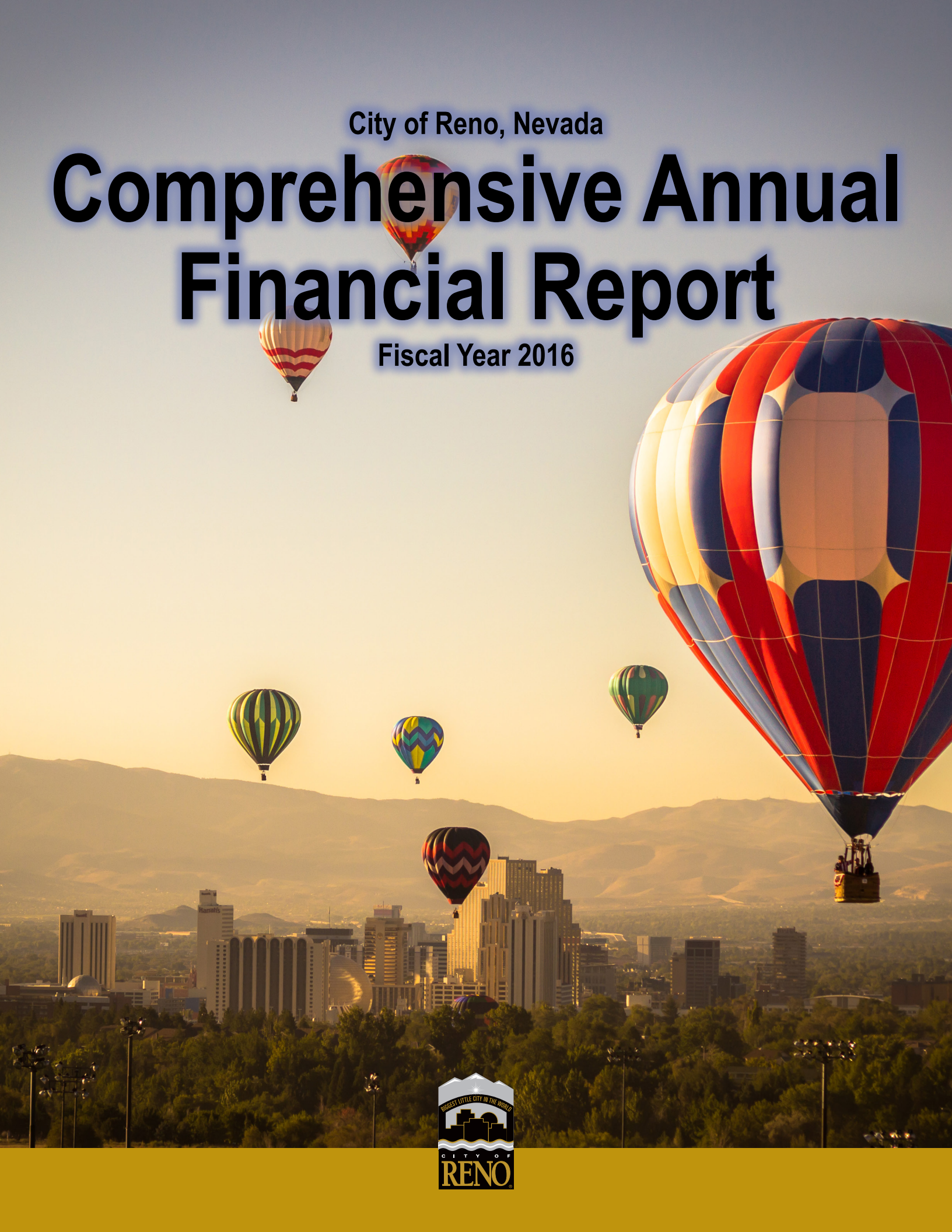


City of Reno, Nevada

Comprehensive Annual Financial Report

Fiscal Year 2016



CITY OF RENO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2016**

STATE OF NEVADA

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

CITY OF RENO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF RENO

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CITY OF RENO

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INTRODUCTORY SECTION



November 23, 2016

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, 2016 is hereby submitted. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Reno (referred to herein as either Reno or the City). 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 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's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City'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's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 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 unmodified opinion that the City's financial statements for fiscal year ended June 30, 2016, 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 was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government

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

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

The City provides the full range of municipal services as established by statute or the City’s charter. These services include public safety (police, fire, and building inspection), public works, public improvements, planning and zoning, community development, parks and recreation, wastewater treatment, and general administrative services. In addition to general government activities, the City Council is financially accountable for the Redevelopment Agency of the City; 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 but not a component unit because the City’s accountability does not extend beyond the appointment of board members.

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

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

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

Local Economic Conditions

Reno and the Washoe County continue to show signs of recovery from the most recent global recession. In the Reno Sparks region, September’s unemployment count stood at 4.8%, which is down from the September 2015 rate of 6.0%. Nevada had an unemployment rate of 5.8%, exceeding the national average by .8% in September 2016. Foreclosures again decreased overall in Washoe County and Reno. In September, 2016, the number of properties that received a foreclosure filing was 7% lower than the previous month and 39% lower than the same time last year.

The median price of residential properties sold in Washoe County increased during 2016. Washoe County home values have gone up 10.7% over the past year, with the current median home value at \$295,329.

Because of the volatility in the market, the Washoe County Assessor’s Office moved to an annual appraisal cycle. In fiscal year 2015/16, property taxes increased nearly three percent. For fiscal year 2016/17, the City budgeted for property taxes to increase three percent. The Washoe County Assessor anticipates property taxes will begin to rise again, though at a modest pace, and the City will most likely be consistent with the Washoe County Assessor’s assumption. Due to the

formula in Nevada Revised Statutes, there is a cap on the increase allowed in property taxes except for taxes generated by new construction. For fiscal year 2016/17, the increase is estimated to be 0.2% for existing properties and the remainder due to growth.

After the great recession years of declines in consolidated tax (CTAX) revenues, the City is now having steady increases in CTAX. Fiscal years 2010/11 through 2015/16 reflect those increases, from 1.20% in FY 2010/11 and the most recent being 13.8% in FY 2015/16. The City is hopeful this major revenue source has now stabilized and will not experience such sharp declines going forward. For fiscal year 2016/17, the City has budgeted a 6% increase over the prior fiscal year actual amount. Fiscal year 2015/16 also saw increases in other revenue categories, particularly in cable and sanitation franchise fees and business license fees.

The State of Nevada, Washoe County and City of Reno continue to focus efforts in diversifying the economy. The Economic Development Authority of Western Nevada (EDAWN) reported assisting approximately 186 companies to relocate to or expand in Washoe County, creating over 3,200 new jobs in 2016. This is a 7% increase in assisted jobs announced last year. Included in the expansion was Grand Rounds, a service company that allows users to seek counsel and connect with leading doctors of various medical fields in order to get more accurate diagnoses and treatment. It is anticipated that Grand Rounds will bring up to 200 jobs to the area. In addition, Teleperformance U.S.A, the global leader in outsourced multi-channel customer experience management, which provides a broad range of support for a major financial services company, is opening a new contact center in Reno and hiring up to 500 employees. Mary's Gone Crackers, a manufacturer of organic and gluten-free healthy snacks, is moving its headquarters to Reno and opening a manufacturing facility.

There are major business expansions into the Reno area. Tesla Motors continues the process of building a \$5 billion gigafactory east of Reno. The project has produced approximately 3,000 construction jobs and will result in 6,500 employees after completion in 2017. Switch, a company that owns and operates data centers throughout Nevada, has constructed an initial three million square foot facility at the Tahoe Reno Industrial Center. Once the campus is built out at approximately 6.5 million square feet, the Tahoe Reno Industrial Campus will be the largest data center in the world. With the addition of Tesla, Switch and Apple, as well as the significant increase in start-up and entrepreneurial activity in the region, the growth of technology companies is increasing.

The State Business Tax Climate Index for 2017, which is published by the Tax Foundation, ranked Nevada as fifth in the nation for its business friendly tax climate. The Reno Aces AAA baseball team, as well as the myriad of year round outdoor activities from alpine skiing to hiking to kayaking, still makes Reno an attractive location. The Reno-Sparks Convention & Visitors Authority is reporting an increase in room nights of 5.5% over fiscal year 2014/15, with total taxable room revenues being 16.5% above the prior year.

The area climate offers four distinct seasons with few extremes. Average temperatures range from winter lows in the 20's to summer highs in the 90's. Low humidity characterizes the high desert climate, making cold days seem not so cold and warm days not too hot. Cloudy days and rain are scarce with more than 300 days of sunshine each year and snow is a certainty, though it tends to melt by late afternoon in the valleys. All of this makes the area spectacular for enjoying the outdoors, including hunting, fishing, biking, hiking, skiing and many other activities.

Though economic recovery continues, City management continues to take a very aggressive stance on controlling expenses given uncertainty regarding future revenues. Since the work force reductions in 2009 which reduced the number of budgeted full-time equivalent positions (FTEs) by over 500, the City has been managing its employee growth and for FY 2016/17, has authorized 1199 FTEs, with most of the recent job growth in Public Works and Community Development. Restructuring has occurred at all levels in the organization to promote efficiencies in operations and service delivery, and additional opportunities are constantly being identified and analyzed.

Long-Term Financial Planning

With the effect of Indian gaming and other economic factors on gaming in northern Nevada, efforts to diversify Reno's economy by bringing new industries to the area have intensified. During the 2011 session, the Nevada State Legislature passed a state economic stimulus package. The Department of Economic Development was created under the Governor's Office to develop policies and procedures governing how municipal, county, and state entities can access those funds. The City continues to work with the EDAWN to recruit companies with high paying jobs in targeted industries, such as renewable energy, to the area. Nevada has no corporate or personal income tax, and is a right-to-work state which provides the opportunity for Reno to present itself as desirable for the location of corporate headquarters, manufacturing, and logistics facilities in a number of high tech and service industries.

In order to position the City to successfully weather a long term economic downturn while capitalizing on opportunities that can be developed under the current conditions, staff continues developing a number of financial planning tools. In addition to the measures mentioned above, staff has overhauled the strategic planning and deployment systems to best align the City's resources with Council objectives.

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

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

Relevant Financial Policies

Rainy Day Reserves — In compliance with state law, the General Fund Financial Policy requires unreserved fund balance to be budgeted at 4% of prior year expenditures, which was included in the fiscal year 2015/16 budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 6% for fiscal year 2016/17. In fiscal year 2014/15, the City committed \$2.1 million of consolidated tax revenues to begin funding a stabilization special revenue fund. The goal is to reach \$18 million in stabilization reserves. The City recognizes the importance of these reserves, along with a conservative approach to spending, in giving the City a greater level of flexibility in responding to unforeseen revenue reductions. In addition, the City has funded a Contingency Account in the General Fund, in the amount of \$2.1 million for fiscal year 2016/17, to further fund unavoidable circumstances.

OPEB Funding — The City's decision to fund only pay as you go costs rather than the full annual other post employment benefit (OPEB) costs will result in continued growth in the City's unfunded actuarial accrued liability, as well as an increasing OPEB liability of approximately \$10 million each year, as presented in the government wide financial statements and proprietary fund statements. However, given the current economic environment, the City does not have the resources at this time needed to fully fund the annual OPEB cost but has created an OPEB trust so amounts may be put aside to fund this growing liability. Through the adoption of the Budget Guiding Principles, Council has begun a funding program through the allocation of a portion of excess property taxes to the OPEB trust. For the year ended June 30, 2016, the City transferred approximately \$4.6 million to the trust.

Risk Management – The City has implemented a rigorous risk management program to help control its exposure to potential claims and thus reduce its costs. On July 31, 2014, Starr Companies conducted an independent and comprehensive review of the Risk Division of the City Attorney Office's claim handling, risk management, and loss control practices. Starr Companies specifically stated that it confirmed "Reno competently handles and aggressively litigates and resolves Reno's high exposure claims within Reno's \$1,000,000 retained limit" and "Reno maintains a skilled and dedicated pro active internal claims staff and an internal legal defense team."

Major Initiatives

Most of the efforts during fiscal year 2015/16 continued to be focused on addressing the challenges of the unfunded liabilities and the massive revenue reductions experienced over the past several years through reductions in force, reallocation of resources, and the reorganization of City staff. Throughout the year, management and Finance staff spent a great deal of time ensuring that the City's finances met all applicable standards and corrective actions were taken to ensure that all funds were brought into alignment with Council policy, state law, governmental accounting standards, and GAAP. A great deal of attention was also given to managing the City's debt portfolio given the weakness in certain pledged revenues. A key emphasis was on making changes that would support long term stability.

Each year, the Reno City Council revisits Reno's purpose, vision and mission; from that, Council identifies priorities which establish the programs and services funded for current and future fiscal years. Fiscal year 2015/2016 was a year in which Council continued a re-visioning of Reno, focusing on long term fiscal planning and performance management strategies to determine what services our residents will need and want and obtain resources for those services.

ThinkReno is a process and a cultural change, which includes the City's Strategic Plan, representing a significant shift in order to make Reno the type of community the City wishes to provide for its residents and visitors. The Council Priorities for fiscal year 2016/17 are Vibrant Neighborhoods and Public Places; Efficient and Dependable Business Environment; Thriving Downtown and University District; Well-Managed Growth; and Strong Financial Condition. The goals and objectives for each of these priorities are found in the Strategic Plan. The City has implemented a transparent initiative by posting all employee salaries, expenses and revenues on reno.gov. These cash receipts and disbursements are presented in a detailed format to allow the public to review itemized transactions. Information is updated regularly so the citizens of Reno have the ability to see where their money is being spent.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015.

This was the 33rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Robert Chisel
Director of Finance and Administration



Government Finance Officers Association

**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

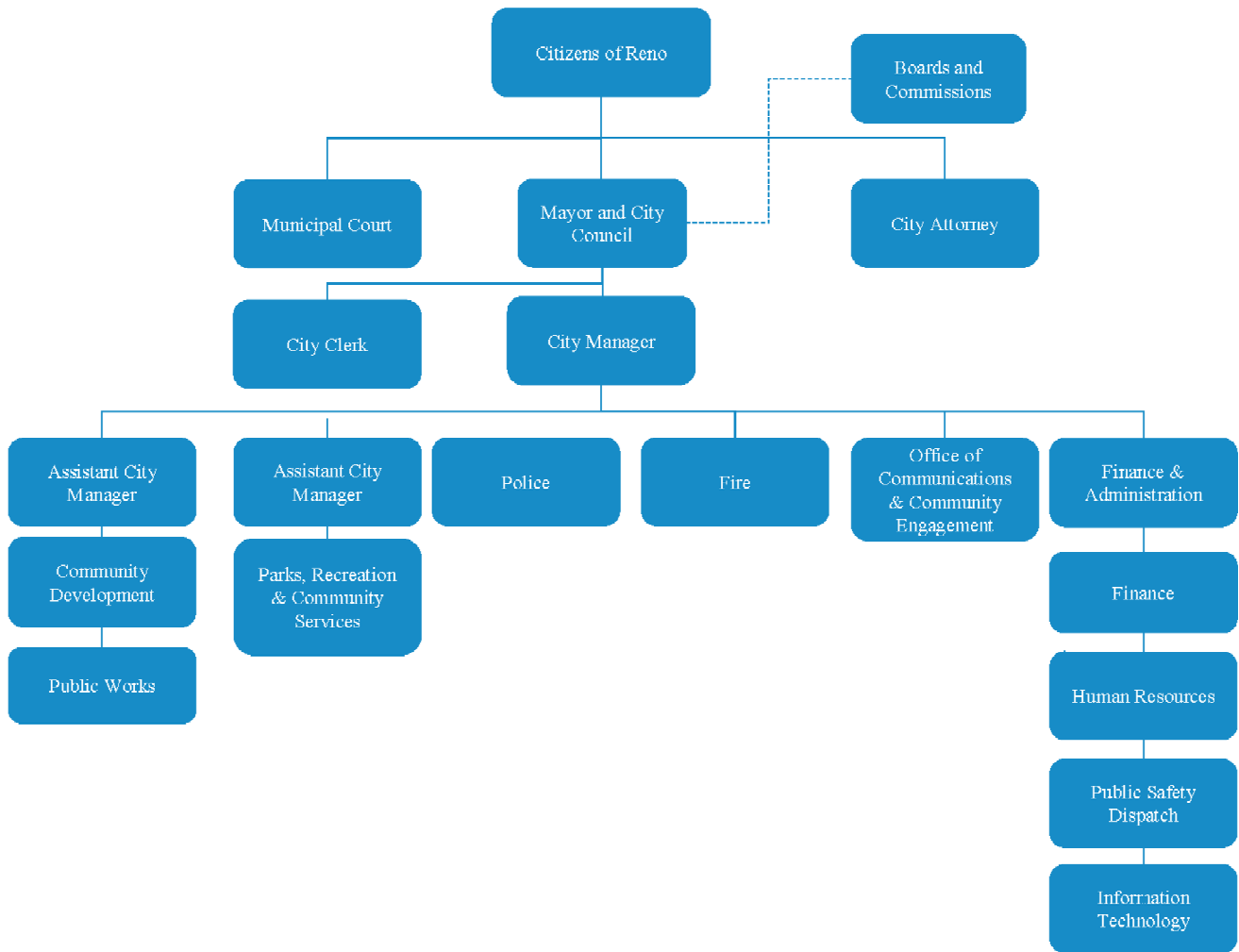
June 30, 2015

Executive Director/CEO

CITY OF RENO

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2016



CITY OF RENO

CITY OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2016

CITY COUNCIL

Hillary Schieve, Mayor
Jenny Brekhus, Councilmember, Ward 1
Naomi Duerr, Councilmember, Ward 2
Oscar Delgado, Councilmember, Ward 3
Paul McKenzie, Councilmember, Ward 4
Neoma Jardon, Councilmember, Ward 5
David Bobzien, Councilmember, At Large

CITY MANAGER

Andrew Clinger

OTHER ELECTED OFFICIALS

Karl Hall, City Attorney
Gene Drakulich, Judge
William Gardner, Judge
Dorothy Nash Holmes, Judge
Kenneth Howard, Judge

CITY CLERK

(Appointed by the City Council)

Ashley Turney

CITY MANAGEMENT

(Appointed by the City Manager)

Kate Thomas, Assistant City Manager
Aric Jensen, Community Development Director
Robert Chisel, Director of Finance and Administration
David Cochran, Fire Chief
Kelly Leerman, Human Resource Director
Jason Soto, Assistant Police Chief
John Flansberg, Public Works Director
Andy Bass, Parks, Recreation and Community Services Director
Deanna Gescheider, Communication and Community Engagement Director

FINANCIAL SECTION

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

Members of the City Council
City of Reno, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the City's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the basic financial statements to enable the design of 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic 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 basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding

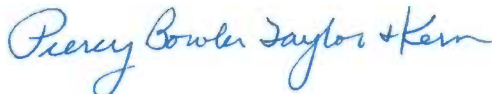
progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information, budgetary comparison information on pages 11-24 and 91-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, statistical section and schedule of business license fees have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada
November 23, 2016

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2016

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

Financial Highlights

Summary of Selected Statement of Net Position Information

	Total Primary Government			
	2016	2015	Change	
Cash, cash equivalents and investments, unrestricted and restricted	\$ 181,540,432	\$ 166,078,265	\$ 15,462,167	9.31 %
Truckee Meadows Water Reclamation Facility	95,163,123	87,899,814	7,263,309	8.26 %
Capital assets, net	1,276,984,215	1,275,470,776	1,513,439	0.12 %
Derivative instruments	53,341,541	39,497,047	13,844,494	35.05 %
Bonds and notes payable, net of unamortized premiums and discounts	464,675,027	488,354,769	(23,679,742)	(4.85)%
Net pension liability	489,304,992	510,347,496	(21,042,504)	(4.12)%
Total net position	686,549,221	656,953,963	29,595,258	4.50 %

The increase in the City's net position was primarily the result of increases in general revenues and grants and contributions, offset by a slight decline in charges for services, without a significant increase in total expenses.

Our investment in the Truckee Meadows Water Reclamation Facility increased due to our contributions to the joint venture for facility improvements.

The increase in the liability for derivative instruments is due to changes in the estimated fair value of the instruments primarily as a result of declining interest rates associated with certain daily remarketed refunded debt issues and is offset by an increase in deferred outflow of resources. The remaining increase in deferred outflows relates to increases in unamortized amounts related to pensions.

Bonds and notes payable, net of unamortized premiums and discounts, decreased because of scheduled principal reductions. The City is continuing its strategy of reducing its outstanding debt.

The increase in net pension liability and decrease in deferred inflows of resources were the result of changes in actuarial estimates associated with the City's share of the Public Employees' Retirement System of Nevada's (PERS) unfunded pension liability. In accordance with generally accepted accounting principles, the City records its proportionate share of PERS's unfunded liability and related amounts, even though Nevada Revised Statutes state that the City is not liable for such amounts.

Summary of Selected Statement of Activities Information

	Total Primary Government			
	2016	2015	Change	
Charges for services	\$ 153,022,002	\$ 155,110,127	\$ (2,088,125)	(1.35)%
Property taxes	62,911,699	59,584,697	3,327,002	5.58 %
Intergovernmental consolidated taxes	56,213,644	51,516,367	4,697,277	9.12 %
Total expenses	326,076,358	325,436,033	640,325	0.20 %
Change in net position	31,401,330	10,014,150	21,387,180	213.57 %

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Property taxes increased due to new construction and rebounding property values with assessed values limited by caps established in 2005 by Nevada's State Legislature. Increases in state sales tax revenues associated with increased consumer spending substantially accounts for the increase in intergovernmental consolidated taxes. Revenues for most charges for services categories increased due an improving economy and scheduled sewer service rate increases but were more than offset by a \$1.1 million decline in electricity franchise fees plus a \$7.5 million restitution payment received in 2015 related to the Rosewood Golf Course without a comparable amount in 2016.

Financial Overview

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

Government-wide Financial Statements

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

The statement of net position presents information on all assets and liabilities for the City. The difference between the total assets and total liabilities is reported as "net position." Over time, increases and decreases in net position may serve as an indicator of improvement or deterioration of financial condition.

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

Governmental activities, which are supported primarily by taxes and intergovernmental revenues, are distinguished from activities that are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business-type activities. The City's governmental activities include those associated with general government; judicial operations; public safety (police, fire and dispatch); public works; planning and community development; culture and recreation; and urban redevelopment. The business-type activities include sewer and building permit operations.

Fund Financial Statements

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

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.

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The City maintains 22 separate governmental funds. Information is presented separately in the governmental balance sheet and statement of revenues, expenditures and changes in fund balance for the following three funds because they qualify as major funds as defined by GASB Statement No. 34; the general fund, streets a special revenue fund, and railroad debt service fund. Information for the remaining funds, which do not meet the definition of a major fund, is aggregated for reporting purposes.

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

Proprietary Funds

The City maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of sanitary sewer and building permit funds. Internal service funds are used to account for and allocate internal costs to the various City functions. The internal service funds include the motor vehicle, risk retention, self-funded medical plan, and self-funded worker's compensation funds. The City's internal service fund functions primarily benefit governmental as opposed to business-type activities. Consequently, they have been included in governmental activities in the government-wide financial statements.

Fiduciary Funds

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

Notes to the Basic Financial Statements

Notes to the basic 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 basic 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's financial position, comparative summarized statements of net position information are presented in in the following table.

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015 (Restated)	2016	2015 (Restated)
Assets						
Current, restricted and other	\$ 166,408,808	\$ 157,946,959	\$ 176,349,645	\$ 168,592,978	\$ 342,758,453	\$ 326,539,937
Capital	<u>947,637,962</u>	<u>959,879,415</u>	<u>329,346,253</u>	<u>315,591,361</u>	<u>1,276,984,215</u>	<u>1,275,470,776</u>
Total assets	<u>1,114,046,770</u>	<u>1,117,826,374</u>	<u>505,695,898</u>	<u>484,184,339</u>	<u>1,619,742,668</u>	<u>1,602,010,713</u>
Deferred outflows of resources	<u>111,386,569</u>	<u>96,320,206</u>	<u>2,721,538</u>	<u>2,222,852</u>	<u>114,108,107</u>	<u>98,543,058</u>
Liabilities						
Current	69,576,304	57,149,801	9,304,529	9,707,716	78,880,833	66,857,517
Long-term	<u>851,362,343</u>	<u>838,389,463</u>	<u>81,849,566</u>	<u>87,713,024</u>	<u>933,211,909</u>	<u>926,102,487</u>
Total liabilities	<u>920,938,647</u>	<u>895,539,264</u>	<u>91,154,095</u>	<u>97,420,740</u>	<u>1,012,092,742</u>	<u>992,960,004</u>
Deferred inflows of resources	<u>32,642,708</u>	<u>47,424,800</u>	<u>2,566,104</u>	<u>3,215,004</u>	<u>35,208,812</u>	<u>50,639,804</u>
Net position						
Net investment in capital assets	586,905,472	585,575,771	265,284,816	246,425,571	852,190,288	832,001,342
Restricted	62,938,668	63,141,142	12,461,499	15,740,934	75,400,167	78,882,076
Unrestricted	<u>(377,992,156)</u>	<u>(377,534,397)</u>	<u>136,950,922</u>	<u>123,604,942</u>	<u>(241,041,234)</u>	<u>(253,929,455)</u>
Total net position	<u>\$ 271,851,984</u>	<u>\$ 271,182,516</u>	<u>\$ 414,697,237</u>	<u>\$ 385,771,447</u>	<u>\$ 686,549,221</u>	<u>\$ 656,953,963</u>

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
Assets						
Current, restricted and other	\$ 8,461,849	5.36 %	\$ 7,756,667	4.60 %	\$ 16,218,516	4.97 %
Capital	<u>(12,241,453)</u>	<u>(1.28)%</u>	<u>13,754,892</u>	<u>4.36 %</u>	<u>1,513,439</u>	<u>0.12 %</u>
Total assets	<u>(3,779,604)</u>	<u>(0.34)%</u>	<u>21,511,559</u>	<u>4.44 %</u>	<u>17,731,955</u>	<u>1.11 %</u>
Deferred outflows of resources	<u>15,066,363</u>	<u>15.64 %</u>	<u>498,686</u>	<u>22.43 %</u>	<u>15,565,049</u>	<u>15.80 %</u>
Liabilities						
Current	12,426,503	21.74 %	(403,187)	(4.15)%	12,023,316	17.98 %
Long-term	<u>12,972,880</u>	<u>1.55 %</u>	<u>(5,863,458)</u>	<u>(6.68)%</u>	<u>7,109,422</u>	<u>0.77 %</u>
Total liabilities	<u>25,399,383</u>	<u>2.84 %</u>	<u>(6,266,645)</u>	<u>(6.43)%</u>	<u>19,132,738</u>	<u>1.93 %</u>
Deferred inflows of resources	<u>(14,782,092)</u>	<u>(31.17)%</u>	<u>(648,900)</u>	<u>(20.18)%</u>	<u>(15,430,992)</u>	<u>(30.47)%</u>
Net position						
Net investment in capital assets	1,329,701	0.23 %	18,859,245	7.65 %	20,188,946	2.43 %
Restricted	(202,474)	(0.32)%	(3,279,435)	(20.83)%	(3,481,909)	(4.41)%
Unrestricted	<u>(457,759)</u>	<u>0.12 %</u>	<u>13,345,980</u>	<u>10.80 %</u>	<u>12,888,221</u>	<u>(5.08)%</u>
Total net position	<u>\$ 669,468</u>	<u>0.25 %</u>	<u>\$ 28,925,790</u>	<u>7.50 %</u>	<u>\$ 29,595,258</u>	<u>4.50 %</u>

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Governmental Activities

The increase in current assets was primarily in unrestricted cash, cash equivalents and investments and relates to an improving economy and operating results. Capital assets decreased because depreciation and, to a lesser extent, retirements, exceeded capital expenditures for the year. Deferred outflows of resources, deferred inflows of resources, and total liabilities changed largely due the matters previously cited herein. More specifically, the increase in the derivative instrument liability and offsetting increase in deferred outflows of resources relates to a drop in the LIBOR yield curve associated with our weekly remarketed 2005A Capital Improvement Revenue Refunding Bonds and our daily remarketed 2008A Senior Lien Sales Tax Revenue Refunding Bonds.

Business-type Activities

The increase in current, restricted, and other assets is largely due to scheduled rate increases which resulted in higher accounts receivable balances, and to investments in / contributions to the Truckee Meadow Water Reclamation Facility to fund facility improvements, net of a \$1.8 million deduction associated with the venturer changing its method of allocating depreciation to the City. Net capital assets increased due to a number of sewer line and lift station rehabilitation projects that are in various stages of completion and which exceeded depreciation expense and, to a lesser extent, asset disposals for the year.

In order to enhance analysis and provide a means for evaluating the City's operating activities, comparative statement of changes in net position information is summarized in the following table.

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015 (Restated)	2016	2015 (Restated)
Revenues						
Program revenues						
Charges for services	\$ 80,983,532	\$ 87,763,470	\$ 72,038,470	\$ 67,346,657	\$ 153,022,002	\$ 155,110,127
Operating grants and contributions	4,638,289	6,112,837	100,000	12,415	4,738,289	6,125,252
Capital grants and contributions	38,873,140	24,379,900	12,798,509	11,870,370	51,671,649	36,250,270
General revenues						
Property taxes	62,911,699	59,584,697			62,911,699	59,584,697
Intergovernmental consolidated taxes	56,213,644	51,516,367			56,213,644	51,516,367
Room taxes	9,447,442	8,159,606			9,447,442	8,159,606
Sales taxes restricted for debt service	10,741,137	10,185,663			10,741,137	10,185,663
Other sales taxes	335,196	389,190			335,196	389,190
Intergovernmental SCCR (AB104) taxes	3,457,174	3,213,482			3,457,174	3,213,482
Intergovernmental gaming licenses	1,438,526	1,573,515			1,438,526	1,573,515
Investment income	1,916,744	1,757,244	421,469	184,305	2,338,213	1,941,549
Gain on disposal of capital assets	50,704	98,478			50,704	98,478
Miscellaneous	1,097,292	1,293,456	14,721	8,531	1,112,013	1,301,987
Total revenues	272,104,519	256,027,905	85,373,169	79,422,278	357,477,688	335,450,183
Expenses						
General government	37,047,462	34,959,761			37,047,462	34,959,761
Judicial	7,492,820	7,064,894			7,492,820	7,064,894
Public safety	113,837,313	117,967,671			113,837,313	117,967,671
Public works	58,151,262	56,800,273			58,151,262	56,800,273
Culture and recreation	15,136,956	16,203,541			15,136,956	16,203,541
Planning and community development	9,751,297	12,900,777			9,751,297	12,900,777
Urban development	3,604,756	3,377,771			3,604,756	3,377,771
Interest expense and fiscal charges	24,030,171	23,029,874			24,030,171	23,029,874
Administrative charges and other costs	2,605,268	2,717,256			2,605,268	2,717,256
Sanitary sewer			46,827,174	45,501,401	46,827,174	45,501,401
Building permit			7,591,879	4,912,814	7,591,879	4,912,814
Total expenses	271,657,305	275,021,818	54,419,053	50,414,215	326,076,358	325,436,033
Change in net position before transfers	447,214	(18,993,913)	30,954,116	29,008,063	31,401,330	10,014,150
Transfers	222,254	560,821	(222,254)	(560,821)		
Change in net position	669,468	(18,433,092)	30,731,862	28,447,242	31,401,330	10,014,150
Net position, beginning of year	271,182,516	289,615,608	383,965,375	357,324,205	655,147,891	646,939,813
Net position, end of year	<u>\$ 271,851,984</u>	<u>\$ 271,182,516</u>	<u>\$ 414,697,237</u>	<u>\$ 385,771,447</u>	<u>\$ 686,549,221</u>	<u>\$ 656,953,963</u>

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
Revenues						
Program revenues						
Charges for services	\$ (6,779,938)	(7.73)%	\$ 4,691,813	6.97 %	\$ (2,088,125)	(1.35)%
Operating grants and contributions	(1,474,548)	(24.12)%	87,585	705.48 %	(1,386,963)	(22.64)%
Capital grants and contributions	14,493,240	59.45 %	928,139	7.82 %	15,421,379	42.54 %
General revenues						
Property taxes	3,327,002	5.58 %		%	3,327,002	5.58 %
Intergovernmental consolidated taxes	4,697,277	9.12 %		%	4,697,277	9.12 %
Room taxes	1,287,836	15.78 %		%	1,287,836	15.78 %
Sales taxes restricted for debt service	555,474	5.45 %		%	555,474	5.45 %
Other sales taxes	(53,994)	(13.87)%		%	(53,994)	(13.87)%
Intergovernmental SCCR (AB104) taxes	243,692	7.58 %		%	243,692	7.58 %
Intergovernmental gaming licenses	(134,989)	(8.58)%		%	(134,989)	(8.58)%
Investment income	159,500	9.08 %	237,164	128.68 %	396,664	20.43 %
Gain on disposal of capital assets	(47,774)	(48.51)%		%	(47,774)	(48.51)%
Miscellaneous	(196,164)	(15.17)%	6,190	72.56 %	(189,974)	(14.59)%
Total revenues	16,076,614	6.28 %	5,950,891	7.49 %	22,027,505	6.57 %
Expenses						
General government	2,087,701	5.97 %		%	2,087,701	5.97 %
Judicial	427,926	6.06 %		%	427,926	6.06 %
Public safety	(4,130,358)	(3.50)%		%	(4,130,358)	(3.50)%
Public works	1,350,989	2.38 %		%	1,350,989	2.38 %
Culture and recreation	(1,066,585)	(6.58)%		%	(1,066,585)	(6.58)%
Planning and community development	(3,149,480)	(24.41)%		%	(3,149,480)	(24.41)%
Urban development	226,985	6.72 %		%	226,985	6.72 %
Interest expense and fiscal charges	1,000,297	4.34 %		%	1,000,297	4.34 %
Administrative charges and other costs	(111,988)	(4.12)%		%	(111,988)	(4.12)%
Sanitary sewer		%	1,325,773	2.91 %	1,325,773	2.91 %
Building permit		%	2,679,065	54.53 %	2,679,065	54.53 %
Total expenses	(3,364,513)	(1.22)%	4,004,838	7.94 %	640,325	0.20 %
Change in net position before transfers	19,441,127	(102.35)%	1,946,053	6.71 %	21,387,180	213.57 %
Transfers	(338,567)	(60.37)%	338,567	(60.37)%		%
Change in net position	19,102,560	(103.63)%	2,284,620	8.03 %	21,387,180	213.57 %
Net position, beginning of year	(18,433,092)	(6.36)%	26,641,170	7.46 %	8,208,078	1.27 %
Net position, end of year	<u>\$ 669,468</u>	<u>0.25 %</u>	<u>\$ 28,925,790</u>	<u>7.50 %</u>	<u>\$ 29,595,258</u>	<u>4.50 %</u>

Governmental Activities

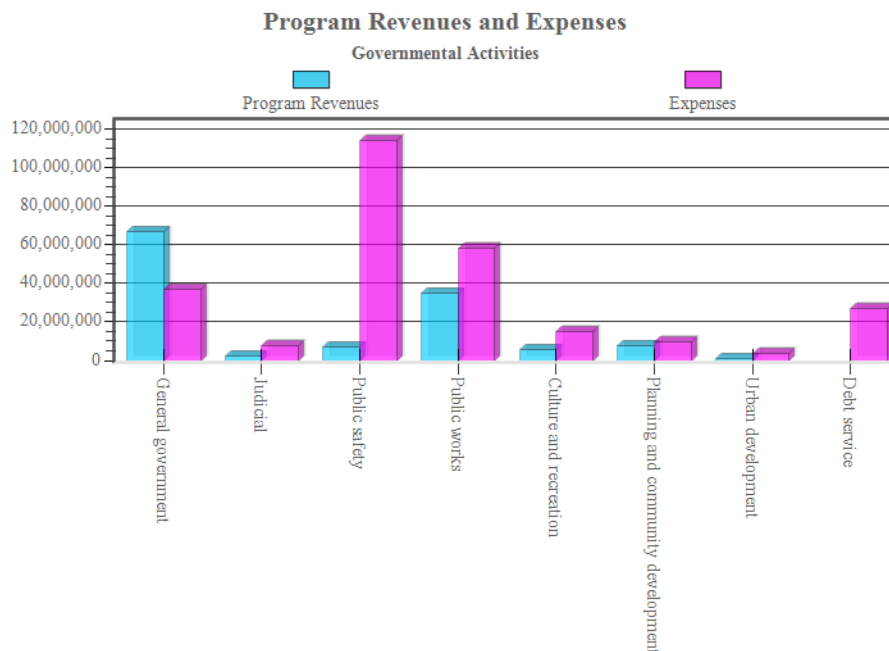
Program revenues are those revenues that are derived directly from the program itself or from the City's taxpayers, citizenry and others. They reduce the net cost of the function to be financed from the City's general revenues, which include property and other taxes. The following chart compares the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

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016



As indicated in the chart, expenses exceeded program revenues for all functions except general government. This indicates that services provided within those functions by the City are funded with tax dollars and other general revenues rather than from direct charges for those services. The gap between expenses and program revenues for planning and community development is lessened due to the receipt of operating and capital grants from federal and state governments. Culture and recreation and judicial both generate a certain amount of charges for service that partially cover their operating expenses. Public works receives contributed capital from developers, which is classified as capital grants and contributions.

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

For governmental activities, charges for services continue to be the largest revenue contributor, followed by property taxes. Intergovernmental consolidated tax revenues was third.

The decrease in planning and community development expenses is primarily the result of \$1.2 million of Community Development Block Grants being spent on City infrastructure assets rather than on operating programs, a \$1.0 million reduction in net loss of the self-funded worker's compensation fund, and a \$1 million disposal of properties acquired and rehabilitated with federal grant funds in the prior year, not repeated in the current year.

The change in culture and recreation expense is primarily due to a reduction in capital asset disposal losses, a reduction in the net loss of the self-funded worker's compensation fund, and a larger, negative net pension liability adjustment.

The change in urban redevelopment is primarily due to elevator repairs at the parking gallery owned by the City's redevelopment agency.

(Continued)

CITY OF RENO

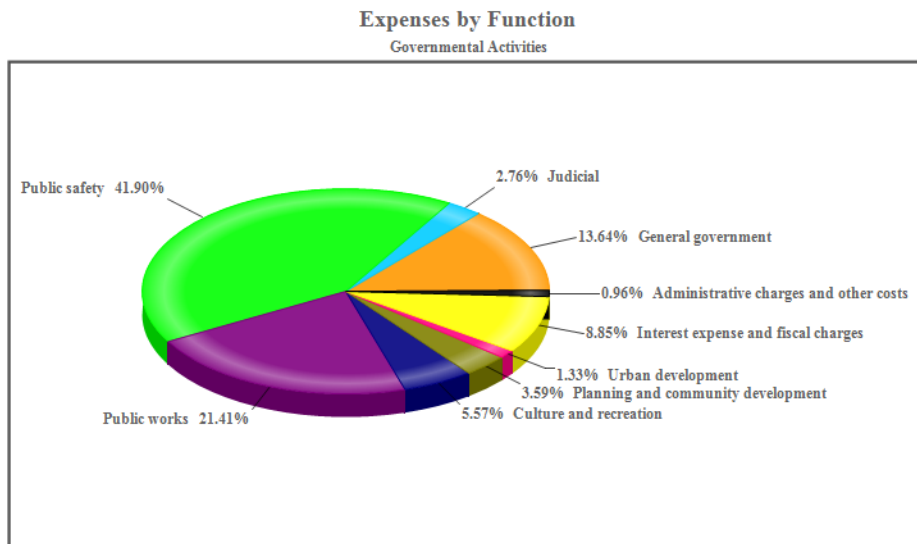
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The change in urban redevelopment is primarily due to elevator repairs at the parking gallery owned by the City's redevelopment agency.

Debt service administrative and other charges changed because of the early redemption of three bonds in the prior year and lower remarketing and letter of credit fees related to scheduled principal reductions on our Series 2005A and 2008A bonds.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all governmental activities. The public safety function (police, fire and dispatch) poses the largest cost to the City. The public works function is second as infrastructure depreciation will continue to keep public works as one of the most costly functions.



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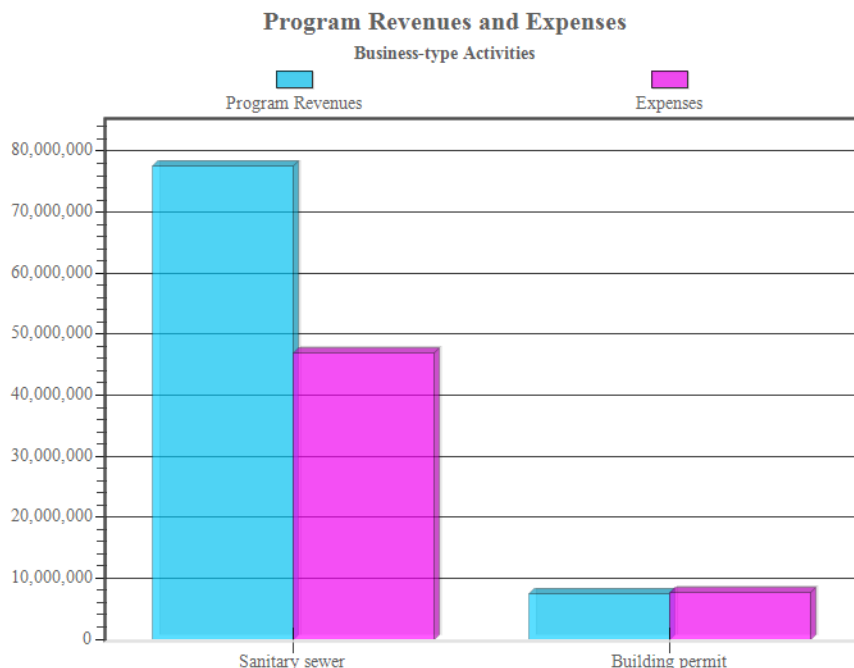
CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Business-type Activities

Business-type activities include sanitary sewer and building permit operations. The following chart presents each activity's contribution to these totals.



The sanitary sewer continues to be self supporting, with program revenues exceeding operating expenses. The building permit fund was down very slightly.

As expected, charges for services remain the major source of revenue for business-type activities. Charges for services as a percentage of total program revenues, remained relatively constant.

The building permit fund has only a slight impact on the combined total business-type activities expense.

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 governmental fund accounting is to measure inflows and outflows of current resources. Since the focus in governmental fund accounting is on current resources, the governmental funds balance sheet does not reflect long-term assets and liabilities. In particular, the governmental funds unassigned fund balance is useful in measuring resources available for spending at fiscal year end, and the proprietary fund unrestricted net position is an important measure of working capital for use in providing services to City residents.

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Governmental Funds

Total Assets - Governmental Funds				
	2016	2015	Change	
General Fund	\$ 31,073,613	\$ 23,647,970	\$ 7,425,643	31.40 %
Streets Special Revenue Fund	22,443,372	21,686,966	756,406	3.49 %
Railroad Debt Service Fund	19,085,266	17,903,170	1,182,096	6.60 %
Non-major Governmental Funds	60,555,754	62,957,442	(2,401,688)	(3.81)%

Total Liabilities - Governmental Funds				
	2016	2015	Change	
General Fund	\$ 10,306,538	\$ 9,918,084	\$ 388,454	3.92 %
Streets Special Revenue Fund	1,167,925	578,972	588,953	101.72 %
Railroad Debt Service Fund	25,690	24,613	1,077	4.38 %
Non-major Governmental Funds	7,505,838	9,796,591	(2,290,753)	(23.38)%

Total Fund Balance - Governmental Funds				
	2016	2015	Change	
General Fund	\$ 19,619,492	\$ 11,765,565	\$ 7,853,927	66.75 %
Streets Special Revenue Fund	21,102,189	20,840,716	261,473	1.25 %
Railroad Debt Service Fund	11,935,595	10,104,629	1,830,966	18.12 %
Non-major Governmental Funds	46,160,561	45,090,622	1,069,939	2.37 %

Total Revenues - Governmental Funds				
	2016	2015	Change	
General Fund	\$ 174,520,384	\$ 171,987,715	\$ 2,532,669	1.47 %
Streets Special Revenue Fund	23,293,631	21,908,990	1,384,641	6.32 %
Railroad Debt Service Fund	11,115,492	10,403,610	711,882	6.84 %
Non-major Governmental Funds	43,280,246	36,676,244	6,604,002	18.01 %

Total Expenditures - Governmental Funds				
	2016	2015	Change	
General Fund	\$ 163,699,560	\$ 153,042,556	\$ 10,657,004	6.96 %
Streets Special Revenue Fund	13,621,023	12,242,905	1,378,118	11.26 %
Railroad Debt Service Fund	9,284,526	9,446,893	(162,367)	(1.72)%
Non-major Governmental Funds	54,854,305	51,399,338	3,454,967	6.72 %

Total Other Financing Sources (Uses) - Governmental Funds				
	2016	2015	Change	
General Fund	\$ (2,966,897)	\$ (19,410,655)	\$ 16,443,758	(84.72)%
Streets Special Revenue Fund	(9,411,135)	(6,115,935)	(3,295,200)	53.88 %
Railroad Debt Service Fund		44,526	(44,526)	(100.00)%
Non-major Governmental Funds	12,643,998	26,269,013	(13,625,015)	(51.87)%

Of the above fund balances, \$1.9 million is categorized as nonspendable, \$44.9 million as restricted, \$34.6 million as assigned, and \$17.4 million as unassigned.

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Major Governmental Funds

The primary operating fund of the City is the general fund. As of the end of the fiscal year presented, its unassigned fund balance was \$17.4 million (up 67.0%). The change resulted from an 84.7% reduction in transfers out as compared to the previous fiscal year, which included at \$10 million transfer to pay off certain long-term debt obligations, begin funding maintenance projects that were deferred during the economic downturn, and create a stabilization special revenue fund.

The streets special revenue fund utilizes property overrides, motor vehicle fuel taxes and water toll fees to maintain the arterial and neighborhood streets, as well as to perform neighborhood street rehabilitation projects. The City has deferred some street rehabilitation projects to build cash reserves to fund its match requirement for the Virginia Street Bridge replacement project completed during the year.

The railroad debt service fund is responsible for the payment of principal and interest on outstanding debt, as well as collection of special assessment receivables that will be used to meet the debt service requirements for special assessment district bonds outstanding. The change in fund balance is primarily due to growth in room tax and dedicated sales tax revenue and a reduction in fiscal charges as the prior fiscal year expenditures included letter of credit renewal fees.

Non-major Governmental Funds consist primarily of special revenue and capital projects funds. Significant activities include the HUD and State housing grant fund created for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of lower income; collecting room taxes dedicated to improving parks and recreation facilities and to promote tourism; the collection and expenditure of certain court collection and administrative fees to enhance judicial programs; and the maintenance of and repairs and improvements to City owned facilities.

Proprietary Funds

Total Assets - Proprietary Funds

	2016	2015	Change	
Sanitary Sewer Enterprise Fund	\$ 504,027,949	\$ 483,281,533	\$ 20,746,416	4.29 %
Non-major Enterprise Funds	10,419,130	10,283,243	135,887	1.32 %
Internal Service Funds	30,854,541	27,965,553	2,888,988	10.33 %

Total Liabilities - Proprietary Funds

	2016	2015	Change	
Sanitary Sewer Enterprise Fund	\$ 85,377,139	\$ 92,345,796	\$ (6,968,657)	(7.55)%
Non-major Enterprise Funds	5,776,956	5,074,944	702,012	13.83 %
Internal Service Funds	56,438,292	54,349,875	2,088,417	3.84 %

Total Net Position - Proprietary Funds

	2016	2015	Change	
		(Restated)		
Sanitary Sewer Enterprise Fund	\$ 418,860,610	\$ 388,513,322	\$ 30,347,288	7.81 %
Non-major Enterprise Funds	4,587,808	4,832,490	(244,682)	(5.06)%
Internal Service Funds	(25,600,604)	(26,542,369)	941,765	(3.55)%

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Total Operating Revenues - Proprietary Funds				
	2016	2015	Change	
Sanitary Sewer Enterprise Fund	\$ 64,604,420	\$ 59,619,728	\$ 4,984,692	8.36 %
Non-major Enterprise Funds	7,445,385	7,747,443	(302,058)	(3.90)%
Internal Service Funds	42,766,405	38,783,037	3,983,368	10.27 %
Total Operating Expenses - Proprietary Funds				
	2016	2015	Change	
Sanitary Sewer Enterprise Fund	\$ 41,908,260	\$ 40,023,556	\$ 1,884,704	4.71 %
Non-major Enterprise Funds	7,644,935	4,912,814	2,732,121	55.61 %
Internal Service Funds	42,170,324	43,985,965	(1,815,641)	(4.13)%
Total Nonoperating Revenues (Expenses), Capital Contributions and Transfers - Proprietary Funds				
	2016	2015	Change	
Sanitary Sewer Enterprise Fund	\$ 7,651,128	\$ 6,170,038	\$ 1,481,090	24.00 %
Non-major Enterprise Funds	(45,132)	(380,264)	335,132	(88.13)%
Internal Service Funds	345,684	217,452	128,232	58.97 %

Major Proprietary Fund

The sanitary sewer fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net position at the end of the fiscal year amounted to \$141.1 million. The change in operating revenues was primarily due to an 8% rate hike effective October 1, 2015, the last of a number of annual increases that brought sewer rates to a level comparable to those of Washoe County, with the goal of ceasing the rate subsidy currently occurring for the City residents being served by Washoe County's South Meadows Water Reclamation Facility, as well as keeping up with increasing costs of providing sewer services as reflected in the above table.

The City contributed \$13.6 million to the Truckee Meadows Reclamation Facility for capital improvements and its share of the joint venture's loss was \$4.5 million (primarily depreciation expense).

Budgetary Highlights for General Fund

Summary of Selected General Fund Budget to Actual Information

	Original Budget	Final Budget	Actual	Variance
Total Revenues	\$ 166,555,215	\$ 174,678,156	\$ 174,520,384	\$ (157,772)
Total Expenditures	162,964,382	169,294,633	163,699,560	5,595,073
Total Fund Balance	7,033,178	14,172,666	19,619,492	5,446,826

The Functions represent the legal level of budgetary control. Budgeted revenues increased primarily due to growth in consolidated taxes, AB 104 shared revenues, and business licenses and permits, which collectively more than offset declines in franchise fees and fines and forfeitures. Budgeted expenditures increased primarily in the Planning and Community Development function due to the addition of planners, a planning technician, and related costs. The Public Safety function also received an increased budget related to the projected hiring of additional police officers and firemen once their respective training academies were completed. Actual expenditures were less than the final budget primarily due to lower salaries and wages and related benefits resulting from the staggered start dates of new hires, as well as lower other outside services costs and grant-funded costs related to when the grant award letters were received vs. the actual expenditure of those funds.

(Continued)

CITY OF RENO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The City continues to monitor general fund costs very closely and uses a zero based program budgeting methodology.

Capital Assets Activity

At June 30, 2016, the City had total capital assets, net of accumulated depreciation and amortization totaling \$988.0 million, of \$1,277.0 million. This represents 0.12% increase when compared to the prior year.

Major capital investment activities for the fiscal year included:

\$10.6 million in infrastructure, with over \$10.5 million either contributed by developers or annexed by the City;

\$20.4 million in construction in progress, with \$15.5 million related to the Virginia Street bridge project; and

\$7.4 million in contributed sewer lines, storm drains, and other sewer improvements from developers.

Additional information on capital assets is presented in note 3 to the basic financial statements.

Long-term Debt Activity

Bonds and notes payable outstanding at June 30, 2016, totaled \$424.9 million, net of premiums and discounts, a 4.12% decrease when compared to the prior year. Debt for governmental activities represents 86.84% of total debt outstanding, with debt related to business type activities accounting for 13.16% of the total debt outstanding.

At June 30, 2016, the City had \$118.6 million of general obligation debt outstanding that is subject to the legal debt limit of \$960.4 million.

The City maintains an A1 rating from Moody's and an A- rating from Standard and Poor's for its general obligation bonds.

Note 3 to the basic financial statements provides additional details related the City's long-term debt.

Known Economic Factors

For the first two months of fiscal year 2015/16, intergovernmental consolidated tax revenues have risen 7.26% over the first two months of fiscal year 2014/15. For June of 2016, statewide taxable sales were up 9.6% over June of 2015; however, in Washoe County, taxable sales increased 12.3% for the same period.

In June of 2016 the unemployment rate in the Reno-Sparks MSA was 5.9%, which is 0.9% lower than the state unemployment rate of 6.8% and higher than the national rate of 5.1%. The Reno MSA unemployment is lower than the 6.4% for the same time period one year ago.

The annual job growth rate for the Reno metropolitan area between June 2015 and June 2016 was 3.9%, which is up from the 2.7% between June 2014 and June 2015.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF RENO

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	\$ 110,655,039	\$ 58,345,208	\$ 169,000,247
Cash, cash equivalents and investments, restricted		12,540,185	12,540,185
Accounts receivable, net	7,243,030	11,765,484	19,008,514
Interest receivable	180,426	121,629	302,055
Taxes receivable	711,051		711,051
Special assessments receivable	14,701,072		14,701,072
Due from other governments	20,794,213	1,379,236	22,173,449
Notes receivable, net	1,177,100	5,637,002	6,814,102
Inventories	813,707	143,062	956,769
Prepaid items	340,780	5,897	346,677
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		95,163,123	95,163,123
Internal balances	8,751,181	(8,751,181)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	24,904,987	14,247,189	39,152,176
Land	152,967,693	11,301,180	164,268,873
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	165,355,242	6,159,533	171,514,775
Improvements other than buildings	279,833,864	295,567,659	575,401,523
Infrastructure	304,207,518		304,207,518
Machinery, equipment and software	17,244,653	258,578	17,503,231
Art and historical treasures	1,999,005		1,999,005
Total assets	1,114,046,770	505,695,898	1,619,742,668
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments, accumulated decrease in fair value	53,341,541		53,341,541
Unamortized deferred refunding charges	27,438,633	315,512	27,754,145
Unamortized amounts related to pensions	30,606,395	2,406,026	33,012,421
Total deferred outflows of resources	111,386,569	2,721,538	114,108,107

(Continued)

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable and other accrued expenses	5,415,229	3,254,916	8,670,145
Accounts payable from restricted assets		134,963	134,963
Accrued salaries and benefits	7,079,261	248,764	7,328,025
Contracts payable	2,360,574	3,673,633	6,034,207
Contracts payable from restricted assets		414,258	414,258
Due to other governments	312,605	1,511,949	1,824,554
Deposits	1,063,094	66,046	1,129,140
Unearned revenue	4,000		4,000
Derivative instruments	53,341,541		53,341,541
Long-term liabilities, due within one year			
Bonds and notes payable	19,373,987	5,255,978	24,629,965
Compensated absences	11,594,569	987,008	12,581,577
Self-insurance liability	8,075,007		8,075,007
Interest payable	4,233,598	940,811	5,174,409
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	405,554,056	59,120,971	464,675,027
Compensated absences	9,219,347	164,158	9,383,505
Self-insurance liability	45,921,526		45,921,526
Postemployment benefits other than pensions	108,154,660	276,243	108,430,903
Net pension liability	192,138,897	15,104,397	207,243,294
Interest payable	47,096,696		47,096,696
Total liabilities	920,938,647	91,154,095	1,012,092,742
DEFERRED INFLOWS OF RESOURCES			
Unamortized amounts related to pensions	32,642,708	2,566,104	35,208,812
NET POSITION			
Net investment in capital assets	586,905,472	265,284,816	852,190,288
Restricted for			
Debt service	38,744,021		38,744,021
Capital improvement projects	12,339,276	12,461,499	24,800,775
Fire, police and other public safety programs	1,144,739		1,144,739
Self-insurance liabilities	10,334,336		10,334,336
Other	376,296		376,296
Unrestricted	(377,992,156)	136,950,922	(241,041,234)
Total net position	\$ 271,851,984	\$ 414,697,237	\$ 686,549,221

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Total			
Governmental activities							
General government	\$ 37,047,462	\$ 65,529,367	\$ 66,482	\$ 1,014,718	\$ 29,563,105		\$ 29,563,105
Judicial	7,492,820	2,226,372	87,958		(5,178,490)		(5,178,490)
Public safety	113,837,313	3,797,482	690,383	2,444,283	(106,905,165)		(106,905,165)
Public works	58,151,262	3,330,454		31,584,178	(23,236,630)		(23,236,630)
Culture and recreation	15,136,956	4,088,721	121,731	1,224,559	(9,701,945)		(9,701,945)
Planning and community development	9,751,297	1,297,148	3,543,711	2,605,402	(2,305,036)		(2,305,036)
Urban development	3,604,756	713,988	128,024		(2,762,744)		(2,762,744)
Debt service							
Interest expense and fiscal charges	24,030,171				(24,030,171)		(24,030,171)
Administrative charges and other costs	2,605,268				(2,605,268)		(2,605,268)
Total governmental activities	271,657,305	80,983,532	4,638,289	38,873,140	(147,162,344)		(147,162,344)
Business-type activities							
Sanitary sewer	46,827,174	64,593,085	100,000	12,798,509		30,664,420	30,664,420
Building permit	7,591,879	7,445,385				(146,494)	(146,494)
Total business-type activities	54,419,053	72,038,470	100,000	12,798,509		30,517,926	30,517,926
Total function/program	\$ 326,076,358	\$ 153,022,002	\$ 4,738,289	\$ 51,671,649	(147,162,344)	30,517,926	(116,644,418)

(Continued)

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES							
Property taxes					62,911,699		62,911,699
Intergovernmental consolidated taxes					56,213,644		56,213,644
Room taxes					9,447,442		9,447,442
Sales taxes restricted for debt service					10,741,137		10,741,137
Other sales taxes					335,196		335,196
Intergovernmental SCCR (AB104) taxes					3,457,174		3,457,174
Intergovernmental gaming licenses					1,438,526		1,438,526
Investment income					1,916,744	421,469	2,338,213
Gain on disposal of capital assets					50,704		50,704
Miscellaneous					1,097,292	14,721	1,112,013
					<u>147,609,558</u>	<u>436,190</u>	<u>148,045,748</u>
Total general revenues							
Transfers					222,254	(222,254)	
					<u>669,468</u>	<u>30,731,862</u>	<u>31,401,330</u>
CHANGE IN NET POSITION							
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					271,182,516	385,771,447	656,953,963
Adjustment						(1,806,072)	(1,806,072)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					<u>271,182,516</u>	<u>383,965,375</u>	<u>655,147,891</u>
NET POSITION, END OF YEAR					<u>\$ 271,851,984</u>	<u>\$ 414,697,237</u>	<u>\$ 686,549,221</u>

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF RENO

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
ASSETS						
Cash, cash equivalents and investments	\$ 12,685,748	\$ 19,884,823	\$ 8,988,995	\$ 44,804,604	\$ 86,364,170	
Accounts receivable	4,734,418	830,250		717,509	6,282,177	
Interest receivable	28,181	41,222	4,817	65,279	139,499	
Taxes receivable	491,692	151,351		68,008	711,051	
Special assessments receivable	7,708		7,736,212	6,957,152	14,701,072	
Due from other governments	11,752,693	1,212,071	2,353,042	5,414,254	20,732,060	
Due from other funds	681,000				681,000	
Advances to other funds		156,206		295,047	451,253	
Inventories	473,321	167,449			640,770	
Prepaid items	218,852		2,200	15,592	236,644	
Property held for sale				1,041,209	1,041,209	
Notes receivable, net				1,177,100	1,177,100	
Total assets	\$ 31,073,613	\$ 22,443,372	\$ 19,085,266	\$ 60,555,754	\$ 133,158,005	
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 2,452,624	\$ 353,667	\$ 20,386	\$ 1,704,309	\$ 4,530,986	
Accrued salaries and benefits	6,508,723	113,573		9,109	6,631,405	
Contracts payable	53,163	395,625		1,911,789	2,360,577	
Due to other governments	230,240			82,365	312,605	
Deposits	823,701	112,200	5,304	120,394	1,061,599	
Unearned revenue	4,000				4,000	
Due to other funds				681,000	681,000	
Advances from other funds	234,087	60,960		156,206	451,253	
Interest payable				1,555,250	1,555,250	
Debt obligations payable				1,280,000	1,280,000	
Postemployment benefits other than pensions		131,900		5,416	137,316	
Total liabilities	10,306,538	1,167,925	25,690	7,505,838	19,005,991	

(Continued)

See notes to basic financial statements.

CITY OF RENO
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	491,692	151,351		68,008	711,051	
Unavailable revenue, special assessments	7,708		7,123,981	6,434,734	13,566,423	
Unavailable revenue, other	<u>648,183</u>	<u>21,907</u>		<u>386,613</u>	<u>1,056,703</u>	
Total deferred inflows of resources	<u>1,147,583</u>	<u>173,258</u>	<u>7,123,981</u>	<u>6,889,355</u>	<u>15,334,177</u>	
Total liabilities and deferred inflows of resources	<u>11,454,121</u>	<u>1,341,183</u>	<u>7,149,671</u>	<u>14,395,193</u>	<u>34,340,168</u>	
FUND BALANCES						
Nonspendable						
Inventories	473,321	167,449			640,770	
Prepaid items	218,852		2,200	15,592	236,644	
Land held for resale				1,041,209	1,041,209	
Restricted for						
Debt service			11,933,395	16,971,817	28,905,212	
Capital improvement projects	55,528	801,934		11,481,814	12,339,276	
Fire, police and other public safety programs	297,456			847,283	1,144,739	
Other	70,218			2,414,709	2,484,927	
Assigned to						
Capital improvement projects		20,132,806		10,026,797	30,159,603	
Fire, police and other public safety programs	228,106			489,876	717,982	
Other	870,442			2,889,321	3,759,763	
Unassigned	<u>17,405,569</u>			<u>(17,857)</u>	<u>17,387,712</u>	
Total fund balances	<u>19,619,492</u>	<u>21,102,189</u>	<u>11,935,595</u>	<u>46,160,561</u>	<u>98,817,837</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,073,613</u>	<u>\$ 22,443,372</u>	<u>\$ 19,085,266</u>	<u>\$ 60,555,754</u>	<u>\$ 133,158,005</u>	

See notes to basic financial statements.

CITY OF RENO

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2016

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 98,817,837
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	\$ 1,763,650,834	
Less accumulated depreciation	<u>(821,235,538)</u>	942,415,296
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Derivative instruments, accumulated decrease in fair value	<u>53,341,541</u>	53,341,541
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(419,358,858)	
Unamortized premiums and discounts	(4,289,185)	
Unamortized deferred refunding charges	27,438,633	
Compensated absences payable	(20,708,343)	
Postemployment benefits other than pensions	(107,985,230)	
Net pension liability	(190,548,618)	
Unamortized deferred outflows related to pensions	30,353,074	
Unamortized deferred inflows related to pensions	<u>(32,372,534)</u>	(717,471,061)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(49,775,041)	
Derivative instruments	(53,341,541)	
Provision for loss contingencies	(200,000)	
Other	<u>(419,801)</u>	(103,736,383)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>15,334,177</u>	15,334,177
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	(25,600,604)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	9,380,437	
Internal service fund balance payable to business-type activities from current year activity	<u>(629,256)</u>	<u>(16,849,423)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 271,851,984</u>

CITY OF RENO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
REVENUES						
Taxes	\$ 46,362,918	\$ 14,242,941	\$ 854,988	\$ 12,699,027	\$ 74,159,874	
Business licenses, permits, franchise and other fees	46,352,317	2,806,576		32,400	49,191,293	
Intergovernmental shared revenues	63,475,806	6,005,387	8,864,540	22,734,239	101,079,972	
Charges for services	11,908,501	253		2,291,467	14,200,221	
Fines and forfeitures	2,604,594	1,734	42,422	313,565	2,962,315	
Special assessments	1,713,594		613,693	742,894	3,070,181	
Miscellaneous	2,102,654	236,740	739,849	4,466,654	7,545,897	
Total revenues	<u>174,520,384</u>	<u>23,293,631</u>	<u>11,115,492</u>	<u>43,280,246</u>	<u>252,209,753</u>	
EXPENDITURES						
Current						
General government	19,371,485			317,827	19,689,312	
Judicial	6,608,473			232,935	6,841,408	
Public safety	108,434,062			331,616	108,765,678	
Public works	5,915,897	13,069,911		3,012,554	21,998,362	
Culture and recreation	10,111,799			23,156	10,134,955	
Planning and community development	3,394,333			5,587,294	8,981,627	
Urban redevelopment				1,097,947	1,097,947	
Other	8,777,586				8,777,586	
Total current	<u>162,613,635</u>	<u>13,069,911</u>		<u>10,603,329</u>	<u>186,286,875</u>	
Capital outlay						
General government	10,779			125,000	135,779	
Public safety	590,069			171,761	761,830	
Public works	3,277	551,112		17,742,372	18,296,761	
Culture and recreation	118,438			1,621,582	1,740,020	
Planning and community development				1,208,407	1,208,407	
Total capital outlay	<u>722,563</u>	<u>551,112</u>		<u>20,869,122</u>	<u>22,142,797</u>	

(Continued)

CITY OF RENO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		Debt Service Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad		
Debt service					
Principal payments	358,565		2,845,000	12,591,638	15,795,203
Interest expense and fiscal charges	4,797		5,317,585	9,306,889	14,629,271
Administrative and other costs			1,121,941	1,483,327	2,605,268
Total debt service	<u>363,362</u>		<u>9,284,526</u>	<u>23,381,854</u>	<u>33,029,742</u>
Total expenditures	<u>163,699,560</u>	<u>13,621,023</u>	<u>9,284,526</u>	<u>54,854,305</u>	<u>241,459,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,820,824</u>	<u>9,672,608</u>	<u>1,830,966</u>	<u>(11,574,059)</u>	<u>10,750,339</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance proceeds	112,710				112,710
Proceeds from capital asset disposal	41,256				41,256
Transfers in	1,869,870	135,165		14,719,033	16,724,068
Transfers out	<u>(4,990,733)</u>	<u>(9,546,300)</u>		<u>(2,075,035)</u>	<u>(16,612,068)</u>
Total other financing sources (uses)	<u>(2,966,897)</u>	<u>(9,411,135)</u>		<u>12,643,998</u>	<u>265,966</u>
CHANGE IN FUND BALANCE	7,853,927	261,473	1,830,966	1,069,939	11,016,305
FUND BALANCE, BEGINNING OF YEAR	<u>11,765,565</u>	<u>20,840,716</u>	<u>10,104,629</u>	<u>45,090,622</u>	<u>87,801,532</u>
FUND BALANCE, END OF YEAR	<u>\$ 19,619,492</u>	<u>\$ 21,102,189</u>	<u>\$ 11,935,595</u>	<u>\$ 46,160,561</u>	<u>\$ 98,817,837</u>

See notes to basic financial statements.

CITY OF RENO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ 11,016,305
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 22,137,847	
Less current year depreciation	(47,386,401)	
Disposition of capital assets	<u>(280,006)</u>	(25,528,560)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable revenue	(2,741,579)	
Capital asset contributions	<u>13,047,939</u>	10,306,360
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued		
Debt issuance proceeds	(112,710)	
Debt principal repayments	<u>15,795,205</u>	15,682,495
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in postemployment benefits other than pensions	(9,084,782)	
Change in compensated absences payable	(1,170,547)	
Change in net pension liability	9,156,391	
Amortization of deferred refunding charges	(1,443,087)	
Amortization of debt premiums and discounts	382,510	
Change in accrued interest	(8,340,325)	
Change in provision for loss contingencies	(200,000)	
Other	<u>(419,801)</u>	(11,119,641)
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	941,765	
The internal service funds change in net position related to business-type activities	<u>(629,256)</u>	<u>312,509</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 669,468</u>

CITY OF RENO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 47,956,341	\$ 10,388,867	\$ 58,345,208	\$ 24,290,869
Accounts receivable	11,765,484		11,765,484	960,853
Interest receivable	103,303	18,326	121,629	40,927
Due from other governments	1,379,236		1,379,236	62,153
Inventories	143,062		143,062	172,937
Prepaid items	5,897		5,897	104,136
Restricted assets				
Cash, cash equivalents and investments	<u>12,540,185</u>		<u>12,540,185</u>	
Total current assets	<u>73,893,508</u>	<u>10,407,193</u>	<u>84,300,701</u>	<u>25,631,875</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	14,247,189		14,247,189	
Land	11,301,180		11,301,180	
Water rights	1,812,114		1,812,114	
Buildings and building improvements	6,159,533		6,159,533	
Improvements other than buildings	295,567,659		295,567,659	
Machinery, equipment and software	246,641	11,937	258,578	5,222,666
Total capital assets, net of accumulated depreciation and amortization	<u>329,334,316</u>	<u>11,937</u>	<u>329,346,253</u>	<u>5,222,666</u>
Other assets				
Due from other governments	5,637,002		5,637,002	
Truckee Meadows Water Reclamation Facility	95,163,123		95,163,123	
Total other assets	<u>100,800,125</u>		<u>100,800,125</u>	
Total noncurrent assets	<u>430,134,441</u>	<u>11,937</u>	<u>430,146,378</u>	<u>5,222,666</u>
Total assets	<u>504,027,949</u>	<u>10,419,130</u>	<u>514,447,079</u>	<u>30,854,541</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred refunding charges	315,512		315,512	
Unamortized amounts related to pensions	1,588,893	817,133	2,406,026	253,321
Total deferred outflows of resources	<u>1,904,405</u>	<u>817,133</u>	<u>2,721,538</u>	<u>253,321</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	3,180,799	74,117	3,254,916	685,738
Other accrued liabilities payable from restricted assets	134,963		134,963	
Accrued salaries and benefits	160,199	88,565	248,764	28,055
Contracts payable	3,671,706		3,671,706	
Contracts payable from restricted assets	414,258		414,258	
Due to other governments	1,511,949		1,511,949	
Deposits	66,046		66,046	
Interest payable	942,738		942,738	
Debt obligations payable	5,255,978		5,255,978	
Compensated absences	675,469	311,539	987,008	97,865
Self-insurance liability				8,075,007
Total current liabilities	<u>16,014,105</u>	<u>474,221</u>	<u>16,488,326</u>	<u>8,886,665</u>

(Continued)

CITY OF RENO

PROPRIETARY FUNDS STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2016

	Business-type Activities			Governmental
	Non-major			Activities
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent liabilities				
Debt obligations payable	59,120,971		59,120,971	
Compensated absences	85,261	78,897	164,158	7,708
Postemployment benefits other than pensions	182,153	94,090	276,243	32,114
Self-insurance liability				45,921,526
Net pension liability	9,974,649	5,129,748	15,104,397	1,590,279
Total noncurrent liabilities	<u>69,363,034</u>	<u>5,302,735</u>	<u>74,665,769</u>	<u>47,551,627</u>
Total liabilities	<u>85,377,139</u>	<u>5,776,956</u>	<u>91,154,095</u>	<u>56,438,292</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized amounts related to pensions	<u>1,694,605</u>	<u>871,499</u>	<u>2,566,104</u>	<u>270,174</u>
NET POSITION				
Net investment in capital assets	265,272,879	11,937	265,284,816	5,222,666
Restricted				
Capital improvement projects	12,461,499		12,461,499	
Self-insurance liabilities				10,334,337
Unrestricted	<u>141,126,232</u>	<u>4,575,871</u>	<u>145,702,103</u>	<u>(41,157,607)</u>
Total net position	<u>\$ 418,860,610</u>	<u>\$ 4,587,808</u>	423,448,418	<u>\$ (25,600,604)</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			<u>(8,751,181)</u>	
Net position of business-type activities			<u>\$ 414,697,237</u>	

CITY OF RENO

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities			Governmental Activities
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
OPERATING REVENUES				
Charges for services	\$ 62,421,101	\$ 7,445,359	\$ 69,866,460	\$ 41,658,086
Licenses and permits	305,286		305,286	
Fines and forfeitures	1,647,794		1,647,794	
Miscellaneous	230,239	26	230,265	1,108,319
Total operating revenues	<u>64,604,420</u>	<u>7,445,385</u>	<u>72,049,805</u>	<u>42,766,405</u>
OPERATING EXPENSES				
Salaries and wages	5,456,938	2,817,912	8,274,850	941,843
Employee benefits	3,440,144	2,962,608	6,402,752	553,963
Services and supplies	10,298,724	1,861,987	12,160,711	39,132,360
Joint sewer plant	13,106,261		13,106,261	
Depreciation and amortization	9,606,193	2,428	9,608,621	1,542,158
Total operating expenses	<u>41,908,260</u>	<u>7,644,935</u>	<u>49,553,195</u>	<u>42,170,324</u>
Operating income (loss)	<u>22,696,160</u>	<u>(199,550)</u>	<u>22,496,610</u>	<u>596,081</u>
NONOPERATING REVENUES (EXPENSES)				
Other grants	100,000		100,000	
Investment income	356,347	65,122	421,469	129,942
Interest and fiscal charges	(985,965)		(985,965)	
Gain (loss) on capital asset disposition	3,386	(110,254)	(106,868)	48,905
Truckee Meadows Water Reclamation Facility	(4,509,149)		(4,509,149)	
Total nonoperating revenues (expenses)	<u>(5,035,381)</u>	<u>(45,132)</u>	<u>(5,080,513)</u>	<u>178,847</u>
Income (loss) before capital contributions and transfers	<u>17,660,779</u>	<u>(244,682)</u>	<u>17,416,097</u>	<u>774,928</u>
CAPITAL CONTRIBUTIONS				
Capital contributions	7,406,035		7,406,035	166,837
Federal grants	331,884		331,884	
Sewer connection charges	5,060,590		5,060,590	
Total capital contributions	<u>12,798,509</u>		<u>12,798,509</u>	<u>166,837</u>
TRANSFERS				
Transfers out	<u>(112,000)</u>		<u>(112,000)</u>	
CHANGE IN NET POSITION	<u>30,347,288</u>	<u>(244,682)</u>	<u>30,102,606</u>	<u>941,765</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	390,319,394	4,832,490		(26,542,369)
Adjustment	(1,806,072)			
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>388,513,322</u>	<u>4,832,490</u>		<u>(26,542,369)</u>
NET POSITION, END OF YEAR	<u>\$ 418,860,610</u>	<u>\$ 4,587,808</u>		<u>\$ (25,600,604)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>629,256</u>	
CHANGE IN NET POSITION, BUSINESS-TYPE ACTIVITIES			<u>\$ 30,731,862</u>	

CITY OF RENO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service
	Sanitary Sewer	Enterprise Funds		Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 62,715,431	\$ 7,445,359	\$ 70,160,790	\$ 101,518
Cash received from interfund services				41,828,925
Cash received from other sources	2,789,104	26	2,789,130	1,479,804
Cash payments for goods and services	(20,882,529)	(1,027,391)	(21,909,920)	(35,757,382)
Cash payments for employee services	(9,772,416)	(4,905,148)	(14,677,564)	(1,999,569)
Cash payments for interfund goods and services	(3,021,722)	(812,815)	(3,834,537)	(339,565)
Cash payments for interfund employee benefits	(1,211,016)	(516,584)	(1,727,600)	(204,479)
Net cash provided by operating activities	<u>30,616,852</u>	<u>183,447</u>	<u>30,800,299</u>	<u>5,109,252</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(112,000)		(112,000)	
Cash received from grants	431,884		431,884	
Net cash provided by (used in) noncapital financing activities	<u>319,884</u>		<u>319,884</u>	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(15,957,478)	(110,254)	(16,067,732)	(1,622,038)
Proceeds received from disposal of capital assets	3,386		3,386	56,453
Principal payments on debt	(5,114,792)		(5,114,792)	
Payments of interest and fiscal charges charges on debt	(1,043,062)		(1,043,062)	
Connection charges	5,060,590		5,060,590	
Truckee Meadows Water Reclamation Facility	(13,578,529)		(13,578,529)	
Net cash used in capital financing activities	<u>(30,629,885)</u>	<u>(110,254)</u>	<u>(30,740,139)</u>	<u>(1,565,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	331,921	60,718	392,639	116,061
NET INCREASE IN CASH AND CASH EQUIVALENTS	638,772	133,911	772,683	3,659,728
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>59,857,754</u>	<u>10,254,956</u>	<u>70,112,710</u>	<u>20,631,141</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 60,496,526</u>	<u>\$ 10,388,867</u>	<u>\$ 70,885,393</u>	<u>\$ 24,290,869</u>

(Continued)

CITY OF RENO

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities			Governmental
	Non-major			Activities
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 22,696,160	\$ (199,550)	\$ 22,496,610	\$ 596,081
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	9,606,193	2,428	9,608,621	1,542,158
(Increase) decrease in operating assets				
Accounts receivable	(1,674,959)		(1,674,959)	272,357
Notes receivable	720,561		720,561	
Due from other governments	1,838,305		1,838,305	371,484
Inventories	48,776		48,776	(13,290)
Prepaid items	4,729		4,729	393,239
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	2,591,626	22,473	2,614,099	42,839
Accrued salaries and benefits	62,641	47,025	109,666	3,471
Contracts and retention payable	(3,295,260)		(3,295,260)	
Due to other governments	150,861	(692)	150,169	(34,368)
Deposits	16,210		16,210	
Compensated absences	10,176	6,862	17,038	(41,081)
Self-insurance liability				2,515,721
Postemployment benefits other than pensions	(2,375,281)	(956,390)	(3,331,671)	(496,734)
Net pension liability	216,114	1,261,291	1,477,405	(42,625)
Total adjustments	<u>7,920,692</u>	<u>382,997</u>	<u>8,303,689</u>	<u>4,513,171</u>
Net cash provided by operating activities	<u>\$ 30,616,852</u>	<u>\$ 183,447</u>	<u>\$ 30,800,299</u>	<u>\$ 5,109,252</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contribution of capital assets	<u>\$ 7,406,035</u>	<u>\$</u>	<u>\$ 7,406,035</u>	<u>\$ 166,837</u>

CITY OF RENO
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash, cash equivalents and investments	\$ 4,611,547	\$ 8,341,486
Investment in RBIF Retirement System		6,238
Interest receivable		1,141,674
Special assessments receivable		44,882
Due from other governments		<u>44,882</u>
Total assets	<u>4,611,547</u>	<u>9,534,280</u>
LIABILITIES		
Accounts payable and other accrued liabilities		92,348
Deposits		3,000,973
Due to developers, employees and others		<u>6,440,959</u>
Total liabilities		<u>9,534,280</u>
NET POSITION		
Assets held in trust for pension and other employee benefits	<u>4,611,547</u>	<u> </u>
TOTAL NET POSITION	<u><u>\$ 4,611,547</u></u>	<u><u>\$ </u></u>

CITY OF RENO

FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 4,602,762
Plan members	8,606
Investment earnings	
Interest, dividends and other investment income	275
Net change in fair value of investment	(94)
Investment expense	(2)
Total additions	<u>4,611,547</u>
CHANGE IN NET POSITION	4,611,547
NET POSITION, BEGINNING OF YEAR	<u> </u>
NET POSITION, END OF YEAR	<u><u>\$ 4,611,547</u></u>

**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The City was incorporated on March 16, 1903. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government administration; public safety (police, fire, dispatch and building inspection); public works; culture and recreation; planning and community development; urban development; and other services.

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

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

In addition, City has determined that the OPEB Trust Fund should also be presented as a blended component unit, a fiduciary fund, and presented in the City's financial statements because of the significance of its financial relationship with the City. The OPEB Trust Fund is governed by a separate three-member board all of which are appointed by and may be removed, with or without cause, by the City Council.

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and include indirect expenses allocated to each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements

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

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

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

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

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

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

The City reports the following major governmental funds:

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

Streets Special Revenue Fund – Accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.

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

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

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

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

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

Proprietary Fund Financial Statements

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

The City reports the following major proprietary fund:

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

The City reports the following non-major proprietary fund:

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

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position and a statement of changes in net position, report assets held in a trustee or agency capacity; and therefore, cannot be used to support the City's operational activities. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund types:

Agency Funds - Accounts for assets held by the City as an agent for individuals, private organizations, other governments or other funds including the collection and disbursement of special assessments and refundable performance and other deposits.

Employee Benefit Trust Fund - Accounts for assets held in an irrevocable trust fund, which are to be used for payment of other postemployment benefits. The assets are invested by the State of Nevada Retirement Benefit Investment Fund.

Assets and Liabilities

Cash, Cash Equivalents and Investments

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

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

Receivables, Payables and Unearned Revenues

Property taxes receivable that are not expected to be collected within thirty days of year end are recognized as unearned revenue in the fund financial statements, rather than revenue since the asset is not available to satisfy current obligations. Unearned revenues also arise when the City receives resources before it has a legal claim to them such as when property taxes for the following tax year are received before year end. At June 30, 2016, accounts and notes receivable are shown net of an allowance for uncollectible amounts totaling \$44,306,433.

Washoe County is responsible for the assessment, collection and subsequent distribution to the City of property taxes. Property tax rates are set in June of each year, and property tax bills are mailed out by August 1st of each year. They are due by the third Monday in August. If the property tax is greater than \$100, installments may be made and are due by the third Monday in August and the first Mondays in October, January, and March.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Pursuant to NRS 361.483(7), the Washoe County Treasurer must assess a 4% penalty on any one installment that is delinquent, a 5% penalty on any two installments together with accumulated penalties that are delinquent, 6% on any three installments together with accumulated penalties that are delinquent and a 7% penalty together with accumulated penalties if all four installments are delinquent. In the event of nonpayment, Washoe County files a lien against the property on the first Monday in June. If delinquent taxes and penalties are not paid after two years from the date of the lien, the Washoe County Treasurer obtains a deed to the property and sells the property to satisfy the lien.

Inventories and Prepaid Items

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

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

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

Restricted Assets

The ordinance levying a connection fee for tapping into the City's sewer lines restricts all monies received for the construction of and improvements to the sewer plant and sewer line system. Accordingly, a portion of the assets in the sanitary sewer enterprise fund have been restricted for that purpose.

Property Held for Resale

Property held for resale is reported in the governmental fund financial statements and in the governmental activities column on the government-wide financial statements. Property held for resale represents land held by RACOR for eventual resale and the proceeds from such sales must be used for future redevelopment projects.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$10,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost, including capitalized interest incurred during the construction phase on debt-financed projects. Donated assets are recorded at their estimated fair value on the date donated.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	10-50
Improvements other than buildings	10-100
Infrastructure	10-60
Machinery, equipment and software	2-20
Art and historical treasures	0-40

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Long-term Liabilities

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

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from City service if not previously taken. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

Deferred Compensation Plan

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

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

Postemployment Benefits Other Than Pensions (OPEB)

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value. This policy is different than the one used in prior years (Note 2, prior period adjustment, and Note 4, multiple-employer cost-sharing defined benefit pension plan).

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, represent a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide and proprietary funds statement of net position reports deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt), which will be amortized over the life of the related debt, and amounts related to pensions, including 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds balance sheet reports unavailable property tax and special assessment revenues, which will be recognized as revenue in the period that the amounts become available. The government-wide and proprietary funds statement of net position reports amounts related to pensions, including 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

Stabilization Arrangements

The stabilization fund was created, in October 2014, by the City Council under Resolution No. 8015 for the purpose of stabilizing the City's operations and mitigating the effects of a natural disaster.

Resources for the stabilization fund include committed revenue from the general fund in an amount determined to be available for this purpose. The balance in the stabilization fund is limited to 10% of prior year general fund expenditures, excluding expenditure of federal funds. Cash, cash equivalents and investments, investment income, and fund balance in the stabilization fund may not revert to any other fund or be used as a surplus for any purpose other than specified in the foregoing paragraph.

Expenditures from this fund may only be made if the total actual revenue falls short of the total anticipated revenue in the general fund for the fiscal year in which the City uses that money; or to pay expenses incurred by the local government to mitigate the effects of a natural disaster.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Net Position

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

Fund Balance

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

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

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City Council has set forth by resolution the manner of making fund balance assignments. Constraints imposed on the use of assigned fund balance mirror the requirements set forth in the applicable GASB statement for all funds except the General Fund. The City Manager was given authority under the same resolution to determine assigned fund balances in the General Fund. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

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

Prioritization and Use of Available Resources

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

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Interfund Activity

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

Use of Estimates

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

Note 2. Stewardship and Accountability

Budgets and Budgetary Accounting

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

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

Prior to April 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. These operating budgets include proposed expenditures and expenses and the means of financing them. Appropriations are required to be detailed by type (salaries and wages, employee benefits, services and supplies, or capital outlay) within a department, function and fund.

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

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

The NRS require budget controls to be exercised at the function level. The City Manager is authorized under the NRS to amend the budget by transferring appropriations within a function or program. Transfers between any function or program within a fund or transfers of appropriations between funds and the contingency account, may be authorized subject to subsequent approval by the City Council.

Revisions that alter the total appropriations of a function or fund must be approved in advance by the City Council in the form of a resolution. If the fund being augmented receives property tax revenue, notice is published in the local newspaper three working days in advance of the public meeting.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

All unencumbered appropriations lapse at the fiscal year end.

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2016, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General Fund, Intergovernmental Function	\$	(579,523)
Drainage Facility Impact Fee Special Revenue Fund, Community Development Function		(74,545)
Streets Capital Projects Fund, Public Works Function		(341)

For the year ended June 30, 2016, total expenditures exceeded appropriations for the following funds and/or functions, which are exempt from the provisions of NRS 354.626:

City of Reno Debt Service Fund, Debt Service Function	\$	(1,330)
Self-funded Workers Compensation Internal Service Fund		(1,585,110)

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

Changes in Accounting Principles and Estimates

Net position as of July 1, 2015, has been retroactively adjusted as a result of a change in accounting principle. The change involved the Truckee Meadows Water Reclamation Facility (Note 4) and its method for allocating depreciation expense to its joint venturers, the Cities of Reno and Sparks. Historically, the costs of operating and maintaining the facility, including depreciation, have been allocated to the joint venturers in proportion to the volume of sewage entering the facility from each city. During 2016, the cities agreed that the cost of the assets funded by each city would be a more appropriate metric for allocating depreciation expense. The effect of this change was to reduce net position of the Santuary Sewer Enterprise Fund and Primary Government Business-type Activities and related investment in the Truckee Meadows Water Reclamation Facility by \$1,806,072 at July 1, 2015.

Also during 2016, the City refined its technique for estimating the fair value of derivative instruments. Historically, the fair value of derivative instruments was estimated using a "mid-market" technique (Level Two Inputs as defined by GAAP). Management's current technique effectively makes additional adjustments to the "mid-market" estimates for the creditworthiness of each counterparty. These credit adjustments are based on a series of hypothetical and complex option based transactions derived from default probability arrays (Level Three Inputs). The refinement had no effect on 2016 operations.

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Deficit Fund Balance or Net Position

At June 30, 2016, the City of Reno Debt Service Fund had a fund balance deficit of \$17,857 due to the recordation of matured debt payable, including interest, on the 2007 A&B Sales Tax Increment Bonds. Sales tax increment was insufficient to make the December 29, 2015 and June 29, 2016 bond payments.

At June 30, 2016, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of \$44,554,566. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung presumptive liability issue.

New Accounting Pronouncements (not yet adopted)

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for fiscal years beginning after June 15, 2016. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management has not completed a full assessment of the statement to determine if it will have a material effect on the City's net position.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improved information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management has completed a preliminary assessment of the statement and has determined it will have a material effect on the City's net position, results of operations, or cash flows.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for financial statements for periods beginning after December 15, 2015. This statement requires governments that enter into tax abatement agreements to disclose certain information regarding the agreements with the goals of improving financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued in December 2015. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The City has implemented the requirements of GASB 79 this fiscal year, however Statement No. 79 did not directly require reporting changes, as the City does not participate in any investment pools meeting the prescribed criteria for amortized cost reporting.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, effective for financial statements for periods beginning after June 15, 2016. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* effective for financial statements for periods beginning after December 15, 2016. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

In March 2016, the GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for financial statements for periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Management has not completed a full assessment of the statement to determine if it will have a material effect on the City's net position.

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

At June 30, 2016, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 20,774,774
Cash equivalents	17,153,995
Investments	<u>133,901,549</u>
Total pooled cash, cash equivalents and investments	<u>171,830,318</u>
Non-pooled cash, cash equivalents and investments	
Cash on hand	21,320
Cash in bank	6,143,089
Cash equivalents	11,887,191
Investments	<u>4,611,547</u>
Total non-pooled cash, cash equivalents and investments	<u>22,663,147</u>
Total cash, cash equivalents and investments	<u>\$ 194,493,465</u>

At June 30, 2016, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

Governmental activities	\$ 110,655,039
Business-type activities	70,885,393
Fiduciary funds	<u>12,953,033</u>
Total cash, cash equivalents and investments	<u>\$ 194,493,465</u>

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

At year end, the City's carrying amount of deposits for cash in bank was \$26,917,863 and the bank balance was \$30,018,493. As of year end, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized in accordance with the NRS as discussed in the following paragraph.

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	5%	A-1	P-1
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	5 years	None	None	N/A	N/A
Notes and Bonds issued by U.S. Corporations	5 years	20%	None	A	A-2
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 and trust investment pools	None	None	None	N/A	N/A

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2. Inputs are other observable inputs.

Level 3. Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The estimated fair values of the City's U.S. Treasury obligations, commercial paper, and notes, bonds and other obligations issued by U.S. Corporations are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of its U.S. Agency securities is based on a matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs). The estimated fair value of the City's Local Government Investment Pool and Nevada RBIF Retirement System investments are based on the City's proportionate share of the value of the pooled investments (Level 3 inputs).

At June 30, 2016, the City had the following cash equivalents and investments:

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments						
U.S. Treasury obligations	0.5% to 1.0%	08/15/2015 to 01/31/2017	\$ 52,400,450	\$ 52,514,450	\$ 52,537,284	1.03
Commercial paper	.60%	10-28-16	5,190,000	5,190,000	5,190,000	0.34
U.S. Agency securities						
Federal National Mortgage Association	1.25% to 1.375%	11-15-16 to 1-30-17	12,800,000	13,033,040	12,845,230	0.39
Federal Farm Credit Bank	1.0%	1-19-18	8,000,000	8,007,680	8,040,880	1.54
Federal Home Loan Bank	0.625% to 1.0%	8-28-17 to 8-10-18	20,000,000	19,990,294	20,015,655	1.43
Federal Home Loan Mortgage Corporation	1%	03-8-2017 to 9-29-17	20,000,000	20,123,100	20,080,600	0.96
Local Government Investment Pool	Variable	On demand		17,153,995	17,153,995	0.38
Notes, bonds and other obligations issued by U.S. Corporations	1.05% to 1.65%	5-5-17 to 12-6-18	<u>15,000,000</u>	<u>15,137,050</u>	<u>15,191,900</u>	
Total pooled cash equivalents and investments			<u>133,390,450</u>	<u>151,149,609</u>	<u>151,055,544</u>	

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	\$	\$ 8,777,304	\$ 8,777,304	N/A
Other	Variable	On demand		3,109,887	3,109,887	N/A
Nevada RBIF Retirement System Trust Units	Variable	On demand		4,602,762	4,611,547	N/A
Total non-pooled cash equivalents and investments				16,489,953	16,498,738	
Total cash equivalents and investments			\$ 133,390,450	\$ 167,639,562	\$ 167,554,282	

* Certain U. S. Agency securities have call provisions, which, if exercised, would shorten the maturity of these investments.

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

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

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

	Standard & Poor's	Moody's	Percentage of Investment Pool
Pooled investments			
U.S. Treasury Notes	*	*	34.78 %
Commercial paper	A1+	P1	3.44 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	8.50 %
Federal Farm Credit Bank			5.32 %
Federal Home Loan Bank			13.25 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	13.29 %
Local government investment pool	N/A	N/A	11.36 %
Notes, bonds and other obligations issued by U.S. Corporations			10.06 %
Total pooled investments			100.00 %
Non-pooled investments			
Money market mutual funds	AAA	Aaa	100.00 %
Total non-pooled investments			100.00 %

* The requirement to disclose credit ratings does not apply to debt securities of the United States government, or obligations of United States government agencies that are explicitly guaranteed by the United States government.

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

Investments in any one issuer that represent 5% or more of total investments at June 30, 2016, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	33.00 %
Money market mutual funds	5.13 %
U.S. Agency securities	
Federal National Mortgage Association	8.07 %
Federal Farm Credit Bank	5.05 %
Federal Home Loan Bank	12.57 %
Federal Home Loan Mortgage Corporation	12.61 %
Local government investment pool	10.77 %
Notes, bonds and other obligations issued by U.S. Corporations	9.54 %

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

Derivative Instruments

At June 30, 2016, the City owned two hedging derivative instruments with reported fair values and changes in fair values as follows:

	Change in Fair Value		Fair value at June 30, 2016		
	Notional	Classification	Dr (Cr) Amount	Classification	Dr (Cr) Amount
Derivative instrument # 1 (fixed interest rate swap) Objective – To hedge against changes in cash flows on the 2005A Series variable rate bonds Effective date – October 26, 2005 Maturity date – June 1, 2032 Pay fixed – 3.53% Receive – Lower of 1-month LIBOR or USD-LIBOR (greater of 67% of 1-month LIBOR or 56% of 1-month LIBOR + 44 basis points)	\$ 66,600,000	Deferral	\$ (3,361,631)	Derivatives	\$ (14,360,555)
Derivative instrument # 2 (fixed interest rate swap) Objective – To hedge against changes in cash flows on the 2008A Series variable rate bonds Effective date – March 4, 2008 Maturity date – June 1, 2042 Pay fixed – 3.32% Receive – 67% of 1-month LIBOR	133,340,000	Deferral	(10,482,864)	Derivatives	(38,980,986)

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

Derivative Instrument #2 is considered a hybrid with a derivative instrument portion and a companion instrument portion related to an \$87,600 borrowing for upfront fees paid by the counterparty. The valuation method used for the derivative instrument portion was the synthetic instrument method, and the derivative instrument was considered effective, therefore, its change in fair value was reported as a deferred outflow.

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

The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swaps. As LIBOR decreases, the City's net payment increases.

The City is exposed to basis risk because the payments received from the counterparty to the interest rate swaps are based on rates or indexes other than the interest rates the City pays on its hedged, variable rate demand obligation bonds which are remarketed on a daily basis. For the month of June 2016, the average interest rate on the City's hedged 2005A variable-rate debt was 0.45205%, whereas the average rate on the payment received from the counterparty was 0.424333%. For the month of June 2016, the average rate for the hedged 2008A variable-rate debt was 0.30348%, whereas the average rate on the payment received from the counterparty was 0.435333%.

The City is exposed to termination risk because the City or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. Termination events include events stated in the swap agreements, as well as failure by the City or the counterparty to maintain certain credit ratings by Standard & Poor's and Moody's.

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, aggregate debt service requirements of the City's debt (fixed-rate and variable-rate) and net receipts and payments on associated hedging derivative instruments are presented in the following table. The amounts were based on forward rates calculated using swap curves as of June 30, 2016. As these rates vary, interest payments on the variable-rate bonds and net receipts and payments on the hedging derivative instruments will vary.

<u>For the Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Net Hedging Derivative</u>	<u>Total</u>
2017	\$ 4,300,000	\$ 756,614	\$ 5,892,387	\$ 10,949,001
2018	4,665,000	965,976	5,534,212	11,165,188
2019	5,050,000	1,251,131	5,088,280	11,389,411
2020	5,415,000	1,411,844	4,752,095	11,578,939
2021	5,855,000	1,659,115	4,317,224	11,831,339
2022 - 2026	36,155,000	9,611,860	16,928,169	62,695,029
2027 - 2031	49,940,000	7,995,855	11,381,430	69,317,285
2032 - 2036	36,730,000	4,654,396	6,566,730	47,951,126
2037 - 2041	38,905,000	2,061,243	3,340,489	44,306,732
2042 - 2046	8,965,000	101,716	173,599	9,240,315
	<u>\$ 195,980,000</u>	<u>\$ 30,469,750</u>	<u>\$ 63,974,615</u>	<u>\$ 290,424,365</u>

Capital Assets

For the year ended June 30, 2016, capital asset activity was as follows:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers*</u>	<u>Balance June 30, 2016</u>
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 9,183,235	\$ 20,438,033	\$ (7,495)	\$ (4,708,786)	\$ 24,904,987
Land	152,140,482	929,459	(102,248)		152,967,693
Water rights	1,125,000				1,125,000
Total capital assets not being depreciated or amortized	<u>162,448,717</u>	<u>21,367,492</u>	<u>(109,743)</u>	<u>(4,708,786)</u>	<u>178,997,680</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	233,870,592	1,907,143	(1,076,714)	597,407	235,298,428
Improvements other than buildings	365,611,517		(95,162)	2,683,133	368,199,488
Infrastructure	929,693,623	10,562,616	(804,299)	335,248	939,787,187
Machinery, equipment and software	62,054,678	3,195,146	(2,602,173)	1,092,998	63,740,649
Art and historical treasures	2,470,320	275,000			2,745,320
Total capital assets being depreciated or amortized	<u>1,593,700,730</u>	<u>15,939,905</u>	<u>(4,578,348)</u>	<u>4,708,786</u>	<u>1,609,771,072</u>

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Increases	Decreases	Transfers*	Balance June 30, 2016
Accumulated depreciation and amortization					
Buildings and building improvements	\$ (64,855,489)	\$ (6,065,705)	\$ 978,008	\$	\$ (69,943,186)
Improvements other than buildings	(81,274,708)	(7,186,079)	95,162		(88,365,624)
Infrastructure	(603,720,127)	(32,662,202)	802,660		(635,579,669)
Machinery, equipment and software	(45,719,769)	(3,344,764)	2,568,536		(46,495,996)
Art and historical treasures	(699,939)	(46,375)	_____	_____	(746,315)
Total accumulated depreciation and amortization	(796,270,032)	(49,305,125)	4,444,366	_____	(841,130,790)
Total capital assets being depreciated or amortized, net	797,430,698	(33,365,220)	(133,982)	4,708,786	768,640,282
Total governmental activities	\$ 959,879,415	\$ (11,997,728)	\$ (243,725)	\$ _____	\$ 947,637,962

* Includes transfers from and to proprietary funds, if any.

	Balance July 1, 2015	Increases	Decreases	Transfers*	Balance June 30, 2016
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 20,215,998	\$ 15,957,480	\$	\$ (21,926,289)	\$ 14,247,189
Land	11,301,180				11,301,180
Water rights	1,812,114	_____	_____	_____	1,812,114
Total capital assets not being depreciated or amortized	33,329,292	15,957,480	_____	(21,926,289)	27,360,483
Capital assets being depreciated or amortized					
Buildings and building improvements	12,304,507				12,304,507
Improvements other than buildings	405,931,306	7,406,035		21,926,289	435,263,630
Machinery, equipment and software	1,427,399	_____	(154,437)	_____	1,272,962
Total capital assets being depreciated or amortized	419,663,212	7,406,035	(154,437)	21,926,289	448,841,099
Accumulated depreciation and amortization					
Buildings and building improvements	(5,877,251)	(267,723)			(6,144,974)
Improvements other than buildings	(130,406,268)	(9,289,702)			(139,695,971)
Machinery, equipment and software	(1,117,624)	(51,196)	154,437	_____	(1,014,384)
Total accumulated depreciation and amortization	(137,401,143)	(9,608,621)	154,437	_____	(146,855,329)
Total capital assets being depreciated or amortized, net	282,262,069	(2,202,586)	_____	21,926,289	301,985,770
Total business-type activities	\$ 315,591,361	\$ 13,754,894	\$ _____	\$ _____	\$ 329,346,253

* Includes transfers from and to governmental funds, if any.

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,360,734
Judicial	476,937
Public safety	1,866,332
Public works	37,022,189
Culture and recreation	5,278,940
Planning and community development	436,222
Urban development	1,321,613
Internal service fund depreciation expense is charged to specific functions based on asset usage	1,542,158
Total depreciation expense, governmental activities	\$ 49,305,125
Business-type activities	
Sanitary sewer	\$ 9,606,194
Building permit	2,427
Total depreciation expense, business-type activities	\$ 9,608,621

Due To and From Other Funds

At June 30, 2016, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	Receivable	Payable
General Fund	\$ 681,000	\$
Non-major Governmental Funds		681,000
	\$ 681,000	\$ 681,000

Advances To and From Other Funds

At June 30, 2016, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
General Fund	\$	\$ 234,087
Streets Special Revenue Fund	156,206	60,960
Non-major Governmental Funds	295,047	156,206
	\$ 451,253	\$ 451,253

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The purpose of the advances in the following schedule which summarizes the related annual debt service requirements was 1) to reimburse RACOR for past incorrect property tax allocations in accordance with a multi-party settlement, and 2) to internally finance sidewalk curb and gutter improvements owed to the streets special revenue fund for the 2013 SAD improvements:

For the Year Ended June 30,	2013 No. 1 Special Assessment		Property Tax Settlement	
	Principal	Interest	Principal	Interest
2017	\$ 15,731	\$ 9,140	\$ 145,000	\$
2018	16,690	8,182	150,047	
2019	17,706	7,165		
2020	18,784	6,087		
2021	19,928	4,943		
2022 - 2026	67,367	7,248		
	\$ 156,206	\$ 42,765	\$ 295,047	\$

Interfund Transfers

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization.

For the year ended June 30, 2016, non-capital asset related interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	\$ 1,869,870
Streets Special Revenue Fund	Non-major Governmental Funds	135,164
Non-major Governmental Funds	General Fund	4,990,732
	Streets Special Revenue Fund	9,546,300
	Non-major Enterprise Funds	70,000
	Non-major Enterprise Funds	112,000
		\$ 16,724,066

Long-term Liabilities

General Obligation Bonds, Tax Allocation Bonds and Notes Payable

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

Pledged Revenue Bonds

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 229,585,478
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 6,217,455
Total pledged revenue for the year ended June 30, 2016	\$ 8,432,047
Revenue bonds issued and revenue pledge maturity	
2005A Capital Improvement Revenue Refunding Bonds ¹	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds ¹	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds ¹	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds ²	June 1, 2032

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

2. These bonds are also secured by room taxes, which was the primary bond repayment source for the fiscal year. Bonds were issued to refund the 2002 Capital Improvements Revenue Bonds.

Pledged revenue – 1% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Police Protection District

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 12,592,819
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 631,182
Total pledged revenue for the year ended June 30, 2016	\$ 854,988
Revenue bond issued and revenue pledge maturity	
2006 Taxable Senior Lien Room Tax Revenue Refunding Bonds	June 1, 2036

Pledged revenue – 1% tax on the gross receipts received from the rental of transient lodging throughout Washoe County, its 1% tax on gross receipts received from the rental of transient lodging throughout Washoe County except in the Downtown Police Protection District (up to \$1.5 million), and its 1.5% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Improvement Area and a pledge of up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 229,590,385
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 6,752,488
Total pledged revenue for the year ended June 30, 2016	\$ 3,174,597
Revenue bonds issued and revenue pledge maturity	
2005A Capital Improvement Revenue Refunding Bonds ¹	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds ²	June 1, 2032

1. Includes payment of fees to the letter of credit provider

2. Bonds were issued to refund the 2002 Capital Improvement Revenue Bonds

Pledged revenue – Up to 75% of the sales tax increment generated in the Nevada Tourism District No. 2006-1 (Cabela's/Boomtown)

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 41,307,063
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 2,756,275
Total pledged revenue for the year ended June 30, 2016	\$ 1,876,597
Revenue bonds issued and revenue pledge maturity	
2007A Sales Tax Increment Bonds ¹	June 29, 2027
2007B Sales Tax Increment Bonds ¹	June 29, 2027

1. There were insufficient revenues during the fiscal year to make scheduled debt service payments totaling \$2,835,250.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Pledged revenue – A portion of the sales tax increment generated by the Summit Sierra Shopping Center, contingent upon meeting certain sales tax growth and qualifying store requirements

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 9,567,473
Revenue bonds issued and revenue pledge maturity 2006 Sales Tax Subordinate Lien Bonds ¹	October 1, 2020

1. In fiscal year 2016, the conditions were not met so no debt service payments were made nor were any pledged revenues received by the City

Pledged revenue – Up to 1/8 of 1% of sales tax revenues generated in Washoe County

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 582,153,766
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 6,486,888
Total pledged revenue for the year ended June 30, 2016	\$ 8,864,540
Revenue bonds issued and revenue pledge maturity 2008A Sr. Lien Sales Tax Revenue Refunding Bonds ¹	June 1, 2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds ¹	June 1, 2051

1. Includes payment of fees to the letter of credit provider

Pledged revenue – Lease revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 8,130,300
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 665,167
Total pledged revenue for the year ended June 30, 2016	\$ 989,960
Revenue bonds issued and revenue pledge maturity 2014 Taxable Lease Revenue Refunding Bond ¹	July 1, 2024

1. Bonds were issued to refund the 2006 Taxable Lease Revenue Bond (ReTRAC) and the 2007 Taxable Revenue Bond (Fitzgeralds)

Business-type activities

Pledged revenue – Future utility sewer customer revenues and connection fees

Total revenue bond principal and interest remaining to be paid at June 30, 2016	\$ 81,777,035
Total revenue bond principal and interest paid during the year ended June 30, 2016	\$ 7,228,546
Total pledged revenue for the year ended June 30, 2016	\$ 37,653,104
Revenue bonds issued and revenue pledge maturity 2004 Sewer General Obligation Revenue Bonds ¹	July 1, 2024
2005 Sewer General Obligation Revenue Bonds ¹	July 1, 2025
2010 Sewer General Obligation Sewer Refunding Bonds ¹	August 1, 2040

1. Intended to be repaid solely from utility customer net revenues although the bonds constitute direct and general obligations of the City, and the full faith and credit of the City is also pledged for the principal and interest payments

Special Assessment Bonds

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Installment Purchase Agreements

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

Outstanding long-term debt obligations at June 30, 2016, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
Governmental activities				
General obligations bonds				
2013A Capital Improvement Refunding Bonds	June 1, 2018 - June 1, 2032	4.00% - 5.00%	\$ 36,115,000	\$ 36,115,000
2013B Medium-Term Various Purpose Bonds	June 1, 2014 - June 1, 2023	2.00% - 5.00%	<u>32,995,000</u>	<u>18,215,000</u>
Total general obligations bonds			<u>69,110,000</u>	<u>54,330,000</u>
Tax allocation bonds				
1998F Downtown Redevelopment Project Bonds	September 1, 2000 - September 1, 2017	4.45% -5.25%	22,685,000	2,780,000
2007A Tax Increment Senior Lien (Taxable)	June 1, 2018 - June 1, 2023	6.10%	4,000,000	4,000,000
2007B Tax Increment Senior Lien	June 1, 2019 - June 1, 2027	5.00%	4,000,000	4,000,000
2007C Tax Increment Subordinate Lien	June 1, 2019 - June 1, 2027	5.40%	12,690,000	12,690,000
2008 Tax Increment Bonds - RDA #2	June 29, 2009 - June 29, 2027	6.50%	<u>850,000</u>	<u>615,000</u>
Total tax allocation bonds			<u>44,225,000</u>	<u>24,085,000</u>
Revenue bonds				
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	64,700,000
2005B Capital Improvement Bonds	June 1, 2037 - June 1, 2040	5.42% - 5.48%	6,445,154	6,445,154
2005C Capital Improvement Bonds	June 1, 2033 - June 1, 2037	5.78%	9,192,402	9,192,402
2006C Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	8,720,000	7,275,000
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020		10,000,000	9,567,473

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	\$ 16,525,000	\$ 13,675,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	15,765,000
2008A Senior Lien ReTRAC Refunding Bonds	June 1, 2009 - June 1, 2042	Variable	143,210,000	131,280,000
2008B Subordinate ReTRAC Refunding Bonds	June 1, 2014 - June 1, 2051	6.75% - 7.875%	47,416,227	47,416,227
2014 Taxable Lease Refunding Bonds	June 1, 2014 - June 1, 2024	Variable	<u>9,188,000</u>	<u>7,778,000</u>
Total revenue bonds			<u>342,321,783</u>	<u>313,094,256</u>
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	510,000
1999 Special Improvement District No. 2	June 1, 2007 - June 1, 2025	6.08% - 7.28%	13,905,000	7,615,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	315,000
2002 Special Improvement District No. 5	December 1, 2006 -December 1, 2025	5.70% - 7.25%	7,500,000	4,865,000
2008A NV Tax-exempt Local Improvement	May 1, 2009 - May 1, 2018	4.167%	430,000	31,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	298,000
2010 Special Assessment District No. 2	November 1, 2012 -November 1, 2041	4.00%	<u>939,800</u>	<u>869,520</u>
Total special assessment bonds			<u>28,123,528</u>	<u>14,503,520</u>
Notes payable				
HUD Section 108 Loan Program	August 1, 2012 - August 1, 2020	0.31% - 2.45%	600,000	171,000
RDA Nevada Land LLC	September 1, 2008 - June 1, 2018	4.46%	6,000,000	1,650,000
Automated Data Process, Inc.	January 31, 2014 - December 31, 2018		1,251,307	625,653

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
Washoe County (Accela)	January 31, 2016 - October 31, 2020		\$ <u>300,221</u>	\$ <u>270,199</u>
Total notes payable			<u>8,151,528</u>	<u>2,716,852</u>
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 - December 15, 2023	1.00%	2,340,000	1,248,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000	1,542,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000	8,917,000
IPS Group, Inc	March 1, 2014 - February 1, 2019		<u>391,409</u>	<u>202,228</u>
Total installment purchase agreements			<u>15,852,409</u>	<u>11,909,228</u>
Total governmental activities			<u>507,784,248</u>	<u>420,638,856</u>
Business-type activities				
General obligations bonds				
2004 Sewer Revenue Bonds	July 1, 2006 - July 1, 2024	2.76% - 3.11%	73,133,162	38,776,971
2005 Sewer Revenue Bonds	July 1, 2008 - July 1, 2025	2.65%	8,033,095	4,815,026
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.00% - 4.125%	<u>21,750,000</u>	<u>20,720,000</u>
Total general obligations bonds			<u>102,916,257</u>	<u>64,311,997</u>
Total business-type activities			<u>102,916,257</u>	<u>64,311,997</u>
Total long-term debt obligations			<u>\$ 610,700,505</u>	<u>\$ 484,950,853</u>

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, annual debt service requirements to maturity were as follows:

For the Year Ended June 30,	Principal	Interest
Governmental activities		
General obligations bonds		
2017	\$ 5,560,000	\$ 2,654,863
2018	6,990,000	2,376,863
2019	7,640,000	2,037,713
2020	1,560,000	1,655,713
2021	1,715,000	1,577,713
2022 - 2026	10,910,000	6,447,313
2027 - 2031	15,980,000	3,410,438
2032 - 2036	3,975,000	198,750
Total general obligations bonds	54,330,000	20,359,366
Tax allocation bonds		
2017	1,715,000	1,265,710
2018	1,770,000	1,193,610
2019	1,825,000	1,125,260
2020	1,930,000	1,022,088
2021	2,035,000	913,073
2022 - 2026	12,010,000	2,731,128
2027 - 2031	2,800,000	146,868
Total tax allocation bonds	24,085,000	8,397,737
Revenue bonds		
2017	7,871,000	10,181,030
2018	7,178,000	8,383,652
2019	20,314,000	13,042,871
2020	19,237,927	966,947
2021	10,382,454	9,588,430
2022 - 2026	62,058,099	46,298,248
2027 - 2031	62,496,885	42,994,433
2032 - 2036	52,910,711	78,768,929
2037 - 2041	50,580,543	84,887,946
2042 - 2046	14,883,382	92,569,751
2047 - 2051	5,181,255	119,321,451
2052 - 2056		
Total revenue bonds	313,094,256	507,003,688
Special assessment bonds		
2017	1,173,400	1,071,539
2018	1,224,190	995,672
2019	1,302,010	913,106
2020	1,382,870	826,744
2021	1,471,760	734,525
2022 - 2026	7,313,540	2,071,816
2027 - 2031	157,000	143,675
2032 - 2036	191,770	84,707
2037 - 2041	234,240	43,907
2042 - 2046	52,740	1,055
Total special assessment bonds	14,503,520	6,886,746

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

For the Year Ended June 30,	Principal	Interest
Notes payable		
2017	\$ 943,306	\$ 44,830
2018	943,305	28,389
2019	668,175	10,009
2020	93,044	2,638
2021	<u>69,022</u>	<u>702</u>
Total notes payable	<u>2,716,852</u>	<u>86,568</u>
Installment purchase agreements		
2017	831,282	687,086
2018	885,282	647,019
2019	908,664	603,470
2020	921,000	556,308
2021	983,000	505,406
2022 - 2026	5,953,000	1,607,154
2027 - 2031	<u>1,427,000</u>	<u>92,042</u>
Total installment purchase agreements	<u>11,909,228</u>	<u>4,698,485</u>
Total governmental activities	<u>\$ 420,638,856</u>	<u>\$ 547,432,590</u>
Business-type activities		
General obligation/pledged revenue bonds		
2017	\$ 5,255,978	\$ 1,972,068
2018	5,405,920	1,825,014
2019	5,559,724	1,672,397
2020	5,717,503	1,511,118
2021	5,889,371	1,340,750
2022 - 2026	21,873,501	15,813,057
2027 - 2031	3,930,000	3,205,000
2032 - 2036	4,800,000	3,915,000
2037 - 2041	5,880,000	4,800,000
2042 - 2046	<u> </u>	<u> </u>
Total general obligation/pledged revenue bonds	<u>64,311,997</u>	<u>36,054,404</u>
Total business-type activities	<u>\$ 64,311,997</u>	<u>\$ 36,054,404</u>

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Long-term liabilities activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015 (Restated)	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Governmental activities					
General obligations bonds					
2013A Capital Improvement Refunding Bonds	\$ 36,115,000			\$ 36,115,000	
2013B Medium-Term Various Purpose Bonds	<u>23,460,000</u>		<u>(5,245,000)</u>	<u>18,215,000</u>	<u>5,560,000</u>
Total general obligations bonds	<u>59,575,000</u>		<u>(5,245,000)</u>	<u>54,330,000</u>	<u>5,560,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	4,370,000		(1,590,000)	2,780,000	1,675,000
2007A Tax Increment Senior Lien (Taxable)	4,000,000			4,000,000	
2007B Tax Increment Senior Lien	4,000,000			4,000,000	
2007C Tax Increment Subordinate Lien	12,690,000			12,690,000	
2008 Tax Increment Bonds - RDA #2	<u>655,000</u>		<u>(40,000)</u>	<u>615,000</u>	<u>40,000</u>
Total tax allocation bonds	<u>25,715,000</u>		<u>(1,630,000)</u>	<u>24,085,000</u>	<u>1,715,000</u>
Revenue bonds					
2005A Capital Improvement Refunding Bonds	66,600,000		(1,900,000)	64,700,000	2,100,000
2005B Capital Improvement Bonds	6,445,154			6,445,154	
2005C Capital Improvement Bonds	9,192,402			9,192,402	
2006 Taxable Room Tax Revenue Refunding Bonds	7,465,000		(190,000)	7,275,000	200,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2007A Sales Tax Increment Bonds (Cabela's)	14,270,000		(595,000)	13,675,000	1,365,000
2007B Sales Tax Increment Bonds (Cabela's)	16,310,000		(545,000)	15,765,000	1,350,000
2008A Senior Lien ReTRAC Refunding Bonds	133,340,000		(2,060,000)	131,280,000	2,200,000
2008B Subordinate ReTRAC Refunding Bonds	47,416,227			47,416,227	
2014 Taxable Lease Refunding Bonds	<u>8,384,000</u>		<u>(606,000)</u>	<u>7,778,000</u>	<u>656,000</u>

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015 (Restated)	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Total revenue bonds	\$ 318,990,256	\$ _____	\$ (5,896,000)	\$ 313,094,256	\$ 7,871,000
Special assessment bonds					
1999 Special Assessment District No. 3	595,000		(85,000)	510,000	85,000
1999 Special Improvement District No. 2	8,210,000		(595,000)	7,615,000	625,000
2001 Stead Special Improvement District No. 2	355,000		(40,000)	315,000	40,000
2002 Special Improvement District No. 5	5,200,000		(335,000)	4,865,000	345,000
2008A NV Tax-exempt Local Improvement	63,000		(32,000)	31,000	25,000
2008B NV Taxable Local Improvement	383,000		(85,000)	298,000	34,000
2010 Special Assessment District No. 2	<u>888,160</u>	<u>_____</u>	<u>(18,640)</u>	<u>869,520</u>	<u>19,400</u>
Total special assessment bonds	<u>15,694,160</u>	<u>_____</u>	<u>(1,190,640)</u>	<u>14,503,520</u>	<u>1,173,400</u>
Notes payable					
HUD Section 108 Loan Program	204,000		(33,000)	171,000	33,000
RDA Nevada Land LLC	2,250,000		(600,000)	1,650,000	600,000
Automated Data Processing, Inc.	875,915		(250,262)	625,653	250,261
Washoe County (Accela)	<u>187,512</u>	<u>112,710</u>	<u>(30,023)</u>	<u>270,199</u>	<u>60,044</u>
Total notes payable	<u>3,517,427</u>	<u>112,710</u>	<u>(913,285)</u>	<u>2,716,852</u>	<u>943,305</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,404,000		(156,000)	1,248,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	1,693,000		(151,000)	1,542,000	155,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	9,312,000		(395,000)	8,917,000	442,000
IPS Group, Inc	<u>280,510</u>	<u>_____</u>	<u>(78,282)</u>	<u>202,228</u>	<u>78,282</u>
Total installment purchase agreements	<u>12,689,510</u>	<u>_____</u>	<u>(780,282)</u>	<u>11,909,228</u>	<u>831,282</u>
Unamortized bond premiums and discounts, net	4,671,694		(382,509)	4,289,185	
Net pension liability	183,890,865	34,535,381	(26,287,347)	192,138,899	
Compensated absences	19,684,450	12,533,492	(11,404,026)	20,813,916	11,594,569

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015 (Restated)	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Postemployment benefits other than pensions	\$ 99,429,297	\$ 15,327,591	\$ (6,602,228)	\$ 108,154,660	\$
Self-insurance liability	<u>51,480,812</u>	<u>33,372,411</u>	<u>(30,856,690)</u>	<u>53,996,533</u>	<u>8,075,007</u>
Total governmental activities	<u>795,338,471</u>	<u>95,881,585</u>	<u>(91,188,007)</u>	<u>800,032,049</u>	<u>37,763,563</u>
Business-type activities					
General obligation/pledged revenue bonds					
2004 Sewer Revenue Bonds	42,931,481		(4,154,510)	38,776,971	4,273,950
2005 Sewer Revenue Bonds	5,255,309		(440,283)	4,815,026	452,028
2010 Sewer (Limited Tax) Refunding Bonds	<u>21,240,000</u>		<u>(520,000)</u>	<u>20,720,000</u>	<u>530,000</u>
Total general obligation/pledged revenue bonds	<u>69,426,790</u>		<u>(5,114,793)</u>	<u>64,311,997</u>	<u>5,255,978</u>
Unamortized bond premiums and discounts, net	67,658		(2,706)	64,952	
Net pension liability	12,466,260	4,420,197	(1,782,061)	15,104,396	
Compensated absences	1,134,128	984,258	(967,220)	1,151,166	987,008
Postemployment benefits other than pensions	<u>3,607,914</u>	<u>276,243</u>	<u>(3,607,914)</u>	<u>276,243</u>	
Total business-type activities	<u>86,702,750</u>	<u>5,680,698</u>	<u>(11,474,694)</u>	<u>80,908,754</u>	<u>6,242,986</u>
Total long-term liabilities	<u>\$ 882,041,221</u>	<u>\$ 101,562,283</u>	<u>\$ (102,662,701)</u>	<u>\$ 880,940,803</u>	<u>\$ 44,006,549</u>

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

Unamortized deferred refunding charges

Pursuant to GASB 65, 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 reported as either a deferred inflow or outflow of resources, and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prior to the adoption of GASB 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2016, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2015	\$ 28,881,720	\$ 328,658	\$ 29,210,378
Reductions	<u>(1,443,087)</u>	<u>(13,146)</u>	<u>(1,456,233)</u>
Balance June 30, 2016	<u>\$ 27,438,633</u>	<u>\$ 315,512</u>	<u>\$ 27,754,145</u>

Variable Rate and Demand Bonds

At June 30, 2016, debt obligations that include demand clauses and/or variable interest rates were as follows:

Series 2005A Tax-exempt Capital Improvement Revenue Refunding Bonds

These bonds are weekly variable rate (up to a maximum 15%) demand bonds that are remarketed by Merrill Lynch, Pierce, Fenner & Smith, Inc., and include a 3.53% interest rate swap component that is further discussed above under "Derivative Instruments."

Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds

These bonds are daily variable rate (up to a maximum 15%) demand bonds remarketed by Bank of New York Mellon, and include a 3.32% interest rate swap component that is further discussed above under "Derivative Instruments."

Series 2014 Taxable Lease Refunding Bonds

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

RDA-Nevada Land, LLC Note Payable

The interest rate is equal to one-month LIBOR plus 2% and is determined on a daily basis.

Letters of Credit

The City has an irrevocable direct-pay letter of credit issued by The Bank of New York Mellon, N.A. which secures payment of principal and interest on the Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds in the event the bonds are not successfully remarketed on a daily basis. The letter of the credit would allow the trustee to draw up to an amount equal to the principal amount of the outstanding bonds plus interest at a maximum rate of 15% for a period of 39 days. The letter of credit reimbursement agreement was issued on March 1, 2008, with an original termination date of March 4, 2011. The letter of credit has been extended over the years and is now scheduled to terminate June 2, 2018. The City pays a quarterly letter of credit fee of 75 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2016, no draws are outstanding on this letter of credit.

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The City has an irrevocable direct-pay letter of credit issued by the Bank of America, N.A. which secures payment of principal and interest on the Series 2005A Capital Improvement Revenue Refunding Bonds in the event the bonds are not successfully remarketed on a weekly basis. The letter of the credit would allow the trustee to draw up to an amount equal to the principal amount of the outstanding bonds plus interest at a maximum rate of 15% for a period of 39 days. The letter of credit reimbursement agreement was issued on February 1, 2009, with an original termination date of February 5, 2012. The letter of credit has been extended over the years (including an extension subsequent to June 30, 2016) and is now scheduled to terminate July 27, 2019. The City pays a quarterly letter of credit fee of 130 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2016, no draws are outstanding on this letter of credit.

Debt Covenants and Legal Debt Margin

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

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

Debt Defeasance

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of June 30, 2016, none of the previously defeased debt remained outstanding.

New Debt Issued

On June 25, 2014, the City of Reno finalized a medium-term obligation with Washoe County in the amount of \$300,222. At the end of fiscal year 2016, only \$187,512 was outstanding. The remaining committed amount of \$112,710 was issued during the recent fiscal year. Proceeds were used to finance implementation of the regional Accela business licensing software. This debt is payable in quarterly installments of \$15,011.08 principal plus interest at a rate of 1.99% beginning January 30, 2016, with the last installment due October 30, 2020.

Arbitrage Rebate Requirement

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

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Conduit Debt

The City has provided third-party borrowers conduit debt to finance the improvement, acquisition or construction of capital assets, which are deemed to be in the public interest, including, but not limited to, industrial and commercial facilities and equipment. The conduit debt obligations are secured by the pledged revenues of the third-party borrowers, and the City has no obligation with respect to the conduit debt after its issuance because a third-party trustee services the debt. The conduit debt, issued pursuant to NRS 268, is not, and shall never become, an obligation of the City.

Outstanding conduit debt obligations at June 30, 2016, were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
Dignity Health (previously known as, Catholic Healthcare West)	2007A	April 6, 2008	\$ 94,030,000	\$ 51,945,000
Renown Regional Medical Center (previously known as Washoe Medical Center, Inc.)	2004A/2004C	June 29, 2004	134,350,000	105,235,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2005A/2005B	February 10, 2005	96,025,000	84,050,000
Renown Regional Medical Center	2007A	April 11, 2007	120,000,000	2,190,000
Renown Regional Medical Center	2008A/2008B	June 26, 2008	86,800,000	78,900,000
Renown Regional Medical Center	2009A/2009B	January 15, 2009	<u>63,600,000</u>	<u>61,100,000</u>
			<u>\$ 594,805,000</u>	<u>\$ 383,420,000</u>

Special Assessment Debt

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2016, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
2000 Special Assessment District No. 2 Bonds (Sierra Corporate Center Project)	February 1, 2003 - February 1, 2022	3.75% - 6.80%	\$ 4,135,622	\$ 1,155,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2014 - December 1, 2022	2.00% - 4.20%	5,535,000	4,040,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 - December 1, 2023	2.00% - 6.10%	<u>7,100,000</u>	<u>2,445,000</u>
			<u>\$ 16,770,622</u>	<u>\$ 7,640,000</u>

Segment Information

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

Note 4. Other Information

Operating Lease Commitments

The City has entered into various noncancelable leases, primarily for copier equipment and office buildings. Such leases expire at various times through June 2051. For the year ended June 30, 2016, rent expense totaled \$477,748. At year end, the City's future minimum lease payments under these non-cancelable operating leases were as follows:

<u>For the Year Ended June 30,</u>				
2017		\$		469,546
2018				423,888
2019				309,966
2020				314,293
2021				318,749
2022 - 2026				821,080
2027 - 2031				821,080
2032 - 2036				821,080
2037 - 2041				821,080
2042 - 2046				821,080
2047 - 2051				<u>821,080</u>
			<u>\$</u>	<u>6,762,922</u>

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CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Other Commitments

Commitments outstanding for construction and construction-related services at June 30, 2016, for the City totaled approximately \$12.2 million. Commitments were \$2.4 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2016, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plant improvements. Of the above amount, outstanding construction-related commitments total \$8.1 million for City of Reno enterprise fund projects. In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled \$3.3 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is \$2.3 million.

Litigation

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

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

Risk Management

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

The risk retention and self-funded workers compensation internal service funds provide coverage up to \$2,500,000 for each workers compensation claim, \$1,000,000 for each general liability claim and \$50,000 for each property damage claim (except for flood and earthquake occurrences).

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

Over the last few years, the United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, as well as weakness in the commercial and investment banking systems, which has had far-reaching effects on the economic activity in the country. Over the past three years, the economy has begun to stabilize and has helped to stabilize the City's current operations as well. However, the long-term impact of these factors on the Nevada economy and the City's future operations cannot be predicted at this time, but may be substantial.

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The City's cash and cash equivalents on deposit with financial institutions are often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as a result of the economic conditions discussed in the preceding paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

Risk Retention and Self-funded Workers Compensation Internal Service Funds

All City funds participate in and make payments to the risk retention and self-funded workers compensation internal service funds based on actuarial estimates of the amounts needed to pay documented claims and establish a reserve for unknown claims.

For the fiscal years ended June 30, 2016, 2015 and 2014, changes in unknown claims liability amounts and claims liability at June 30, 2016, included in self-insurance liability were as follows:

	Risk Retention Internal Service Fund	Self-funded Workers Compensation Fund
Claims liability, July 1, 2014	\$ 3,242,627	\$ 40,388,824
Claims incurred and changes in estimate	68,874	10,440,239
Claims paid	(120,920)	(5,439,890)
Claims liability, July 1, 2015	3,190,581	45,389,173
Claims incurred and changes in estimate	(56,654)	7,388,574
Claims paid	(176,190)	(4,851,675)
Claims liability, June 30, 2016	\$ 2,957,737	\$ 47,926,072
Claims liability, due within one year	\$ 165,867	\$ 5,457,009
Claims liability, due in more than one year	\$ 2,791,870	\$ 42,469,063

Self-funded Medical Plan Internal Service Fund

The City offers health care, dental, vision and life insurance coverage under a plan offered by the City, which offers two plan options, the City of Reno Group Health Plan or the Hometown Health Plan (the City Plan) to eligible City employees and their dependents. Eligibility, benefits and employee cost are dependent upon the applicable bargaining unit contract. The City maintains stop-loss coverage in the amount of \$300,000 per employee per year. With the implementation of the Affordable Healthcare Act of 2010, the City no longer has a maximum payment per individual per lifetime.

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

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

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

For the fiscal years ended June 30, 2016, 2015 and 2014, changes in claims liability amounts and claims liability at June 30, 2016, included in self-insurance liability were as follows:

	Self-funded Medical Plan Fund
Claims liability, July 1, 2014	\$ 2,730,741
Claims incurred and changes in estimate	24,271,877
Claims paid	<u>(24,101,560)</u>
Claims liability, July 1, 2015	2,901,058
Claims incurred and changes in estimate	26,040,492
Claims paid	<u>(25,828,826)</u>
Claims liability, June 30, 2016	<u>\$ 3,112,724</u>
Claims liability, due within one year	<u>\$ 2,452,131</u>
Claims liability, due in more than one year	<u>\$ 660,593</u>

Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the City and the City of Sparks (the Cities) jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF or Facility). A committee known as the Reno-Sparks Coordinating Committee advises the Cities' Councils on matters relating to TMWRF. The Cities have joint control in approving budgets for TMWRF. As of June 30, 2016, approximately 68.63% of TMWRF's capacity was owned by the City.

The City of Sparks is responsible for administration and daily operations of TMWRF. The City is responsible for TMWRF's construction-related contracts. Except for depreciation expense, the cost of operating and maintaining TMWRF is allocated to the Cities in proportion to the volume of sewage entering the facility from each. Depreciation expense is allocated to the Cities based on the relative cost of assets funded by each. It has historically been the Cities' policy not to fund depreciation, thereby creating an accumulated deficit.

The City uses the equity method to account for its investment in TMWRF. At June 30, 2016, its investment as reported in its sanitary sewer enterprise fund totalled \$95,163,123. The City's share of TMWRF's loss after contributions for the year ended June 30, 2016 was \$4,509,149, reported as a non-operating expense.

The City obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2016, the City has a \$6,357,563 receivable from the City of Sparks for its share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City, including interest coincide with the City's payment to the State of Nevada on the loan.

Commitments outstanding for construction projects at TMWRF at June 30, 2016 totaled approximately \$3.3 million. These commitments will be shared by the City and the City of Sparks based upon their respective allocations related to the associated contracts.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Separate financial statements and information for TMWRF are available by contacting TMWRF or the Financial Services Director of the City of Sparks at 431 Prater Way, P.O. Box 857, Sparks, NV 89432-0857.

Local Government Oversight Committee Joint Venture (Truckee River Water Quality Settlement)

The City, the City of Sparks, and Washoe County (the Joint Venture Participants) purchased water rights pursuant to a 1998 settlement agreement with the Pyramid Lake Paiute Tribe of Indians, the U.S. Departments of Justice and the Interior (DOI) and Environmental Protection Agency, and the Nevada Division of Environmental Protection. The settlement allowed the Joint Venture Participants to use the full capacity of the Truckee River Water Quality Facility for a one time cost of \$24,000,000, 50% payable by the DOI and 50% payable by the Joint Venture Participants. The Joint Venture has fulfilled its obligation. The "no equity" Joint Venturer is administered by Washoe County and jointly managed by Washoe County, the City of Spark, and DOI. Each Joint Venture Participant owns an undivided and equal interest in the property and water rights purchased.

Separate financial statements and information for the joint venture are available by contacting the Washoe County Comptroller's Department, 1001 E. 9th Street, Room D200, Reno, Nevada 89512.

Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority), a joint control contractual entity of the City, the City of Sparks, and Washoe County (the Participants), was formed to purchase water assets, assume responsibility for the water utility operations of Sierra Pacific Power Company, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority issued bonds to purchase the water system that do not constitute an obligation of the Participants or of the State of Nevada. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. The Authority has a seven member governing board consisting of director appointments by the City (3), the City of Sparks (2), Washoe County (1) plus one elected at-large director.

The City provides the Authority with certain services related primarily to payroll and employee benefit administration for a monthly fee totalling \$4,806 for the year ended June 30, 2016. The City also provides maintenance services and fuel for the Authority's vehicles for a fee which totaled \$379,361 during fiscal 2016.

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

- 1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
- 2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited service.

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuary funding method used is the entry age normal cost method. It is intended to meet the funding objective and results in a relatively level long-term contributions requirement as a percentage of salary.

Effective July 1, 2015, the required contribution rates for regular members is 14.5% and 28% for employer/employee matching and EPC, respectively. The required contribution rates for police/fire members will remain the same.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PERS's website, www.nvpers.org under publications.

The total PERS pension liability was determined using GASB stipulated valuation assumptions that may vary from those used to determine prospective funding contribution rates. The following actuarial assumptions were applied to all periods included in the measurement and based on the results of an experience review completed in 2013:

Actuarial valuation date	June 30, 2015
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The total PERS pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

Regular Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.05 %	41.1	44.4
50	0.17 %	0.12 %	31.6	34.7
60	0.55 %	0.42 %	22.4	25.4
70	1.82 %	1.39 %	14.3	17.0
80	5.65 %	3.79 %	7.7	10.1

Police/Fire Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10 %	0.06 %	40.2	42.5
50	0.19 %	0.15 %	30.7	32.8
60	0.63 %	0.54 %	21.5	23.6
70	2.02 %	1.72 %	13.5	15.5
80	6.41 %	4.63 %	7.1	9.0

These mortality rates and projected life expectancies are based on the following:

For all disabled regular members and all disabled police/fire members - RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

For non-disabled male and female regular members and non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, female regular members are set back one year and non-disabled police/fire set forward one year.

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The target asset allocation policy as of the actuarial valuation date was as follows:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	25.00 %
Private markets	10 %	6.80 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

The discount rate used to measure the total pension liability at the actuarial valuation date was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at the actuarial valuation date was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability.

The City's proportionate share of the net pension liability at the actuarial valuation date using the selected discount rate of 8.00%, and the estimated liability if the rate varied by 1% follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 315,797,281	\$ 207,243,294	\$ 116,973,075

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's 1.80849% proportionate share of PERS' collective net pension liability at the actuarial valuation date was \$207,243,294. The City's relative contributions for the related fiscal year was used to determine its proportionate share.

For the period ending on the actuarial valuation date, the City's pension expense was \$26,016,328 and its reported deferred outflows and inflows of resources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 15,588,284
Net difference between projected and actual earnings on investments		11,225,672
Changes in proportion and differences between actual contributions and proportionate share of contributions	3,094,378	
Contributions made subsequent to the measurement date	29,918,043	

At June 30, 2015, the average expected remaining service life is 6.70 years.

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$33,012,421 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ending June 30,</u>	
2017	\$ (9,978,758)
2018	(9,978,758)
2019	(9,978,758)
2020	1,874,856
2021	(3,085,603)
Thereafter	(967,415)

Changes in the City's net pension liability were as follows:

Net pension liability, beginning of year	\$ 196,357,125
Pension expense	22,041,965
Employer contributions	(27,914,942)
Net new deferred inflows and outflows of resources	<u>16,759,146</u>
Net pension liability, end of year	<u>\$ 207,243,294</u>

At June 30, 2016, accrued salaries and benefits included \$3,543,608 payable to PERS for required contributions relating to the last month of the fiscal year.

Postemployment Benefits Other Than Pensions (OPEB) and OPEB Trust Fund

Plan Information and Funding

In accordance with NRS, the City provides other postemployment benefits through three plan options to retirees. In addition to the City's coverage options, eligible retirees who retired prior to September 1, 2008, may receive coverage through the Public Employee Benefit Plan (PEBP). The City's plan offers its retirees healthcare, dental, vision and life insurance benefits. Eligibility and subsidy requirements are dependent upon the applicable bargaining unit contract. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life.

The cost to the City of its plan ranges from \$319 to \$664 per retiree per month (approximately 50% to 100% of the full medical premium) and varies based on applicable bargaining unit contracts. The City also pays a subsidy to PEBP on a pay-as-you-go basis as determined by the Nevada State Legislature that ranges from \$116 to \$636 per retiree, per month.

A separate, audited post-employment benefit plan report for the City plan has not been prepared. PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	Public Employee Benefit Program	City of Reno Plan	Total
Annual required contribution (ARC)	\$ 189,476	\$ 16,271,068	\$ 16,460,544
Interest on net OPEB obligation	(1,050)	4,122,538	4,121,488
Adjustment to ARC	24,194	(5,002,392)	(4,978,198)
Annual OPEB cost	212,620	15,391,214	15,603,834
OPEB contributions made	(235,280)	(9,974,861)	(10,210,141)
Increase in net OPEB obligation	(22,660)	5,416,353	5,393,693
Net OPEB obligation (prepayment), beginning of year	(18,911)	103,056,121	103,037,210
Net OPEB obligation (prepayment), end of year	\$ (41,571)	\$ 108,472,474	\$ 108,430,903

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2016, 2015 and 2014 were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Prepayment)</u>
Public Employee Benefit Program				
2014	\$ 222,737	\$ 255,332	114.6 %	\$ (26,262)
2015	223,390	216,039	96.7 %	(18,911)
2016	212,620	235,280	110.7 %	(41,571)
City of Reno Plan				
2014	18,687,375	5,593,645	29.9 %	89,329,788
2015	19,772,855	6,046,521	30.6 %	103,056,121
2016	15,391,214	9,974,861	64.8 %	108,472,474

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Funded Status and Funding Progress

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program July 1, 2015	\$	\$ 2,888,932	\$ 2,888,932	0.0 %	\$ N/A ¹	N/A ¹
City of Reno Plan July 1, 2015		181,459,416	182,459,416	0.0 %	79,514,249	229.5 %

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

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

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

Actuarial Methods and Assumptions

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

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

	<u>Public Employee Benefit Program</u>	<u>City of Reno Plan</u>
Actuarial valuation date	July 1, 2015	July 1, 2015
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level percent of projected payroll, closed
Amortization period	26 years	26 years
Asset valuation method		
Actuarial assumptions		
Average retiree age	68.0	61.0
Investment rate of return	4%	4%
Projected salary increases	N/A ¹	4%
Inflation rate	3%	3%
Number of retirees	156	681

(Continued)

CITY OF RENO

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

	Public Employee Benefit Program	City of Reno Plan
Subsidy trend rate	8% for 2015 downgrading 0.5% per year to 5% in 2021	8% for 2015 downgrading 0.5% per year to 5% in 2021

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

OPEB Trust Fund

In a prior fiscal year, the City approved the creation of an OPEB Trust Fund. The Trust Fund is intended to qualify as a government irrevocable trust established to provide an essential governmental function (to fund OPEB) under IRS Code Section 115 and pursuant to NRS 287.017. The Trust Fund, whose assets are separate from the City's and are held for the benefit of participants and beneficiaries, invests in the Retirement Benefits Investment Fund (RBIF), which is managed through an intrastate interlocal agreement with the Retirement Benefits Investment Board, located at 693 W. Nye Lane, Carson City, Nevada. The Trust Fund is tax exempt and retirees are not taxed on benefits received. During fiscal year 2016, the City made contributions to the Trust Fund totalling \$4,611,547, which was approximately the Trust Funds net market value at June 30, 2016. Contributions to the Fund are made at the City's discretion through its annual budget process to be paid from the City's General Fund and Internal Service and Enterprise Funds.

Special Ad Valorem Capital Projects Fund

For the year ended June 30, 2016 pursuant to NRS 354.598155, \$681,723 was expended on the following projects:

Public Works capital projects	\$ 79
Parks maintenance/capital projects	31,875
ADA compliance projects	84,807
Machinery and equipment	564,962
	\$ 681,723

Subsequent Events

On September 22, 2016, the City issued 1999 Special Assessment District No. 2 Taxable Improvement Refunding Bonds, Series 2016 (ReTRAC Project). The bonds were issued to refund the outstanding 1999 Special Assessment District No. 2 Taxable Improvement Bonds, Series 2006 (ReTRAC) to reduce the interest rates and reduce the principal outstanding with excess collections. These bonds were called on September 23, 2016. The \$6,640,000 bond is payable at an interest rate ranging between 1.45% and 3.00% over nine years, with the first payment due December 1, 2016, and the final payment due June 1, 2025. The refunding will result in a net present value savings of \$1,357,907.

On July 27, 2016, the termination date of the Irrevocable Letter of Credit No. 3098520 associated with the City of Reno Tax-Exempt Capital Improvement Revenue Refunding Bonds, Series 2005A, in the amount of \$64,700,000, was extended to July 27, 2019.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF RENO

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2016

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program						
July 1, 2011	\$	\$ 4,548,123	\$ 4,548,123	0.0 %	N/A ¹	N/A ¹
July 1, 2013		3,562,240	3,562,240	0.0 %	\$ N/A ¹	N/A ¹
July 1, 2015		2,888,932	2,888,932	0.0 %	N/A ¹	N/A ¹
City of Reno Plan						
July 1, 2011		205,728,845	205,728,845	0.0 %	71,197,904	289.0 %
July 1, 2013		222,585,555	222,585,555	0.0 %	75,939,771	293.1 %
July 1, 2015		181,459,416	182,459,416	0.0 %	79,514,249	229.5 %

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

CITY OF RENO

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION FOR THE YEAR ENDED JUNE 30, 2015 AND LAST NINE FISCAL YEARS¹

<u>For the Year Ended June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	1.88407 %	\$ 247,751,652	\$ 93,801,378	264.12368 %	76.31210 %
2015	1.80849 %	207,243,295	92,099,383	225.02137 %	75.12612 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.

CITY OF RENO

**MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
 PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2016 AND LAST NINE FISCAL YEARS¹**

<u>For the Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 28,070,303	\$ 28,070,303	\$	\$ 92,099,383	30.47827 %
2016	29,918,043	29,918,043		99,031,234	30.21071 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.

CITY OF RENO

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

The general fund is used to account for all financial resources not accounted for in some other fund.

CITY OF RENO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 46,065,230	\$ 46,370,000	\$ 46,362,918	\$ (7,082)
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Business licenses	16,058,078	15,844,978	16,231,251	386,273
City gaming licenses	1,991,816	1,917,251	1,971,267	54,016
Liquor licenses	1,676,426	1,684,909	1,754,494	69,585
Excavation and encroachment permits			285	285
Franchise fees				
Electricity	11,369,086	11,000,000	10,251,397	(748,603)
Telephone	2,913,613	3,080,000	3,078,404	(1,596)
Natural gas	3,993,677	4,100,000	3,917,603	(182,397)
Sanitation	3,167,328	3,700,000	3,378,650	(321,350)
Sewer	3,208,526	3,251,310	3,322,613	71,303
Cable television	2,512,960	2,300,000	2,441,541	141,541
Non-business licenses and permits	3,153	3,153	4,812	1,659
Intergovernmental shared revenues				
Federal grants	67,601	1,856,911	1,885,633	28,722
State grants		1,015,722	12,000	(1,003,722)
State shared revenues				
Consolidated taxes	53,090,439	56,000,000	56,213,644	213,644
Dedicated sales taxes	233,725	389,190	335,196	(53,994)
Local government shared revenues				
County gaming licenses	1,573,082	1,450,000	1,438,526	(11,474)
SCCR (AB104) taxes	3,197,664	3,400,000	3,457,174	57,174
Other	96,286	114,266	133,633	19,367
Charges for services				
General government				
Administrative fees	5,492	56,000	77,378	21,378
TMWA contract payment	56,698	62,483	72,096	9,613
Indirect cost allocations	3,171,635	3,171,635	3,171,635	
Internal charges for services	143,938	143,938	143,938	
Judicial				
Municipal court charges	160,377	111,879	99,998	(11,881)
Public safety				
Police service charges	488,613	636,349	766,715	130,366
Dispatch charges	191,243	191,243	29,538	(161,705)
Work permits	27,015	20,040	25,119	5,079
Fire service charges	819,096	1,834,219	1,693,064	(141,155)
Culture and recreation				
Swimming pool fees	339,146	270,850	368,167	97,317
Culture and recreation fees	3,134,078	3,222,887	3,466,073	243,186
Public works				
Parking receipts	657,946	720,000	743,281	23,281
Community development and support				
Planning fees	500,522	555,522	655,466	99,944
Planning application fees	597,747	575,613	580,475	4,862
Other	29,272	18,000	15,558	(2,442)
Fines and forfeits				
Court and administrative fees	1,540,861	2,036,568	2,067,977	31,409
Delinquent license penalties	752,304	470,000	536,617	66,617
Special assessments				
Downtown police district	1,627,691	1,537,427	1,461,016	(76,411)
Tax maintenance district	236,194	247,921	252,578	4,657
Miscellaneous				
Investment income	25,918	50,000	101,270	51,270
Rents and royalties	469,357	625,330	572,741	(52,589)
Reimbursements and restitutions	313,567	508,029	1,234,328	726,299

CITY OF RENO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Private grants and contributions	15,750	91,469	88,335	(3,134)
Other	<u>32,065</u>	<u>43,064</u>	<u>105,980</u>	<u>62,916</u>
Total revenues	<u>166,555,215</u>	<u>174,678,156</u>	<u>174,520,384</u>	<u>(157,772)</u>
EXPENDITURES				
General government				
City manager				
Salaries and wages	3,217,215	2,955,874	2,782,153	173,721
Employee benefits	1,385,050	1,209,997	1,172,172	37,825
Services and supplies	<u>1,282,473</u>	<u>1,404,085</u>	<u>1,075,182</u>	<u>328,903</u>
Total city manager	<u>5,884,738</u>	<u>5,569,956</u>	<u>5,029,507</u>	<u>540,449</u>
Finance				
Salaries and wages	785,355	991,445	968,760	22,685
Employee benefits	421,610	594,737	509,521	85,216
Services and supplies	299,940	386,730	249,417	137,313
Capital outlay	<u>10,800</u>	<u>10,800</u>	<u>10,779</u>	<u>21</u>
Total finance	<u>1,506,905</u>	<u>1,983,712</u>	<u>1,738,477</u>	<u>245,235</u>
City attorney				
Salaries and wages	2,394,914	2,438,964	2,369,990	68,974
Employee benefits	1,186,695	1,238,683	1,203,271	35,412
Services and supplies	<u>362,474</u>	<u>369,546</u>	<u>202,072</u>	<u>167,474</u>
Total city attorney	<u>3,944,083</u>	<u>4,047,193</u>	<u>3,775,333</u>	<u>271,860</u>
Human resources				
Salaries and wages	642,057	664,130	632,533	31,597
Employee benefits	696,275	480,287	361,847	118,440
Services and supplies	<u>365,195</u>	<u>445,295</u>	<u>376,414</u>	<u>68,881</u>
Total human resources	<u>1,703,527</u>	<u>1,589,712</u>	<u>1,370,794</u>	<u>218,918</u>
Civil service				
Salaries and wages	225,856	238,800	225,255	13,545
Employee benefits	111,448	111,357	109,402	1,955
Services and supplies	<u>27,862</u>	<u>115,409</u>	<u>111,194</u>	<u>4,215</u>
Total civil service	<u>365,166</u>	<u>465,566</u>	<u>445,851</u>	<u>19,715</u>
Communications and technology				
Salaries and wages	1,823,892	1,806,145	1,691,371	114,774
Employee benefits	886,688	883,705	856,932	26,773
Services and supplies	<u>2,330,180</u>	<u>2,318,180</u>	<u>2,308,137</u>	<u>10,043</u>
Total communications and technology	<u>5,040,760</u>	<u>5,008,030</u>	<u>4,856,440</u>	<u>151,590</u>
City council				
Salaries and wages	497,016	509,147	499,589	9,558
Employee benefits	354,778	360,829	361,321	(492)
Services and supplies	<u>585,052</u>	<u>546,602</u>	<u>465,803</u>	<u>80,799</u>
Total city council	<u>1,436,846</u>	<u>1,416,578</u>	<u>1,326,713</u>	<u>89,865</u>
City clerk				
Salaries and wages	499,558	426,493	432,822	(6,329)
Employee benefits	270,310	258,411	228,216	30,195
Services and supplies	<u>180,674</u>	<u>242,112</u>	<u>178,111</u>	<u>64,001</u>
Total city clerk	<u>950,542</u>	<u>927,016</u>	<u>839,149</u>	<u>87,867</u>
Total general government	<u>20,832,567</u>	<u>21,007,763</u>	<u>19,382,264</u>	<u>1,625,499</u>

CITY OF RENO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Judicial				
Municipal court				
Salaries and wages	3,509,435	3,616,554	3,523,372	93,182
Employee benefits	1,997,235	2,038,015	2,033,447	4,568
Services and supplies	968,286	1,047,672	1,051,654	(3,982)
Total judicial	<u>6,474,956</u>	<u>6,702,241</u>	<u>6,608,473</u>	<u>93,768</u>
Public safety				
Police				
Salaries and wages	34,355,601	36,116,708	34,403,060	1,713,648
Employee benefits	18,980,313	19,422,901	18,945,617	477,284
Services and supplies	4,899,882	6,550,182	5,375,647	1,174,535
Capital outlay		30,100	348,004	(317,904)
Total police	<u>58,235,796</u>	<u>62,119,891</u>	<u>59,072,328</u>	<u>3,047,563</u>
Fire				
Salaries and wages	23,958,809	25,973,839	26,601,420	(627,581)
Employee benefits	14,422,069	14,026,245	13,986,471	39,774
Services and supplies	2,668,295	3,721,379	3,748,325	(26,946)
Capital outlay	390,000	387,073	242,065	145,008
Total fire	<u>41,439,173</u>	<u>44,108,536</u>	<u>44,578,281</u>	<u>(469,745)</u>
Dispatch				
Salaries and wages	3,930,744	3,634,354	3,493,308	141,046
Employee benefits	1,984,007	1,854,682	1,738,402	116,280
Services and supplies	238,105	238,105	141,812	96,293
Total dispatch	<u>6,152,856</u>	<u>5,727,141</u>	<u>5,373,522</u>	<u>353,619</u>
Total public safety	<u>105,827,825</u>	<u>111,955,568</u>	<u>109,024,131</u>	<u>2,931,437</u>
Public works				
Various				
Salaries and wages	2,762,988	2,838,688	2,643,470	195,218
Employee benefits	1,406,443	1,409,881	1,379,522	30,359
Services and supplies	1,912,747	2,073,357	1,892,905	180,452
Capital outlay	40,000	40,000	3,277	36,723
Total public works	<u>6,122,178</u>	<u>6,361,926</u>	<u>5,919,174</u>	<u>442,752</u>
Culture and recreation				
Parks and recreation				
Salaries and wages	5,796,583	5,884,345	5,722,292	162,053
Employee benefits	2,501,533	2,325,646	2,241,432	84,214
Services and supplies	2,019,371	2,224,422	2,148,075	76,347
Capital outlay		5,000	118,438	(113,438)
Total culture and recreation	<u>10,317,487</u>	<u>10,439,413</u>	<u>10,230,237</u>	<u>209,176</u>
Planning and community development				
Various				
Salaries and wages	1,744,044	1,801,469	1,632,950	168,519
Employee benefits	881,986	894,502	795,630	98,872
Services and supplies	1,201,260	1,545,952	965,753	580,199
Capital outlay		22,433		22,433
Total planning and community development	<u>3,827,290</u>	<u>4,264,356</u>	<u>3,394,333</u>	<u>870,023</u>

CITY OF RENO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
Other				
Retired employees trust				
Employee benefits	4,866,000	4,597,544	4,595,603	1,941
Various				
Services and supplies	4,332,725	3,602,460	4,181,983	(579,523)
Total other	9,198,725	8,200,004	8,777,586	(577,582)
Debt service				
Principal payments	358,565	358,565	358,565	
Interest expense and fiscal charges	4,789	4,797	4,797	
Total debt service	363,354	363,362	363,362	
Total expenditures	162,964,382	169,294,633	163,699,560	5,595,073
EXCESS OF REVENUES OVER EXPENDITURES	3,590,833	5,383,523	10,820,824	5,437,301
OTHER FINANCING SOURCES (USES)				
Debt issuance proceeds		112,710	112,710	
Proceeds from capital asset disposal		31,730	41,256	9,526
Transfers in	1,396,377	1,869,870	1,869,870	
Transfers out	(4,777,757)	(4,990,732)	(4,990,733)	(1)
Contingencies	(600,000)			
Total other financing sources (uses)	(3,981,380)	(2,976,422)	(2,966,897)	9,525
CHANGE IN FUND BALANCE	(390,547)	2,407,101	7,853,927	5,446,826
FUND BALANCE, BEGINNING OF YEAR	7,423,725	11,765,565	11,765,565	
FUND BALANCE, END OF YEAR	\$ 7,033,178	\$ 14,172,666	\$ 19,619,492	\$ 5,446,826

CITY OF RENO

MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Streets

Accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.

CITY OF RENO

STREETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 13,875,445	\$ 13,875,445	\$ 14,242,941	\$ 367,496
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Excavation and encroachment permits	125,000	167,337	172,135	4,798
Franchise fees				
Water	1,900,000	2,731,619	2,634,441	(97,178)
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	3,225,914	5,895,000	5,987,016	92,016
Other		18,371	18,371	
Other			253	253
Fines and forfeits				
Street patching penalties	5,000	3,000	1,734	(1,266)
Miscellaneous				
Investment income	10,000	75,043	155,455	80,412
Reimbursements and restitutions		29,950	34,538	4,588
Private grants and contributions		200	200	
Other		46,150	46,547	397
Total revenues	<u>19,141,359</u>	<u>22,842,115</u>	<u>23,293,631</u>	<u>451,516</u>
EXPENDITURES				
Public works				
Various				
Salaries and wages	4,325,497	4,391,653	3,942,747	448,906
Employee benefits	2,533,722	2,827,713	2,614,802	212,911
Services and supplies	6,314,140	6,592,957	6,512,362	80,595
Capital outlay	5,070,000	1,914,000	551,112	1,362,888
Total expenditures	<u>18,243,359</u>	<u>15,726,323</u>	<u>13,621,023</u>	<u>2,105,300</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>898,000</u>	<u>7,115,792</u>	<u>9,672,608</u>	<u>2,556,816</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	135,165	135,165	
Transfers out	(6,346,300)	(9,546,300)	(9,546,300)	
Total other financing sources (uses)	<u>(6,236,300)</u>	<u>(9,411,135)</u>	<u>(9,411,135)</u>	
CHANGE IN FUND BALANCE	(5,338,300)	(2,295,343)	261,473	2,556,816
FUND BALANCE, BEGINNING OF YEAR	<u>15,788,298</u>	<u>20,840,714</u>	<u>20,840,716</u>	<u>2</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,449,998</u>	<u>\$ 18,545,371</u>	<u>\$ 21,102,189</u>	<u>\$ 2,556,818</u>

CITY OF RENO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2016, no significant events occurred that would have affected and, therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2013, July 1, 2011 and July 1, 2009.

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

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

Note 2. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2016 there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2015.

Additional pension plan information can be found in Note 4 to the basic financial statements.

Note 3. Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual fund data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

**OTHER SUPPLEMENTARY
INFORMATION**

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

CITY OF RENO

MAJOR DEBT SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Railroad

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

CITY OF RENO

RAILROAD DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 700,000	\$ 750,000	\$ 854,988	\$ 104,988
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	7,854,000	8,000,000	8,864,540	864,540
Fines and forfeits				
SAD penalties		43,000	42,422	(578)
Special assessments				
ReTRAC	650,000	650,000	613,693	(36,307)
Miscellaneous				
Investment income	700,000	711,500	714,304	2,804
Other		25,327	25,545	218
Total revenues	<u>9,904,000</u>	<u>10,179,827</u>	<u>11,115,492</u>	<u>935,665</u>
EXPENDITURES				
Debt service				
Principal payments	2,840,000	2,895,000	2,845,000	50,000
Interest expense and fiscal charges	5,464,912	5,324,912	5,317,585	7,327
Administrative and other costs	1,372,500	1,372,500	1,121,941	250,559
Total expenditures	<u>9,677,412</u>	<u>9,592,412</u>	<u>9,284,526</u>	<u>307,886</u>
CHANGE IN FUND BALANCE	226,588	587,415	1,830,966	1,243,551
FUND BALANCE, BEGINNING OF YEAR	<u>9,351,000</u>	<u>10,104,628</u>	<u>10,104,629</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,577,588</u>	<u>\$ 10,692,043</u>	<u>\$ 11,935,595</u>	<u>\$ 1,243,552</u>

**NON-MAJOR
GOVERNMENTAL FUNDS**

CITY OF RENO

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
ASSETS				
Cash, cash equivalents and investments	\$ 6,772,287	\$ 16,056,440	\$ 21,975,877	\$ 44,804,604
Accounts receivable	197,403	86,895	433,211	717,509
Interest receivable	10,338	20,501	34,440	65,279
Taxes receivable		68,008		68,008
Special assessments receivable		6,957,152		6,957,152
Due from other governments	1,582,275	3,637,634	194,345	5,414,254
Advances to other funds		295,047		295,047
Prepaid items	15,592			15,592
Property held for sale	1,041,209			1,041,209
Notes receivable, net			1,177,100	1,177,100
	<u>\$ 9,619,104</u>	<u>\$ 27,121,677</u>	<u>\$ 23,814,973</u>	<u>\$ 60,555,754</u>
Total assets	\$ 9,619,104	\$ 27,121,677	\$ 23,814,973	\$ 60,555,754
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 576,390	\$ 264,299	\$ 863,620	\$ 1,704,309
Accrued salaries and benefits	9,109			9,109
Contracts payable	311,145		1,600,644	1,911,789
Due to other governments	81,974	391		82,365
Deposits	75,151	41,243	4,000	120,394
Due to other funds	681,000			681,000
Advances from other funds		156,206		156,206
Interest payable		1,555,250		1,555,250
Debt obligations payable		1,280,000		1,280,000
Postemployment benefits other than pensions	5,416			5,416
	<u>1,740,185</u>	<u>3,297,389</u>	<u>2,468,264</u>	<u>7,505,838</u>
Total liabilities	1,740,185	3,297,389	2,468,264	7,505,838
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes		68,008		68,008
Unavailable revenue, special assessments		6,434,734		6,434,734
Unavailable revenue, other	12,677	367,586	6,350	386,613
	<u>12,677</u>	<u>6,870,328</u>	<u>6,350</u>	<u>6,889,355</u>
Total deferred inflows of resources	12,677	6,870,328	6,350	6,889,355
Total liabilities and deferred inflows of resources	1,752,862	10,167,717	2,474,614	14,395,193
FUND BALANCES				
Nonspendable				
Prepaid items	15,592			15,592
Land held for resale	1,041,209			1,041,209
Restricted for				
Debt service		16,971,817		16,971,817
Capital improvement projects	168,252		11,313,562	11,481,814
Fire, police and other public safety programs	847,283			847,283
Other	2,414,709			2,414,709
Assigned to				
Capital improvement projects			10,026,797	10,026,797
Fire, police and other public safety programs	489,876			489,876
Other	2,889,321			2,889,321
Unassigned		(17,857)		(17,857)
	<u>7,866,242</u>	<u>16,953,960</u>	<u>21,340,359</u>	<u>46,160,561</u>
Total fund balances	7,866,242	16,953,960	21,340,359	46,160,561
Total liabilities, deferred inflows of resources and fund balances	\$ 9,619,104	\$ 27,121,677	\$ 23,814,973	\$ 60,555,754

CITY OF RENO

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
REVENUES				
Taxes	\$ 2,374,998	\$ 9,099,470	\$ 1,224,559	\$ 12,699,027
Business licenses, permits, franchise and other fees			32,400	32,400
Intergovernmental shared revenues	5,951,714	2,186,817	14,595,708	22,734,239
Charges for services	352,477		1,938,990	2,291,467
Fines and forfeitures	297,065	16,500		313,565
Special assessments		742,894		742,894
Miscellaneous	1,606,355	2,443,738	416,561	4,466,654
Total revenues	<u>10,582,609</u>	<u>14,489,419</u>	<u>18,208,218</u>	<u>43,280,246</u>
EXPENDITURES				
Current				
General government	317,827			317,827
Judicial	232,935			232,935
Public safety	331,616			331,616
Public works			3,012,554	3,012,554
Culture and recreation			23,156	23,156
Planning and community development	5,587,294			5,587,294
Urban redevelopment	1,097,947			1,097,947
Total current	<u>7,567,619</u>		<u>3,035,710</u>	<u>10,603,329</u>
Capital outlay				
General government	125,000			125,000
Public safety	171,761			171,761
Public works			17,742,372	17,742,372
Culture and recreation			1,621,582	1,621,582
Planning and community development	1,208,407			1,208,407
Total capital outlay	<u>1,505,168</u>		<u>19,363,954</u>	<u>20,869,122</u>
Debt service				
Principal payments	33,000	12,558,638		12,591,638
Interest expense and fiscal charges	3,280	9,303,609		9,306,889
Administrative and other costs		1,483,327		1,483,327
Total debt service	<u>36,280</u>	<u>23,345,574</u>		<u>23,381,854</u>
Total expenditures	<u>9,109,067</u>	<u>23,345,574</u>	<u>22,399,664</u>	<u>54,854,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,473,542</u>	<u>(8,856,155)</u>	<u>(4,191,446)</u>	<u>(11,574,059)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	95,000	9,381,057	5,242,976	14,719,033
Transfers out	(1,436,377)	(173,657)	(465,001)	(2,075,035)
Total other financing sources (uses)	<u>(1,341,377)</u>	<u>9,207,400</u>	<u>4,777,975</u>	<u>12,643,998</u>
CHANGE IN FUND BALANCE	132,165	351,245	586,529	1,069,939
FUND BALANCE, BEGINNING OF YEAR	<u>7,734,077</u>	<u>16,602,715</u>	<u>20,753,830</u>	<u>45,090,622</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,866,242</u>	<u>\$ 16,953,960</u>	<u>\$ 21,340,359</u>	<u>\$ 46,160,561</u>

SPECIAL REVENUE FUNDS

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

HUD and State Housing Grants

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

Community Assistance Center

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

Stabilization

Accounts for funds to be used only if the total actual revenue falls short of the total anticipated revenue in the general fund or to pay expenses incurred to mitigate the effects of a natural disaster.

Room Tax

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

Courts

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

Drug Forfeiture

Accounts for revenue sources restricted for expenditures to enforce the provisions of Nevada Revised Statutes regarding controlled substances and for law enforcement uses as specified by the United States, Department of Justice.

Redevelopment Agency

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

Drainage Facility Impact Fee

Accounts for the collection and distribution of impact fees for a drainage facility in South Meadows/Damonte Ranch areas.

CITY OF RENO

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
ASSETS									
Cash, cash equivalents and investments	\$ 229,790	\$ 885,227	\$ 2,102,912	\$ 1,005,890	\$ 604,910	\$ 1,343,304	\$ 478,709	\$ 121,545	\$ 6,772,287
Accounts receivable		28,783					168,620		197,403
Interest receivable		1,234	3,520	1,492	988	2,208	755	141	10,338
Due from other governments	1,063,618	269,560		227,430	330		21,337		1,582,275
Prepaid items					3,482		12,110		15,592
Property held for sale							1,041,209		1,041,209
Total assets	\$ 1,293,408	\$ 1,184,804	\$ 2,106,432	\$ 1,234,812	\$ 609,710	\$ 1,345,512	\$ 1,722,740	\$ 121,686	\$ 9,619,104
LIABILITIES									
Accounts payable and other accrued liabilities	\$ 43,319	\$ 248,364		\$ 113,180	\$ 2,089	\$ 8,353	\$ 40,214	\$ 120,871	\$ 576,390
Accrued salaries and benefits	7,750	1,359							9,109
Contracts payable	248,448						62,697		311,145
Due to other governments					81,974				81,974
Deposits					51		75,100		75,151
Due to other funds	681,000								681,000
Postemployment benefits other than pensions	4,614	802							5,416
Total liabilities	985,131	250,525		113,180	84,114	8,353	178,011	120,871	1,740,185
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, other		12,227					450		12,677
Total liabilities and deferred inflows of resources	985,131	262,752		113,180	84,114	8,353	178,461	120,871	1,752,862

(Continued)

CITY OF RENO

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2016**

	<u>HUD and State Housing Grants</u>	<u>Community Assistance Center</u>	<u>Stabilization</u>	<u>Room Tax</u>	<u>Courts</u>	<u>Drug Forfeiture</u>	<u>Redevelopment Agency</u>	<u>Drainage Facility Impact Fee</u>	<u>Total Special Revenue Funds</u>
FUND BALANCES									
Nonspendable									
Prepaid items					3,482		12,110		15,592
Land held for resale							1,041,209		1,041,209
Restricted for									
Capital improvement projects					168,252				168,252
Fire, police and other public safety programs						847,283			847,283
Other	308,277		2,106,432						2,414,709
Assigned to									
Fire, police and other public safety programs						489,876			489,876
Other		922,052		1,121,632	353,862		490,960	815	2,889,321
Total fund balances	<u>308,277</u>	<u>922,052</u>	<u>2,106,432</u>	<u>1,121,632</u>	<u>525,596</u>	<u>1,337,159</u>	<u>1,544,279</u>	<u>815</u>	<u>7,866,242</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,293,408</u>	<u>\$ 1,184,804</u>	<u>\$ 2,106,432</u>	<u>\$ 1,234,812</u>	<u>\$ 609,710</u>	<u>\$ 1,345,512</u>	<u>\$ 1,722,740</u>	<u>\$ 121,686</u>	<u>\$ 9,619,104</u>

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
REVENUES									
Taxes	\$			\$ 2,374,998					\$ 2,374,998
Intergovernmental shared revenues	4,153,651	1,670,039					128,024		5,951,714
Charges for services								352,477	352,477
Fines and forfeitures						297,065			297,065
Miscellaneous	<u>301,208</u>	<u>199,667</u>	<u>6,432</u>	<u>9,062</u>	<u>361,530</u>	<u>9,498</u>	<u>717,996</u>	<u>962</u>	<u>1,606,355</u>
Total revenues	<u>4,454,859</u>	<u>1,869,706</u>	<u>6,432</u>	<u>2,384,060</u>	<u>361,530</u>	<u>306,563</u>	<u>846,020</u>	<u>353,439</u>	<u>10,582,609</u>
EXPENDITURES									
Current									
General government				317,827					317,827
Judicial					232,935				232,935
Public safety						331,616			331,616
Planning and community development	3,247,282	1,987,519						352,493	5,587,294
Urban redevelopment							1,097,947		1,097,947
Total current	<u>3,247,282</u>	<u>1,987,519</u>		<u>317,827</u>	<u>232,935</u>	<u>331,616</u>	<u>1,097,947</u>	<u>352,493</u>	<u>7,567,619</u>
Capital outlay									
General government				125,000					125,000
Public safety						171,761			171,761
Planning and community development	<u>1,208,407</u>								<u>1,208,407</u>
Total capital outlay	<u>1,208,407</u>			<u>125,000</u>		<u>171,761</u>			<u>1,505,168</u>
Debt service									
Principal payments									33,000
Interest expense and fiscal charges	<u>3,280</u>								<u>3,280</u>
Total debt service	<u>36,280</u>								<u>36,280</u>
Total expenditures	<u>4,491,969</u>	<u>1,987,519</u>		<u>442,827</u>	<u>232,935</u>	<u>503,377</u>	<u>1,097,947</u>	<u>352,493</u>	<u>9,109,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,110)</u>	<u>(117,813)</u>	<u>6,432</u>	<u>1,941,233</u>	<u>128,595</u>	<u>(196,814)</u>	<u>(251,927)</u>	<u>946</u>	<u>1,473,542</u>
OTHER FINANCING SOURCES (USES)									
Transfers in		95,000							95,000
Transfers out				<u>(1,396,377)</u>			<u>(40,000)</u>		<u>(1,436,377)</u>
Total other financing sources (uses)		<u>95,000</u>		<u>(1,396,377)</u>			<u>(40,000)</u>		<u>(1,341,377)</u>

(Continued)

CITY OF RENO

**NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
CHANGE IN FUND BALANCE	(37,110)	(22,813)	6,432	544,856	128,595	(196,814)	(291,927)	946	132,165
FUND BALANCE, BEGINNING OF YEAR	345,387	944,865	2,100,000	576,776	397,001	1,533,973	1,836,206	(131)	7,734,077
FUND BALANCE, END OF YEAR	\$ 308,277	\$ 922,052	\$ 2,106,432	\$ 1,121,632	\$ 525,596	\$ 1,337,159	\$ 1,544,279	\$ 815	\$ 7,866,242

CITY OF RENO

HUD AND STATE HOUSING GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Federal grants	\$ 2,479,777	\$ 5,825,899	\$ 3,730,807	\$ (2,095,092)
State grants		666,000	422,844	(243,156)
Miscellaneous				
Investment income			262	262
Loan payments	<u>200,000</u>	<u>136,280</u>	<u>300,946</u>	<u>164,666</u>
Total revenues	<u>2,679,777</u>	<u>6,628,179</u>	<u>4,454,859</u>	<u>(2,173,320)</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	273,479	277,111	261,448	15,663
Employee benefits	167,294	170,869	147,837	23,032
Services and supplies	2,457,844	5,760,399	2,837,997	2,922,402
Capital outlay			<u>1,208,407</u>	<u>(1,208,407)</u>
Total planning and community development	<u>2,898,617</u>	<u>6,208,379</u>	<u>4,455,689</u>	<u>1,752,690</u>
Debt service				
Principal payments	33,000	33,000	33,000	
Interest expense and fiscal charges	<u>3,280</u>	<u>3,280</u>	<u>3,280</u>	
Total debt service	<u>36,280</u>	<u>36,280</u>	<u>36,280</u>	
Total expenditures	<u>2,934,897</u>	<u>6,244,659</u>	<u>4,491,969</u>	<u>1,752,690</u>
CHANGE IN FUND BALANCE	(255,120)	383,520	(37,110)	(420,630)
FUND BALANCE, BEGINNING OF YEAR	<u>412,050</u>	<u>345,387</u>	<u>345,387</u>	
FUND BALANCE, END OF YEAR	<u>\$ 156,930</u>	<u>\$ 728,907</u>	<u>\$ 308,277</u>	<u>\$ (420,630)</u>

CITY OF RENO

COMMUNITY ASSISTANCE CENTER SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Federal grants	\$ 665,740	\$ 208,276	\$ 292,609	\$ 84,333
State grants	62,000			
Other	1,534,119	1,386,686	1,377,430	(9,256)
Miscellaneous				
Investment income		2,500	2,748	248
Rents and royalties	22,009	21,656	23,510	1,854
Reimbursements and restitutions		152,434	173,409	20,975
Total revenues	<u>2,283,868</u>	<u>1,771,552</u>	<u>1,869,706</u>	<u>98,154</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	42,404	43,231	43,182	49
Employee benefits	33,101	34,154	28,728	5,426
Services and supplies	2,662,673	2,345,255	1,915,609	429,646
Total planning and community development	<u>2,738,178</u>	<u>2,422,640</u>	<u>1,987,519</u>	<u>435,121</u>
Total expenditures	<u>2,738,178</u>	<u>2,422,640</u>	<u>1,987,519</u>	<u>435,121</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(454,310)</u>	<u>(651,088)</u>	<u>(117,813)</u>	<u>533,275</u>
OTHER FINANCING SOURCES				
Transfers in	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	
CHANGE IN FUND BALANCE	(359,310)	(556,088)	(22,813)	533,275
FUND BALANCE, BEGINNING OF YEAR	<u>487,769</u>	<u>944,865</u>	<u>944,865</u>	
FUND BALANCE, END OF YEAR	<u>\$ 128,459</u>	<u>\$ 388,777</u>	<u>\$ 922,052</u>	<u>\$ 533,275</u>

CITY OF RENO

STABILIZATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ 5,000	\$ 6,432	\$ 1,432
CHANGE IN FUND BALANCE		5,000	6,432	1,432
FUND BALANCE, BEGINNING OF YEAR	_____	2,100,000	2,100,000	_____
FUND BALANCE, END OF YEAR	<u>\$ _____</u>	<u>\$ 2,105,000</u>	<u>\$ 2,106,432</u>	<u>\$ 1,432</u>

CITY OF RENO

ROOM TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 1,860,000	\$ 1,860,000	\$ 2,374,998	\$ 514,998
Miscellaneous				
Investment income		1,738	4,227	2,489
Private grants and contributions		4,835	4,835	
Total revenues	<u>1,860,000</u>	<u>1,866,573</u>	<u>2,384,060</u>	<u>517,487</u>
EXPENDITURES				
General government				
City manager				
Services and supplies	463,623	996,972	317,827	679,145
Capital outlay		50,000	125,000	(75,000)
Total expenditures	<u>463,623</u>	<u>1,046,972</u>	<u>442,827</u>	<u>604,145</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,396,377</u>	<u>819,601</u>	<u>1,941,233</u>	<u>1,121,632</u>
OTHER FINANCING USES				
Transfers out	<u>(1,396,377)</u>	<u>(1,396,377)</u>	<u>(1,396,377)</u>	
CHANGE IN FUND BALANCE		(576,776)	544,856	1,121,632
FUND BALANCE, BEGINNING OF YEAR		<u>576,776</u>	<u>576,776</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 1,121,632</u>	<u>\$ 1,121,632</u>

CITY OF RENO

COURTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ 206,234	\$ 1,071	\$ 3,347	\$ 2,276
Court administrative charges	156,140	186,865	198,542	11,677
Court Construction fees	44,335	101,279	115,502	14,223
Collection charges	<u>44,335</u>	<u>39,229</u>	<u>44,139</u>	<u>4,910</u>
Total revenues	<u>406,709</u>	<u>328,444</u>	<u>361,530</u>	<u>33,086</u>
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	<u>760,111</u>	<u>725,443</u>	<u>232,935</u>	<u>492,508</u>
CHANGE IN FUND BALANCE	(353,402)	(396,999)	128,595	525,594
FUND BALANCE, BEGINNING OF YEAR	<u>353,402</u>	<u>396,999</u>	<u>397,001</u>	<u>2</u>
FUND BALANCE, END OF YEAR	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 525,596</u></u>	<u><u>\$ 525,596</u></u>

CITY OF RENO

DRUG FORFEITURE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
Drug forfeitures	\$ 50,000	\$ 250,000	\$ 297,065	\$ 47,065
Miscellaneous				
Investment income		3,402	9,498	6,096
Total revenues	<u>50,000</u>	<u>253,402</u>	<u>306,563</u>	<u>53,161</u>
EXPENDITURES				
Public safety				
Police				
Services and supplies	500,000	750,000	331,616	418,384
Capital outlay			171,761	(171,761)
Total expenditures	<u>500,000</u>	<u>750,000</u>	<u>503,377</u>	<u>246,623</u>
CHANGE IN FUND BALANCE	(450,000)	(496,598)	(196,814)	299,784
FUND BALANCE, BEGINNING OF YEAR	<u>1,391,017</u>	<u>1,533,972</u>	<u>1,533,973</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 941,017</u>	<u>\$ 1,037,374</u>	<u>\$ 1,337,159</u>	<u>\$ 299,785</u>

CITY OF RENO

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	\$ 128,024	\$ 128,024	\$ 128,024	\$
Miscellaneous				
Investment income		1,533	4,008	2,475
Rents and royalties	608,500	622,500	701,130	78,630
Reimbursements and restitutions		12,858	12,858	
	<u>736,524</u>	<u>764,915</u>	<u>846,020</u>	<u>81,105</u>
Total revenues				
EXPENDITURES				
Urban redevelopment				
Various				
Services and supplies	871,300	984,666	1,097,947	(113,281)
Capital outlay		403,528		403,528
	<u>871,300</u>	<u>1,388,194</u>	<u>1,097,947</u>	<u>290,247</u>
Total expenditures				
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(134,776)</u>	<u>(623,279)</u>	<u>(251,927)</u>	<u>371,352</u>
OTHER FINANCING USES				
Transfers out	<u>(30,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	
CHANGE IN FUND BALANCE	(164,776)	(663,279)	(291,927)	371,352
FUND BALANCE, BEGINNING OF YEAR	<u>1,504,289</u>	<u>1,836,206</u>	<u>1,836,206</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,339,513</u>	<u>\$ 1,172,927</u>	<u>\$ 1,544,279</u>	<u>\$ 371,352</u>

CITY OF RENO

DRAINAGE FACILITY IMPACT FEE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Public works				
Engineering fees	\$ 95,000	\$ 277,979	\$ 352,477	\$ 74,498
Miscellaneous				
Investment income		<u>100</u>	<u>962</u>	<u>862</u>
Total revenues	<u>95,000</u>	<u>278,079</u>	<u>353,439</u>	<u>75,360</u>
EXPENDITURES				
Planning and community development				
Various				
Services and supplies	<u>95,000</u>	<u>277,948</u>	<u>352,493</u>	<u>(74,545)</u>
Total expenditures	<u>95,000</u>	<u>277,948</u>	<u>352,493</u>	<u>(74,545)</u>
CHANGE IN FUND BALANCE		131	946	815
FUND BALANCE, BEGINNING OF YEAR		<u>(131)</u>	<u>(131)</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 815</u>	<u>\$ 815</u>

DEBT SERVICE FUNDS

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Special Assessment Districts

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

Redevelopment Agency

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

Downtown Events Center

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

City of Reno

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

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
ASSETS					
Cash, cash equivalents and investments	\$ 2,387,270	\$ 2,953,079	\$ 8,210,378	\$ 2,505,713	\$ 16,056,440
Accounts receivable				86,895	86,895
Interest receivable	10,960	191	7,185	2,165	20,501
Taxes receivable		68,008			68,008
Special assessments receivable	2,122,566		4,834,586		6,957,152
Due from other governments		2,440,053	893,927	303,654	3,637,634
Advances to other funds		295,047			295,047
Total assets	\$ 4,520,796	\$ 5,756,378	\$ 13,946,076	\$ 2,898,427	\$ 27,121,677
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 4,436		\$ 251,368	\$ 8,495	\$ 264,299
Due to other governments	391				391
Deposits	41,243				41,243
Advances from other funds	156,206				156,206
Interest payable				1,555,250	1,555,250
Debt obligations payable				1,280,000	1,280,000
Total liabilities	202,276		251,368	2,843,745	3,297,389
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes		68,008			68,008
Unavailable revenue, special assessments	1,967,450		4,467,284		6,434,734
Unavailable revenue, other		295,047		72,539	367,586
Total deferred inflows of resources	1,967,450	363,055	4,467,284	72,539	6,870,328
Total liabilities and deferred inflows of resources	2,169,726	363,055	4,718,652	2,916,284	10,167,717
FUND BALANCES					
Restricted for					
Debt service	2,351,070	5,393,323	9,227,424		16,971,817
Unassigned				(17,857)	(17,857)
Total fund balances	2,351,070	5,393,323	9,227,424	(17,857)	16,953,960
Total liabilities, deferred inflows of resources and fund balances	\$ 4,520,796	\$ 5,756,378	\$ 13,946,076	\$ 2,898,427	\$ 27,121,677

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
REVENUES					
Taxes	\$	\$ 2,882,014	\$ 6,217,456	\$	\$ 9,099,470
Intergovernmental shared revenues				2,186,817	2,186,817
Fines and forfeitures	16,500				16,500
Special assessments	375,592		367,302		742,894
Miscellaneous	176,552	851,655	398,970	1,016,561	2,443,738
Total revenues	<u>568,644</u>	<u>3,733,669</u>	<u>6,983,728</u>	<u>3,203,378</u>	<u>14,489,419</u>
EXPENDITURES					
Debt service					
Principal payments	260,638	2,230,000	2,235,000	7,833,000	12,558,638
Interest expense and fiscal charges	121,467	1,399,052	4,324,262	3,458,828	9,303,609
Administrative and other costs	41,526	210,984	1,209,617	21,200	1,483,327
Total expenditures	<u>423,631</u>	<u>3,840,036</u>	<u>7,768,879</u>	<u>11,313,028</u>	<u>23,345,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>145,013</u>	<u>(106,367)</u>	<u>(785,151)</u>	<u>(8,109,650)</u>	<u>(8,856,155)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		40,000	1,806,600	7,534,457	9,381,057
Transfers out	(110,000)			(63,657)	(173,657)
Total other financing sources (uses)	<u>(110,000)</u>	<u>40,000</u>	<u>1,806,600</u>	<u>7,470,800</u>	<u>9,207,400</u>
CHANGE IN FUND BALANCE	35,013	(66,367)	1,021,449	(638,850)	351,245
FUND BALANCE, BEGINNING OF YEAR	<u>2,316,057</u>	<u>5,459,690</u>	<u>8,205,975</u>	<u>620,993</u>	<u>16,602,715</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,351,070</u>	<u>\$ 5,393,323</u>	<u>\$ 9,227,424</u>	<u>\$ (17,857)</u>	<u>\$ 16,953,960</u>

CITY OF RENO

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
SAD penalties	\$	\$ 15,511	\$ 16,500	\$ 989
Special assessments				
Special assessments districts	414,000	487,054	375,592	(111,462)
Miscellaneous				
Investment income	130,650	153,394	163,392	9,998
Other	<u> </u>	<u>12,441</u>	<u>13,160</u>	<u>719</u>
Total revenues	<u>544,650</u>	<u>668,400</u>	<u>568,644</u>	<u>(99,756)</u>
EXPENDITURES				
Debt service				
Principal payments	230,640	347,998	260,638	87,360
Interest expense and fiscal charges	115,729	148,069	121,467	26,602
Administrative and other costs	<u>582,325</u>	<u>558,539</u>	<u>41,526</u>	<u>517,013</u>
Total expenditures	<u>928,694</u>	<u>1,054,606</u>	<u>423,631</u>	<u>630,975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(384,044)</u>	<u>(386,206)</u>	<u>145,013</u>	<u>531,219</u>
OTHER FINANCING USES				
Transfers out	<u>(110,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u> </u>
CHANGE IN FUND BALANCE	(494,044)	(496,206)	35,013	531,219
FUND BALANCE, BEGINNING OF YEAR	<u>1,895,812</u>	<u>2,317,093</u>	<u>2,316,057</u>	<u>(1,036)</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,401,768</u>	<u>\$ 1,820,887</u>	<u>\$ 2,351,070</u>	<u>\$ 530,183</u>

CITY OF RENO

REDEVELOPMENT AGENCY DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 1,999,435	\$ 2,032,376	\$ 2,882,014	\$ 849,638
Miscellaneous				
Investment income		718	1,655	937
Other	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	
Total revenues	<u>2,849,435</u>	<u>2,883,094</u>	<u>3,733,669</u>	<u>850,575</u>
EXPENDITURES				
Debt service				
Principal payments	2,160,000	2,230,000	2,230,000	
Interest expense and fiscal charges	1,419,935	1,428,935	1,399,052	29,883
Administrative and other costs	<u>191,250</u>	<u>193,567</u>	<u>210,984</u>	<u>(17,417)</u>
Total expenditures	<u>3,771,185</u>	<u>3,852,502</u>	<u>3,840,036</u>	<u>12,466</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(921,750)</u>	<u>(969,408)</u>	<u>(106,367)</u>	<u>863,041</u>
OTHER FINANCING SOURCES				
Transfers in	<u>30,000</u>	<u>40,000</u>	<u>40,000</u>	
CHANGE IN FUND BALANCE	(891,750)	(929,408)	(66,367)	863,041
FUND BALANCE, BEGINNING OF YEAR	<u>4,364,225</u>	<u>5,459,693</u>	<u>5,459,690</u>	<u>(3)</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,472,475</u>	<u>\$ 4,530,285</u>	<u>\$ 5,393,323</u>	<u>\$ 863,038</u>

CITY OF RENO

DOWNTOWN EVENTS CENTER DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 5,170,000	\$ 5,900,000	\$ 6,217,456	\$ 317,456
Special assessments				
Downtown event center	200,000	341,724	367,302	25,578
Miscellaneous				
Investment income	<u>360,000</u>	<u>381,190</u>	<u>398,970</u>	<u>17,780</u>
Total revenues	<u>5,730,000</u>	<u>6,622,914</u>	<u>6,983,728</u>	<u>360,814</u>
EXPENDITURES				
Debt service				
Principal payments	2,235,000	2,235,000	2,235,000	
Interest expense and fiscal charges	4,459,112	4,459,112	4,324,262	134,850
Administrative and other costs	<u>1,323,745</u>	<u>1,323,745</u>	<u>1,209,617</u>	<u>114,128</u>
Total expenditures	<u>8,017,857</u>	<u>8,017,857</u>	<u>7,768,879</u>	<u>248,978</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,287,857)</u>	<u>(1,394,943)</u>	<u>(785,151)</u>	<u>609,792</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,606,600</u>	<u>1,806,600</u>	<u>1,806,600</u>	
CHANGE IN FUND BALANCE	(681,257)	411,657	1,021,449	609,792
FUND BALANCE, BEGINNING OF YEAR	<u>7,727,739</u>	<u>8,205,975</u>	<u>8,205,975</u>	
FUND BALANCE, END OF YEAR	<u>\$ 7,046,482</u>	<u>\$ 8,617,632</u>	<u>\$ 9,227,424</u>	<u>\$ 609,792</u>

CITY OF RENO

CITY OF RENO DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	\$ 2,025,842	\$ 2,025,842	\$ 1,876,597	\$ (149,245)
Other	282,000	310,220	310,220	
Miscellaneous				
Investment income		2,485	7,908	5,423
Rents and royalties	910,000	910,000	989,960	79,960
Reimbursements and restitutions	20,000	18,000	18,693	693
Other	<u>813,408</u>	<u>2,106,959</u>		<u>(2,106,959)</u>
Total revenues	<u>4,051,250</u>	<u>5,373,506</u>	<u>3,203,378</u>	<u>(2,170,128)</u>
EXPENDITURES				
Debt service				
Principal payments	7,833,000	7,833,000	7,833,000	
Interest expense and fiscal charges	3,449,798	3,449,798	3,458,828	(9,030)
Administrative and other costs	<u>21,045</u>	<u>28,900</u>	<u>21,200</u>	<u>7,700</u>
Total expenditures	<u>11,303,843</u>	<u>11,311,698</u>	<u>11,313,028</u>	<u>(1,330)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,252,593)</u>	<u>(5,938,192)</u>	<u>(8,109,650)</u>	<u>(2,171,458)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,504,457	7,534,457	7,534,457	
Transfers out		<u>(63,657)</u>	<u>(63,657)</u>	
Total other financing sources (uses)	<u>7,504,457</u>	<u>7,470,800</u>	<u>7,470,800</u>	
CHANGE IN FUND BALANCE	251,864	1,532,608	(638,850)	(2,171,458)
FUND BALANCE, BEGINNING OF YEAR	<u>1,892,151</u>	<u>620,994</u>	<u>620,993</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,144,015</u>	<u>\$ 2,153,602</u>	<u>\$ (17,857)</u>	<u>\$ (2,171,459)</u>

CAPITAL PROJECTS FUNDS

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

City of Reno

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

Downtown Events Center

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

City Bonds

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

Parks

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

Special Ad Valorem

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

Room Tax Surcharge

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

Streets

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

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
ASSETS								
Cash, cash equivalents and investments	\$ 10,114,857	\$ 504,433	\$ 291,711	\$ 6,318,962	\$ 829,788	\$ 3,298,741	\$ 617,385	\$ 21,975,877
Accounts receivable	433,211							433,211
Interest receivable	14,330	844	488	11,291	1,514	5,249	724	34,440
Due from other governments					6,303	188,042		194,345
Notes receivable, net	<u>1,177,100</u>							<u>1,177,100</u>
Total assets	<u><u>\$ 11,739,498</u></u>	<u><u>\$ 505,277</u></u>	<u><u>\$ 292,199</u></u>	<u><u>\$ 6,330,253</u></u>	<u><u>\$ 837,605</u></u>	<u><u>\$ 3,492,032</u></u>	<u><u>\$ 618,109</u></u>	<u><u>\$ 23,814,973</u></u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 210,641			\$ 38,350			\$ 614,629	\$ 863,620
Contracts payable	1,499,190			1,981		99,473		1,600,644
Deposits					<u>4,000</u>			<u>4,000</u>
Total liabilities	<u>1,709,831</u>			<u>40,331</u>	<u>4,000</u>	<u>99,473</u>	<u>614,629</u>	<u>2,468,264</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue, other	<u>6,350</u>							<u>6,350</u>
FUND BALANCES								
Restricted for								
Capital improvement projects		505,277	292,199	6,289,922	833,605	3,392,559		11,313,562
Assigned to								
Capital improvement projects	<u>10,023,317</u>						<u>3,480</u>	<u>10,026,797</u>
Total fund balances	<u>10,023,317</u>	<u>505,277</u>	<u>292,199</u>	<u>6,289,922</u>	<u>833,605</u>	<u>3,392,559</u>	<u>3,480</u>	<u>21,340,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 11,739,498</u></u>	<u><u>\$ 505,277</u></u>	<u><u>\$ 292,199</u></u>	<u><u>\$ 6,330,253</u></u>	<u><u>\$ 837,605</u></u>	<u><u>\$ 3,492,032</u></u>	<u><u>\$ 618,109</u></u>	<u><u>\$ 23,814,973</u></u>

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
REVENUES								
Business licenses, permits, franchise and other fees	\$ 32,400	\$	\$	\$	\$	\$	\$	\$ 32,400
Intergovernmental shared revenues	14,067,097				528,611			14,595,708
Charges for services	2,000					1,936,990		1,938,990
Miscellaneous	<u>344,681</u>	<u>3,134</u>	<u>1,893</u>	<u>41,954</u>	<u>7,014</u>	<u>14,372</u>	<u>3,513</u>	<u>416,561</u>
Total revenues	<u><u>14,446,178</u></u>	<u><u>3,134</u></u>	<u><u>1,893</u></u>	<u><u>1,266,513</u></u>	<u><u>535,625</u></u>	<u><u>1,951,362</u></u>	<u><u>3,513</u></u>	<u><u>18,208,218</u></u>
EXPENDITURES								
Current								
Public works	2,201,546		14,208		565,040	231,285	475	3,012,554
Culture and recreation				23,156				23,156
Total current	<u><u>2,201,546</u></u>		<u><u>14,208</u></u>	<u><u>23,156</u></u>	<u><u>565,040</u></u>	<u><u>231,285</u></u>	<u><u>475</u></u>	<u><u>3,035,710</u></u>
Capital outlay								
Public works	17,263,685				116,683	362,004		17,742,372
Culture and recreation				1,621,582				1,621,582
Total capital outlay	<u><u>17,263,685</u></u>			<u><u>1,621,582</u></u>	<u><u>116,683</u></u>	<u><u>362,004</u></u>		<u><u>19,363,954</u></u>
Total expenditures	<u><u>19,465,231</u></u>		<u><u>14,208</u></u>	<u><u>1,644,738</u></u>	<u><u>681,723</u></u>	<u><u>593,289</u></u>	<u><u>475</u></u>	<u><u>22,399,664</u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u><u>(5,019,053)</u></u>	<u><u>3,134</u></u>	<u><u>(12,315)</u></u>	<u><u>(378,225)</u></u>	<u><u>(146,098)</u></u>	<u><u>1,358,073</u></u>	<u><u>3,038</u></u>	<u><u>(4,191,446)</u></u>
OTHER FINANCING SOURCES (USES)								
Transfers in	5,242,976							5,242,976
Transfers out	<u>(465,001)</u>							<u>(465,001)</u>
Total other financing sources (uses)	<u><u>4,777,975</u></u>							<u><u>4,777,975</u></u>
FUND BALANCE, BEGINNING OF YEAR	<u><u>10,264,395</u></u>	<u><u>502,143</u></u>	<u><u>304,514</u></u>	<u><u>6,668,147</u></u>	<u><u>979,703</u></u>	<u><u>2,034,486</u></u>	<u><u>442</u></u>	<u><u>20,753,830</u></u>
FUND BALANCE, END OF YEAR	<u><u>\$ 10,023,317</u></u>	<u><u>\$ 505,277</u></u>	<u><u>\$ 292,199</u></u>	<u><u>\$ 6,289,922</u></u>	<u><u>\$ 833,605</u></u>	<u><u>\$ 3,392,559</u></u>	<u><u>\$ 3,480</u></u>	<u><u>\$ 21,340,359</u></u>

CITY OF RENO

CITY OF RENO CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Business licenses, permits, franchise and other fees				
Non-business licenses and permits	\$	\$ 25,200	\$ 32,400	\$ 7,200
Intergovernmental shared revenues				
Federal grants		7,254,536	5,495,113	(1,759,423)
Other		7,000,000	8,571,984	1,571,984
Charges for services				
Public works				
Other		2,000	2,000	
Miscellaneous				
Investment income	50,000	80,957	104,205	23,248
Reimbursements and restitutions		26,336	67,028	40,692
Private grants and contributions		172,880	173,448	568
Total revenues	<u>50,000</u>	<u>14,561,909</u>	<u>14,446,178</u>	<u>(115,731)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies	1,729,928	2,253,987	2,201,546	52,441
Capital outlay	6,819,000	24,263,488	17,263,685	6,999,803
Total expenditures	<u>8,548,928</u>	<u>26,517,475</u>	<u>19,465,231</u>	<u>7,052,244</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(8,498,928)</u>	<u>(11,955,566)</u>	<u>(5,019,053)</u>	<u>6,936,513</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,030,000	5,285,696	5,242,976	(42,720)
Transfers out		(465,001)	(465,001)	
Total other financing sources (uses)	<u>2,030,000</u>	<u>4,820,695</u>	<u>4,777,975</u>	<u>(42,720)</u>
CHANGE IN FUND BALANCE	(6,468,928)	(7,134,871)	(241,078)	6,893,793
FUND BALANCE, BEGINNING OF YEAR	<u>8,172,749</u>	<u>10,264,657</u>	<u>10,264,395</u>	<u>(262)</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,703,821</u>	<u>\$ 3,129,786</u>	<u>\$ 10,023,317</u>	<u>\$ 6,893,531</u>

CITY OF RENO

DOWNTOWN EVENTS CENTER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ 1,014	\$ 3,134	\$ 2,120
CHANGE IN FUND BALANCE		1,014	3,134	2,120
FUND BALANCE, BEGINNING OF YEAR	_____	502,143	502,143	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ 503,157	\$ 505,277	\$ 2,120

CITY OF RENO

CITY BONDS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____ 800	\$ _____ 1,893	\$ _____ 1,093
EXPENDITURES				
Public works				
Various				
Services and supplies		17,000	14,208	2,792
Capital outlay		288,314		288,314
Total expenditures		305,314	14,208	291,106
CHANGE IN FUND BALANCE		(304,514)	(12,315)	292,199
FUND BALANCE, BEGINNING OF YEAR		304,514	304,514	
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ _____ 292,199	\$ _____ 292,199

CITY OF RENO

PARKS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 610,000	\$ 1,152,000	\$ 1,224,559	\$ 72,559
Miscellaneous				
Investment income		17,587	41,954	24,367
Total revenues	<u>610,000</u>	<u>1,169,587</u>	<u>1,266,513</u>	<u>96,926</u>
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies	50,000	50,000	23,156	26,844
Capital outlay	300,000	3,048,780	1,621,582	1,427,198
Total expenditures	<u>350,000</u>	<u>3,098,780</u>	<u>1,644,738</u>	<u>1,454,042</u>
CHANGE IN FUND BALANCE	260,000	(1,929,193)	(378,225)	1,550,968
FUND BALANCE, BEGINNING OF YEAR	<u>4,873,738</u>	<u>6,668,148</u>	<u>6,668,147</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,133,738</u>	<u>\$ 4,738,955</u>	<u>\$ 6,289,922</u>	<u>\$ 1,550,967</u>

CITY OF RENO

SPECIAL AD VALOREM CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Local government shared revenues				
County capital project taxes	\$ 569,314	\$ 567,000	\$ 528,611	\$ (38,389)
Miscellaneous				
Investment income		<u>2,392</u>	<u>7,014</u>	<u>4,622</u>
Total revenues	<u>569,314</u>	<u>569,392</u>	<u>535,625</u>	<u>(33,767)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies	4,000	568,240	565,040	3,200
Capital outlay	<u>565,314</u>	<u>980,855</u>	<u>116,683</u>	<u>864,172</u>
Total expenditures	<u>569,314</u>	<u>1,549,095</u>	<u>681,723</u>	<u>867,372</u>
CHANGE IN FUND BALANCE		(979,703)	(146,098)	833,605
FUND BALANCE, BEGINNING OF YEAR		<u>979,703</u>	<u>979,703</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 833,605</u>	<u>\$ 833,605</u>

CITY OF RENO

ROOM TAX SURCHARGE CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Public works				
Other	\$	\$	\$ 500	\$ 500
Other				
Downtown district room surcharge	2,100,000	1,967,614	1,936,490	(31,124)
Miscellaneous				
Investment income		<u>5,457</u>	<u>14,372</u>	<u>8,915</u>
Total revenues	<u>2,100,000</u>	<u>1,973,071</u>	<u>1,951,362</u>	<u>(21,709)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies			231,285	(231,285)
Capital outlay	<u>2,100,000</u>	<u>2,500,000</u>	<u>362,004</u>	<u>2,137,996</u>
Total expenditures	<u>2,100,000</u>	<u>2,500,000</u>	<u>593,289</u>	<u>1,906,711</u>
CHANGE IN FUND BALANCE		(526,929)	1,358,073	1,885,002
FUND BALANCE, BEGINNING OF YEAR		<u>2,034,486</u>	<u>2,034,486</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 1,507,557</u>	<u>\$ 3,392,559</u>	<u>\$ 1,885,002</u>

CITY OF RENO

STREETS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ 1,083	\$ 3,513	\$ 2,430
EXPENDITURES				
Public works				
Various				
Services and supplies	_____	134	475	(341)
CHANGE IN FUND BALANCE		949	3,038	2,089
FUND BALANCE, BEGINNING OF YEAR	_____	442	442	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ 1,391	\$ 3,480	\$ 2,089

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

CITY OF RENO

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Sanitary Sewer

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

CITY OF RENO

SANITARY SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Sanitary Sewer	\$ 59,930,940	\$ 61,323,200	\$ 62,421,101	\$ 1,097,901
Licenses and permits	310,000	300,330	305,286	4,956
Fines and forfeitures	1,600,000	1,179,146	1,647,794	468,648
Miscellaneous				
Reimbursements and restitution		200,330	218,904	18,574
Other		7,541	11,335	3,794
Total operating revenues	<u>61,840,940</u>	<u>63,010,547</u>	<u>64,604,420</u>	<u>1,593,873</u>
OPERATING EXPENSES				
Salaries and wages	5,655,880	5,725,501	5,456,938	268,563
Employee benefits	3,428,009	3,826,901	3,440,144	386,757
Services and supplies	12,247,329	12,525,803	10,298,724	2,227,079
Joint sewer plant	15,000,000	15,000,000	13,106,261	1,893,739
Depreciation and amortization	10,000,000	10,000,000	9,606,193	393,807
Total operating expenses	<u>46,331,218</u>	<u>47,078,205</u>	<u>41,908,260</u>	<u>5,169,945</u>
Operating income	<u>15,509,722</u>	<u>15,932,342</u>	<u>22,696,160</u>	<u>6,763,818</u>
NONOPERATING REVENUES (EXPENSES)				
Other grants		100,000	100,000	
Investment income		33,709	356,347	322,638
Interest and fiscal charges	(1,888,754)	(1,888,754)	(985,965)	902,789
Gain (loss) on capital asset disposition			3,386	3,386
Truckee Meadows Water Reclamation Facility	(4,600,000)	(4,600,000)	(4,509,149)	90,851
Total nonoperating revenues (expenses)	<u>(6,488,754)</u>	<u>(6,355,045)</u>	<u>(5,035,381)</u>	<u>1,319,664</u>
Income before capital contributions and transfers	<u>9,020,968</u>	<u>9,577,297</u>	<u>17,660,779</u>	<u>8,083,482</u>
CAPITAL CONTRIBUTIONS				
Capital contributions			7,406,035	7,406,035
Federal grants		11,705	331,884	320,179
Sewer connection charges	4,060,000	4,663,440	5,060,590	397,150
Total capital contributions	<u>4,060,000</u>	<u>4,675,145</u>	<u>12,798,509</u>	<u>8,123,364</u>
TRANSFERS				
Transfers out	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	
CHANGE IN NET POSITION	<u>\$ 12,968,968</u>	<u>\$ 14,140,442</u>	<u>30,347,288</u>	<u>\$ 16,206,846</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			390,319,394	
Adjustment			<u>(1,806,072)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>388,513,322</u>	
NET POSITION, END OF YEAR			<u>\$ 418,860,610</u>	

NON-MAJOR ENTERPRISE FUNDS

CITY OF RENO

NON-MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Building Permit

Accounts for resources provided by and the issuance of building permits.

CITY OF RENO

BUILDING PERMIT ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Building permits	\$ 3,453,294	\$ 3,453,294	\$ 3,569,872	\$ 116,578
Miscellaneous permits	416,949	416,949	407,956	(8,993)
Plan check fees	1,530,518	1,530,518	1,984,885	454,367
Electrical and plumbing	1,031,174	1,031,174	1,025,949	(5,225)
Plumbing inspection fees	247,820	247,820	222,716	(25,104)
Electrical inspection fee	61,938	61,938	56,816	(5,122)
Building and safety fees	20,103	20,103	21,537	1,434
Fire inspection fees		188,665	155,628	(33,037)
Miscellaneous				
Other			26	26
Total operating revenues	<u>6,761,796</u>	<u>6,950,461</u>	<u>7,445,385</u>	<u>494,924</u>
OPERATING EXPENSES				
Salaries and wages	3,276,371	3,060,496	2,817,912	242,584
Employee benefits	1,718,827	1,978,558	2,962,608	(984,050)
Services and supplies	1,821,127	2,021,674	1,861,987	159,687
Depreciation and amortization	21,000	21,000	2,428	18,572
Total operating expenses	<u>6,837,325</u>	<u>7,081,728</u>	<u>7,644,935</u>	<u>(563,207)</u>
Operating loss	<u>(75,529)</u>	<u>(131,267)</u>	<u>(199,550)</u>	<u>(68,283)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income			65,122	65,122
Gain (loss) on capital asset disposition			(110,254)	(110,254)
Total nonoperating revenues (expenses)			<u>(45,132)</u>	<u>(45,132)</u>
CHANGE IN NET POSITION	<u>\$ (75,529)</u>	<u>\$ (131,267)</u>	(244,682)	<u>\$ (113,415)</u>
NET POSITION, BEGINNING OF YEAR			4,832,490	
NET POSITION, END OF YEAR			<u>\$ 4,587,808</u>	

INTERNAL SERVICE FUNDS

CITY OF RENO

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Vehicle

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

Risk Retention

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

Self-Funded Medical Plan

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

Self-Funded Workers Compensation

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

CITY OF RENO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2016

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	\$ 4,606,568	\$ 7,582,218	\$ 8,647,069	\$ 3,455,014	\$ 24,290,869
Accounts receivable	120,584		775,480	64,789	960,853
Interest receivable	8,398	12,651	14,164	5,714	40,927
Due from other governments				62,153	62,153
Inventories	172,937				172,937
Prepaid items		43,712	5,000	55,424	104,136
Total current assets	4,908,487	7,638,581	9,441,713	3,643,094	25,631,875
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	5,222,666				5,222,666
Total assets	10,131,153	7,638,581	9,441,713	3,643,094	30,854,541
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized amounts related to pensions	196,973	25,536		30,812	253,321
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	138,619	4,621	492,308	50,190	685,738
Accrued salaries and benefits	20,382	4,625		3,048	28,055
Compensated absences	82,391	3,823		11,651	97,865
Self-insurance liability		165,867	2,452,131	5,457,009	8,075,007
Total current liabilities	241,392	178,936	2,944,439	5,521,898	8,886,665
Noncurrent liabilities					
Compensated absences				7,708	7,708
Postemployment benefits other than pensions	22,821	5,780		3,513	32,114
Self-insurance liability		2,791,870	660,593	42,469,063	45,921,526
Net pension liability	1,236,545	160,305		193,429	1,590,279
Total noncurrent liabilities	1,259,366	2,957,955	660,593	42,673,713	47,551,627
Total liabilities	1,500,758	3,136,891	3,605,032	48,195,611	56,438,292
DEFERRED INFLOWS OF RESOURCES					
Unamortized amounts related to pensions	210,078	27,235		32,861	270,174
NET POSITION					
Net investment in capital assets	5,222,666				5,222,666
Restricted					
Self-insurance liabilities		4,497,656	5,836,681		10,334,337
Unrestricted	3,394,624	2,335		(44,554,566)	(41,157,607)
Total net position	\$ 8,617,290	\$ 4,499,991	\$ 5,836,681	\$ (44,554,566)	\$ (25,600,604)

CITY OF RENO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges for services	\$ 6,282,125	\$ 2,226,908	\$ 26,207,149	\$ 6,941,904	\$ 41,658,086
Miscellaneous	6,416	121	976,298	125,484	1,108,319
Total operating revenues	<u>6,288,541</u>	<u>2,227,029</u>	<u>27,183,447</u>	<u>7,067,388</u>	<u>42,766,405</u>
OPERATING EXPENSES					
Salaries and wages	671,274	168,717		101,852	941,843
Employee benefits	434,283	57,609		62,071	553,963
Services and supplies	2,332,943	626,837	27,770,498	8,402,082	39,132,360
Depreciation and amortization	1,542,158				1,542,158
Total operating expenses	<u>4,980,658</u>	<u>853,163</u>	<u>27,770,498</u>	<u>8,566,005</u>	<u>42,170,324</u>
Operating income (loss)	<u>1,307,883</u>	<u>1,373,866</u>	<u>(587,051)</u>	<u>(1,498,617)</u>	<u>596,081</u>
NONOPERATING REVENUES					
Investment income	26,173	40,757	50,433	12,579	129,942
Gain (loss) on capital asset disposition	48,905				48,905
Total nonoperating revenues	<u>75,078</u>	<u>40,757</u>	<u>50,433</u>	<u>12,579</u>	<u>178,847</u>
Income (loss) before capital contributions	<u>1,382,961</u>	<u>1,414,623</u>	<u>(536,618)</u>	<u>(1,486,038)</u>	<u>774,928</u>
CAPITAL CONTRIBUTIONS					
Capital contributions	<u>166,837</u>				<u>166,837</u>
CHANGE IN NET POSITION	1,549,798	1,414,623	(536,618)	(1,486,038)	941,765
NET POSITION, BEGINNING OF YEAR	<u>7,067,492</u>	<u>3,085,368</u>	<u>6,373,299</u>	<u>(43,068,528)</u>	<u>(26,542,369)</u>
NET POSITION, END OF YEAR	<u>\$ 8,617,290</u>	<u>\$ 4,499,991</u>	<u>\$ 5,836,681</u>	<u>\$ (44,554,566)</u>	<u>\$ (25,600,604)</u>

CITY OF RENO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 101,518	\$	\$	\$	\$ 101,518
Cash received from interfund services	6,146,592	2,226,908	25,921,274	7,534,151	41,828,925
Cash received from other sources	6,416	121	976,298	496,969	1,479,804
Cash payments for goods and services	(2,594,389)	(430,287)	(26,971,574)	(5,761,132)	(35,757,382)
Cash payments for employee services	(1,379,612)	(276,472)	(131,273)	(212,212)	(1,999,569)
Cash payments for interfund goods and services	(253,179)	(17,564)		(68,822)	(339,565)
Cash payments for interfund employee benefits	(160,973)	(31,369)		(12,137)	(204,479)
Net cash provided by (used in) operating activities	<u>1,866,373</u>	<u>1,471,337</u>	<u>(205,275)</u>	<u>1,976,817</u>	<u>5,109,252</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,622,038)				(1,622,038)
Proceeds received from disposal of capital assets	56,453				56,453
Net cash used in capital financing activities	<u>(1,565,585)</u>				<u>(1,565,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	23,303	36,490	47,600	8,668	116,061
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	324,091	1,507,827	(157,675)	1,985,485	3,659,728
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR					
	4,282,477	6,074,391	8,804,744	1,469,529	20,631,141
CASH AND CASH EQUIVALENTS, END OF YEAR					
	<u>\$ 4,606,568</u>	<u>\$ 7,582,218</u>	<u>\$ 8,647,069</u>	<u>\$ 3,455,014</u>	<u>\$ 24,290,869</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,307,883	\$ 1,373,866	\$ (587,051)	\$ (1,498,617)	\$ 596,081
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,542,158				1,542,158
(Increase) decrease in operating assets					
Accounts receivable	(34,015)		(285,875)	592,247	272,357
Due from other governments				371,484	371,484
Inventories	(13,290)				(13,290)
Prepaid items		407,388		(14,149)	393,239
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	(501,335)	4,442	490,353	49,379	42,839
Accrued salaries and benefits	(757)	3,133		1,095	3,471
Due to other governments			(34,368)		(34,368)
Compensated absences	(43,173)	1,737		355	(41,081)
Self-insurance liability		(232,844)	211,666	2,536,899	2,515,721
Postemployment benefits other than pensions	(380,773)	(56,660)		(59,301)	(496,734)
Net pension liability	(10,325)	(29,725)		(2,575)	(42,625)
Total adjustments	<u>558,490</u>	<u>97,471</u>	<u>381,776</u>	<u>3,475,434</u>	<u>4,513,171</u>
Net cash provided by (used in) operating activities	<u>\$ 1,866,373</u>	<u>\$ 1,471,337</u>	<u>\$ (205,275)</u>	<u>\$ 1,976,817</u>	<u>\$ 5,109,252</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 166,837</u>				<u>\$ 166,837</u>

CITY OF RENO

MOTOR VEHICLE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 6,274,868	\$ 6,302,386	\$ 6,282,125	\$ (20,261)
Miscellaneous				
Reimbursements and restitution		3,344	5,389	2,045
Other		665	1,027	362
Total operating revenues	<u>6,274,868</u>	<u>6,306,395</u>	<u>6,288,541</u>	<u>(17,854)</u>
OPERATING EXPENSES				
Salaries and wages	757,343	776,299	671,274	105,025
Employee benefits	456,752	549,684	434,283	115,401
Services and supplies	3,085,926	3,085,926	2,332,943	752,983
Depreciation and amortization	2,250,000	1,750,000	1,542,158	207,842
Total operating expenses	<u>6,550,021</u>	<u>6,161,909</u>	<u>4,980,658</u>	<u>1,181,251</u>
Operating income (loss)	<u>(275,153)</u>	<u>144,486</u>	<u>1,307,883</u>	<u>1,163,397</u>
NONOPERATING REVENUES				
Investment income		8,561	26,173	17,612
Gain (loss) on capital asset disposition		1,964	48,905	46,941
Total nonoperating revenues		<u>10,525</u>	<u>75,078</u>	<u>64,553</u>
Income (loss) before capital contributions	<u>(275,153)</u>	<u>155,011</u>	<u>1,382,961</u>	<u>1,227,950</u>
CAPITAL CONTRIBUTIONS				
Capital contributions			166,837	166,837
CHANGE IN NET POSITION	<u>\$ (275,153)</u>	<u>\$ 155,011</u>	1,549,798	<u>\$ 1,394,787</u>
NET POSITION, BEGINNING OF YEAR			<u>7,067,492</u>	
NET POSITION, END OF YEAR			<u>\$ 8,617,290</u>	

CITY OF RENO

RISK RETENTION INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 2,222,908	\$ 2,226,908	\$ 2,226,908	\$
Miscellaneous				
Other		122	121	(1)
Total operating revenues	2,222,908	2,227,030	2,227,029	(1)
OPERATING EXPENSES				
Salaries and wages	167,803	169,759	168,717	1,042
Employee benefits	90,637	112,462	57,609	54,853
Services and supplies	1,625,264	1,123,485	626,837	496,648
Total operating expenses	1,883,704	1,405,706	853,163	552,543
Operating income	339,204	821,324	1,373,866	552,542
NONOPERATING REVENUES				
Investment income		13,552	40,757	27,205
CHANGE IN NET POSITION	\$ 339,204	\$ 834,876	1,414,623	\$ 579,747
NET POSITION, BEGINNING OF YEAR			3,085,368	
NET POSITION, END OF YEAR			\$ 4,499,991	

CITY OF RENO

SELF-FUNDED MEDICAL PLAN INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 23,185,000	\$ 26,063,888	\$ 26,207,149	\$ 143,261
Miscellaneous				
Stop-loss reimbursements	60,000	252,848	957,166	704,318
Other		13,740	19,132	5,392
Total operating revenues	<u>23,245,000</u>	<u>26,330,476</u>	<u>27,183,447</u>	<u>852,971</u>
OPERATING EXPENSES				
Services and supplies	<u>24,797,273</u>	<u>28,108,590</u>	<u>27,770,498</u>	<u>338,092</u>
Operating loss	<u>(1,552,273)</u>	<u>(1,778,114)</u>	<u>(587,051)</u>	<u>1,191,063</u>
NONOPERATING REVENUES				
Investment income		<u>13,494</u>	<u>50,433</u>	<u>36,939</u>
CHANGE IN NET POSITION	<u>\$ (1,552,273)</u>	<u>\$ (1,764,620)</u>	<u>(536,618)</u>	<u>\$ 1,228,002</u>
NET POSITION, BEGINNING OF YEAR			<u>6,373,299</u>	
NET POSITION, END OF YEAR			<u>\$ 5,836,681</u>	

CITY OF RENO

SELF-FUNDED WORKERS COMPENSATION INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 6,869,280	\$ 6,812,302	\$ 6,941,904	\$ 129,602
Miscellaneous		38,612	125,484	86,872
Stop-loss reimbursements				
Total operating revenues	6,869,280	6,850,914	7,067,388	216,474
OPERATING EXPENSES				
Salaries and wages	100,938	103,822	101,852	1,970
Employee benefits	60,402	74,392	62,071	12,321
Services and supplies	6,801,909	6,802,681	8,402,082	(1,599,401)
Total operating expenses	6,963,249	6,980,895	8,566,005	(1,585,110)
Operating loss	(93,969)	(129,981)	(1,498,617)	(1,368,636)
NONOPERATING REVENUES				
Investment income		4,855	12,579	7,724
CHANGE IN NET POSITION	\$ (93,969)	\$ (125,126)	(1,486,038)	\$ (1,360,912)
NET POSITION, BEGINNING OF YEAR			(43,068,528)	
NET POSITION, END OF YEAR			\$ (44,554,566)	

FIDUCIARY FUNDS

CITY OF RENO

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

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

Deposits

Accounts for refundable performance and other deposits.

Special Assessments District

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

CITY OF RENO

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2016

	<u>Deposits</u>	<u>Special Assessments District</u>	<u>Total Agency Funds</u>
ASSETS			
Cash, cash equivalents and investments	\$ 3,039,614	\$ 5,301,872	\$ 8,341,486
Interest receivable	5,140	1,098	6,238
Special assessments receivable		1,141,674	1,141,674
Due from other governments		<u>44,882</u>	<u>44,882</u>
Total assets	<u>\$ 3,044,754</u>	<u>\$ 6,489,526</u>	<u>\$ 9,534,280</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 88,869	\$ 3,479	\$ 92,348
Deposits	2,955,885	45,088	3,000,973
Due to developers, employees and others		<u>6,440,959</u>	<u>6,440,959</u>
Total liabilities	<u>\$ 3,044,754</u>	<u>\$ 6,489,526</u>	<u>\$ 9,534,280</u>

CITY OF RENO

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	\$ 3,223,972	\$ 788,745	\$ 973,103	\$ 3,039,614
Interest receivable	4,434	5,140	4,434	5,140
Total assets	<u>\$ 3,228,406</u>	<u>\$ 793,885</u>	<u>\$ 977,537</u>	<u>\$ 3,044,754</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 33,371	\$ 58,592	\$ 3,094	\$ 88,869
Deposits	3,195,035	666,035	905,185	2,955,885
Total liabilities	<u>\$ 3,228,406</u>	<u>\$ 724,627</u>	<u>\$ 908,279</u>	<u>\$ 3,044,754</u>
SPECIAL ASSESSMENTS DISTRICT				
ASSETS				
Cash, cash equivalents and investments	\$ 5,050,440	\$ 2,141,062	\$ 1,889,630	\$ 5,301,872
Accounts receivable	581		581	
Interest receivable		1,098		1,098
Special assessments receivable	1,154,985	14,492	27,803	1,141,674
Due from other governments	38,872	44,882	38,872	44,882
Total assets	<u>\$ 6,244,878</u>	<u>\$ 2,201,534</u>	<u>\$ 1,956,886</u>	<u>\$ 6,489,526</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 4,390	\$ 3,479	\$ 4,390	\$ 3,479
Due to other governments	547		547	
Deposits	53,146	45,088	53,146	45,088
Due to developers, employees and others	6,186,795	1,674,164	1,420,000	6,440,959
Total liabilities	<u>\$ 6,244,878</u>	<u>\$ 1,722,731</u>	<u>\$ 1,478,083</u>	<u>\$ 6,489,526</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	\$ 8,274,412	\$ 2,929,807	\$ 2,862,733	\$ 8,341,486
Accounts receivable	581		581	
Interest receivable	4,434	6,238	4,434	6,238
Special assessments receivable	1,154,985	14,492	27,803	1,141,674
Due from other governments	38,872	44,882	38,872	44,882
Total assets	<u>\$ 9,473,284</u>	<u>\$ 2,995,419</u>	<u>\$ 2,934,423</u>	<u>\$ 9,534,280</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 37,761	\$ 62,071	\$ 7,484	\$ 92,348
Due to other governments	547		547	
Deposits	3,248,181	711,123	958,331	3,000,973
Due to developers, employees and others	6,186,795	1,674,164	1,420,000	6,440,959
Total liabilities	<u>\$ 9,473,284</u>	<u>\$ 2,447,358</u>	<u>\$ 2,386,362</u>	<u>\$ 9,534,280</u>

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

Members of the City Council
City of Reno, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 23, 2016.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City in a separate letter dated November 23, 2016.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Percy Bowler Taylor & Kern". The signature is written in a cursive style.

Las Vegas, Nevada
November 23, 2016

STATISTICAL SECTION

CITY OF RENO

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

Financial Trends

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

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

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

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

Debt Capacity

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

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Governmental Activities Debt
- Ratios of General Bonded Debt Outstanding
- Legal Debt Margin Information
- Pledged Revenue Bond Coverage

Demographic and Economic Information

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

- Demographic and Economic Statistics
- Principal Employers

Operating Information

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

- Full-time Equivalent City Government Employees by Function/Program
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

CITY OF RENO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 ¹	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Governmental activities										
Net investment in capital assets	\$ 591,115,426	\$ 605,628,846	\$ 641,476,547	\$ 618,355,944	\$ 593,821,001	\$ 568,036,514	\$ 611,511,174	\$ 595,029,822	\$ 585,575,771	\$ 586,905,472
Restricted	103,243,224	125,756,908	119,297,774	124,107,635	109,063,215	109,857,977	67,160,649	61,109,252	63,141,142	62,938,668
Unrestricted	<u>(36,802,450)</u>	<u>(48,612,553)</u>	<u>(106,402,085)</u>	<u>(108,980,875)</u>	<u>(115,256,598)</u>	<u>(151,304,989)</u>	<u>(153,724,428)</u>	<u>(161,226,505)</u>	<u>(377,534,397)</u>	<u>(377,992,156)</u>
Total governmental activities	<u>657,556,200</u>	<u>682,773,201</u>	<u>654,372,236</u>	<u>633,482,704</u>	<u>587,627,618</u>	<u>526,589,502</u>	<u>524,947,395</u>	<u>494,912,569</u>	<u>271,182,516</u>	<u>271,851,984</u>
Business-type activities										
Net investment in capital assets	163,069,892	185,088,496	204,952,767	214,755,484	218,250,502	210,627,844	222,509,756	240,575,536	246,425,571	265,284,816
Restricted	1,682,273	24,416,215	21,826,023	21,826,023	19,801,326	15,873,574	13,193,945	9,571,325	15,740,934	12,461,499
Unrestricted	<u>125,437,544</u>	<u>118,104,121</u>	<u>93,516,176</u>	<u>93,237,985</u>	<u>104,776,619</u>	<u>109,992,320</u>	<u>111,933,729</u>	<u>124,758,772</u>	<u>123,604,942</u>	<u>136,950,922</u>
Total business-type activities	<u>290,189,709</u>	<u>303,192,617</u>	<u>322,885,158</u>	<u>329,819,492</u>	<u>342,828,447</u>	<u>336,493,738</u>	<u>347,637,430</u>	<u>374,905,633</u>	<u>385,771,447</u>	<u>414,697,237</u>
Primary government										
Net investment in capital assets	754,185,318	790,717,342	846,429,314	833,111,428	812,071,503	778,664,358	834,020,930	835,605,358	832,001,342	852,190,288
Restricted	104,925,497	125,756,908	143,713,989	145,933,658	128,864,541	125,731,551	80,354,594	70,680,577	78,882,076	75,400,167
Unrestricted	<u>88,635,094</u>	<u>69,491,568</u>	<u>(12,885,909)</u>	<u>(15,742,890)</u>	<u>(10,479,979)</u>	<u>(41,312,669)</u>	<u>(41,790,699)</u>	<u>(36,467,733)</u>	<u>(253,929,455)</u>	<u>(241,041,234)</u>
Total primary government	<u>\$ 947,745,909</u>	<u>\$ 985,965,818</u>	<u>\$ 977,257,394</u>	<u>\$ 963,302,196</u>	<u>\$ 930,456,065</u>	<u>\$ 863,083,240</u>	<u>\$ 872,584,825</u>	<u>\$ 869,818,202</u>	<u>\$ 656,953,963</u>	<u>\$ 686,549,221</u>

1. Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.

CITY OF RENO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 ²	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Expenses										
Governmental activities										
General government	\$ 19,254,318	\$ 22,890,393	\$ 19,248,275	\$ 18,574,403	\$ 29,313,696	\$ 32,686,051	\$ 31,516,451	\$ 34,595,215	\$ 34,959,761	\$ 37,047,462
Judicial	6,475,679	7,842,206	8,079,846	8,058,683	7,758,252	7,223,028	7,688,589	7,297,142	7,064,894	7,492,820
Public safety	118,317,386	135,546,892	110,480,548	130,335,490	124,769,041	114,990,532	115,072,376	117,170,198	117,967,671	113,837,313
Public works	58,003,230	67,445,200	94,140,944 ⁴	60,159,772	71,642,584	57,540,323	55,111,936	59,149,082	56,800,273	58,151,262
Culture and recreation	21,160,776	22,368,698	21,812,749	21,762,316	16,526,697	14,526,095	18,749,736	15,499,368	16,203,541	15,136,956
Planning and community development	7,430,806	5,837,233	11,694,774	13,350,564	10,637,234	9,849,260	10,582,512	13,676,995	12,900,777	9,751,297
Urban development	3,276,761	3,552,503	4,122,270	3,349,279	2,258,852	1,248,972	2,086,290	2,359,947	3,377,771	3,604,756
Interest on long-term debt	20,328,025	20,945,037	25,547,548	23,447,574	23,291,115	29,368,720	27,179,603	26,974,140	25,747,130	26,635,439
Total governmental activities	<u>254,246,981</u>	<u>286,428,162</u>	<u>295,126,954</u>	<u>279,038,081</u>	<u>286,197,471</u>	<u>267,432,981</u>	<u>267,987,493</u>	<u>276,722,087</u>	<u>275,021,818</u>	<u>271,657,305</u>
Business-type activities										
Sanitary sewer	38,822,685	41,914,533	45,096,526	44,686,785	43,965,081	44,364,321	49,972,058	44,818,778	45,501,401	46,827,174
Golf course	1,802,658	1,779,539	1,548,215	1,503,904	1,318,299	1,295,630 ⁴				
Building permit	7,929,433	7,773,077	6,724,452	4,225,351	3,899,577	3,605,348	3,784,827	3,663,078	4,912,814	7,591,879
Other ¹	10,330,526	10,657,695	9,612,323	10,082,406						
Total business-type activities	<u>58,885,302</u>	<u>62,124,844</u>	<u>62,981,516</u>	<u>60,498,446</u>	<u>49,182,957</u>	<u>49,265,299</u>	<u>53,756,885</u>	<u>48,481,856</u>	<u>50,414,215</u>	<u>54,419,053</u>
Total primary government expenses	<u>\$ 313,132,283</u>	<u>\$ 348,553,006</u>	<u>\$ 358,108,470</u>	<u>\$ 339,536,527</u>	<u>\$ 335,380,428</u>	<u>\$ 316,698,280</u>	<u>\$ 321,744,378</u>	<u>\$ 325,203,943</u>	<u>\$ 325,436,033</u>	<u>\$ 326,076,358</u>
Program revenues										
Governmental activities										
Charges for services	\$ 72,856,478	\$ 74,080,131	\$ 77,008,349	\$ 79,659,622	\$ 78,773,277	\$ 78,782,531	\$ 71,230,131	\$ 77,386,117	\$ 87,763,470	\$ 80,983,532
Operating grants and contributions	6,948,651	7,053,153	8,649,970	14,233,258	11,018,024	11,298,769	16,166,706	14,509,325	6,112,837	4,638,289
Capital grants and contributions	96,546,791	75,035,849	48,153,632	14,822,589	8,523,226	11,601,446	45,488,140	25,493,658	24,379,900	38,873,140
Total governmental activities	<u>176,351,920</u>	<u>156,169,133</u>	<u>133,811,951</u>	<u>108,715,469</u>	<u>98,314,527</u>	<u>101,682,746</u>	<u>132,884,977</u>	<u>117,389,100</u>	<u>118,256,207</u>	<u>124,494,961</u>
Business-type activities										
Charges for services	47,365,660	48,925,709	47,927,811	49,324,337	50,079,335	51,870,951	60,037,239	64,627,936	67,346,657	72,038,470
Operating grants and contributions	315,375	255,064	413,600	209,258	168,668	31,055	32,194	17,003	12,415	100,000
Capital grants and contributions	26,183,221	20,534,505	23,216,960	9,666,201	4,408,097	3,722,997	8,170,432	11,832,463	11,870,370	12,798,509
Total business-type activities	<u>73,864,256</u>	<u>69,715,278</u>	<u>71,558,371</u>	<u>59,199,796</u>	<u>54,656,100</u>	<u>55,625,003</u>	<u>68,239,865</u>	<u>76,477,402</u>	<u>79,229,442</u>	<u>84,936,979</u>
Total primary government program revenues	<u>\$ 250,216,176</u>	<u>\$ 225,884,411</u>	<u>\$ 205,370,322</u>	<u>\$ 167,915,265</u>	<u>\$ 152,970,627</u>	<u>\$ 157,307,749</u>	<u>\$ 201,124,842</u>	<u>\$ 193,866,502</u>	<u>\$ 197,485,649</u>	<u>\$ 209,431,940</u>
Net (expenses) program revenues										
Governmental activities	\$ (77,895,061)	\$ (130,259,029)	\$ (161,315,003)	\$ (170,322,612)	\$ (187,882,944)	\$ (165,750,235)	\$ (135,102,516)	\$ (159,332,987)	\$ (156,765,611)	\$ (147,162,344)
Business-type activities	14,978,954	7,590,434	8,576,855	(1,298,650)	5,473,143	6,359,704	14,482,980	27,995,546	28,815,227	30,517,926
Primary government	<u>\$ (62,916,107)</u>	<u>\$ (122,668,595)</u>	<u>\$ (152,738,148)</u>	<u>\$ (171,621,262)</u>	<u>\$ (182,409,801)</u>	<u>\$ (159,390,531)</u>	<u>\$ (120,619,536)</u>	<u>\$ (131,337,441)</u>	<u>\$ (127,950,384)</u>	<u>\$ (116,644,418)</u>

(Continued)

CITY OF RENO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 ²	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 63,710,224	\$ 68,342,284	\$ 74,689,217	\$ 72,105,003	\$ 63,682,340	\$ 58,655,405	\$ 63,114,015	\$ 57,082,120	\$ 59,584,697	\$ 62,911,699
Intergovernmental consolidated taxes	55,256,937	51,266,041	43,552,723	38,859,576	39,326,558	40,909,269	42,849,236	46,470,929	51,516,367	56,213,644
Room taxes						7,168,308	7,833,957	7,807,221	8,159,606	9,447,442
Sales taxes restricted for debt service ³	8,895,013	8,737,761	9,167,714	8,479,614	8,996,391	8,571,308	9,200,167	9,669,710	10,185,663	10,741,137
Other sales taxes ³						269,141	271,025	233,530	389,190	335,196
Intergovernmental SCCR (AB104) taxes	3,568,290	3,413,261	2,938,194	2,674,326	2,655,300	2,667,490	2,781,495	2,976,670	3,213,482	3,457,174
Other taxes	11,005,390	15,838,338	21,896,196	11,382,500	11,579,095					
Intergovernmental gaming licenses	1,820,891	1,953,433	1,615,321	1,660,646	1,551,555	1,552,916	1,489,815	1,521,371	1,573,515	1,438,526
Investment income	8,064,540	7,677,210	4,521,600	2,517,574	2,360,479	2,037,971	1,942,762	1,970,100	1,768,688	1,916,744
Change in fair value of investments						157,483	(260,892)	(21,550)	(11,444)	
Gain on disposal of capital assets						277,930	46,716	462,903	98,478	50,704
Miscellaneous	2,147,815	1,044,345	1,455,769	401,007	861,751	1,087,310	890,666	272,370	1,293,456	1,097,292
Transfers	(5,769,545)	(4,566,309)	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447	852,787	560,821	222,254
Total governmental activities	148,699,555	153,706,364	149,368,159	129,919,171	129,873,242	122,754,121	133,460,409	129,298,161	138,332,519	147,831,812
Business-type activities										
Investment income ³	1,455,917	837,324	641,075	60,941	165,705	101,805	159,390	114,015	215,808	421,469
Change in fair value of investments ³						114,596	(228,228)	(18,597)	(31,503)	
Gain on disposal of capital assets							18,833			
Miscellaneous	155,489	8,841	6,036	10,968	126,155	99,035	12,164	30,026	8,531	14,721
Transfers	5,769,545	4,566,309	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)	(852,787)	(560,821)	(222,254)
Total business-type activities	7,380,951	5,412,474	11,115,686	8,232,984	1,432,087	915,846	(3,339,288)	(727,343)	(367,985)	213,936
Total primary government general revenues and other changes in net position	\$ 156,080,506	\$ 159,118,838	\$ 160,483,845	\$ 138,152,155	\$ 131,305,329	\$ 123,669,967	\$ 130,121,121	\$ 128,570,818	\$ 137,964,534	\$ 148,045,748
Change in net position										
Governmental activities	\$ 70,804,494	\$ 23,447,335	\$ (11,946,844)	\$ (40,403,441)	\$ (58,009,702)	\$ (42,996,114)	\$ (1,642,107)	\$ (30,034,826)	\$ (18,433,092)	\$ 669,468
Business-type activities	22,359,905	13,002,908	19,692,541	6,934,334	6,905,230	7,275,550	11,143,692	27,268,203	28,447,242	30,731,862
Primary government	\$ 93,164,399	\$ 36,450,243	\$ 7,745,697	\$ (33,469,107)	\$ (51,104,472)	\$ (35,720,564)	\$ 9,501,585	\$ (2,766,623)	\$ 10,014,150	\$ 31,401,330

1. Includes the animal services shelter, planning (established in 2005), and dispatch center enterprise funds. The planning and dispatch center enterprise funds were moved to the general fund effective July 1, 2010, and the animal services shelter enterprise fund was transferred to Washoe County Effective July 1, 2005.
2. Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.
3. Prior to fiscal 2012, certain revenues were reported as aggregate amounts, rather than by specific type.
4. The Golf course fund was moved to the general fund effective July 1, 2013.

CITY OF RENO

FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011 ¹	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General fund										
Reserved	\$ 1,907,826	\$ 2,745,300	\$ 1,566,639	\$ 2,504,173	\$	\$	\$	\$	\$	\$
Unreserved	13,573,339	10,398,438	8,500,411	5,123,776						
Nonspendable					688,328	494,775	454,285	411,578	582,723	692,174
Restricted					1,680,634	821,800	885,998	878,979	584,162	423,202
Assigned					187,626	171,147	224,188	351,624	179,048	1,098,548
Unassigned					2,948,665	5,018,570	5,895,188	10,588,880	10,419,632	17,405,569
Total general fund	<u>\$ 15,481,165</u>	<u>\$ 13,143,738</u>	<u>\$ 10,067,050</u>	<u>\$ 7,627,949</u>	<u>\$ 5,505,253</u>	<u>\$ 6,506,292</u>	<u>\$ 7,459,659</u>	<u>\$ 12,231,061</u>	<u>\$ 11,765,565</u>	<u>\$ 19,619,493</u>
Other governmental funds										
Reserved	\$ 82,122,834	\$ 87,381,222	\$ 138,925,867	\$ 111,417,520	\$	\$	\$	\$	\$	\$
Unreserved										
Special revenue funds	9,425,040	8,957,581	1,173,909	3,500,599						
Capital projects funds	(3,770,992)	(4,594,721)	(5,035,965)	(2,313,234)						
Nonspendable					40,717,557	37,769,370	1,268,875	1,332,978	1,457,301	1,226,450
Restricted					53,944,358	33,346,579	35,626,928	35,827,565	42,270,001	44,450,953
Committed					68,188					
Assigned					11,277,020	15,503,200	19,137,930	23,416,652	32,308,796	33,534,506
Unassigned						(1,063,493)	(855,487)	(638,540)	(131)	(13,563)
Total other governmental funds	<u>\$ 87,776,882</u>	<u>\$ 91,744,082</u>	<u>\$ 135,063,811</u>	<u>\$ 112,604,885</u>	<u>\$ 106,007,123</u>	<u>\$ 85,555,656</u>	<u>\$ 55,178,246</u>	<u>\$ 59,938,655</u>	<u>\$ 76,035,967</u>	<u>\$ 79,198,346</u>

1. With GASB 54 becoming effective in fiscal year 2011, there are new fund balance classifications which are being applied prospectively

CITY OF RENO
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
REVENUES										
Taxes	\$ 74,646,248	\$ 81,031,666	\$ 92,527,474	\$ 79,889,904	\$ 71,523,551	\$ 58,748,573	\$ 63,271,011	\$ 59,001,032	\$ 59,807,585	\$ 63,487,873
Property taxes						4,589,258	4,889,769	5,218,458	5,676,302	6,115,040
Motor vehicle taxes						7,565,981	8,761,171	8,791,459	9,980,712	10,672,001
Room and construction taxes						2,667,490	2,781,495	2,976,670	3,213,482	3,457,174
Intergovernmental SCCR (AB104) taxes										
Intergovernmental	109,091,955	84,288,149	94,593,393	82,646,049	82,475,857					
Intergovernmental capital project taxes						614,393	458,621	489,208	491,796	528,611
Intergovernmental consolidated taxes						40,909,269	42,849,236	46,470,929	51,516,367	56,213,644
Intergovernmental gaming licenses						1,552,916	1,489,815	1,521,371	1,573,515	1,438,526
Franchise fees						22,710,178	23,713,630	28,503,338	29,783,710	29,024,649
Licenses, permits and other fees	35,975,919	36,567,669	35,398,399	37,212,757	36,289,020	15,294,161	18,096,605	16,638,013	19,272,102	20,166,644
Special assessments	2,701,017	2,871,440	2,607,993	3,168,898	3,143,163	3,152,638	3,562,917	3,768,781	3,280,470	3,070,181
Grants and contributions						14,277,737	22,035,375	19,483,785	12,521,874	22,517,462
Charges for services	7,958,794	8,178,560	19,177,677	19,671,203	14,181,291	13,355,685	12,781,829	13,286,822	12,006,097	12,263,731
Downtown district room surcharge						2,003,432	2,187,000	2,144,842	1,965,290	1,936,490
Dedicated sales taxes						20,327,167	9,621,894	9,903,240	10,574,853	11,076,333
Fines and forfeitures	4,524,164	4,574,634	4,185,139	3,990,373	3,365,867	3,429,246	2,957,839	3,971,584	3,736,055	2,962,315
Reimbursements and restitutions						2,902,289	2,425,290	2,390,854	9,032,184	1,540,854
Rents and royalties						2,063,066	2,064,286	1,997,409	2,090,023	2,287,341
Investment income	6,118,931	5,921,751	3,451,817	1,941,746	2,026,114	1,777,641	1,745,617	1,668,137	1,666,139	1,575,734
Change in fair value of investments						157,483	(260,892)	(21,550)	(11,444)	174,789
Miscellaneous	18,296,050	57,077,934	9,775,628	10,283,728	8,684,396	1,743,847	1,177,304	1,067,642	2,799,447	1,700,361
Total revenues	259,313,078	280,511,803	261,717,520	238,804,658	221,689,259	219,842,450	226,609,812	229,272,024	240,976,559	252,209,753
EXPENDITURES										
Current										
General government	17,777,657	17,731,055	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782	17,031,363	17,833,189	19,689,312
Judicial	5,645,431	6,596,015	7,299,633	7,011,359	7,004,347	6,651,618	6,931,295	6,521,204	6,298,950	6,841,408
Public safety	111,545,635	117,630,088	114,212,206	113,134,307	108,124,303	102,411,946	101,611,973	102,085,861	101,481,555	108,765,678
Public works	21,499,497	28,283,348	24,407,892	20,886,321	25,650,774	20,415,789	18,516,373	19,143,703	18,625,469	21,998,362
Culture and recreation	17,305,789	18,176,148	17,246,463	17,081,909	11,880,240	9,138,983	10,497,003	9,722,309	9,735,128	10,134,955
Planning and community development	7,084,598	6,907,616	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153	12,068,497	10,174,232	8,981,627
Urban redevelopment	2,288,753	2,983,836	3,834,292	3,055,179	1,239,530	787,315	754,499	737,761	755,744	1,097,947
Other	3,872,818	4,365,179	3,773,363	4,784,752	4,728,491	8,772,774	8,080,474	9,034,265	8,789,937	8,777,586
Total current	187,020,178	202,673,285	198,100,236	194,013,478	185,571,828	173,531,744	174,567,552	176,344,963	173,694,204	186,286,875
Capital outlay										
General government									42,591	135,779
Public safety						388,294	21,541	24,261	852,404	761,830
Public works						20,260,185	8,118,958	8,471,828	7,624,195	18,296,761
Culture and recreation						830,499	1,210,489	420,468	3,700	1,735,020
Planning and community development										1,208,407
Other	47,777,780	51,523,934	28,015,696	20,673,508	16,974,168				45,257	
Total capital outlay	47,777,780	51,523,934	28,015,696	20,673,508	16,974,168	21,478,978	9,350,988	8,916,557	8,568,147	22,137,797

(Continued)

CITY OF RENO

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Debt service										
Principal payments	9,490,866	9,755,905	11,943,401	13,506,867	16,160,660	15,551,744	16,590,010	69,942,333	25,573,149	15,795,203
Interest expense and fiscal charges	18,350,174	18,517,670	22,442,015	19,172,227	18,856,808	17,948,596	17,569,966	16,141,074	15,578,936	14,629,271
Debt issuance costs	1,053,997	9,378,659	1,570,557	1,570,557	413,003	74,835	2,773,560	997,570	2,717,256	2,605,268
Administrative and other costs	809,851	1,022,214	1,902,391	2,784,617	2,747,770	2,784,943	2,480,894	2,773,560	2,717,256	2,605,268
Total debt service	<u>29,704,888</u>	<u>38,674,448</u>	<u>37,858,364</u>	<u>35,463,711</u>	<u>38,178,241</u>	<u>36,360,118</u>	<u>36,640,870</u>	<u>89,854,537</u>	<u>43,869,341</u>	<u>33,029,742</u>
Total expenditures	<u>264,502,846</u>	<u>292,871,667</u>	<u>263,974,296</u>	<u>250,150,697</u>	<u>240,724,237</u>	<u>231,370,840</u>	<u>220,559,410</u>	<u>275,116,057</u>	<u>226,131,692</u>	<u>241,454,414</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,189,768)</u>	<u>(12,359,864)</u>	<u>(2,256,776)</u>	<u>(11,346,039)</u>	<u>(19,034,978)</u>	<u>(11,528,390)</u>	<u>6,050,402</u>	<u>(45,844,033)</u>	<u>14,844,867</u>	<u>10,755,339</u>
OTHER FINANCING SOURCES (USES)										
Debt issuance proceeds	45,000,934	207,337,856	83,543,362		17,091,000	2,167,075	366,602	79,940,715	187,512	112,710
Debt issuance premiums								5,599,737		
Payment to advance refunding bond agent		(184,623,631)			(3,860,413)			(34,897,247)		
Proceeds from capital asset disposal	439,594	10,068	66,925	6,070	935,745	160,188	555,513	4,496,279	187,437	41,256
Transfers in	40,899,555	47,548,305	30,813,975	32,877,213	28,962,823	16,408,268	20,324,192	22,460,457	31,898,195	16,724,066
Transfers out	(52,128,091)	(56,282,961)	(42,749,965)	(45,545,159)	(30,129,544)	(23,448,678)	(20,384,158)	(22,224,097)	(31,486,195)	(16,612,066)
Transfer of property held for sale to general capital assets							(36,336,594)			
Other	(20,405,473)		(30,731,864)		(218,949)					
Total other financing sources (uses)	<u>13,806,519</u>	<u>13,989,637</u>	<u>40,942,433</u>	<u>(12,661,876)</u>	<u>12,780,662</u>	<u>(4,713,147)</u>	<u>(35,474,445)</u>	<u>55,375,844</u>	<u>786,949</u>	<u>265,966</u>
CHANGE IN FUND BALANCE	<u>\$ 8,616,751</u>	<u>\$ 1,629,773</u>	<u>\$ 38,685,657</u>	<u>\$ (24,007,915)</u>	<u>\$ (6,254,316)</u>	<u>\$ (16,241,537)</u>	<u>\$ (29,424,043)</u>	<u>\$ 9,531,811</u>	<u>\$ 15,631,816</u>	<u>\$ 11,021,305</u>
Debt service as a percentage of noncapital expenditures	<u>4 12.90 %</u>	<u>11.80 %</u>	<u>14.50 %</u>	<u>14.70 %</u>	<u>16.40 %</u>	<u>15.90 %</u>	<u>18.72 %</u>	<u>32.62 %</u>	<u>18.92 %</u>	<u>13.87 %</u>

1. Prior to FY 2012, certain revenues were reported as aggregate amounts, rather than by specific type.
2. Debt issuance proceeds are presented net of premiums and discounts.
3. Operation of the dispatch center was assumed by the General Fund effective July 1, 2010.
 Operation of planning, formerly reported as an enterprise fund was assumed by the General Fund and included in Community Development and Support effective July 1, 2010
 Operation of communication & technology, formerly reported as an internal service fund was assumed by the General Fund and included in General Government effective July 1, 2010
 Operation of the Golf Fund, formerly reported as an enterprise fund, was assumed by the General Fund and included in Culture and recreation effective July 1, 2012.
4. Formula takes into consideration capital related costs that were included in current expenditures.

CITY OF RENO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY^{1,2} LAST TEN FISCAL YEARS IN THOUSANDS (UNAUDITED)

For the Year Ended June 30,	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less Tax Exempt Property	Total Taxable Assessed Value	Direct Tax Rate ³	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value ⁴
2007	\$ 486,154	\$ 3,853,039	\$ 2,254,125	\$ 537,450	\$ 1,363	\$ 60,814	\$ (1,075,872)	\$ 6,117,073	0.9456	\$ 17,477,351	35.00 %
2008	576,364	4,285,823	2,577,443	585,893	1,417	61,222	(1,282,063)	6,806,099	0.9456	19,445,997	35.00 %
2009	606,435	4,948,148	2,749,449	675,530	1,486	65,340	(1,366,826)	7,679,562	0.9456	21,941,606	35.00 %
2010	422,120	4,350,037	2,951,879	682,094	1,442	63,754	(1,536,966)	6,934,360	0.9456	19,812,457	35.00 %
2011	290,390	3,850,889	2,711,409	651,473	124	53,983	(1,490,256)	6,068,012	0.9456	17,337,177	35.00 %
2012	301,146	3,560,525	2,586,197	631,327	1,750	53,014	(1,462,807)	5,671,152	0.9456	16,203,291	35.00 %
2013	237,890	3,387,224	2,645,312	617,868	1,976	58,556	(1,526,435)	5,422,391	0.9598	15,492,546	35.00 %
2014	231,608	3,423,927	2,590,618	615,433	1,946	60,557	(1,496,914)	5,427,175	0.9598	15,506,214	35.00 %
2015	240,007	3,903,189	2,644,638	638,864	1,700	60,587	(1,517,309)	5,971,676	0.9598	17,061,931	35.00 %
2016	243,012	4,337,102	2,613,750	661,846	1,695	58,940	(1,513,970)	6,402,375	0.9598	18,292,500	35.00 %

1. Source - Nevada State Department of Taxation and Office of the Washoe County Assessor
2. All amounts reflect the City of Reno, the Redevelopment Agency of the City of Reno, and the Reno Tax Increment District.
3. The direct tax rate applicable to the total taxable assess value includes the City's total direct rate.
4. Pursuant to State statute, all property is assessed at 35% of its estimated value.

CITY OF RENO

PROPERTY TAX RATES¹ - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESS VALUE²) LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	City of Reno, Direct Rates			Overlapping Rates			
	City Operations	Debt Service	Total Direct Tax Rate	State of Nevada	School District	Washoe County	Special District
2007	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0017
2008	0.8760	0.0696	0.9456	0.1700	1.1385	1.3917	0.0012
2009	0.8943	0.0513	0.9456	0.1700	1.1385	1.3917	0.0004
2010	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0004
2011	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0005
2012	0.9456		0.9456	0.1700	1.1385	1.3917	
2013	0.9598		0.9598	0.1700	1.1385	1.3917	
2014	0.9598		0.9598	0.1700	1.1385	1.3917	
2015	0.9598		0.9598	0.1700	1.1385	1.3917	
2016	0.9598		0.9598	0.1700	1.1385	1.3917	

For the Year Ended June 30,	Overlapping Rates				
	Reno Increment District, Debt Service ³	Redevelopment Agency #1	Redevelopment Agency #2 ⁴	Total Overlapping Rates	Total Direct and Overlapping Rates
2007	3.2500	3.2500	3.2500	12.4519	13.3975
2008		3.2623	3.2623	9.2260	10.1716
2009		3.2008	3.2008	9.1022	10.0478
2010		3.2144	3.2144	9.1294	10.0750
2011		3.2144	3.2114	9.1265	10.0721
2012		3.0916	3.0916	8.8834	9.8290
2013		3.1058	3.1058	8.9118	9.8716
2014		3.0960	3.0960	8.8922	9.8520
2015		2.8927	2.8927	8.4856	9.4454
2016		2.9072	2.9072	8.5146	9.4744

1. Source - State of Nevada, Department of Taxation's "Local Government Finance Redbook."
2. The State of Nevada Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.
3. Reno Increment District removed FY 07-08
4. Redevelopment Agency #2 established in FY 2006-2007

CITY OF RENO

PRINCIPAL PROPERTY TAXPAYERS¹ CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	2016			2007		
	Taxable Assessed Value ²	Rank	Approximate Percentage of Taxable Assess Valuation ³	Taxable Assessed Value ²	Rank	Approximate Percentage of Taxable Assess Valuation ³
Peppermill Casino Inc	\$ 90,684	1	1.42 %	\$ 110,390	1	1.80 %
ICON Reno Property Owner	51,835	2	0.81 %			
Golden Road Motor Inn Inc	45,328	3	0.71 %	41,406	4	0.68 %
MPT of Reno LLC	38,656	4	0.60 %			
Circus & Eldorado Joint Venture	37,735	5	0.59 %	61,502	3	1.01 %
International Game Technology	24,850	6	0.39 %	40,708	5	0.67 %
ICON Reno Property Owner Pool 6 WI	23,173	7	0.36 %			
Toll South Reno, LLC	18,743	8	0.29 %			
G&I Reno Operating LLC	17,323	9	0.27 %			
TR Reno LLC	16,753	10	0.26 %			
El Dorado Resorts LLC				28,271	8	0.46 %
Grand Sierra Operating Corp(fka Reno Hilton)				79,942	2	1.31 %
Prologic NA2 LLC				31,478	6	0.51 %
PNK (Reno) LLC				28,111	9	0.46 %
Reno Retail Company LLC				26,720	10	0.44 %
Harrah's Club				29,541	7	0.48 %
	<u>\$ 365,080</u>		<u>5.70 %</u>	<u>\$ 478,069</u>		<u>7.82 %</u>

1. Source - Office of the Washoe County Assessor, Statistical Section, "Top Reno Taxpayers" report
2. Taxable assessed value is 35% of appraised value.
3. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

CITY OF RENO

PROPERTY TAX LEVIES AND COLLECTIONS¹ LAST TEN FISCAL YEARS IN THOUSANDS (UNAUDITED)

<u>For the Year Ended June 30,</u>	<u>Tax Levy</u>	<u>Current Tax Levy Collections</u>	<u>Percent of Tax Levy Collected</u>	<u>Delinquent Tax Levy Collections</u>	<u>Total Tax Levy Collected</u>	<u>Percent of Total Tax Levy Collected to Tax Levy</u>
2007	\$ 59,649	\$ 59,075	99.0377 %	\$ 574	\$ 59,649	100.0000 %
2008	64,543	64,058	99.2486 %	480	64,538	99.9923 %
2009	63,794	62,672	98.2412 %	1,113	63,785	99.9859 %
2010	62,732	62,643	99.8581 %	48	62,691	99.9346 %
2011	57,261	56,444	98.5732 %	411	56,855	99.2910 %
2012	54,288	53,547	98.6351 %	632	54,179	99.7992 %
2013	52,893	52,490	99.2381 %	274	52,764	99.7561 %
2014	55,900	55,429	99.1574 %	472	55,901	100.0018 %
2015	56,998	56,644	99.3789 %	356	57,000	100.0035 %
2016	56,553	56,398	99.7259 %		56,398	99.7259 %

1. Source - Washoe County Assessor and Treasurer and City of Reno Finance Department

2. Excludes personal property taxes, centrally assessed property taxes and Reno Redevelopment Agency taxes.

CITY OF RENO

LICENSES AND PERMITS BY CATEGORY¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Business licenses	\$ 13,868,588	\$ 13,419,739	\$ 12,633,107	\$ 11,287,373	\$ 11,364,176	\$ 11,781,860	\$ 12,476,307	\$ 12,735,089	\$ 15,458,489	\$ 16,231,251
City gaming licenses	2,548,837	2,364,451	2,201,449	2,046,810	2,028,215	2,000,542	1,972,027	1,929,494	1,917,251	1,971,267
Liquor licenses	1,180,837	1,151,688	1,294,792	1,277,056	1,264,106	1,293,439	1,399,924	1,473,174	1,642,761	1,754,494
Non-business licenses and permits	61,100	72,756	38,207	35,746	33,131	187,966	293,773	579,688	797,271	545,661
Electricity franchise fees	5,733,862	5,783,785	6,227,461	8,266,881	7,314,420	8,897,576	9,258,752	11,634,425	1,046,287	10,251,397
Telephone franchise fees	3,649,048	3,735,284	3,873,036	3,435,740	3,383,752	3,082,993	3,230,640	3,164,583	2,993,460	3,078,404
Natural gas franchise fees	2,458,676	2,368,616	2,205,186	3,396,125	2,817,106	2,656,784	2,107,487	3,622,350	4,068,093	3,917,603
Sanitation franchise fees	1,974,410	2,385,936	2,213,979	2,199,114	2,279,934	2,193,302	2,066,737	2,465,678	3,205,038	3,378,650
Water toll fees	1,007,879	998,524	959,311	1,376,897	1,448,400	1,511,903	2,306,041	2,465,678 ²	3,205,038 ²	3,378,650 ²
Sewer-in-lieu-of-franchise fees	1,504,931	1,471,135	1,683,913	2,020,040	2,227,361	2,355,745	2,587,019	2,788,314	3,053,773	3,322,613
Cable television fees	1,886,280	2,463,954	1,832,294	1,784,686	2,005,415	2,011,875	2,156,954	2,242,873	2,407,101	2,441,541
	<u>\$ 35,874,448</u>	<u>\$ 36,215,868</u>	<u>\$ 35,162,735</u>	<u>\$ 37,126,468</u>	<u>\$ 36,166,016</u>	<u>\$ 37,973,985</u>	<u>\$ 39,855,661</u>	<u>\$ 42,635,668</u>	<u>\$ 36,589,524</u>	<u>\$ 46,892,881</u>

1. Licenses and permits, the City's second largest "own-source" revenue, are presented for the general fund only.

2. Effective fiscal year 2014, water toll fees have been moved to the Streets Special Revenue Fund as this is the fund that uses these fees and to reduce transfers.

CITY OF RENO

RATIOS OF OUTSTANDING DEBT¹ BY TYPE LAST TEN FISCAL YEARS IN THOUSANDS, EXCEPT PER CAPITA (UNAUDITED)

For the Year Ended June 30,	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income ³	Per Capita ³
	General Obligation Bonds	Tax Allocation Bonds	Pledged Revenue Bonds	Special Assessment Bonds	Other ²	General Obligation/Pledged Revenue Bonds	Other ²			
2007	\$ 22,965	\$ 35,325	\$ 361,623	\$ 24,488	\$ 2,705	\$ 73,536	\$ 8,033	\$ 528,675	5.30 %	\$ 2,396
2008	17,640	34,260	368,366	25,125	11,515	104,706		561,612	5.52 %	2,518
2009	57,690	33,980	400,136	23,530	12,516	98,657		626,509	6.93 %	2,872
2010	52,485	32,765	396,109	21,979	11,008	92,497		606,843	6.64 %	2,793
2011	51,440	31,495	388,385	20,617	4,536	89,205		585,678	6.17 %	2,629
2012	44,885	30,155	383,120	20,303	18,547	84,885		581,895	5.62 %	2,532
2013	41,868	28,756	377,434	18,896	17,543	78,820		563,317	5.37 %	2,426
2014	76,616	27,280	327,345	16,979	17,796	74,474		540,490	5.09 %	2,327
2015	64,472	25,706	318,789	15,660	16,207	69,495		510,329	4.61 %	2,139
2016	58,837	24,076	312,899	14,473	14,626	64,377		489,288	4.39 %	2,051

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. These figures are reported net of bond premiums and discounts.

2. Includes loans and notes payable, installment purchase agreements and capital leases.

3. See the "Demographic and Economic Statistics" table for personal income and population data. Personal income data for 2006 forward is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com.

CITY OF RENO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT^{1, 2} JUNE 30, 2016 IN THOUSANDS (UNAUDITED)

	General Obligation Debt ³	Percent Applicable	Applicable General Obligation Debt
City of Reno	\$ 58,837	%	\$ _____
Overlapping governments			
Washoe County School District	474,267	48.00 %	227,648
Washoe County	154,783	48.00 %	74,296
State of Nevada	1,729,010	7.47 %	129,157
Total overlapping governments	2,358,060		431,101
Total direct and overlapping debt	2,416,897		\$ 431,101

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Reno. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident; and therefore, responsible for repaying the debt, of each overlapping government. Debt amounts for overlapping entities in the various governments and percentage applicable are derived from the State of Nevada, Department of Taxation's "Local Government Finance Redbook."
3. Represents general obligation bonds repaid through general property taxes.

CITY OF RENO

RATIOS OF GENERAL BONDED DEBT¹ OUTSTANDING LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	General Obligation Bonds	General Obligation/Pledged Revenue Bonds	Total General Bonded Debt	Percentage of Estimated Actual Property Value ²	Per Capita ³	Amounts Available to Repay General Bonded Debt	Net General Bonded Debt
2007	\$ 22,965	\$ 73,536	\$ 96,501	0.55 %	\$ 437	\$ 10,103	\$ 86,398
2008	17,640	104,706	122,346	0.63 %	549	7,718	114,628
2009	57,690	98,657	156,347	0.71 %	717	8,767	147,580
2010	52,485	92,497	144,982	0.73 %	667	1,712	143,270
2011	51,440	89,205	140,645	0.81 %	631	2,221	138,424
2012	44,885	84,885	129,770	0.80 %	565	111	129,659
2013	41,868	78,820	120,688	0.78 %	520	13	120,675
2014	76,616	74,474	151,090	0.97 %	651	425	150,665
2015	64,472	69,495	133,967	0.79 %	561	425	133,542
2016	58,837	64,377	123,214	0.67 %	516	425	122,789

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.
3. See the "Demographic and Economic Statistics" table for population data.

CITY OF RENO

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS IN THOUSANDS (UNAUDITED)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Total taxable assessed property value	<u>\$ 6,117,073</u>	<u>\$ 6,806,099</u>	<u>\$ 7,679,562</u>	<u>\$ 6,934,360</u>	<u>\$ 6,068,012</u>	<u>\$ 5,671,152</u>	<u>\$ 5,422,391</u>	<u>\$ 5,427,175</u>	<u>\$ 5,971,676</u>	<u>\$ 6,402,375</u>
Legal debt Margin										
Legal debt limit (15% of taxable assessed property value)	<u>\$ 917,561</u>	<u>\$ 1,020,915</u>	<u>\$ 1,151,934</u>	<u>\$ 1,040,154</u>	<u>\$ 910,202</u>	<u>\$ 850,673</u>	<u>\$ 813,359</u>	<u>\$ 814,076</u>	<u>\$ 895,751</u>	<u>\$ 960,356</u>
Debt applicable to debt limit Net general bonded debt	<u>86,398</u>	<u>114,628</u>	<u>147,580</u>	<u>143,270</u>	<u>138,424</u>	<u>129,659</u>	<u>120,675</u>	<u>150,665</u>	<u>133,542</u>	<u>122,789</u>
Legal debt margin	<u>\$ 831,163</u>	<u>\$ 906,287</u>	<u>\$ 1,004,354</u>	<u>\$ 896,884</u>	<u>\$ 771,778</u>	<u>\$ 721,014</u>	<u>\$ 692,684</u>	<u>\$ 663,411</u>	<u>\$ 762,209</u>	<u>\$ 837,567</u>
Total debt applicable to debt limit as a percentage of debt limit	<u>90.58 %</u>	<u>88.77 %</u>	<u>87.19 %</u>	<u>86.23 %</u>	<u>84.79 %</u>	<u>84.76 %</u>	<u>85.16 %</u>	<u>81.49 %</u>	<u>85.09 %</u>	<u>87.21 %</u>

1. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.
2. The City of Reno charter states that the City shall not incur an indebtedness in excess of 15% of the total taxable assessed property value 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 property (ad valorem) taxes.
3. See the "Ratios of General Bonded Debt Outstanding" table for the calculation of net general bonded debt.
4. The calculation of the City's legal debt margin is performed in accordance with NRS 266.600.

CITY OF RENO

PLEDGED REVENUE BOND¹ COVERAGE LAST TEN FISCAL YEARS (UNAUDITED)

Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds 2						
Debt Service						
For the Year Ended June 30,	Room Tax Collections ⁵	Sales Tax Collections ⁵	Available Revenue	Principal	Interest	Coverage
2007	\$ 1,074,435	\$ 8,895,013	\$ 9,969,448	\$	\$ 7,794,611	127.90 %
2008	991,523	8,379,747	9,371,270	120,000	5,931,411	154.86 %
2009	735,302	7,080,474	7,815,776	820,000	6,269,671	110.24 %
2010	691,252	6,340,270	7,031,522	1,260,000	6,120,390	95.27 %
2011	681,789	6,477,291	7,159,080	1,375,000	5,657,085	101.81 %
2012	637,389	6,733,005	7,370,394	1,640,000	5,066,692	109.90 %
2013	705,030	7,127,853	7,832,883	1,795,000	5,100,128	113.60 %
2014	703,885	7,672,343	8,376,228	1,945,000	4,922,321	121.97 %
2015	710,154	8,227,820	8,937,974	2,095,000	4,854,414	128.61 %
2016	854,988	8,864,540	9,719,528	3,104,988	5,013,100	119.73 %

Capital Improvement (Events Center) Bonds 3						
Debt Service						
For the Year Ended June 30,	Room Tax Collections ⁶	Intergovernmental Consolidated Taxes (15%)	Available Revenue	Principal	Interest	Coverage
2007	\$ 6,285,727	\$ 8,288,540	\$ 14,574,267	\$ 285,000	\$ 4,858,814	283.34 %
2008	6,000,979	7,689,906	13,690,885	845,000	6,620,921	183.38 %
2009	5,077,055	6,532,908	11,609,963	1,045,000	9,190,524	113.43 %
2010	4,960,895	5,828,936	10,789,831	1,230,000	4,780,345	179.52 %
2011	4,844,006	5,898,984	10,742,990	1,455,000	4,719,136	174.00 %
2012	4,759,242	6,136,390	10,895,632	1,695,000	4,627,382	172.33 %
2013	5,185,236	6,427,385	11,612,621	1,940,000	4,573,918	178.27 %
2014	5,158,134	6,970,639	12,128,773	1,550,000	3,961,748	220.05 %
2015	5,406,411	7,727,455	13,133,866	1,725,000	4,075,616	226.42 %
2016	6,217,456	8,432,047	14,649,503	1,725,000	4,075,616	252.55 %

Sales Tax Anticipation Revenue (STAR) Bonds 4						
Debt Service						
For the Year Ended June 30,	Sales Tax Increment Collections	Principal	Interest	Coverage		
2007	\$	\$	\$	%		
2008				%		
2009	2,087,240	240,000	1,258,956	139.25 %		
2010	2,139,344	560,000	1,821,463	89.83 %		
2011	1,863,765	660,000	1,792,312	76.00 %		
2012	1,838,303	770,000	1,757,563	72.73 %		
2013	2,072,312	880,000	1,716,912	79.80 %		
2014	1,997,367	1,010,000	1,629,375	75.68 %		
2015	1,957,843	1,140,000	1,616,275	71.03 %		
2016	1,876,597	1,280,000	1,555,250	66.19 %		

Special Assessment Bonds						
Debt Service						
For the Year Ended June 30,	Special Assessment Collections ⁸	Principal ⁹	Interest	Coverage		
2007	\$ 2,900,982	\$ 913,344	\$ 1,581,513	116.28 %		
2008	3,281,237	908,344	1,624,196	129.56 %		
2009	3,032,794	1,594,343	1,653,298	93.38 %		
2010	3,301,212	1,551,344	1,576,358	105.55 %		
2011	3,159,452	1,335,333	1,478,588	112.28 %		
2012	3,219,648	1,253,744	1,406,734	121.02 %		
2013	3,499,396	1,367,530	1,350,485	128.75 %		
2014	3,206,260	1,919,200	1,269,729	100.54 %		
2015	2,808,343	1,321,910	1,153,487	113.45 %		
2016	2,720,609	1,156,802	1,087,375	121.23 %		

(Continued)

CITY OF RENO

PLEGDED REVENUE BOND¹ COVERAGE (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Agency Special Assessment Bonds (Includes Sierra Corporation, Somerset and Double R) ¹¹			
	Debt Service			
	Special Assessment Collections	Principal ⁹	Interest	Coverage
2007	\$ 3,210,975	\$ 1,720,000	\$ 1,333,056	105.17 %
2008	3,308,929	1,440,000	1,428,750	115.34 %
2009	3,081,683	1,620,000	1,362,563	103.32 %
2010	3,559,478	1,790,000	1,291,516	115.51 %
2011	2,938,511	1,610,000	1,182,973	105.21 %
2012	2,932,920	1,715,000	1,091,484	104.51 %
2013	3,447,224	2,500,000	1,019,533	97.95 %
2014	2,622,893	1,385,000	622,977	130.62 %
2015	2,414,225	1,315,000	456,191	136.31 %
2016	2,128,653	1,420,000	394,573	117.31 %

For the Year Ended June 30,	Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage) ¹²			
	Debt Service			
	Property Lease/Rent Collections ⁶	Principal ¹⁰	Interest	Coverage
2007	\$	\$	\$	%
2008	1,574,297		968,397	162.57 %
2009	1,251,328	175,000	512,280	182.07 %
2010	1,012,990	287,000	140,096	237.18 %
2011	915,926	380,000	118,302	183.81 %
2012	912,639	380,000	105,430	188.01 %
2013	939,875	435,000	101,885	175.06 %
2014	907,589	339,000	75,858	218.77 %
2015	864,294	560,000	50,871	141.49 %
2016	989,960	606,000	59,167	148.83 %

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Series 1998 Nevada Sales and Room Tax Bonds were issued on 12/28/98. These bonds were then called and paid with proceeds from the Series 2002 Senior Lien Sales and Room Tax Bond issued on 06/26/02. The 2002 bonds were refunded with the issuance of the Series 2006 Bonds on 04/14/06. Series 2006 A & B Bonds are repayable with sales tax revenues; Series 2006 C Bonds are repayable from room tax revenues. The Series 2006 A & B Bonds were refunded on 03/04/08 with the issuance of the Series 2008 A & B Bonds, which converted the 2006 A Bonds from auction rate securities to variable rate demand bonds. Totals do not include SAD bonds. Bond proceeds financed the rail transportation access corridor (ReTRAC) construction and cover capital projects.
3. On 10/26/05 the Series 2002 Capital Improvement Bonds were partially refunded with the issuance of the Series 2005 A Bonds; the Series 2005 B & C Bonds were also issued. The Series 2005 A Bonds, which were auction rate securities, were converted to Variable Rate Demand Bonds on 02/05/09. Totals do not reflect SAD balances. On July 9, 2013, the balance of the Series 2002 Capital Improvement Revenue Bonds were refunded with the issuance of the 2013A G. O. Capital Improvement Refunding Bonds, therefore, fiscal year 2014 includes only the payments made on the Series 2005A Bonds.
4. On 10/23/08, the Series 2007 A & B Cabela's STAR Bonds were issued.
5. 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.
6. Capital Improvement (Events Center) Bonds are backed by an irrevocable pledge on certain taxes imposed on the rental of transient lodging within Washoe County, as well as up to 15% of consolidated tax revenues.
7. 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.
8. Collections and payment information have been adjusted to exclude Agency SAD's beginning FY 2007 - information from Allen Gardner AMG
9. Principal payments may include early principal redemptions based upon excess fund balance availability.
10. An additional principal payment of \$3,163,316 was due to sale of property collateralizing the ReTRAC Lease Revenue Bonds and a reduction of cash representing excess lease revenue.
11. In FY 10/11 added table for Agency SAD's reported as fiduciary funds. On March 27, 2014, the City refunded the 2002 Special Assessment District No. 4 Limited Obligation Improvement Bonds with the Series 2014 Local Improvement Refunding Bonds (Somerset Parkway). Fiscal year 2014 includes the December 1 payment on the refunded bonds and the June 1 payment on the Series 2014 bonds.
12. Began reporting FY 07/08. The bonds are variable rate tied to LIBOR. On March 5, 2014, the City of Reno refinanced the Series 2006 Taxable Lease Revenue Bonds and the Series 2007 Taxable Lease Revenue Bonds with the issuance of the Series 2014 Taxable Lease Revenue Bonds. The transaction included a principal paydown using \$2.5 million realized from the sale of the land underneath the former Fitzgerald's parking garage.

CITY OF RENO

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Population ¹	Personal Income ²	Per Capita		Median Age ⁴	Public School Enrollment ⁶	Charter School Enrollment ⁷	Unemployment Rate ⁵
		In Thousands						
2007	220,613	\$ 9,974,576	\$ 45,213	\$	34.5	\$ 31,157	\$ 1,967	4.5 %
2008	223,012	10,170,908	45,607	\$	36.5	31,126	2,042	6.4 %
2009	218,143	9,035,701	41,421		36.4	31,907	2,212	11.8 %
2010	217,282	9,140,185	42,066		37.0	31,743	2,392	13.4 %
2011	222,801	9,496,224	42,622		37.2	31,052	2,435	12.9 %
2012	229,859	10,358,826	45,066		37.4	30,916	2,520	11.7 %
2013	232,243	10,489,952	45,168		37.6	31,295	2,578	9.8 %
2014	232,243	10,626,278	45,755		37.8	32,786	2,564	7.3 %
2015	238,615	11,059,805	46,350		37.1	32,210	1,626	6.4 %
2016	238,615	11,136,878	46,673		34.0	34,256	2,818 ⁸	5.9 %

1. State of Nevada Department of Taxation, Demographer - 2008 Estimate. State of Nevada Department of Taxation, Demographer - 2009 used projected figure to be certified by the Governor. Corrected Prior year estimate with new data from State of Nevada, Demographer State of Nevada Department of Taxation, Demographer-2010 Certified Figures from the Governor's office Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year we are using the known figure from the prior year each year and will correct once certification is obtained
2. Started Calculating Personal Income 2009-calculated as Population X Per Capita Personal Income X 43%. Personal Income 2012 estimate-Corrected Per Capita Personal Income through 2010 with BEA Figures for each calendar year this corrected each prior year
3. Per Capita Personal Income 2009-US Bureau of Economic Analysis Website (www.bea.gov/regional). Trued up all prior years with corrected information from each calendar year. We report on fiscal year; the US Govt reports on calendar year. Estimated 2012 figure 1st Qtr of 2012 X 43% (based on prior years; this is the percentage for Reno/Sparks Metro Area)
4. Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999. State Demographer Office, UNR Small Business Development Center, 2000. Washoe County Department of Community Development, 2001-2003. Median age is for the entire County (WC Stat Section Sch 4.1). Median Age - Not available for 2006 -- using 2005. US Census Bureau-factfinder.census.gov Median Age is for Reno corrected 2006; used same figure for 2007 until new figures are available.
5. US Census Bureau-factfinder.census.gov Median Age is for all of Washoe County
6. State of Nevada, Department of Employment, Training and Rehabilitation Rate is for the entire County. 2006 - Nevada Workforce Informer - rate is for the entire county. This runs approximately 2 years in the past. 2008-Nevada Workforce Informer - rate is up to date as of 6/2008
7. Washoe County School District . In FY 11/12 corrected previous years-used tax records to verify address in Reno or County.
8. Charter school count totals not available for all schools.

CITY OF RENO
PRINCIPAL EMPLOYERS^{1, 2}
CURRENT AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	December 31, 2016			December 31, 2007		
	Employees	Rank	Percentage of Total City of Reno Employment	Employees	Rank	Percentage of Total City of Reno Employment
Washoe County School District	8,750	1	3.72 %	7,250	1	3.21 %
University of Nevada-Reno	4,750	2	2.02 %	4,250	2	1.88 %
Renown Regional Medical Center	2,750	3	1.17 %	2,250	5	1.00 %
Washoe County	2,750	4	1.17 %	3,250	3	1.44 %
Peppermill Hotel Casino-Reno	2,250	5	0.96 %	2,250	7	1.00 %
International Game Technology	1,750	6	0.74 %	2,750	4	1.22 %
Atlantis Hotel Casino	1,750	7	0.74 %	1,750	9	0.77 %
Circus & Eldorado Joint Venture	1,750	8	0.74 %			%
HG Staffing LLC	1,750	9	0.74 %			%
St. Mary's (Prime Healthcare Services-Reno)	1,250	10	0.52 %			%
Silver Legacy Hotel Casino				2,250	6	1.00 %
Sparks Nugget, Inc.				1,750	10	0.77 %
City of Reno				2,250	8	1.00 %

1. Source - 2012/2004-nevadaworkforce.com-Updated on an annual basis only use mid FY data for Stat section
2. Does not include utility companies as these are centrally assessed by the State.

CITY OF RENO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS² (UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General government										
Management	8	42	42	49	55	49	46	48	44	47
Records management/cashiering		12	12	12	10	8	7	7	7	8
Finance	4	33	33	33	33	20	12	11	14	15
Legal		35	35	35	35	26	25	24	25	27
Human resources	5	16	16	16	13	9	11	6	9	12
Information technology	6	28	30	30	29	17	17	15	16	20
Judicial										
Judges		4	4	4	4	4	4	4	4	4
Others		59	53	49	58	53	53	49	44	44
Police										
Sworn employees		365	373	373	383	294	304	306	318	296
Non-commissioned employees		105	111	110	109	52	52	48	46	51
Fire										
Authorized emergency personnel		345	339	344	345	213	229	240	192	213
Fire prevention officers		18	17	19	19	14	15	12	12	11
Others		20	29	22	22	13	13	13	13	9
Public works										
Engineers		31	35	38	38	16	11	12	12	11
Fleet maintenance		16	16	16	16	11	10	10	10	10
Others		138	129	125	128	73	98	108	106	89
Planning and community development		77	37	40	40	19	26	23	23	27
Culture and recreation		88	93	93	92	43	49	40	69	69
Urban development		7	14	9	5					
Sanitary sewer		64	69	69	67	54	50	50	49	63
Building permits		65	70	66	56	22	20	20	27	27
Golf course	7	6	6	6	4	4	4	3		
Animal shelter	3									
Dispatch services		70	70	70	70	54	53	51	53	47
Total full-time equivalent employees		1,644	1,633	1,628	1,631	1,068	1,109	1,100	1,093	1,093
		1,180								

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book
2. 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.
3. Animal Services taken over by Washoe County in FY 2005/06
4. Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees.
5. Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003.
6. 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.
7. Brookside Golf Course closed October 1, 2006
8. FY 2009/10 broke out management positions more as based on actual job descriptions

CITY OF RENO

OPERATING INDICATORS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General government										
Active annual business licenses	25,089	25,574	25,574	22,456	22,329	23,506	23,457	23,634	23,851	25,173
Business license audits completed	95	186	197	294	288	185	282	296	311	231
Percentage of same day response to public requests for research of public documents	98 %	99 %	100 %	100 %	98 %	100 %	97 %	98 %	98 %	98 %
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	5,332	6,177	5,915	5,598	4,786	3,107	3,774	2,971	2,843	2,256
Cases filed in municipal court	44,416	38,844	39,788	35,866	31,968	23,406	21,586	9,032	21,569	19,685
Cases adjudicated in municipal court	42,459	30,327	40,737	36,711	29,778	21,849	16,146	17,989	21,613	18,394
Police										
Physical arrests	14,557	14,087	13,246	11,434	10,668	10,386	10,444	10,713	10,684	10,134
Misdemeanor citations	3,996	4,214	3,829	3,284	2,381	2,627	2,254	2,246	3,182	2,289
Traffic-related offenses cited	40,057	37,523	38,843	33,430	29,789	19,174	17,780	17,750	29,777	10,385
Fire										
Fire emergencies	1,388	3,228	4,790	1,026	10,636	11,068	8,141	8,870	10,468	8,424
Emergency medical calls	24,573	29,732	25,080	25,716	26,922	26,918	25,793	28,403	27,692	25,272
Inspections	14,775	19,494	8,382	8,216	6,207	6,708	6,036	6,914	6,914	7,735
Public works										
Streets reported in "fair" or better condition	85 %	84 %	85 %	88 %	89 %	89 %	89 %	91 %	92 %	92 %
Pothole calls received	168	143	167	130	136	132	71	54	63	300
Percent of pothole calls repaired within 24 hours	100 %	95 %	97 %	70 %	90 %	95 %	97 %	100 %	100 %	85 %
Culture and recreation										
Participants in senior recreation programs	3,864	4,473	6,094	5,216	5,479	6,477	6,899	7,071	7,123	7,200
Participants in youth programs	4,546	3,865	3,150	3,950	4,372	4,356	4,395	4,672	4,709	3,928
Instructional swimming classes offered	1,200	1,750	1,798	1,674	1,198	1,228	1,242	1,233	923	925
Planning and community development										
Jobs generated by businesses in Redevelopment area	963	384								
Affordable housing units developed in Redevelopment area	41	491								
Affordable housing units developed in non-RDA area						29	58	9		
Housing rehabilitation projects completed	10	10				21	12			
Code enforcement cases	4,184	4,499	5,766	5,077	4,044	2,880	2,882			3,651
Sanitary sewer										
Lineal feet of sewer lines and storm drains maintained (in millions)	4	4	4	4	4	4	4	4	4	4
Golf course										
Cost per acre per year to maintain golf courses	\$ 5,150	\$ 5,342	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200	\$ 4,200	\$ 8	\$	\$
Building permits										
Building permits issued	9,109	7,272	5,580	5,023	5,510	5,348	6,211	6,846	7,345	9,080
Average number of monthly building inspections performed	8,171	5,351	3,363	2,348	2,190	2,750	2,748	3,115	3,423	3,423

(Continued)

CITY OF RENO

OPERATING INDICATORS BY FUNCTION/PROGRAM¹ (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

1. Source - Various City of Reno departments
2. Fire Inspection Figures are a lot higher due to implementation of new tracking through Fire
3. Traffic violation information -- PD information provided by the department statistician Steve Bigham
4. FY 2009/10 Fire Inspection totals now only include actual buildings inspected
5. FY 2009/10 Senior Programming figures now include participation at the Neil Rd facility
6. FY 2008/09 RDA figures no longer available due to loss of staff and economic changes or measure no longer tracked
7. New measure added FY 2011/12
8. FY 13-14-Rosewood Lakes Golf Course no longer operated/maintained by the City of Reno
9. In FY 10-11 the City's Community Devpt Division assumed the tracking of housing statistics as Affordable House initiatives are regional programs. For FY 13-14 all projects were in Sparks.

CITY OF RENO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	4	3	1	1	1	2	2	1	1
Patrol units	2 ² 254	252	252	248	239	242	243	250	248	245
Fire										
Stations	12	13	13	13	13	14	14	13	14	14
Fire fighting vehicles	4 ⁴ 54	59	41	37	36	36	36	29	29	31
Public works										
Paved streets (miles)	582	637	671	672	681	681	681	687	691	691
Unpaved streets (miles)	2	4	1	1	1	1	1	1	1	1
Culture and recreation										
Acreage	2,015	2,076	2,477	2,732	2,741	2,741	2,741	2,741	2,741	2,741
Park facilities	81	83	85	85	85	85	85	85	85	85
Playgrounds	70	52	51	51	51	51	51	51	51	51
Swimming pools	5	5	5	5	5	5	4	4	4	4
Sanitary sewer										
Sanitary sewer lines (miles)	710	743	743	748	756	756	756	751	769	769
Storm drains (miles)	382	444	444	444	481	481	481	528	528	528
Treatment capacity millions of gallons)	41	41	44	44	44	44	44	44	44	46
Golf courses	3 ³ 1	1	1	1	1	1	1	1	1	1

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book

2. Count for prior years not readily available-Number from PD Supply Access Database

3. Brookside Golf Course closed October 1, 2006; beginning May 1, 2014, Rosewood Lakes is operated/maintained by- First Tee/Duncan Group

4. Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. FY 2007 & 2008 included other vehicles not used for this purpose-FY 2010 4 vehicles went to auction per Fire Dept-Fleet maintenance. FY 2014 Fire Vehicles difference from previous years due to including emergency vehicles and HAZMAT vehicles as well.

BUSINESS LICENSE FEES

CITY OF RENO

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2016

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

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2016		\$	15,308,420
Business license revenue for the year ended June 30, 2015 (base year)		\$	14,666,725
Adjustment to base year			
Percentage change in Consumer Price Index			<u>1.80 %</u>
Total adjustment to base year			<u>264,001</u>
Adjusted business license revenue base for the year ended June 30, 2016			<u>14,930,726</u>
Amount over allowable maximum		\$	<u><u>377,694</u></u>

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2016		\$	4,519,022
Business license revenue for the year ended June 30, 2015 (base year)		\$	11,889,195
Adjustment to base year			
Percentage change in local government population			1.40 %
Percentage change in Consumer Price Index			<u>1.80 %</u>
Total adjustment to base year			<u>3.20 %</u>
Adjusted business license revenue base for the year ended June 30, 2016			<u>380,454</u>
Amount under allowable maximum		\$	<u><u>(7,750,627)</u></u>

SINGLE AUDIT INFORMATION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the City Council
City of Reno, Nevada

We have audited the compliance of the City of Reno (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

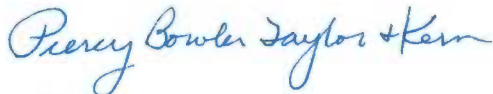
A *deficiency* in internal control over compliance exists when the design or operation of a control over

compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 23, 2016, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
November 23, 2016

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Nevada, Department of Agriculture Senior Farmers Market Nutrition Program	10.576	1057614	\$	\$ 22,230
Passed-through State of Nevada, Division of Forestry Cooperative Forestry Assistance	10.664	USDA/UF/13/06		3,704
Total U.S. Department of Agriculture				25,934
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231		72,617	143,538
Home Investment Partnerships Program	14.239			1,420,948
CDBG Entitlement Cluster Community Development Block Grants/Entitlement Grants	14.218		501,929	2,171,293
Subtotal CDBG Entitlement Cluster			501,929	2,171,293
Passed-through State of Nevada, Housing Division Emergency Solutions Grant Program	14.231	E14-DC-32-0001/E15-DC- 32-0001		94,795
Home Investment Partnerships Program	14.239			393,497
Total U.S. Department of Housing and Urban Development			574,546	4,224,071
U.S. Department of the Interior				
Passed-through State of Nevada, Historic Preservation Office Historic Preservation Fund Grants-In-Aid	15.904	P15AS00020(4) P15AS00012(4)		15,500 4,027
Total U.S. Department of the Interior				19,527
U.S. Department of Justice				
Public Safety Partnership and Community Policing Grants	16.710			52,526
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,166 14,463 19,173 23,657	3,369 14,463 45,098 48,203
Harold Rogers Prescription Drug Monitoring Program	16.754			27,979
Equitable Sharing Program	16.922			420,931
Passed-through State of Nevada, Department of Health and Human Services Crime Victim Assistance	16.575	15-VOCA-16-028		146,802
Passed-through State of Nevada, Office of Attorney General Violence Against Women Formula Grants	16.588	2015-VAWAWC-62 2015-VAWAWC-03		54,551 27,816
Passed-through Join Together Northern Nevada Enforcing Underage Drinking Laws Program	16.727	2011-AH-FX-0010		6,262

(Continued)

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
Passed-through State of Nevada, Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-022 14-JAG-023 13-JAG-25 15-JAG-26 15-JAG-27 12-JAG-33	2,362 2,005 3,185 5,199 894	10,534 27,183 30,000 26,329 31,134 894
Total U.S. Department of Justice			<u>71,210</u>	<u>974,074</u>
U.S. Department of Transportation				
National Motor Carrier Safety	20.218		3,524	40,049
Highway Planning and Construction Cluster				
Passed-through State of Nevada, Department of Transportation Highway Planning and Construction	20.205*	PR125-13-063		5,495,113
Passed-through State of Nevada, Department of Public Safety Highway Planning and Construction	20.205*	TS-2015-RPD-00041 TS-2016-RPD-00070		5,488 40,312
Subtotal Highway Planning and Construction Cluster				<u>5,540,913</u>
Highway Safety Cluster				
Passed-through State of Nevada, Department of Public Safety National Priority Safety Program	20.616	TS-2016-RPD-00068 LFD-2016-RPD-00043		65,448 190,147
State and Community Highway Safety	20.600	JF-2015-RPD-00010 JF-2016-RPD-00004		17,874 63,512
Subtotal Highway Safety Cluster				<u>336,981</u>
Total U.S. Department of Transportation			<u>3,524</u>	<u>5,917,943</u>
U.S. Department of Veterans Affairs				
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034			21,066
Total U.S. Department of Veterans Affairs				<u>21,066</u>
U.S. Department of Health and Human Services				
Passed-through Join Together Northern Nevada Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	SP019197		12,698
Total U.S. Department of Health and Human Services				<u>12,698</u>

(Continued)

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security				
Assistance to Firefighters Grant	97.044			62,412 681,819
Passed-through United Way Emergency Food and Shelter National Board Grant	97.024	LRO-589600-023		54,276
Passed-through State of Nevada, Department of Public Safety				
Emergency Management Performance Grant	97.042	9704214		20,340
Pre-Disaster Mitigation	97.047	97047R8		331,884
Homeland Security Formula Grant	97.067	97067HL4 97067HL5		10,494 55,371
Total U.S. Department of Homeland Security			<u> </u>	<u>1,216,596</u>
Total federal expenditures			<u>\$ 649,280</u>	<u>\$ 12,411,909</u>

* A major program

CITY OF RENO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Reno (the City) under programs of the federal government for the year ended June 30, 2016. The reporting entity is defined in Note 1 to the basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balances

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

At June 30, 2016, outstanding loan balances were as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Loan Balance Receivable</u>
14.239	Home Investment Partnerships Program	<u>\$ 58,509,937</u>

CITY OF RENO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	No
Identification of major programs	
CFDA number	20.205
Name of federal program or cluster	Highway Planning and Construction Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

(Continued)

CITY OF RENO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

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

None reported

(Continued)

CITY OF RENO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

None reported

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

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

None reported

(Continued)

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)

2015 - 001	
Federal program	Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Criteria or specific requirement	All activities undertaken must meet one of three national objectives of the CDBG Entitlement Grants program and meet the cost principles contained in OMB Circular A-87 for allowable/unallowable costs.
Condition and context	During grant disbursements testing, we noted one out of 41 items selected was for a duplicate expense. The amount is for a license with Adobe and is on an automatic payment schedule however, per examination of the disbursement documentation, we noted that the same amount was paid in November 2014 and January 2015. Per inquiry of the Management Analyst, there is only one license and therefore there should only be one charge.
Current status	Corrected.

(Continued)

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)

2015 - 002

Federal program

Community Development Block Grants/Entitlement Grants (CFDA #14.218), Emergency Solutions Grant Program (CFDA #14.231)

Criteria or specific requirement

Federal Financial Reports (FFR) are to be submitted quarterly on the standard form 425 within 30 days after the end of the quarter.

Condition and context

The quarterly FFRs for the Community Development Block Grant (CDBG) were all submitted on September 21, 2015 and therefore all reports were submitted late. In addition, we noted that the quarterly FFRs for the Emergency Solutions Grant Program (ESG) were not submitted at all. Management informed us that the delay in submitting the FFRs for CDBG was due to the fact that HUD required the City of Reno to submit missing FFRs for as far back as 2010 and since these reports are cumulative, historical numbers needed to be obtained from the accounting software. Management also informed us that although a HUD representative emailed a request for FFRs for both CDBG and ESG in October 2014, they overlooked the request regarding ESG.

Current status

Corrected.

