | 5,793,373 | 31,000 | 35.6 | 27,006 | 4.0% |
| 2002 | 187,834 | 6,555,407 | 34,900 | 35.6 | 29,195 | 4.8% |
| 2003 | 195,727 | 7,239,550 | 36,988 | 35.8 | 32,503 | 4.6% |
| 2004 | 199,249 | 6,013,335 | 30,180 | 35.9 | 33,797 | 3.8% |
| 2005 | 206,735 | 8,587,979 | 41,541 | 34.5 | 38,575 | 3.8% |
| 2006 | 211,697 | 8,838,076 | 41,749 | 34.5 | 39,611 | 4.0% |

Sources:

¹ Nevada State Demographer's office 1997-2005
State of Nevada, Department of Taxation, Demographer - 2006 used 2.4% increase of 2005

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

³ Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1996
State Demographer Office, UNR Small Business Development Center, 2000
Washoe County Department of Community Development, 2001-2003
Median age is for the entire County.
Median Age - Not available for 2006 -- using 2005

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

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

| Employer | 2006 | | | 1997 | | |
|--|------------------------|------|---|------|---------------|---|
| | (average) Employees | Rank | Percentage of Total City Employment | Rank | Employees | Percentage of Total City Employment |
| Washoe County School District | 6,650 | 1 | 2.94% | 1 | 5,250 | 3.00% |
| University of Nevada-Reno | 3,225 | 2 | 1.43% | 3 | 2,750 | 1.60% |
| Grand Sierra Resort (formally Hilton) | 2,950 | 3 | 1.31% | 2 | 2,750 | 1.60% |
| Renown Medical Center (formally Washoe Medical Ctr) | 2,450 | 4 | 1.08% | 7 | 2,250 | 1.30% |
| Silver Legacy Resort Casino | 2,450 | 5 | 1.08% | 4 | 2,700 | 1.50% |
| Eldorado Hotel & Casino | 2,350 | 6 | 1.04% | 5 | 2,600 | 1.40% |
| International Game Technology | 2,250 | 7 | 1.00% | 9 | 1,750 | 1.10% |
| Circus Circus Casinos, Inc. | 2,050 | 8 | 0.91% | 8 | 1,780 | 1.20% |
| Peppermill Hotel Casino | 2,050 | 9 | 0.91% | 10 | 1,600 | 0.90% |
| Harrah's Reno | 1,950 | 10 | 0.86% | 6 | 2,250 | 1.30% |
| Total | <u>28,375</u> | | <u>12.56%</u> | | <u>25,680</u> | <u>14.90%</u> |

Source: 2006 -Reno-Sparks Chamber of Commerce
1997 - Department of Employment Training and Rehabilitation

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

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

| Function/Program | Fiscal Year | | | | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|----------------|--------------------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> ¹ | <u>2004</u> ¹ | <u>2005</u> | <u>2006</u> ² |
| General Government: | | | | | | | | | | |
| Management | 29.0 | 32.0 | 25.0 | 22.7 | 24.3 | 27.4 | 29.0 | 32.0 | 44.0 | 45.0 |
| Records management/cashiering | 14.4 | 12.6 | 13.4 | 13.0 | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 | 12.0 |
| Finance ^a | 22.0 | 22.0 | 22.0 | 22.0 | 23.0 | 28.5 | 28.5 | 31.5 | 33.3 | 32.2 |
| Legal | 28.5 | 27.0 | 28.5 | 29.0 | 32.5 | 32.5 | 33.5 | 34.0 | 34.0 | 35.0 |
| Human resources ^b | 13.5 | 14.0 | 15.0 | 8.4 | 16.7 | 18.8 | 18.5 | 15.6 | 16.5 | 15.5 |
| Information technology ^c | 9.0 | 17.5 | 17.5 | 17.5 | 19.0 | 23.8 | 22.8 | 24.3 | 27.2 | 29.2 |
| Judicial: | | | | | | | | | | |
| Judges | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Others | 29.2 | 30.5 | 32.9 | 35.5 | 40.4 | 47.0 | 48.0 | 47.0 | 49.1 | 49.1 |
| Police: | | | | | | | | | | |
| Sworn employees | 320.0 | 320.0 | 320.0 | 309.00 | 314.0 | 325.0 | 337.0 | 341.8 | 369.0 | 370.0 |
| Non-commissioned employees | 79.0 | 93.0 | 98.0 | 105.75 | 107.7 | 120.3 | 103.4 | 108.7 | 98.5 | 103.5 |
| Fire: | | | | | | | | | | |
| Authorized emergency personnel | 194.0 | 225.0 | 220.0 | 237.8 | 303.0 | 277.0 | 308.0 | 308.0 | 336.0 | 336.0 |
| Fire prevention officers | 16.0 | 17.0 | 16.0 | 15.0 | 12.0 | 6.0 | 10.1 | 10.1 | 14.8 | 14.8 |
| Others | 16.0 | 17.0 | 19.0 | 18.5 | 32.5 | 36.0 | 30.7 | 30.7 | 20.0 | 21.0 |
| Public works: | | | | | | | | | | |
| Engineers | 11.0 | 13.0 | 12.0 | 15.1 | 18.4 | 15.1 | 26.0 | 27.0 | 20.0 | 25.0 |
| Fleet maintenance | 15.0 | 13.0 | 13.0 | 13.4 | 13.7 | 14.5 | 16.1 | 15.1 | 11.0 | 11.3 |
| Others | 120.1 | 111.6 | 115.0 | 117.0 | 120.0 | 121.0 | 124.2 | 125.2 | 140.6 | 134.2 |
| Planning & community development | 33.0 | 34.4 | 41.2 | 26.9 | 22.1 | 22.0 | 26.4 | 30.5 | 40.6 | 41.5 |
| Culture and recreation | 80.5 | 72.5 | 72.2 | 71.2 | 69.0 | 77.8 | 79.8 | 79.8 | 82.2 | 86.5 |
| Urban redevelopment | 7.0 | 7.0 | 7.0 | 6.7 | 7.0 | 6.3 | 7.0 | 7.0 | 7.0 | 5.8 |
| Sanitary sewer | 41.0 | 42.0 | 39.0 | 48.0 | 48.3 | 56.7 | 58.7 | 59.2 | 63.3 | 66.5 |
| Building permits | 37.0 | 39.4 | 35.0 | 55.8 | 62.3 | 66.1 | 60.7 | 59.7 | 58.4 | 64.5 |
| Golf course ^d | 12.5 | 12.5 | 8.5 | 8.8 | 8.8 | 8.8 | 8.0 | 7.0 | 6.0 | 6.2 |
| Animal services shelter | 15.0 | 17.0 | 17.0 | 16.0 | 20.0 | 20.0 | 22.0 | 21.0 | 22.0 | 0.0 |
| Dispatch services | 63.0 | 53.0 | 53.0 | 73.3 | 70.0 | 68.8 | 68.8 | 64.3 | 68.5 | 68.5 |
| Total City Employees | <u>1,208.7</u> | <u>1,246.0</u> | <u>1,244.2</u> | <u>1,290.2</u> | <u>1,401.5</u> | <u>1,436.1</u> | <u>1,484.0</u> | <u>1,495.2</u> | <u>1,578.0</u> | <u>1,577.3</u> |

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 to close October 1, 2006

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

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------------|-------------------|----------|----------|----------|----------|-----------|----------|----------|-------------------|
| | 1997 ¹ | 1998 ¹ | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ² |
| General government: | | | | | | | | | | |
| Active business licenses | 6,842 | 7,673 | 8,552 | 9,593 | 10,873 | 12,189 | 14,033 | 16,716 | 20,640 | 24,461 |
| Business license audits completed | | | | | | | | 65 | 70 | 75 |
| Percentage of same day response to public requests for research of public documents | | 98% | 98% | 98% | 98% | 97% | 97% | 98% | 96% | 99% |
| Judicial: | | | | | | | | | | |
| Criminal cases prepared for trial | | | | | | | | 4,091 | 4,950 | 5,080 |
| Cases filed in municipal court | | 20,500 | 20,869 | 19,462 | 22,309 | 22,641 | 22,347 | 25,750 | 25,779 | 26,000 |
| Cases adjudicated in municipal court | | 19,768 | 20,000 | 31,231 | 22,202 | 21,992 | 22,365 | 24,954 | 27,632 | 27,000 |
| Police: | | | | | | | | | | |
| Physical arrests | | | 12,200 | 8,855 | 9,133 | 8,214 | 7,456 | 10,254 | 10,197 | 9,000 |
| Misdemeanor citations | | | 3,000 | 2,319 | 4,034 | 3,201 | 3,119 | 3,699 | 3,521 | 6,000 |
| Traffic-related offenses cited | | | 17,800 | 17,696 | 20,156 | 18,038 | 20,859 | 24,585 | 17,041 | 33,649 |
| Fire: | | | | | | | | | | |
| Fire emergencies | | | 1,332 | 963 | 1,000 | 1,105 | 1,177 | 1,272 | 1,087 | 1,275 |
| Emergency medical calls | | | 10,863 | 10,219 | 15,344 | 14,366 | 15,298 | 16,792 | 18,476 | 19,125 |
| Inspections | | | 4,000 | 4,220 | 4,413 | 2,428 | 3,920 | 6,871 | 5,741 | 5,324 |
| Public works: | | | | | | | | | | |
| Streets reported in "fair" or better condition | | | 75% | 75% | 78% | 80% | 82% | 79% | 82% | 85% |
| Pothole calls received/% repaired within 24 hrs | | | | | 175/100% | 240/85% | 1,200/95% | 200/95% | 185/95% | 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 | 3,480 |
| Participants in youth programs | | | 1,950 | 2,250 | 2,550 | 3,450 | 3,600 | 3,780 | 3,893 | 4,088 |
| Instructional swimming classes offered | | | 450 | 550 | 510 | 509 | 500 | 500 | 1,200 | 500 |
| Planning & community devp't: | | | | | | | | | | |
| Jobs generated by businesses in Redevelopment area | | | | | 5 | 618 | 769 | 87 | 123 | 150 |
| Affordable housing units developed in Redevelopment area | | | | 240 | 613 | 258 | -- | -- | 240 | -- |
| Housing rehabilitation projects completed | | | 35 | 31 | 33 | 4 | -- | 2 | 15 | 23 |
| 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 |
| 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 |
| Building: | | | | | | | | | | |
| Building permits issued | 8,475 | 8,307 | 8,703 | 8,497 | 8,627 | 8,195 | 9,416 | 11,607 | 13,171 | 12,344 |
| Avg. # of monthly building inspections performed | | | | | 5,800 | 5,233 | 5,565 | 6,886 | 10,618 | 13,000 |
| Code enforcement cases | | | | | 1,605 | 1,764 | 2,453 | 2,714 | 3,367 | 3,200 |

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.

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

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Patrol units ¹ | | | | | | | | | | 220 |
| Fire: | | | | | | | | | | |
| Stations | 10 | 10 | 11 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Fire fighting vehicles | 24 | 24 | 24 | 28 | 28 | 28 | 29 | 31 | 35 | 36 |
| Public works: | | | | | | | | | | |
| Paved streets (miles) | 449.0 | 464.0 | 499.0 | 524.1 | 532.0 | 524.1 | 532.0 | 563.0 | 580.0 | 587.0 |
| Unpaved streets (miles) | 3.6 | 1.5 | 2.0 | 1.7 | 1.9 | 1.7 | 1.9 | 1.9 | 1.9 | 1.9 |
| Culture and recreation: | | | | | | | | | | |
| Acreage | 508 | 553 | 667 | 927 | 935 | 1,959 | 1,935 | 1,935 | 1,935 | 1,935 |
| Park facilities | 63 | 69 | 70 | 70 | 72 | 72 | 72 | 73 | 75 | 82 |
| Playgrounds | 42 | 38 | 43 | 46 | 48 | 48 | 48 | 51 | 51 | 51 |
| Swimming pools | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Sanitary sewer: | | | | | | | | | | |
| Sanitary sewer lines (miles) | 494.1 | 516.5 | 528.9 | 546.0 | 564.0 | 546.0 | 564.0 | 650.0 | 696.0 | 716.0 |
| Storm drains (miles) | 191.5 | 201.1 | 208.0 | 288.0 | 229.0 | 288.0 | 229.0 | 285.0 | 394.0 | 404.0 |
| Treatment capacity millions of gallons) | | | | 41.5 | 41.5 | 41.5 | 41.5 | 41.2 | 41.2 | 41.2 |
| Golf: | | | | | | | | | | |
| Golf courses ² | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Finance Department, Budget Division

Notes:

¹ Count for prior years not readily available

² Brookside Golf Course to close October 1, 2006

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 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 17, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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

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 that are required to be reported under *Government Auditing Standards*.

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company



Roseville, California
November 17, 2006



**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, Nevada 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, 2006. 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, 2006.

Internal Control Over Compliance

The management of the City of Reno is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of

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

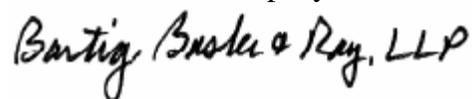
Reno's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Reno's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as items 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company



Roseville, California
November 17, 2006

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Child Nutrition Cluster</i> | | | |
| Passed through Nevada Department of Education: | | | |
| Special Milk Program for Children | 10.556 | -- | \$ 8,164 |
| Passed through Nevada Department of Employment, Training and Rehabilitation: | | | |
| Summer Food Service Program for Children | 10.559 | -- | <u>41,905</u> |
| Total <i>Child Nutrition Cluster</i> - \$50,069 | | | |
| Total U.S. Department of Agriculture | | | <u>\$ 50,069</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Direct Programs: | | | |
| Economic Development Initiative | * 14.246 | B-04-SP-NV-0447 | 258,984 |
| Economic Development Initiative | * 14.246 | B-04-SP-NV-0445 | 95,122 |
| Subtotal CFDA 14.246 | | | <u>354,106</u> |
| Community Development Block Grants-Entitlement Grants | 14.218 | -- | 1,392,448 |
| HOME Investment Partnerships Program | * 14.239 | M05-DC320234 | 1,326,528 |
| Emergency Shelter Grant | 14.231 | -- | 88,658 |
| Subtotal | | | <u>2,807,634</u> |
| Subtotal Pass-through | | | <u>3,161,740</u> |
| Passed through Nevada State Welfare Division: | | | |
| Emergency Shelter Grant | 14.231 | -- | <u>66,742</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 3,228,482</u> |
| <u>U.S. Department of Justice</u> | | | |
| Direct Programs: | | | |
| Local Law Enforcement Block Grants Program 2003 | 16.592 | -- | 23,875 |
| Local Law Enforcement Block Grants Program 2004 | 16.592 | -- | 53,298 |
| Subtotal Direct | | | <u>77,173</u> |

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|--|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Justice (continued)</u> | | | |
| Direct Programs (continued): | | | |
| Public Safety Partnership and Community Policing Grants: | | | |
| COPS More 2001 Grant | 16.710 | -- | \$ 3,091 |
| Universal Hiring Grants | 16.710 | 2003-ULWX0030 | 268,806 |
| Subtotal CFDA 16.710 | | | <u>271,897</u> |
| | | | |
| Gang Resistance Education and Training | 16.737 | -- | 36,459 |
| Bulletproof Vest Protection Program | 16.607 | -- | 22,867 |
| | | | |
| Edward Byrne Memorial Justice Grant (JAG) Federal grant | * 16.738 | -- | 4,670 |
| Subtotal | | | <u>63,996</u> |
| | | | |
| Subtotal Direct | | | <u>413,066</u> |
| | | | |
| Passed through Nevada Office of Criminal Justice Assistance: | | | |
| Edward Byrne Memorial Justice Grant (JAG) SET grant | * 16.738 | 05-JAG-026 | 80,677 |
| Edward Byrne Memorial Justice Grant (JAG) Gang grant | * 16.738 | 05-JAG-011 | 168,701 |
| Subtotal Pass-through | | | <u>249,378</u> |
| | | | |
| Passed through Nevada Department of Human Resources: | | | |
| Crime Victim Assistance Grant | 16.575 | 04-26-VOCA | 83,205 |
| Crime Victim Assistance Grant | 16.575 | 04-45-VOCA | 47,966 |
| Subtotal Pass-through | | | <u>131,171</u> |
| | | | |
| Passed through Nevada Department of Human Resources, Division of Child and Family Services: | | | |
| Enforcing Underage Drinking Laws | 16.737 | -- | 14,208 |
| | | | |
| Passed through Nevada Office of Attorney General: | | | |
| Violence Against Women Grants | 16.588 | 2005-STOP-03 | 42,097 |
| Violence Against Women Grants | 16.588 | 2005-STOP-31 | 11,633 |
| Violence Against Women Grants | 16.588 | 2004-STOP-16 | 11,255 |
| Subtotal Pass-through | | | <u>64,985</u> |
| | | | |
| Passed through Boys and Girls Club of the Truckee Meadows: | | | |
| Weed and Seed North 04-05 | 16.595 | -- | 46,774 |
| Weed and Seed North 05-06 | 16.595 | -- | 54,947 |

* Major Program

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Disbursements/ Expenditures</u> |
|---|------------------------------------|--|--|
| <u>U.S. Department of Justice (continued)</u> | | | |
| Passed through Boys and Girls Club of the Truckee Meadows (continued): | | | |
| Weed and Seed South | 16.595 | -- | \$ 108 |
| Subtotal Pass-through | | | <u>101,829</u> |
| Total U.S. Department of Justice | | | <u>\$ 974,637</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Passed through Nevada Department of Transportation: | | | |
| TEA-21 W.4th Street Streetscape | * 20.205 | STP-0647 (003) | 33,331 |
| TEA-21 Wells Avenue Lightning | * 20.205 | STP-0031 (071) | 598,094 |
| TEA-21 Shared Use Path | * 20.205 | STP-0031 (065) | 206,936 |
| Subtotal Pass-through | | | <u>838,361</u> |
| Passed through Nevada Department of Human Resources, Division of Child and Family Services | | | |
| Joining Forces | 20.600 | 23J8-18-16.12 23J8-18-1.12; 25JF1.9 | 22,341 |
| Total U.S. Department of Transportation | | | <u>860,702</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 | -- | 123,967 |
| Americorp Member Serving Youth Division Programs | 94.006 | -- | 10,584 |
| U.S. Corporation for National & Community Service | | | <u>\$ 134,551</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Direct Programs: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | * 97.036 | -- | 1,065,926 |

CITY OF RENO, NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Homeland Security (continued)</u> | | | |
| Passed through State of Nevada, Washoe County LEPC from the State Homeland Security Program: | | | |
| State Homeland Security Program | 97.073 | 97073HL5 | \$ 28,980 |
| State Homeland Security Program | 97.073 | -- | 50,525 |
| Subtotal CFDA 97.073 | | | 79,505 |
| State Homeland Security Program - Surplus Funding RFD | 97.074 | 97004HL4 | 24,538 |
| Law Enforcement Terrorism Prevention Program-Noble Responder | 97.074 | 97004E3 | 42,938 |
| Law Enforcement Terrorism Prevention Program | 97.074 | -- | 170,657 |
| Subtotal CFDA 97.074 | | | 238,133 |
| Subtotal Pass-through | | | 317,638 |
| Total U.S. Department of Homeland Security | | | \$ 1,383,564 |
| Total Expenditures of Federal Awards | | | \$ 6,632,005 |

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

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:

| | | |
|--------|---|-------------------|
| 14.218 | Child Assault Prevention (CAP) Project | \$ 24,367 |
| 14.218 | Committee to Aide Abused Women (CAAW) | 39,365 |
| 14.218 | Family Counseling Services | 40,064 |
| 14.218 | HAWC (Pediatric Mental Health) | 25,000 |
| 14.218 | HAWC (Health, Rehab, Disabilities) | 25,737 |
| 14.218 | Reno Parks, Rec & CS – Youth and Senior Programs | 50,000 |
| 14.218 | Safe Embrace | 9,236 |
| 14.218 | Step 2 | 80,310 |
| 14.218 | St. Mary's Foundation (Senior Korner) | 44,264 |
| 14.218 | The Children's Cabinet | 9,293 |
| 14.218 | Washoe County Sheriffs Office (Youth Services) | 24,367 |
| 14.218 | Northern Nevada Center for Independent Living | 26,000 |
| 14.239 | Community Services Agency and Development Corporation | <u>120,524</u> |
| | Total | <u>\$ 518,527</u> |

CITY OF RENO, NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

4. Loans with Continuing Compliance Requirement

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2006 as follows:

| <u>Federal CFDA</u> | <u>Program Title</u> | <u>Amount Outstanding</u> |
|-------------------------|---|-------------------------------|
| 14.218 | Community Development Block Grants-Entitlement Grants | 635,758 |
| 14.239 | HOME Investment Partnership Program Grant | <u>17,815,068</u> |
| | TOTAL | <u>\$ 18,450,826</u> |

5. Pass-Through Entities' Identifying Number

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

6. Total Federal Awards Expended by CFDA Number.

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

| <u>CFDA No.</u> | <u>Total Federal Expenditures</u> |
|-----------------|---------------------------------------|
| 14.231 | \$ 155,400 |
| 16.737 | 50,667 |
| 16.738 | 254,048 |

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

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. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses | Yes |
| 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

| | |
|--------|---|
| 14.246 | Economic Development Initiative |
| 14.239 | HOME Investment Partnerships Program |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program |
| 20.205 | Highway Planning & Construction |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) |

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs. | \$300,000 |
|---|-----------|

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

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 97.036

Finding 06-1

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2006

Finding 06-1
Disaster Grants -
Public Assistance
(Presidentially
Declared Disasters)

CFDA 97.036

Award No. n/a Year:
05/06

Compliance Requirement: Allowable Costs
Reporting Requirement: Reportable Condition.

Criteria

Direct payroll charges to federal grants for employee time spent on grant functions must be supported by documentation as outlined in OMB A-87. Where the applicable employees worked on an allowable grant activity as well as non-grant related activities and/or activities related to other grants, required documentation consists of reports signed by each employee accounting for the total number of hours worked on various activities and showing an actual distribution of those hours to the grant, unless a substitute has been approved by the Federal agency overseeing the grant (OMB Circular A-87, Attachment B, Section 8h).

Condition

We reviewed the documentation supporting payroll charges of sixteen employees and noted that three of those employees had not signed timesheets or provided electronic verification of the number of hours charged to the grant.

Questioned Costs

Any questioned costs were under the \$10,000 reporting requirement.

Perspective

All employees for whom no timecards existed were employees in the fire department. The client informed us that the fire department uses a computer-based time entry system which does not rely on paper timecards. We reviewed screenprints from this system indicating that the employees' supervisors had entered employee time, but we did not see any record indicating that the employees themselves confirmed this time as entered by the supervisor.

Effect of Condition

Unless the City has documentation supporting payroll charges as outlined in OMB A-87, the costs could be disallowed. As well, failing to require employees to record and approve their time records increases the risk that errors will be made in claim payroll costs.

CITY OF RENO, NEVADA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2006

Finding 06-1 (continued)

CFDA 97.036

Recommendation

We recommend that the department implement a system whereby the employee is recording his own time and “signing” the time card and then the supervisor approves the time card. This could be an electronic system, where the signatures are electronic or possibly where the employee is the only one who can write to his time record and the supervisor has access only to approve it.

For more information, we recommend that the City review OMB’s requirements located at:

http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html.

Corrective Action Plan

The Reno Fire Department utilizes a computerized staffing system to report time per employee per shift. This time is verified by their supervisor, input into the City’s payroll system and the total payroll is physically signed by the Fire Chief. Unfortunately the system does not support electronic signatures by the employees.

Therefore in order to comply with OMB A-87 grant reporting requirements, we will create a hard copy time sheet for an employee to fill out detailing hours worked for grant projects. The employee will sign the time sheet and have their immediate supervisor also verify and sign. These times will then be entered into the computerized staffing system, as well as the City’s payroll system.

The above described plan will be put in place 12/15/06. The contact person for this project is Teresa Pratt. Her telephone number is 775-334-2320.

CITY OF RENO, NEVADA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference
Number

Status of Prior Year Audit Findings

N/A

None reported

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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 16 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taken during 2005-06 relating to the potential violations reported in the June 30, 2005 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2006. There were, however, overexpenditures during the current year as reported in Note 16 to the financial statements.

PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2005.

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, 2005, 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, 2006

Flat/Fixed Fees:

| | | |
|---|---------------|----------------------------|
| Business license revenue for the year ended June 30, 2005 (base year) | | <u>\$ 1,210,832</u> |
| Adjustment to Base: | | |
| 1. Percentage increase in population of the local government | 2.400% | |
| 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>3.057%</u> | |
| Total adjustment percentage | <u>5.46%</u> | |
| Adjustment amount (base x percentage) | | <u>66,075</u> |
| Adjusted Base, June 30, 2006 | | 1,276,907 |
| Actual Revenue | | <u>570,564</u> |
| Amount Over (Under) Allowable Amount | | <u><u>\$ (706,343)</u></u> |

Fees Calculated As A Percentage Of Gross Revenue:

| | | |
|---|--------|--------------------------|
| Business license revenue for year ended June 30, 2005 | | \$ 11,016,555 |
| Percentage Increase In The Consumer Price Index | 3.057% | <u>336,776</u> |
| Adjusted Base, June 30, 2006 | | 11,353,331 |
| Actual Revenue | | <u>11,479,905</u> |
| Amount Over (Under) Allowable Amount | | <u><u>\$ 126,574</u></u> |