

City of Reno

# Comprehensive Annual Financial Report

Fiscal Year Ended  
June 30, 2017





**CITY OF RENO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2017**

**STATE OF NEVADA**

**PREPARED BY  
FINANCE DEPARTMENT  
JILL R. OLSEN  
INTERIM FINANCE DIRECTOR**



**CITY OF RENO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**FOR THE YEAR ENDED JUNE 30, 2017**

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# **INTRODUCTORY SECTION**





November 22, 2017

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, 2017 is hereby submitted. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City of Reno's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Reno for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Reno's financial statements for fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

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

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

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

The City of Reno maintains budgetary controls to ensure compliance with legal provisions as part of the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada’s Department of Taxation. In April, the 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, must be held by the governing body not sooner than the third Monday in May and not later than the last day 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 most recent global recession. In the Reno Sparks region, September’s unemployment count stood at 4.0%, which is down from the September 2016 rate of 4.6%. Nevada had an unemployment rate of 4.9%, exceeding the national average by 0.7% in September 2017. Foreclosures again decreased overall in Washoe County and Reno. In October of 2017, the number of properties that received a foreclosure filing was 58% lower than the same time last year.

The median price of residential properties sold in Reno, NV increased during 2017. City of Reno home values have gone up 6.9% over the past year, with the current median home value at \$323,700.

Because of the volatility in the market, the Washoe County Assessor’s Office moved to an annual appraisal cycle. In fiscal year 2016/17, property taxes increased 0.2% because of the legislated consumer price index restriction, even with the increase in home values far exceeding the current limit. For fiscal year 2017/18, 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 2017/18, the increase is estimated to be 2.5% 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 2016/17 reflect those increases, from 1.20% in FY 2010/11 and the most recent being 6.6% in FY 2016/17. The City is hopeful this major revenue source has now stabilized and will not experience such sharp declines going forward. For fiscal year 2017/18, the City has budgeted a 4% increase over the prior fiscal year actual amount.

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 16 additional companies to relocate to or expand in Washoe County, creating over 1,900 new jobs in 2017. Included in the expansion was Zazzle, an online marketplace that allows designers and customers to create their own products with independent manufactures, as well as using images from participating companies which will bring up to 300 jobs to the area. In addition, ArroHealth, a premier national provider of technology-enabled, end-to-end services that help health plans and provider organizations assess and impact their risk adjustment and Healthcare Effectiveness Data and Information Set has opened a new center in Reno with plans to hire up to 300 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 2017/18. 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. The campus is approximately 6.5 million square feet, the Tahoe Reno Industrial Campus and is 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 9.6% over the previous year, with total taxable room revenues being 8.7% 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 2017/18, has authorized 1,216 FTEs, with most of the recent job growth in Public Works, Public Safety 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 Economic Development Authority of Western Nevada (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 2016/17 budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 7% for fiscal year 2017/18. In fiscal year 2014/15, the City committed \$2.1 million of consolidated tax revenues to begin funding a Stabilization Special Revenue Fund. The balance for fiscal year 2016/17 is approximately \$1.8 million. 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 \$1 million for fiscal year 2017/18, 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, 2017 the City transferred approximately \$764,000 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. In 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."

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

### **Major Initiatives**

Most of the efforts during fiscal year 2016/17 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 2016/17 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 2017/18 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.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2016.

This was the 34th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Jill R. Olsen  
Interim Finance Director



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, 2016**

Executive Director/CEO

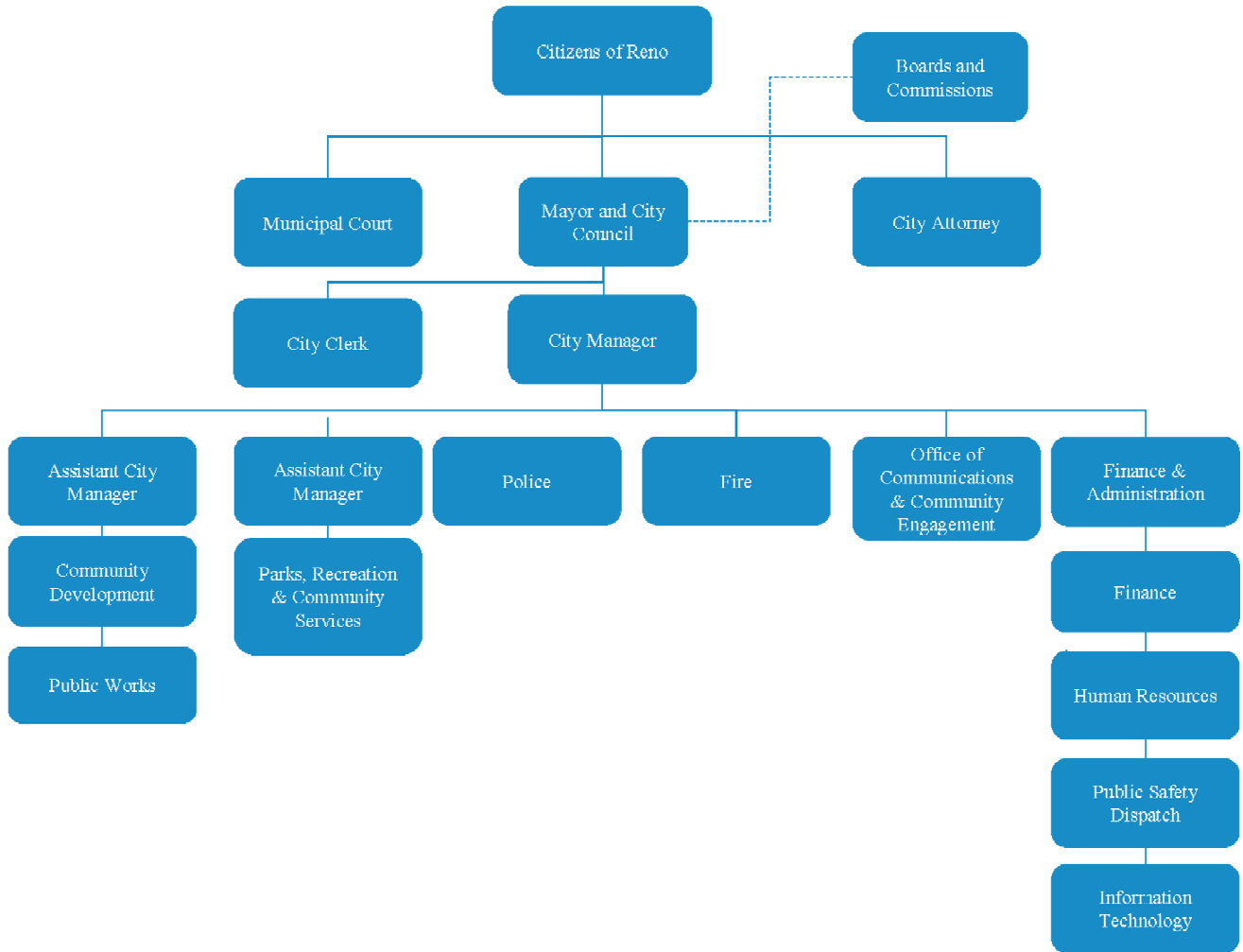


# CITY OF RENO

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2017

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# **CITY OF RENO**

## **CITY OFFICIALS**

**FOR THE YEAR ENDED JUNE 30, 2017**

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### **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**

Sabra Smith Newby

### **OTHER ELECTED OFFICIALS**

Karl Hall, City Attorney  
Gene Drakulich, Judge  
Shelly O'Neill, Judge  
Dorothy Nash Holmes, Judge  
Tammy Riggs, Judge

### **CITY CLERK**

(Appointed by the City Council)

Ashley Turney

### **CITY MANAGEMENT**

(Appointed by the City Manager)

William Thomas, Assistant City Manager  
Aric Jensen, Community Development Director  
Jill R. Olsen, Interim Finance Director  
David Cochran, Fire Chief  
Amanda Bowler, Acting Human Resource Director  
Steve Tuttle, Municipal Court Administrator  
Jason Soto, Assistant Police Chief  
John Flansberg, Public Works Director  
Andy Bass, Parks, Recreation and Community Services Director  
Rebecca Flanders-Venis, 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, 2017, 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, 2017, 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

progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-26 and 97-108 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 22, 2017, 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.



November 22, 2017

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**





# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE YEAR ENDED JUNE 30, 2017**

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			
	2017	2016	Change	
Cash, cash equivalents and investments, unrestricted and restricted	\$ 203,320,124	\$ 181,540,432	\$ 21,779,692	12.00 %
Truckee Meadows Water Reclamation Facility	95,025,805	95,163,123	(137,318)	(0.14)%
Capital assets, net	1,277,850,430	1,276,984,215	866,215	0.07 %
Derivative instruments	36,531,181	53,341,541	(16,810,360)	(31.51)%
Bonds and notes payable, net of unamortized premiums and discounts	440,539,933	464,675,027	(24,135,094)	(5.19)%
Net pension liability	238,524,485	207,243,294	31,281,191	15.09 %
<b>Total net position</b>	<b>705,595,333</b>	<b>686,549,221</b>	<b>19,046,112</b>	<b>2.77 %</b>

The increase in the City's net position was primarily the result of the net change in deferrals related to pensions, specifically a larger increase in deferred outflows of resources than in deferred inflows of resources.

The City's investment in the Truckee Meadows Water Reclamation Facility decreased slightly due to the City's share of depreciation expense for the year exceeding capital contributions.

The decrease in the liability for derivative instruments is due to changes in the estimated fair value of the instruments primarily as a result of rising interest rates associated with the floating, receiving leg of the interest-rate swaps with deferred outflows decreasing by a like amount.

Bonds and notes payable, net of unamortized premiums and discounts, decreased because of scheduled principal reductions. The City is continuing its strategy of reducing outstanding debt, as well as refinancing existing debt to realize future interest savings.

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 (PERS) unfunded pension liability. In accordance with generally accepted accounting principle, the City records its proportionate share of PERS' 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			
	2017	2016	Change	
Charges for services	\$ 157,357,866	\$ 153,022,002	\$ 4,335,864	2.83 %
Property taxes	64,741,866	62,911,699	1,830,167	2.91 %
				%
<b>Total expenses</b>	<b>339,048,141</b>	<b>326,076,359</b>	<b>12,971,782</b>	<b>3.98 %</b>
<b>Change in net position</b>	<b>19,046,112</b>	<b>31,401,330</b>	<b>(12,355,218)</b>	<b>(39.35)%</b>

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Property tax collections increased due to new construction and the continued rebounding of property values although growth in assessed values are 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 and supplemental city-county relief taxes. Revenues for various charges for services increased due to an improving economy and scheduled sewer service rate increases.

### **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, 2017

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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 (3) 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 workers 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, 2017**

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current, restricted and other	\$ 177,900,321	\$ 166,408,808	\$ 186,780,033	\$ 176,349,645	\$ 364,680,354	\$ 342,758,453
Capital	931,713,468	947,637,962	346,136,962	329,346,253	1,277,850,430	1,276,984,215
<b>Total assets</b>	<b>1,109,613,789</b>	<b>1,114,046,770</b>	<b>532,916,995</b>	<b>505,695,898</b>	<b>1,642,530,784</b>	<b>1,619,742,668</b>
Deferred outflows of resources	117,092,170	111,386,569	4,627,535	2,721,538	121,719,705	114,108,107
<b>Liabilities</b>						
Current	57,228,358	69,576,304	9,429,753	9,304,529	66,658,111	78,880,833
Long-term	885,773,883	851,362,343	78,958,617	81,849,566	964,732,500	933,211,909
<b>Total liabilities</b>	<b>943,002,241</b>	<b>920,938,647</b>	<b>88,388,370</b>	<b>91,154,095</b>	<b>1,031,390,611</b>	<b>1,012,092,742</b>
Deferred inflows of resources	25,263,927	32,642,708	2,000,618	2,566,104	27,264,545	35,208,812
<b>Net position</b>						
Net investment in capital assets	586,373,361	586,905,472	287,321,065	265,284,816	873,694,426	852,190,288
Restricted	69,911,871	62,938,668	11,426,497	12,461,499	81,338,368	75,400,167
Unrestricted	(397,845,441)	(377,992,156)	148,407,980	136,950,922	(249,437,461)	(241,041,234)
<b>Total net position</b>	<b>\$ 258,439,791</b>	<b>\$ 271,851,984</b>	<b>\$ 447,155,542</b>	<b>\$ 414,697,237</b>	<b>\$ 705,595,333</b>	<b>\$ 686,549,221</b>

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
<b>Assets</b>						
Current, restricted and other	\$ 11,491,513	6.91 %	\$ 10,430,388	5.91 %	\$ 21,921,901	6.40 %
Capital	(15,924,494)	(1.68)%	16,790,709	5.10 %	866,215	0.07 %
<b>Total assets</b>	<b>(4,432,981)</b>	<b>(0.40)%</b>	<b>27,221,097</b>	<b>5.38 %</b>	<b>22,788,116</b>	<b>1.41 %</b>
Deferred outflows of resources	5,705,601	5.12 %	1,905,997	70.03 %	7,611,598	6.67 %
<b>Liabilities</b>						
Current	(12,347,946)	(17.75)%	125,224	1.35 %	(12,222,722)	(15.50)%
Long-term	34,411,540	4.04 %	(2,890,949)	(3.53)%	31,520,591	3.38 %
<b>Total liabilities</b>	<b>22,063,594</b>	<b>2.40 %</b>	<b>(2,765,725)</b>	<b>(3.03)%</b>	<b>19,297,869</b>	<b>1.91 %</b>
Deferred inflows of resources	(7,378,781)	(22.60)%	(565,486)	(22.04)%	(7,944,267)	(22.56)%
<b>Net position</b>						
Net investment in capital assets	(532,111)	(0.09)%	22,036,249	8.31 %	21,504,138	2.52 %
Restricted	6,973,203	11.08 %	(1,035,002)	(8.31)%	5,938,201	7.88 %
Unrestricted	(19,853,285)	5.25 %	11,457,058	8.37 %	(8,396,227)	3.48 %
<b>Total net position</b>	<b>\$ (13,412,193)</b>	<b>(4.93)%</b>	<b>\$ 32,458,305</b>	<b>7.83 %</b>	<b>\$ 19,046,112</b>	<b>2.77 %</b>

### Governmental Activities

The increase in current assets, primarily unrestricted cash, cash equivalents and investments, is the result of an improving economy and operating results. Capital assets decreased because depreciation and, retirements to a lesser extent, exceeded capital expenditures for the year.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Deferred outflows of resources, deferred inflows of resources, and total liabilities changed largely due the matters previously cited herein. More specifically, the decrease in the derivative instruments liability and offsetting decrease in deferred outflows of resources relates to an increasing LIBOR yield curve associated with our weekly remarketed 2005A Capital Improvement Refunding Bonds and the daily remarketed 2008A Senior Lien Sales Tax Revenue Refunding Bonds. This decline was offset by an increase in deferred outflows of resources relate to pensions due primarily to a net difference between projected and actual investment earnings on pension plan investments.

Outstanding bonds declined due to regularly scheduled payments and helped to offset the increases in other long-term liabilities such as the OPEB and net pension liabilities. Although the City continues to make contribution to the OEPB trust fund, the City is not fully funding its annual required contribution. However, due to two-tiering retiree benefits and other negotiated changes to various collective bargaining agreements, the City's unfunded OPEB liability declined.

The reduction in deferred inflows of resources related to pensions reflects the swing in the net difference between projected and actual investment earnings on plan investments, which was partially offset by an increase in the change in proportions and differences between employer contributions and proportionate share of contributions. Detail on the composition of this amount can be found in Note 4 to the Financial Statements.

### Business-type Activities

Total assets for the City's business-type activities registered a modest increase. The increase in current, restricted and other assets is due to an increase in cash and investments and a reduction in the note receivable between the City and the City of Sparks.

Net capital assets increased due to the number of sewer line and lift station rehabilitation projects in various stages of completion, which exceeded the effect of depreciation and asset disposals during the fiscal year. Other asset includes a majority ownership interest in Truckee Meadow Water Reclamation Facility (Facility).

### Statement of Changes in Net Position

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.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

Summary Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 82,952,588	\$ 80,983,532	\$ 74,405,278	\$ 72,038,470	\$ 157,357,866	\$ 153,022,002
Operating grants and contributions	6,239,951	4,638,289	2,014,816	100,000	8,254,767	4,738,289
Capital grants and contributions	25,213,159	38,873,140	12,722,105	12,798,509	37,935,264	51,671,649
General revenues						
Property taxes	64,741,866	62,911,699			64,741,866	62,911,699
Room taxes	10,122,000	9,447,442			10,122,000	9,447,442
Sales taxes restricted for debt service	10,759,268	10,741,137			10,759,268	10,741,137
Other sales taxes	344,552	335,196			344,552	335,196
Intergovernmental shared revenues, unrestricted	62,999,604	61,109,344			62,999,604	61,109,344
Investment income	1,737,946	1,916,745	289,186	421,469	2,027,132	2,338,214
Gain on disposal of capital assets	261,648	50,704			261,648	50,704
Miscellaneous	<u>3,272,471</u>	<u>1,097,292</u>	<u>17,815</u>	<u>14,721</u>	<u>3,290,286</u>	<u>1,112,013</u>
<b>Total revenues</b>	<u>268,645,053</u>	<u>272,104,520</u>	<u>89,449,200</u>	<u>85,373,169</u>	<u>358,094,253</u>	<u>357,477,689</u>
<b>Expenses</b>						
General government	41,978,398	37,653,289			41,978,398	37,653,289
Judicial	6,981,342	7,492,820			6,981,342	7,492,820
Public safety	125,044,792	114,169,991			125,044,792	114,169,991
Public works	53,569,579	56,885,761			53,569,579	56,885,761
Culture and recreation	15,900,003	15,341,014			15,900,003	15,341,014
Planning and community development	10,222,340	9,874,236			10,222,340	9,874,236
Urban development	3,298,662	3,604,756			3,298,662	3,604,756
Interest expense and fiscal charges	25,215,536	26,635,439			25,215,536	26,635,439
Sanitary sewer			48,310,736	46,827,174	48,310,736	46,827,174
Building permit			<u>8,526,753</u>	<u>7,591,879</u>	<u>8,526,753</u>	<u>7,591,879</u>
<b>Total expenses</b>	<u>282,210,652</u>	<u>271,657,306</u>	<u>56,837,489</u>	<u>54,419,053</u>	<u>339,048,141</u>	<u>326,076,359</u>
Change in net position before transfers	(13,565,599)	447,214	32,611,711	30,954,116	19,046,112	31,401,330
Transfers	<u>153,406</u>	<u>222,254</u>	<u>(153,406)</u>	<u>(222,254)</u>		
Change in net position	(13,412,193)	669,468	32,458,305	30,731,862	19,046,112	31,401,330
Net position, beginning of year	<u>271,851,984</u>	<u>271,182,516</u>	<u>383,965,375</u>	<u>383,965,375</u>	<u>655,817,359</u>	<u>655,147,891</u>
Net position, end of year	<u>\$ 258,439,791</u>	<u>\$ 271,851,984</u>	<u>\$ 447,155,542</u>	<u>\$ 414,697,237</u>	<u>\$ 705,595,333</u>	<u>\$ 686,549,221</u>

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,969,056	2.43 %	\$ 2,366,808	3.29 %	\$ 4,335,864	2.83 %
Operating grants and contributions	1,601,662	34.53 %	1,914,816	1,914.82 %	3,516,478	74.21 %
Capital grants and contributions	(13,659,981)	(35.14)%	(76,404)	(0.60)%	(13,736,385)	(26.58)%
General revenues						
Property taxes	1,830,167	2.91 %		%	1,830,167	2.91 %
Room taxes	674,558	7.14 %		%	674,558	7.14 %
Sales taxes restricted for debt service	18,131	0.17 %		%	18,131	0.17 %
Other sales taxes	9,356	2.79 %		%	9,356	2.79 %
Intergovernmental shared revenues, unrestricted	1,890,260	3.09 %		%	1,890,260	3.09 %
Investment income	(178,799)	(9.33)%	(132,283)	(31.39)%	(311,082)	(13.30)%
Gain on disposal of capital assets	210,944	416.03 %		%	210,944	416.03 %
Miscellaneous	2,175,179	198.23 %	3,094	21.02 %	2,178,273	195.89 %
<b>Total revenues</b>	<b>(3,459,467)</b>	<b>(1.27)%</b>	<b>4,076,031</b>	<b>4.77 %</b>	<b>616,564</b>	<b>0.17 %</b>
<b>Expenses</b>						
General government	4,325,109	11.49 %		%	4,325,109	11.49 %
Judicial	(511,478)	(6.83)%		%	(511,478)	(6.83)%
Public safety	10,874,801	9.53 %		%	10,874,801	9.53 %
Public works	(3,316,182)	(5.83)%		%	(3,316,182)	(5.83)%
Culture and recreation	558,989	3.64 %		%	558,989	3.64 %
Planning and community development	348,104	3.53 %		%	348,104	3.53 %
Urban development	(306,094)	(8.49)%		%	(306,094)	(8.49)%
Interest expense and fiscal charges	(1,419,903)	(5.33)%		%	(1,419,903)	(5.33)%
Sanitary sewer		%	1,483,562	3.17 %	1,483,562	3.17 %
Building permit		%	934,874	12.31 %	934,874	12.31 %
<b>Total expenses</b>	<b>10,553,346</b>	<b>3.88 %</b>	<b>2,418,436</b>	<b>4.44 %</b>	<b>12,971,782</b>	<b>3.98 %</b>
Change in net position before transfers	(14,012,813)	(3,133.36)%	1,657,595	5.36 %	(12,355,218)	(39.35)%
Transfers	(68,848)	(30.98)%	68,848	(30.98)%		%
Change in net position	(14,081,661)	(2,103.41)%	1,726,443	5.62 %	(12,355,218)	(39.35)%
Net position, beginning of year	669,468	0.25 %		%	669,468	0.10 %
Net position, end of year	<u>\$ (13,412,193)</u>	<u>(4.93)%</u>	<u>\$ 32,458,305</u>	<u>7.83 %</u>	<u>\$ 19,046,112</u>	<u>2.77 %</u>

### Governmental Activities

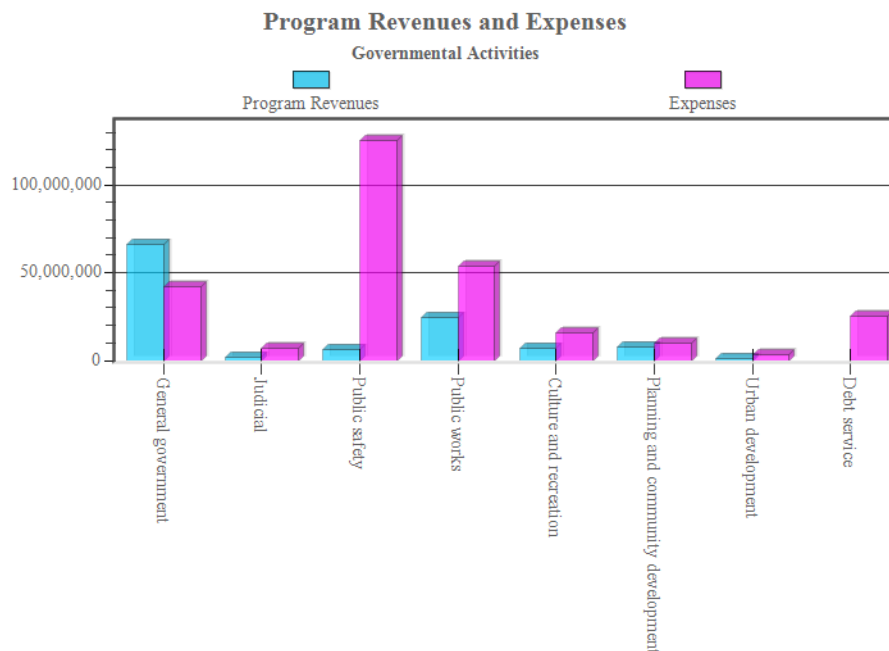
Program revenues are those revenues that are derived directly from the program itself or from the City's taxpayers, citizenry and others. They reduce the net cost of the function to be financed from the City's general revenues, which include property and other taxes. The following chart compares the 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, 2017



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 service continue to be the largest revenue contributor at 30.88%, followed by property taxes at 24.10%. Intergovernmental consolidated tax revenues were third, contributing 21.42% of all revenues for governmental activities.

The increase in operating grants and contributions relates to a new Washoe County program to provide rooms for the chronic homeless, as well as additional grants for the Reno Police and Fire Departments.

The large decrease in capital grants and contributions is due to the substantial completion of the Virginia Street bridge project in FY 2016, which utilized funding from the US Department of Transportation passed through the State of Nevada, and contributions from the Regional Transportation Commission and the Truckee River Flood Management Agency.

(Continued)



# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

The change in general government expenses is due to primarily to separation of service payouts; the moving of property management and arts and culture to the city manager's office from the public works and culture and recreation functions, respectively; the filling of vacant positions in human resources and the city attorney's office; the moving of a position from an internal service fund; and higher retiree insurance costs.

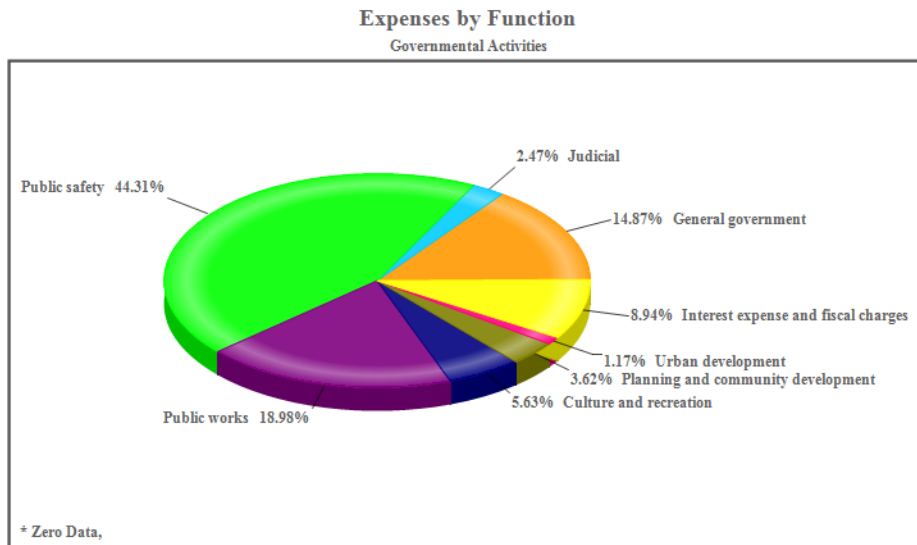
The change in public safety expenses is due to higher police and firefighters salaries and related benefits from implementing new bargaining contract, the full effect of police officers and firefighters hired during FY 2016, and an increase in estimated incurred but not reported worker's compensation claims assumptions in our actuarial study for police officers and firefighters.

The change in planning and community development expenses is primarily the result of expenses related to the new program to fund rooms for the chronic homeless, as well as the filling of various vacant positions in the Community Development department.

The change in urban redevelopment is primarily due elevator repairs at the parking gallery owned by the City's redevelopment agency that were completed in FY 2016.

Interest expense and fiscal charges are down due to principal reductions resulting in lower interest charges and moving the subsidy for the two downtown facilities out of the debt service fund in which the associated revenues were recorded.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all government activities. The public safety function (police, firefighters and dispatch) continue to pose 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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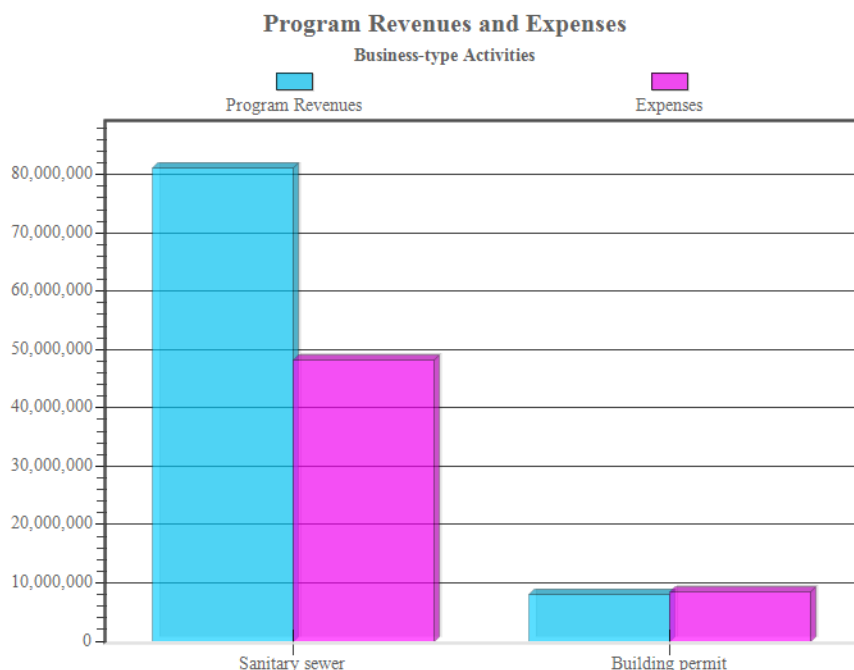
# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

### Business-type Activities

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



For business-type activities, the City experienced a one-time, substantial increase in operating grants and contributions from various sources to improve the Highland Ditch for flood control. The City does not own the ditch but maintains it by agreement.

The sanitary sewer function continues to be self-supporting, with program revenues exceeding operating expenses. This allows the function to continue funding its capital needs without relying upon the issuance of debt.

The building permit function experienced a slight loss. Revenues came in under budget although actual revenues in FY 2017 exceeded FY 2016 actuals by 8.65%. Expenses also exceeded budget due to higher than anticipated pension expense allocated in compliance with GASB 68.

### **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, 2017**

### Governmental Funds

Total Assets - Governmental Funds				
	2017	2016	Change	
General Fund	\$ 35,049,692	\$ 31,073,613	\$ 3,976,079	12.80 %
Streets Special Revenue Fund	26,230,404	22,443,372	3,787,032	16.87 %
Railroad Debt Service Fund	19,156,709	19,085,266	71,443	0.37 %
Non-major Governmental Funds	59,654,755	60,555,754	(900,999)	(1.49)%

Total Liabilities - Governmental Funds				
	2017	2016	Change	
General Fund	\$ 12,980,342	\$ 10,306,538	\$ 2,673,804	25.94 %
Streets Special Revenue Fund	3,876,168	1,167,925	2,708,243	231.89 %
Railroad Debt Service Fund	425,099	25,690	399,409	1,554.73 %
Non-major Governmental Funds	7,824,640	7,505,838	318,802	4.25 %

Total Fund Balance - Governmental Funds				
	2017	2016	Change	
General Fund	\$ 21,042,477	\$ 19,619,492	\$ 1,422,985	7.25 %
Streets Special Revenue Fund	22,211,861	21,102,189	1,109,672	5.26 %
Railroad Debt Service Fund	12,454,063	11,935,595	518,468	4.34 %
Non-major Governmental Funds	45,869,021	46,160,561	(291,540)	(0.63)%

Total Revenues - Governmental Funds				
	2017	2016	Change	
General Fund	\$ 176,072,360	\$ 174,520,384	\$ 1,551,976	0.89 %
Streets Special Revenue Fund	24,593,546	23,293,631	1,299,915	5.58 %
Railroad Debt Service Fund	11,394,628	11,115,492	279,136	2.51 %
Non-major Governmental Funds	33,713,317	43,280,247	(9,566,930)	(22.10)%

Total Expenditures - Governmental Funds				
	2017	2016	Change	
General Fund	\$ 172,169,944	\$ 163,699,560	\$ 8,470,384	5.17 %
Streets Special Revenue Fund	18,001,672	13,621,023	4,380,649	32.16 %
Railroad Debt Service Fund	17,460,958	9,284,526	8,176,432	88.07 %
Non-major Governmental Funds	42,810,691	54,854,306	(12,043,615)	(21.96)%

Total Other Financing Sources (Uses) - Governmental Funds				
	2017	2016	Change	
General Fund	\$ (2,479,431)	\$ (2,966,897)	\$ 487,466	(16.43)%
Streets Special Revenue Fund	(5,482,202)	(9,411,135)	3,928,933	(41.75)%
Railroad Debt Service Fund	6,584,798		6,584,798	%
Non-major Governmental Funds	8,805,834	12,643,998	(3,838,164)	(30.36)%

Of the above fund balances, \$1.2 million is categorized as nonspendable, \$49.1 million as restricted, \$33.5 million as assigned, and \$17.8 million as unassigned.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

### Major Governmental Funds

The primary operating fund of the City is the general fund. At the end of the fiscal year presented, its unassigned fund balance was \$18.7 million, an increase of 7.33% over the previous fiscal year. One of the City's goals is to maintain a reserve in the general fund between 7.00% and 8.30% of the prior fiscal year's total budget for operating expenditures. As of June 30, 2017, this calculation yielded a 12.94% reserve.

The streets special revenue fund utilizes property tax overrides, motor vehicle fuel taxes and water toll fees to maintain arterial and neighborhood streets, as well as to perform neighborhood street rehabilitation projects. In the prior two fiscal years, the City deferred some street rehabilitation projects to ensure adequate reserves to fund the City's match on the Virginia Street bridge project. With its completion, these deferred projects are underway resulting in the increase in expenditures.

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 which offset an increase in interest expenses due to higher swap interest payments.

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

	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 530,761,001	\$ 504,027,949	\$ 26,733,052	5.30 %
Non-major Enterprise Funds	11,082,331	10,419,130	663,201	6.37 %
Internal Service Funds	37,832,364	30,854,541	6,977,823	22.62 %

#### Total Liabilities - Proprietary Funds

	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 80,461,307	\$ 85,377,139	\$ (4,915,832)	(5.76)%
Non-major Enterprise Funds	7,927,063	5,776,956	2,150,107	37.22 %
Internal Service Funds	60,707,804	56,438,292	4,269,512	7.56 %

#### Total Net Position - Proprietary Funds

	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 452,023,834	\$ 418,860,610	\$ 33,163,224	7.92 %
Non-major Enterprise Funds	4,058,045	4,587,808	(529,763)	(11.55)%
Internal Service Funds	(22,667,101)	(25,600,604)	2,933,503	(11.46)%

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

Total Operating Revenues - Proprietary Funds				
	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 66,329,876	\$ 64,604,420	\$ 1,725,456	2.67 %
Non-major Enterprise Funds	8,089,453	7,445,385	644,068	8.65 %
Internal Service Funds	47,149,486	42,766,405	4,383,081	10.25 %
Total Operating Expenses - Proprietary Funds				
	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 42,194,516	\$ 41,908,260	\$ 286,256	0.68 %
Non-major Enterprise Funds	8,573,670	7,644,935	928,735	12.15 %
Internal Service Funds	45,202,512	42,170,324	3,032,188	7.19 %
Total Nonoperating Revenues (Expenses), Capital Contributions and Transfers - Proprietary Funds				
	2017	2016	Change	
Sanitary Sewer Enterprise Fund	\$ 9,027,864	\$ 7,651,128	\$ 1,376,736	17.99 %
Non-major Enterprise Funds	(45,546)	(45,132)	(414)	0.92 %
Internal Service Funds	986,529	345,684	640,845	185.38 %

### 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 \$153.9 million. The change in operating revenues was due to a 1.20% rate hike effective October 1, 2016, for residential customers and January 1, 2017, for commercial customers who are billed in arrears, as well as growth in sewer customers. Operating expenses were relatively unchanged, with lower joint water treatment plant operating expenses offsetting an increase in depreciation expense due to new assets coming on line.

The City contributed \$4.7 million to the Truckee Meadows Reclamation Facility for capital improvements and its share of the joint venture's net costs was \$4.8 million.

### Budgetary Highlights for General Fund

#### Summary of Selected General Fund Budget to Actual Information

	Original Budget	Final Budget	Actual	Variance
Total Revenues	\$ 175,001,837	\$ 176,285,261	\$ 176,072,360	\$ (212,901)
Total Expenditures	172,708,401	176,743,573	172,169,944	4,573,629
Total Fund Balance	5,554,786	10,876,549	21,042,477	10,165,928

The Functions represent the legal level of budgetary control. Budgeted revenues increased primarily due to growth in consolidated taxes and AB 104 shared revenues, county gaming licenses, and charges for service, which collectively more than offset declines in franchise fees, business licensing fees, and fines and forfeitures. Budgeted expenditures increased in many functions due to salaries rate increases across for unrepresented and represented groups. The Public Safety function also received an increased budget for police officers and firemen hired during FY 2016 and on staff for a full year, which also resulting in higher employee benefit costs. Additional funds were also budgeted for retiree health insurance as those costs continue to rise. Controlling services and supplies costs over most of the functions helped the general fund come in almost \$4 million under budgeted expenditures.

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

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### **Capital Assets Activity**

At June 30, 2017, the City had total capital assets net of depreciation and amortization of \$1,279.0 million, net of accumulated depreciation and amortization of \$1,042.9 million. This represents 0.07% increase when compared to the prior year.

Major capital investment activities for fiscal year included:

\$12.5 million in infrastructure, \$12.2 million of which was either contributed by developers or annexed by the City;

\$12.6 million in new construction in progress, with completion of \$30.1 million of projects previously in construction in progress;

\$21.1 million in construction in progress in sewer line and storm drain rehabilitation and lift station improvement/replacement projects; and

\$6.0 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, 2017, totaled \$446.0 million, net of premiums and discounts, an 8.85% decrease when compared to the prior year. Debt for governmental activities represents 86.74% of total debt outstanding, with debt related to business type activities accounting for 13.26% of the total debt outstanding.

At June 30, 2017, the City had \$107.8 million of general obligation debt outstanding that is subject to the legal debt limit of \$1,037.2 million.

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

The Notes to the Financial Statements section (Note 3) of this report provides additional details related to new debt issued by the City during the fiscal year.

### **Known Economic Factors**

For the first two months of fiscal year 2017/18, intergovernmental consolidated tax revenues have risen 9.24% over the first two months of fiscal year 2016/17. For June of 2017, statewide taxable sales were up 4.9% over June of 2016; however, in Washoe County, taxable sales increased 5.2% for the same period.

In June of 2017 the unemployment rate in the Reno-Sparks MSA was 4.0%, which is 0.8% lower than the state unemployment rate of 4.8% and slightly higher than the national rate of 4.4%. The Reno MSA unemployment is lower than the 5.9% for the same time period one year ago.

The annual job growth rate for the Reno metropolitan area between June 2016 and June 2017 was 3.6%, which is slightly lower from the 3.9% between June 2015 and June 2016.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 121,824,864	\$ 70,241,777	\$ 192,066,641
Cash, cash equivalents and investments, restricted		11,253,483	11,253,483
Accounts receivable, net	7,133,470	12,452,516	19,585,986
Interest receivable	172,673	123,531	296,204
Taxes receivable	558,769		558,769
Special assessments receivable	13,293,980		13,293,980
Due from other governments	22,328,727	1,346,830	23,675,557
Notes receivable, net	1,091,206	4,946,510	6,037,716
Inventories	894,704	267,641	1,162,345
Prepaid items	634,382	48,277	682,659
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		95,025,805	95,025,805
Internal balances	8,926,337	(8,926,337)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	7,411,946	32,485,438	39,897,384
Land	153,182,550	11,301,180	164,483,730
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	160,756,012	5,892,689	166,648,701
Improvements other than buildings	274,700,347	294,412,140	569,112,487
Infrastructure	313,161,681		313,161,681
Machinery, equipment and software	19,387,693	233,401	19,621,094
Art and historical treasures	1,988,239		1,988,239
Total assets	<u>1,109,613,789</u>	<u>532,916,995</u>	<u>1,642,530,784</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instruments, accumulated decrease in fair value	36,531,181		36,531,181
Unamortized deferred refunding charges	26,155,726	302,366	26,458,092
Unamortized amounts related to pensions	54,405,263	4,325,169	58,730,432
Total deferred outflows of resources	<u>117,092,170</u>	<u>4,627,535</u>	<u>121,719,705</u>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	5,193,814	1,674,191	6,868,005
Accounts payable from restricted assets		101,816	101,816
Accrued salaries and benefits	6,984,838	262,794	7,247,632
Contracts payable	4,052,273	5,513,357	9,565,630
Contracts payable from restricted assets		97,332	97,332
Due to other governments	3,317,098	1,656,202	4,973,300
Deposits	1,106,596	124,061	1,230,657
Unearned revenue	42,558		42,558
Derivative instruments	36,531,181		36,531,181
Long-term liabilities, due within one year			
Bonds and notes payable	20,795,516	4,860,921	25,656,437
Compensated absences	13,479,104	1,047,773	14,526,877
Self-insurance liability	7,973,715		7,973,715
Interest payable	5,529,320	630,973	6,160,293
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	386,282,589	54,257,344	440,539,933
Compensated absences	9,098,499	157,071	9,255,570
Self-insurance liability	50,179,018		50,179,018
Postemployment benefits other than pensions	117,194,263	410,734	117,604,997
Net pension liability	220,930,684	17,593,801	238,524,485
Interest payable	54,311,175		54,311,175
<b>Total liabilities</b>	<b>943,002,241</b>	<b>88,388,370</b>	<b>1,031,390,611</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized amounts related to pensions	25,263,927	2,000,618	27,264,545
<b>NET POSITION</b>			
Net investment in capital assets	586,373,361	287,321,065	873,694,426
Restricted for			
Debt service	39,315,043		39,315,043
Capital improvement projects	11,008,551	11,426,497	22,435,048
Fire, police and other public safety programs	1,565,424		1,565,424
Cultural, community and development programs	2,123,846		2,123,846
Self-insurance liabilities	14,052,286		14,052,286
Other government programs	1,846,721		1,846,721
Unrestricted	(397,845,441)	148,407,980	(249,437,461)
<b>Total net position</b>	<b>\$ 258,439,791</b>	<b>\$ 447,155,542</b>	<b>\$ 705,595,333</b>

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

FUNCTION/PROGRAM	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
Governmental activities							
General government	\$ 41,978,398	\$ 66,225,162	\$ 135,291	\$	\$ 24,382,055	\$	\$ 24,382,055
Judicial	6,981,342	1,944,564	79,386		(4,957,392)		(4,957,392)
Public safety	125,044,792	5,178,439	1,005,181	197,816	(118,663,356)		(118,663,356)
Public works	53,569,579	3,377,470		21,011,699	(29,180,410)		(29,180,410)
Culture and recreation	15,900,003	4,481,707	196,524	2,167,177	(9,054,595)		(9,054,595)
Planning and community development	10,222,340	933,031	4,695,545	1,836,467	(2,757,297)		(2,757,297)
Urban development	3,298,662	812,215	128,024		(2,358,423)		(2,358,423)
Debt service							
Interest expense and fiscal charges	<u>25,215,536</u>				<u>(25,215,536)</u>		<u>(25,215,536)</u>
Total governmental activities	<u>282,210,652</u>	<u>82,952,588</u>	<u>6,239,951</u>	<u>25,213,159</u>	<u>(167,804,954)</u>		<u>(167,804,954)</u>
Business-type activities							
Sanitary sewer	48,310,736	66,316,367	2,014,816	12,722,105		32,742,552	32,742,552
Building permit	<u>8,526,753</u>	<u>8,088,911</u>				<u>(437,842)</u>	<u>(437,842)</u>
Total business-type activities	<u>56,837,489</u>	<u>74,405,278</u>	<u>2,014,816</u>	<u>12,722,105</u>		<u>32,304,710</u>	<u>32,304,710</u>
Total function/program	<u>\$ 339,048,141</u>	<u>\$ 157,357,866</u>	<u>\$ 8,254,767</u>	<u>\$ 37,935,264</u>	<u>(167,804,954)</u>	<u>32,304,710</u>	<u>(135,500,244)</u>
GENERAL REVENUES							
Property taxes					64,741,866		64,741,866
Room taxes					10,122,000		10,122,000
Sales taxes restricted for debt service					10,759,268		10,759,268
Other sales taxes					344,552		344,552
Intergovernmental shared revenues, unrestricted					62,999,604		62,999,604
Investment income					1,737,946	289,186	2,027,132
Gain on disposal of capital assets					261,648		261,648
Miscellaneous					<u>3,272,471</u>	<u>17,815</u>	<u>3,290,286</u>
Total general revenues					<u>154,239,355</u>	<u>307,001</u>	<u>154,546,356</u>

(Continued)

See notes to basic financial statements.

**CITY OF RENO**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	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
Transfers					153,406	(153,406)	
CHANGE IN NET POSITION					(13,412,193)	32,458,305	19,046,112
NET POSITION, BEGINNING OF YEAR					<u>271,851,984</u>	<u>414,697,237</u>	<u>686,549,221</u>
NET POSITION, END OF YEAR					<u>\$ 258,439,791</u>	<u>\$ 447,155,542</u>	<u>\$ 705,595,333</u>

See notes to basic financial statements.



# **FUND FINANCIAL STATEMENTS**



**CITY OF RENO**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 16,400,845	\$ 23,455,394	\$ 9,641,559	\$ 44,683,737	\$ 94,181,535	
Accounts receivable	4,445,541	838,807		412,980	5,697,328	
Interest receivable	30,087	36,067	3,264	61,288	130,706	
Taxes receivable	405,720	126,522		26,527	558,769	
Special assessments receivable	18,072		7,041,408	6,234,500	13,293,980	
Due from other governments	12,508,435	1,275,219	2,470,478	5,875,519	22,129,651	
Due from other funds	460,200				460,200	
Advances to other funds		140,475		150,047	290,522	
Inventories	408,638	352,243			760,881	
Prepaid items	372,154	5,677		77,742	455,573	
Property held for sale				1,041,209	1,041,209	
Notes receivable, net				1,091,206	1,091,206	
<b>Total assets</b>	<b>\$ 35,049,692</b>	<b>\$ 26,230,404</b>	<b>\$ 19,156,709</b>	<b>\$ 59,654,755</b>	<b>\$ 140,091,560</b>	
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 2,181,414	\$ 681,360	\$ 19,955	\$ 1,448,824	\$ 4,331,553	
Accrued salaries and benefits	6,819,898	130,113		9,651	6,959,662	
Contracts payable	70,224	2,758,438		1,223,611	4,052,273	
Due to other governments	2,858,911		401,169	57,018	3,317,098	
Deposits	930,849	80,993	3,975	90,779	1,106,596	
Unearned revenue				42,558	42,558	
Due to other funds				460,200	460,200	
Advances from other funds	119,046	31,001		140,475	290,522	
Interest payable				2,255,525	2,255,525	
Debt obligations payable				2,085,000	2,085,000	
Postemployment benefits other than pensions		194,263		10,999	205,262	
<b>Total liabilities</b>	<b>12,980,342</b>	<b>3,876,168</b>	<b>425,099</b>	<b>7,824,640</b>	<b>25,106,249</b>	

(Continued)

See notes to basic financial statements.

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2017**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue, property taxes	405,720	126,522		26,527		558,769
Unavailable revenue, special assessments	18,072		6,277,547	5,698,554		11,994,173
Unavailable revenue, other	603,081	15,853		236,013		854,947
Total deferred inflows of resources	<u>1,026,873</u>	<u>142,375</u>	<u>6,277,547</u>	<u>5,961,094</u>		<u>13,407,889</u>
Total liabilities and deferred inflows of resources	<u>14,007,215</u>	<u>4,018,543</u>	<u>6,702,646</u>	<u>13,785,734</u>		<u>38,514,138</u>
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	408,638	352,243				760,881
Prepaid items	372,154	5,677		77,742		455,573
Restricted for						
Debt service			12,454,063	20,097,547		32,551,610
Capital improvement projects	54,762	892,280		10,061,509		11,008,551
Fire, police and other public safety programs	241,582			1,323,842		1,565,424
Cultural, community and development programs	173,806			1,951,175		2,124,981
Other government programs				1,846,721		1,846,721
Assigned to						
Capital improvement projects		20,961,661		8,817,472		29,779,133
Fire, police and other public safety programs	44,517			34,491		79,008
Cultural, community and development programs	163,175					163,175
Other government programs	902,723			2,551,757		3,454,480
Unassigned	18,681,120			(893,235)		17,787,885
Total fund balances	<u>21,042,477</u>	<u>22,211,861</u>	<u>12,454,063</u>	<u>45,869,021</u>		<u>101,577,422</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,049,692</u>	<u>\$ 26,230,404</u>	<u>\$ 19,156,709</u>	<u>\$ 59,654,755</u>		<u>\$ 140,091,560</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, 2017

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 101,577,422
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	\$ 1,789,622,556	
Less accumulated depreciation	<u>(866,108,306)</u>	923,514,250
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>36,531,181</u>	36,531,181
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	(401,134,477)	
Unamortized premiums and discounts	(3,858,628)	
Unamortized deferred refunding charges	26,155,726	
Compensated absences payable	(22,529,953)	
Postemployment benefits other than pensions	(116,945,870)	
Net pension liability	(219,353,831)	
Unamortized deferred outflows related to pensions	54,017,617	
Unamortized deferred inflows related to pensions	<u>(25,084,620)</u>	(708,734,036)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(57,584,970)	
Derivative instruments	<u>(36,531,181)</u>	(94,116,151)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>13,407,889</u>	13,407,889
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	(22,667,101)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	8,751,181	
Internal service fund balance receivable from business-type activities from current year activity	<u>175,156</u>	<u>(13,740,764)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 258,439,791</u>

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
<b>REVENUES</b>						
Taxes	\$ 47,347,070	\$ 14,845,040	\$ 887,957	\$ 14,248,257	\$	77,328,324
Business licenses, permits, franchise and other fees	44,554,985	2,965,627		12,900		47,533,512
Intergovernmental shared revenues	64,441,765	6,437,051	8,976,874	10,263,533		90,119,223
Charges for services	13,241,073			1,874,879		15,115,952
Fines and forfeitures	2,446,854	2,305	9,170	252,260		2,710,589
Special assessments	1,853,368		846,433	747,056		3,446,857
Miscellaneous	2,187,245	343,523	674,194	6,314,432		9,519,394
Total revenues	<u>176,072,360</u>	<u>24,593,546</u>	<u>11,394,628</u>	<u>33,713,317</u>		<u>245,773,851</u>
<b>EXPENDITURES</b>						
Current						
General government	20,628,536			1,116,936		21,745,472
Judicial	6,542,289			171,323		6,713,612
Public safety	115,225,445			307,947		115,533,392
Public works	5,570,289	13,374,601		980,308		19,925,198
Culture and recreation	9,814,152			723,229		10,537,381
Planning and community development	3,500,685			6,467,029		9,967,714
Urban redevelopment				856,024		856,024
Other	9,712,505					9,712,505
Total current	<u>170,993,901</u>	<u>13,374,601</u>		<u>10,622,796</u>		<u>194,991,298</u>
Capital outlay						
General government				76,881		76,881
Public safety	332,597			142,919		475,516
Public works	21,399	4,627,071		5,869,559		10,518,029
Culture and recreation	13,950			1,620,670		1,634,620
Planning and community development	39,189			604,137		643,326
Urban redevelopment				86,162		86,162
Total capital outlay	<u>407,135</u>	<u>4,627,071</u>		<u>8,400,328</u>		<u>13,434,534</u>

(Continued)

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad			
Debt service						
Principal payments	763,979		10,912,471		14,055,399	25,731,849
Interest expense and fiscal charges	4,929		5,170,979		8,892,558	14,068,466
Debt issuance costs			236,407			236,407
Administrative and other costs			1,141,101		839,610	1,980,711
Total debt service	<u>768,908</u>		<u>17,460,958</u>		<u>23,787,567</u>	<u>42,017,433</u>
Total expenditures	<u>172,169,944</u>	<u>18,001,672</u>	<u>17,460,958</u>		<u>42,810,691</u>	<u>250,443,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,902,416</u>	<u>6,591,874</u>	<u>(6,066,330)</u>		<u>(9,097,374)</u>	<u>(4,669,414)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt			6,640,000		655,000	7,295,000
Debt issuance discounts			(55,202)			(55,202)
Proceeds from capital asset disposal	26,241	9,554				35,795
Transfers in	1,772,780	1,012,743			11,816,157	14,601,680
Transfers out	<u>(4,278,452)</u>	<u>(6,504,499)</u>			<u>(3,665,323)</u>	<u>(14,448,274)</u>
Total other financing sources (uses)	<u>(2,479,431)</u>	<u>(5,482,202)</u>	<u>6,584,798</u>		<u>8,805,834</u>	<u>7,428,999</u>
CHANGE IN FUND BALANCE	1,422,985	1,109,672	518,468		(291,540)	2,759,585
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 21,042,477</u>	<u>\$ 22,211,861</u>	<u>\$ 12,454,063</u>		<u>\$ 45,869,021</u>	<u>\$ 101,577,422</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, 2017

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ 2,759,585
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	\$ 13,434,533	
Less current year depreciation	<u>(44,950,983)</u>	(31,516,450)
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	(1,926,286)	
Capital asset contributions	<u>12,025,096</u>	10,098,810
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	(7,295,000)	
Debt discounts	55,202	
Debt principal repayments	<u>25,519,379</u>	18,279,581
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	(8,960,640)	
Change in compensated absences payable	(1,821,610)	
Change in net pension liability	2,567,045	
Amortization of deferred refunding charges	(1,458,104)	
Amortization of debt premiums and discounts	375,355	
Change in accrued interest	(7,634,733)	
Change in provision for loss contingencies	200,000	
Other	<u>590,309</u>	(16,142,378)
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	2,933,503	
The internal service funds change in net position related to business-type activities	<u>175,156</u>	<u>3,108,659</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ (13,412,193)</u>



**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and investments	\$ 59,794,207	\$ 10,447,570	\$ 70,241,777	\$ 27,643,329
Accounts receivable	12,452,516		12,452,516	1,436,142
Interest receivable	107,536	15,995	123,531	41,967
Due from other governments	1,346,830		1,346,830	199,076
Inventories	267,641		267,641	133,823
Prepaid items	46,743	1,534	48,277	178,809
Restricted assets				
Cash, cash equivalents and investments	<u>11,253,483</u>		<u>11,253,483</u>	
Total current assets	<u>85,268,956</u>	<u>10,465,099</u>	<u>95,734,055</u>	<u>29,633,146</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	31,877,715	607,723	32,485,438	
Land	11,301,180		11,301,180	
Water rights	1,812,114		1,812,114	
Buildings and building improvements	5,892,689		5,892,689	
Improvements other than buildings	294,412,140		294,412,140	
Machinery, equipment and software	223,892	9,509	233,401	8,199,218
Total capital assets, net of accumulated depreciation and amortization	<u>345,519,730</u>	<u>617,232</u>	<u>346,136,962</u>	<u>8,199,218</u>
Other assets				
Due from other governments	4,946,510		4,946,510	
Truckee Meadows Water Reclamation Facility	95,025,805		95,025,805	
Total other assets	<u>99,972,315</u>		<u>99,972,315</u>	
Total noncurrent assets	<u>445,492,045</u>	<u>617,232</u>	<u>446,109,277</u>	<u>8,199,218</u>
Total assets	<u>530,761,001</u>	<u>11,082,331</u>	<u>541,843,332</u>	<u>37,832,364</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred refunding charges	302,366		302,366	
Unamortized amounts related to pensions	2,645,420	1,679,749	4,325,169	387,646
Total deferred outflows of resources	<u>2,947,786</u>	<u>1,679,749</u>	<u>4,627,535</u>	<u>387,646</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	1,662,045	12,146	1,674,191	862,261
Other accrued liabilities payable from restricted assets	101,816		101,816	
Accrued salaries and benefits	157,701	105,093	262,794	25,176
Contracts payable	5,203,627	307,539	5,511,166	
Contracts payable from restricted assets	96,818		96,818	
Due to other governments	1,637,562	18,640	1,656,202	
Deposits	124,061		124,061	
Interest payable	633,665	13	633,678	
Debt obligations payable	4,860,921		4,860,921	
Compensated absences	707,983	339,790	1,047,773	47,650
Self-insurance liability				7,973,715
Total current liabilities	<u>15,186,199</u>	<u>783,221</u>	<u>15,969,420</u>	<u>8,908,802</u>

(Continued)

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2017**

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
Noncurrent liabilities				
Debt obligations payable	54,257,344		54,257,344	
Compensated absences		157,071	157,071	
Postemployment benefits other than pensions	256,799	153,935	410,734	43,131
Self-insurance liability				50,179,018
Net pension liability	<u>10,760,965</u>	<u>6,832,836</u>	<u>17,593,801</u>	<u>1,576,853</u>
Total noncurrent liabilities	<u>65,275,108</u>	<u>7,143,842</u>	<u>72,418,950</u>	<u>51,799,002</u>
Total liabilities	<u>80,461,307</u>	<u>7,927,063</u>	<u>88,388,370</u>	<u>60,707,804</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized amounts related to pensions	<u>1,223,646</u>	<u>776,972</u>	<u>2,000,618</u>	<u>179,307</u>
NET POSITION				
Net investment in capital assets	286,703,833	617,232	287,321,065	8,199,218
Restricted				
Capital improvement projects	11,426,497		11,426,497	
Self-insurance liabilities				14,052,286
Unrestricted	<u>153,893,504</u>	<u>3,440,813</u>	<u>157,334,317</u>	<u>(44,918,605)</u>
Total net position	<u>\$ 452,023,834</u>	<u>\$ 4,058,045</u>	456,081,879	<u>\$ (22,667,101)</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>(8,926,337)</u>	
Net position of business-type activities			<u>\$ 447,155,542</u>	

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Non-major Enterprise		Internal Service Funds
		Funds	Total Enterprise Funds	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 64,218,459	\$ 8,088,911	\$ 72,307,370	\$ 45,029,851
Licenses and permits	317,579		317,579	
Fines and forfeitures	1,673,436		1,673,436	
Miscellaneous	<u>120,402</u>	<u>542</u>	<u>120,944</u>	<u>2,119,635</u>
Total operating revenues	<u>66,329,876</u>	<u>8,089,453</u>	<u>74,419,329</u>	<u>47,149,486</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,525,605	3,582,058	9,107,663	903,355
Employee benefits	2,345,478	2,580,686	4,926,164	438,635
Services and supplies	11,991,451	2,408,498	14,399,949	41,997,777
Joint sewer plant	12,010,803		12,010,803	
Depreciation and amortization	<u>10,321,179</u>	<u>2,428</u>	<u>10,323,607</u>	<u>1,862,745</u>
Total operating expenses	<u>42,194,516</u>	<u>8,573,670</u>	<u>50,768,186</u>	<u>45,202,512</u>
Operating income (loss)	<u>24,135,360</u>	<u>(484,217)</u>	<u>23,651,143</u>	<u>1,946,974</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other grants	1,880,301		1,880,301	
Investment income	248,318	40,868	289,186	95,733
Interest and fiscal charges	(820,662)		(820,662)	
Gain (loss) on capital asset disposition	(209,362)	(45,008)	(254,370)	235,649
Gain on transfer of proprietary fund liabilities to governmental activities				212,788
Gain on transfer of proprietary fund deferred inflows of resources related to pensions to governmental activities				32,861
Loss on transfer of proprietary fund deferred outflows of resources related to pensions to governmental activities				(30,812)
Truckee Meadows Water Reclamation Facility	<u>(4,815,351)</u>		<u>(4,815,351)</u>	
Total nonoperating revenues (expenses)	<u>(3,716,756)</u>	<u>(4,140)</u>	<u>(3,720,896)</u>	<u>546,219</u>
Income (loss) before capital contributions and transfers	<u>20,418,604</u>	<u>(488,357)</u>	<u>19,930,247</u>	<u>2,493,193</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions	6,005,626		6,005,626	440,310
Federal grants	178,826		178,826	
Sewer connection charges	<u>6,672,168</u>		<u>6,672,168</u>	
Total capital contributions	<u>12,856,620</u>		<u>12,856,620</u>	<u>440,310</u>
<b>TRANSFERS</b>				
Transfers out	<u>(112,000)</u>	<u>(41,406)</u>	<u>(153,406)</u>	
CHANGE IN NET POSITION	33,163,224	(529,763)	32,633,461	2,933,503
NET POSITION, BEGINNING OF YEAR	<u>418,860,610</u>	<u>4,587,808</u>		<u>(25,600,604)</u>
NET POSITION, END OF YEAR	<u>\$ 452,023,834</u>	<u>\$ 4,058,045</u>		<u>\$ (22,667,101)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>(175,156)</u>	
CHANGE IN NET POSITION, BUSINESS-TYPE ACTIVITIES			<u>\$ 32,458,305</u>	

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 65,580,457	\$ 8,088,911	\$ 73,669,368	\$ 44,454,562
Cash received from interfund services				100,000
Cash received from other sources	843,300	542	843,842	1,982,712
Cash payments for goods and services	(21,996,179)	(1,099,609)	(23,095,788)	(37,283,854)
Cash payments for employee services	(7,525,613)	(1,046,215)	(8,571,828)	(416,759)
Cash payments for interfund goods and services	(2,382,866)	(4,654,716)	(7,037,582)	(1,455,257)
Cash payments for interfund employee benefits	(1,067,239)	(579,285)	(1,646,524)	(175,136)
Net cash provided by operating activities	<u>33,451,860</u>	<u>709,628</u>	<u>34,161,488</u>	<u>7,206,268</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(112,000)	(41,406)	(153,406)	
Cash received from grants	<u>1,880,301</u>		<u>1,880,301</u>	
Net cash provided by (used in) noncapital financing activities	<u>1,768,301</u>	<u>(41,406)</u>	<u>1,726,895</u>	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(20,714,092)	(652,731)	(21,366,823)	(4,219,791)
Proceeds received from disposal of capital assets	3,763		3,763	56,453
Principal payments on debt	(5,114,792)		(5,114,792)	
Payments of interest and fiscal charges	(1,260,922)	13	(1,260,909)	
Connection charges	6,672,168		6,672,168	
Truckee Meadows Water Reclamation Facility	(4,678,033)		(4,678,033)	
Cash received from grants	<u>178,826</u>		<u>178,826</u>	
Net cash used in capital financing activities	<u>(24,913,082)</u>	<u>(652,718)</u>	<u>(25,565,800)</u>	<u>(4,163,338)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	<u>244,085</u>	<u>43,199</u>	<u>287,284</u>	<u>94,693</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,551,164	58,703	10,609,867	3,137,623
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>60,496,526</u>	<u>10,388,867</u>	<u>70,885,393</u>	<u>22,305,384</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 71,047,690</u>	<u>\$ 10,447,570</u>	<u>\$ 81,495,260</u>	<u>\$ 25,443,007</u>

(Continued)

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			Governmental
	Non-major			Activities
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 24,135,360	\$ (484,217)	\$ 23,651,143	\$ 1,946,974
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	10,321,179	2,428	10,323,607	1,862,745
(Increase) decrease in operating assets				
Accounts receivable	(687,032)		(687,032)	(475,289)
Notes receivable	690,492		690,492	
Due from other governments	32,406		32,406	(136,923)
Inventories	(124,579)		(124,579)	39,114
Prepaid items	(40,846)	(1,534)	(42,380)	(74,673)
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	(1,551,901)	(61,971)	(1,613,872)	176,523
Accrued salaries and benefits	(2,498)	16,528	14,030	(2,879)
Contracts and retention payable	1,214,922	307,539	1,522,461	
Due to other governments	125,613	18,640	144,253	
Deposits	58,015		58,015	
Compensated absences	(52,747)	106,425	53,678	(57,923)
Self-insurance liability				4,156,200
Postemployment benefits other than pensions	74,646	59,845	134,491	11,017
Net pension liability	(741,170)	745,945	4,775	(238,618)
Total adjustments	<u>9,316,500</u>	<u>1,193,845</u>	<u>10,510,345</u>	<u>5,259,294</u>
Net cash provided by operating activities	<u>\$ 33,451,860</u>	<u>\$ 709,628</u>	<u>\$ 34,161,488</u>	<u>\$ 7,206,268</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	<u>\$ 6,005,626</u>	<u>\$</u>	<u>\$ 6,005,626</u>	<u>\$ 440,310</u>

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>OPEB Trust</u>	<u>Agency Funds</u>
	<u>Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 5,963,662	\$ 8,015,625
Investment in RBIF Retirement System		
Interest receivable		3,478
Special assessments receivable		1,130,866
Due from other governments		<u>19,633</u>
Total assets	<u>5,963,662</u>	<u>9,169,602</u>
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities		48,661
Deposits		2,349,191
Due to developers, employees and others		<u>6,771,750</u>
Total liabilities		<u>9,169,602</u>
<b>NET POSITION</b>		
Assets held in trust for pension and other employee benefits	<u>5,963,662</u>	
<b>TOTAL NET POSITION</b>	<u>\$ 5,963,662</u>	<u>\$</u>

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	OPEB Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 736,582
Plan members	27,824
Investment earnings	
Interest, dividends and other investment income	118,321
Net change in fair value of investment	474,603
Investment expense	(1,277)
Total additions	1,356,053
DEDUCTIONS	
Other	3,938
Total deductions	3,938
CHANGE IN NET POSITION	1,352,115
NET POSITION, BEGINNING OF YEAR	4,611,547
NET POSITION, END OF YEAR	\$ 5,963,662





**NOTES TO BASIC  
FINANCIAL STATEMENTS**



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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### Note 1. Summary of Significant Accounting Policies

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

#### **Reporting Entity**

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

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

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

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 appointed 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, 2017

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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, 2017

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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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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The City also reports the following other 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 postemployment benefits other than pensions. 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, 2017, notes receivable are shown net of an allowance for uncollectible amounts totaling \$45,504,561.

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, 2017

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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 capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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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

### Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities on the statement of net position. Premiums and discounts, as well as debt issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method. 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, make matching contributions into the deferred compensation plan of up to 5% of an employee's salary.

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.

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### 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.

### 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 to 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.

### Agent Multiple-Employer Defined Benefit Pension Plan

The City uses the same basis used in the Judicial Retirement System of Nevada's (JRS) Annual Financial Report, for reporting its proportionate share of the JRS net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to JRS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by JRS when due and payable in accordance with the benefit terms. JRS's investments are reported at fair value.

### 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 to be amortized over the term of the new 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### **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.

### **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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

### **Prioritization and Use of Available Resources**

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

### **Interfund Activity**

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

### **Use of Estimates**

Timely preparation of financial statements in conformity with GAAP requires management to make estimates that affect reported amounts. Significant estimates that may change materially in the next year include net pension liabilities, postemployment benefits other than pensions, and derivative instruments and related deferred outflows / inflows or resources. The useful lives of capital assets is also a significant estimate that may require revision in future periods.

## **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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

All unencumbered appropriations lapse at the fiscal year end.

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

### **Excess of Expenditures over Appropriations**

For the year ended June 30, 2017, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

Building Permit Enterprise Fund	\$	(191,530)
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For the year ended June 30, 2017, 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	\$	(8,774)
Self-funded Workers Compensation Internal Service Fund		(3,652,970)
ReTRAC Debt Service Fund, Debt Service		(7,832,092)
ReTRAC Debt Service Fund, Other Financing Sources (Uses)		(55,202)
Redevelopment Agency Debt Service Fund, Debt Service		(426,052)

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance or net position in the respective funds. The ReTRAC Debt Service Fund, Debt Service deficit occurred because the expenditure was incorrectly budgeted under other financing uses.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### **Tax Abatements**

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized, by type of agreement/program and the gross, accrual basis reduction of the City's taxes for the year ended June 30, 2017 aggregated as follows:

Agreement/program description – Nevada Revised Statutes 360.753 - Partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft  
Amount abated during the year ended June 30, 2017 – \$42,174  
Specific tax being abated – Personal property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 360.754 - Partial abatement of certain taxes imposed on new or expanded data center  
Amount abated during the year ended June 30, 2017 – \$47,833  
Specific tax being abated – Property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 374.357 - Abatement for eligible machinery or equipment used by certain new or expanded businesses  
Amount abated during the year ended June 30, 2017 – \$2,398,710  
Specific tax being abated – Sales and use taxes

### **Deficit Fund Balance or Net Position**

At June 30, 2017, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of \$46,665,762. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung presumptive liability issue. The City of Reno Debt Service Fund had a net fund balance deficit of \$893,235 due to insufficient pledged revenues for the 2007A and 2007B Sales Tax Increment Revenue Bonds.

### **New Accounting Pronouncements (not yet adopted)**

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by requiring recognition of certain lease assets, liabilities and inflows or outflows of resources for arrangements previously accounted for as operating leases based on the payment provisions of the contract. Management has not yet completed its assessment of this statement.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. Management has not yet completed its assessment of this statement but does not expect it will have a material effect on the City's financial position or changes therein.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Management has not yet completed its assessment of this statement.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management has not yet completed its assessment of this statement.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations that result from a legally enforceable liability associated with the retirement of a tangible capital asset. Management has not yet completed its assessment of this statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. The objective of this Statement is to address accounting and financial reporting for resources received pursuant to an irrevocable split-interest agreement. Management has not yet completed its assessment of this statement.

### Note 3. Detailed Notes on all Funds

#### Cash, Cash Equivalents and Investments

At June 30, 2017, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 18,107,808
Cash equivalents	49,831,467
Investments	<u>127,824,961</u>
Total pooled cash, cash equivalents and investments	<u>195,764,236</u>
Non-pooled cash, cash equivalents and investments	
Cash on hand	23,139
Cash in bank	420,039
Cash equivalents	15,124,397
Investments	<u>5,967,600</u>
Total non-pooled cash, cash equivalents and investments	<u>21,535,175</u>
Total cash, cash equivalents and investments	<u>\$ 217,299,411</u>

At June 30, 2017, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements follows:

Governmental activities	\$ 121,824,864
Business-type activities	81,495,260
Fiduciary funds	<u>13,979,287</u>
Total cash, cash equivalents and investments	<u>\$ 217,299,411</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

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 \$23,581,165 and the bank balance was \$25,485,251. 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, 2017**

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, 2017, 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	0.875% to 1.625%	01/31/2018 to 07/31/2020	\$ 26,400,000	\$ 26,277,850	\$ 26,285,640	2.06
Commercial paper	.60%	10-28-17	5,360,000	5,360,000	5,360,000	0.34
U.S. Agency securities						
Federal National Mortgage Association	1.0%	02/26/2019	10,000,000	9,938,000	9,933,000	1.67
Federal Farm Credit Bank	1.0%	01/19/2018	8,000,000	8,007,680	7,996,300	0.54
Federal Home Loan Bank	0.625% to 8.875%	08/28/2017 to 10/01/2018	34,500,000	34,533,794	34,389,765	0.71
Federal Home Loan Mortgage Corporation	1.0%	09/29/2017 to 09/28/2018	34,300,000	34,406,500	34,243,996	0.67
Local Government Investment Pool	Variable	On demand	44,471,467	44,471,467	44,441,227	0.38
Notes, bonds and other obligations issued by U.S. Corporations	1.0% to 1.650%	05/03/2018 to 12/06/2018	<u>15,000,000</u>	<u>15,115,200</u>	<u>15,006,500</u>	1.22
Total pooled cash equivalents and investments			<u>178,031,467</u>	<u>178,110,491</u>	<u>177,656,428</u>	

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	\$ 10,071,079	\$ 10,071,079	\$ 10,071,079	N/A
Other	Variable	On demand	5,053,318	5,053,318	5,053,318	N/A
Nevada RBIF Retirement System Trust Units	Variable	On demand	<u>5,967,600</u>	<u>5,967,600</u>	<u>5,967,600</u>	N/A
Total non-pooled cash equivalents and investments			<u>21,091,997</u>	<u>21,091,997</u>	<u>21,091,997</u>	
Total cash equivalents and investments			<u>\$ 199,123,464</u>	<u>\$ 199,202,488</u>	<u>\$ 198,748,425</u>	

\* 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	*	*	14.80 %
Commercial paper	A1+	P1	3.02 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	5.59 %
Federal Farm Credit Bank			4.50 %
Federal Home Loan Bank			19.35 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	19.27 %
Local government investment pool	N/A	N/A	25.02 %
Notes, bonds and other obligations issued by U.S. Corporations			<u>8.45 %</u>
Total pooled investments			<u><u>100.00 %</u></u>
Non-pooled investments			
Money market mutual funds	AAA	Aaa	<u>100.00 %</u>
Total non-pooled investments			<u><u>100.00 %</u></u>

\* 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, 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, 2017, 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, 2017	
				Dr (Cr) Amount		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)	\$ 62,600,000	Deferral	\$ 4,905,618	Derivatives	\$ (9,454,937)	
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	129,080,000	Deferral	11,904,743	Derivatives	(27,076,244)	

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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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 2017, the average interest rate on the City's hedged 2005A variable-rate debt was 0.83310%, whereas the average rate on the payment received from the counterparty was 1.12071%. For the month of June 2017, the average rate for the hedged 2008A variable-rate debt was 0.898750%, whereas the average rate on the payment received from the counterparty was 0.76646%.

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, 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, 2017. 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>
2018	\$ 4,665,000	\$ 1,964,441	\$ 4,535,746	\$ 11,165,187
2019	5,050,000	2,258,247	4,081,165	11,389,412
2020	5,415,000	2,496,493	3,667,446	11,578,939
2021	5,855,000	2,578,723	3,397,616	11,831,339
2022	6,290,000	2,691,466	3,082,062	12,063,528
2023 - 2027	38,655,000	13,038,432	12,251,157	63,944,589
2028 - 2032	53,080,000	9,567,323	8,081,529	70,728,852
2033 - 2037	31,835,000	5,333,788	4,667,567	41,836,355
2038 - 2042	40,835,000	2,088,282	2,013,881	44,937,163
	<u>\$ 191,680,000</u>	<u>\$ 42,017,195</u>	<u>\$ 45,778,169</u>	<u>\$ 279,475,364</u>

### Capital Assets

For the year ended June 30, 2017, capital asset activity was as follows:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers*</u>	<u>Balance June 30, 2017</u>
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 24,904,987	\$ 12,588,312	\$	\$ (30,081,353)	\$ 7,411,946
Land	152,967,693	214,857			153,182,550
Water rights	1,125,000				1,125,000
Total capital assets not being depreciated or amortized	<u>178,997,680</u>	<u>12,803,169</u>		<u>(30,081,353)</u>	<u>161,719,496</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	235,298,428	86,162		1,192,774	236,577,364
Improvements other than buildings	368,199,488	30,086		1,990,358	370,219,932
Infrastructure	939,787,187	12,459,800		26,524,075	978,771,062
Machinery, equipment and software	63,740,649	5,476,486	(2,243,818)	374,146	67,347,463
Art and historical treasures	2,745,320	34,000			2,779,320
Total capital assets being depreciated or amortized	<u>1,609,771,072</u>	<u>18,086,534</u>	<u>(2,243,818)</u>	<u>30,081,353</u>	<u>1,655,695,141</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Increases	Decreases	Transfers*	Balance June 30, 2017
Accumulated depreciation and amortization					
Buildings and building improvements	\$ (69,943,186)	\$ (5,878,166)		\$	\$ (75,821,352)
Improvements other than buildings	(88,365,624)	(7,153,961)			(95,519,585)
Infrastructure	(635,579,669)	(30,029,712)			(665,609,381)
Machinery, equipment and software	(46,495,996)	(3,707,123)	2,243,349		(47,959,770)
Art and historical treasures	(746,315)	(44,766)			(791,081)
	<u>(841,130,790)</u>	<u>(46,813,728)</u>	<u>2,243,349</u>		<u>(885,701,169)</u>
Total accumulated depreciation and amortization					
Total capital assets being depreciated or amortized, net	768,640,282	(28,727,194)	(469)	30,081,353	769,993,972
	<u>768,640,282</u>	<u>(28,727,194)</u>	<u>(469)</u>	<u>30,081,353</u>	<u>769,993,972</u>
Total governmental activities	\$ 947,637,962	\$ (15,924,025)	\$ (469)	\$	\$ 931,713,468
	<u>\$ 947,637,962</u>	<u>\$ (15,924,025)</u>	<u>\$ (469)</u>	<u>\$</u>	<u>\$ 931,713,468</u>

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

	Balance July 1, 2016	Increases	Transfers*	Balance June 30, 2017
Business-type activities				
Capital assets not being depreciated or amortized				
Construction in progress	\$ 14,247,189	\$ 21,108,689	\$ (2,870,440)	\$ 32,485,438
Land	11,301,180			11,301,180
Water rights	1,812,114			1,812,114
	<u>27,360,483</u>	<u>21,108,689</u>	<u>(2,870,440)</u>	<u>45,598,732</u>
Total capital assets not being depreciated or amortized				
Capital assets being depreciated or amortized				
Buildings and building improvements	12,304,507			12,304,507
Improvements other than buildings	435,263,630	6,005,626	2,870,440	444,139,696
Machinery, equipment and software	1,272,962			1,272,962
	<u>448,841,099</u>	<u>6,005,626</u>	<u>2,870,440</u>	<u>457,717,165</u>
Total capital assets being depreciated or amortized				
Accumulated depreciation and amortization				
Buildings and building improvements	(6,144,974)	(266,844)		(6,411,818)
Improvements other than buildings	(139,695,971)	(10,031,585)		(149,727,556)
Machinery, equipment and software	(1,014,384)	(25,177)		(1,039,561)
	<u>(146,855,329)</u>	<u>(10,323,606)</u>		<u>(157,178,935)</u>
Total accumulated depreciation and amortization				
Total capital assets being depreciated or amortized, net	301,985,770	(4,317,980)	2,870,440	300,538,230
	<u>301,985,770</u>	<u>(4,317,980)</u>	<u>2,870,440</u>	<u>300,538,230</u>
Total business-type activities	\$ 329,346,253	\$ 16,790,709	\$	\$ 346,136,962
	<u>\$ 329,346,253</u>	<u>\$ 16,790,709</u>	<u>\$</u>	<u>\$ 346,136,962</u>

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

(Continued)

**CITY OF RENO**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,378,594
Judicial	476,938
Public safety	1,745,112
Public works	34,337,560
Culture and recreation	5,328,471
Planning and community development	436,222
Urban development	1,248,086
Internal service fund depreciation expense is charged to specific functions based on asset usage	1,862,745
Total depreciation expense, governmental activities	\$ 46,813,728
Business-type activities	
Sanitary sewer	\$ 10,321,179
Building permit	2,428
Total depreciation expense, business-type activities	\$ 10,323,607

**Due To and From Other Funds**

At June 30, 2017, 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	\$ 460,200	\$
Non-major Governmental Funds		460,200
	\$ 460,200	\$ 460,200

**Advances To and From Other Funds**

At June 30, 2017, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
General Fund	\$	\$ 119,046
Streets Special Revenue Fund	140,475	31,001
Non-major Governmental Funds	150,047	140,475
	\$ 290,522	\$ 290,522

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2017

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
2018	\$ 16,690	\$ 8,182	\$ 150,047	\$
2019	17,706	7,165		
2020	18,784	6,087		
2021	19,928	4,943		
2022	21,454	7,248		
2023 - 2027	45,913			
	\$ 140,475	\$ 33,625	\$ 150,047	\$

#### 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, 2017, non-capital asset related interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	\$ 1,772,780
Streets Special Revenue Fund	Non-major Governmental Funds	1,012,743
Non-major Governmental Funds	General Fund	4,278,452
	Streets Special Revenue Fund	6,504,500
	Non-major Governmental Funds	879,799
	Sanitary Sewer Enterprise Fund	112,000
	Non-major Enterprise Funds	41,406
		\$ 14,601,680

#### 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, 2017**

Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2017	\$ 223,462,363
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 6,759,055
Total pledged revenue for the year ended June 30, 2017	\$ 8,632,193
2005A Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds <sup>2</sup>	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, 2017	\$ 11,962,866
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 629,953
Total pledged revenue for the year ended June 30, 2017	\$ 887,957
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, 2017	\$ 223,462,363
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 6,759,055
Total pledged revenue for the year ended June 30, 2017	\$ 6,650,707
Revenue bonds issued and revenue pledge maturity	
2005A Capital Improvement Revenue Refunding Bonds <sup>1</sup>	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 <sup>2</sup>	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, 2017	\$ 39,891,200
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 1,415,853
Total pledged revenue for the year ended June 30, 2017	\$ 1,782,394
Revenue bonds issued and revenue pledge maturity	
2007A Sales Tax Increment Bonds <sup>1</sup>	June 29, 2027
2007B Sales Tax Increment Bonds <sup>1</sup>	June 29, 2027

1. There were insufficient revenues during the fiscal year to make scheduled debt service payments totaling \$4,340,525.

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2017

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, 2017	\$ 9,567,473
Revenue bonds issued and revenue pledge maturity	
2006 Sales Tax Subordinate Lien Bonds <sup>1</sup>	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, 2017	\$ 575,595,270
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 7,851,453
Total pledged revenue for the year ended June 30, 2017	\$ 8,976,874
Revenue bonds issued and revenue pledge maturity	
2008A Sr. Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	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, 2017	\$ 7,657,039
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 739,460
Total pledged revenue for the year ended June 30, 2017	\$ 953,555
Revenue bonds issued and revenue pledge maturity	
2014 Taxable Lease Revenue Refunding Bond <sup>1</sup>	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, 2017	\$ 72,620,870
Total revenue bond principal and interest paid during the year ended June 30, 2017	\$ 6,876,041
Total pledged revenue for the year ended June 30, 2017	\$ 42,969,951
Revenue bonds issued and revenue pledge maturity	
2004 Sewer General Obligation Revenue Bonds <sup>1</sup>	July 1, 2024
2005 Sewer General Obligation Revenue Bonds <sup>1</sup>	July 1, 2025
2010 Sewer General Obligation Refunding Bonds <sup>1</sup>	August 1, 2040
2016 Sewer General Obligation Refunding Bonds <sup>1</sup>	July 1, 2025

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. The 2016 Sewer General Obligation Refunding Bonds (\$41,245,639) refunded \$36,655,139 and \$4,590,500 of the 2004 and 2005 General Obligation Revenue Bonds, respectively, which are included in the amount of bond principal and interest paid during the year ended June 30, 2017. Future bond principal and interest payment requirements relate solely to the 2010 and 2016 Refunding Bonds.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

### 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. During 2017, there were \$7,662,000 of early retirements, \$6,640,000 of proceeds from a refunding issue was used for that purpose.

### 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, 2017, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</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>12,655,000</u>
Total general obligations bonds			<u>69,110,000</u>	<u>48,770,000</u>
Tax allocation bonds				
1998F Downtown Redevelopment Project Bonds	September 1, 2000 - September 1, 2017	4.45% -5.25%	22,685,000	1,105,000
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
2017 Tax Increment Refunding Bonds	June 29, 2009 - Jun 29, 2035	2.46%	<u>655,000</u>	<u>655,000</u>
Total tax allocation bonds			<u>44,030,000</u>	<u>22,450,000</u>
Revenue bonds				
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	62,600,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
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	7,075,000
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020		10,000,000	9,567,473
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	13,355,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	15,455,000
2008A Senior Lien ReTRAC Refunding Bonds	June 1, 2009 - June 1, 2042	Variable	143,210,000	129,080,000
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>7,122,000</u>
Total revenue bonds			<u>342,321,783</u>	<u>307,308,256</u>
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	425,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	275,000
2002 Special Improvement District No. 5	December 1, 2006 -December 1, 2025	5.70% - 7.25%	7,500,000	4,520,000
2008A NV Tax-exempt Local Improvement	May 1, 2009 - May 1, 2018	4.167%	430,000	4,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	226,000
2010 Special Assessment District No. 2	November 1, 2012 -November 1, 2041	4.00%	939,800	850,120
1999 Special Assessment District No. 2, Series 2016	June 1, 2017 - June 1, 2025	1.45% - 3.00%	<u>6,640,000</u>	<u>5,915,000</u>
Total special assessment bonds			<u>20,858,528</u>	<u>12,215,120</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
Notes payable				
HUD Section 108 Loan Program	August 1, 2012 - August 1, 2020	0.31% - 2.45%	\$ 600,000	\$ 138,000
RDA Nevada Land LLC	September 1, 2008 - June 1, 2018	4.46%	6,000,000	1,050,000
Washoe County (Accela)	January 31, 2016 - October 31, 2020		300,221	210,155
Total notes payable			6,900,221	1,398,155
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 -December 15, 2023	1.00%	2,340,000	1,092,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000	1,387,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000	8,475,000
IPS Group, Inc	March 1, 2014 - February 1, 2019		391,409	123,946
Total installment purchase agreements			15,852,409	11,077,946
Total governmental activities			499,072,941	403,219,477
Business-type activities				
General obligations bonds				
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.00% - 4.125%	21,750,000	20,190,000
2016 Sewer General Refunding Bonds	January 1, 2017 - January 1, 2025	1.610%	41,245,638	38,866,019
Total general obligations bonds			62,995,638	59,056,019
Total business-type activities			62,995,638	59,056,019
Total long-term debt obligations			\$ 562,068,579	\$ 462,275,496

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

At June 30, 2017, annual debt service requirements to maturity were as follows:

For the Year Ended June 30,	Principal	Interest
Governmental activities		
General obligations bonds		
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	1,880,000	1,491,963
2023 - 2027	11,770,000	5,901,813
2028 - 2032	17,215,000	2,662,725
Total general obligations bonds	48,770,000	17,704,503
Tax allocation bonds		
2018	1,730,000	1,172,953
2019	1,794,000	1,107,248
2020	1,913,000	1,006,622
2021	2,019,000	900,033
2022	2,129,000	787,481
2023 - 2027	12,513,000	2,073,585
2028 - 2032	212,000	31,808
2033 - 2037	140,000	6,076
Total tax allocation bonds	22,450,000	7,085,806
Revenue bonds		
2018	9,263,000	8,437,697
2019	20,314,000	13,091,543
2020	19,237,927	9,706,821
2021	10,382,454	9,625,105
2022	11,118,454	9,533,932
2023 - 2027	66,120,381	45,583,650
2028 - 2032	60,797,808	42,719,850
2033 - 2037	49,343,948	88,467,910
2038 - 2042	50,410,506	77,157,630
2043 - 2047	6,274,482	104,409,431
2048 - 2052	4,045,296	97,036,111
Total revenue bonds	307,308,256	505,769,680
Special assessment bonds		
2018	1,234,190	542,333
2019	1,273,010	493,581
2020	1,313,870	440,913
2021	1,361,760	385,451
2022	1,419,690	327,025
2023 - 2027	5,005,790	656,542
2028 - 2032	163,410	105,544
2033 - 2037	199,600	69,359
2038 - 2042	243,800	25,160
Total special assessment bonds	12,215,120	3,045,908

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

For the Year Ended June 30,	Principal	Interest
Notes payable		
2018	\$ 693,044	\$ 35,219
2019	543,044	11,717
2020	93,044	2,638
2021	69,023	702
Total notes payable	1,398,155	50,276
Installment purchase agreements		
2018	885,282	647,019
2019	908,664	603,470
2020	921,000	556,308
2021	983,000	505,406
2022	1,049,000	450,504
2023 - 2027	6,331,000	1,248,692
Total installment purchase agreements	11,077,946	4,011,399
Total governmental activities	\$ 403,219,477	\$ 537,667,572
Business-type activities		
General obligation/pledged revenue bonds		
2018	\$ 5,405,920	\$ 1,362,947
2019	5,559,724	1,270,319
2020	5,717,503	1,170,752
2021	5,889,371	1,063,871
2022	6,060,444	956,809
2023 - 2027	16,538,057	3,404,516
2028 - 2032	4,090,000	2,417,750
2033 - 2037	4,995,000	1,511,575
2038 - 2042	4,800,000	406,313
Total general obligation/pledged revenue bonds	59,056,019	13,564,852
Total business-type activities	\$ 59,056,019	\$ 13,564,852

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

Long-term liabilities activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Governmental activities					
General obligations bonds					
2013A Capital Improvement Refunding Bonds	\$ 36,115,000		\$	\$ 36,115,000	\$ 1,035,000
2013B Medium-Term Various Purpose Bonds	<u>18,215,000</u>		<u>(5,560,000)</u>	<u>12,655,000</u>	<u>5,955,000</u>
Total general obligations bonds	<u>54,330,000</u>		<u>(5,560,000)</u>	<u>48,770,000</u>	<u>6,990,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	2,780,000		(1,675,000)	1,105,000	1,105,000
2007A Tax Increment Senior Lien (Taxable)	4,000,000			4,000,000	625,000
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	615,000		(615,000)		
2017 Tax Increment Refunding Bonds		<u>655,000</u>		<u>655,000</u>	
Total tax allocation bonds	<u>24,085,000</u>	<u>655,000</u>	<u>(2,290,000)</u>	<u>22,450,000</u>	<u>1,730,000</u>
Revenue bonds					
2005A Capital Improvement Refunding Bonds	64,700,000		(2,100,000)	62,600,000	2,300,000
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	7,275,000		(200,000)	7,075,000	210,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2007A Sales Tax Increment Bonds (Cabela's)	13,675,000		(320,000)	13,355,000	2,870,000
2007B Sales Tax Increment Bonds (Cabela's)	15,765,000		(310,000)	15,455,000	2,895,000
2008A Senior Lien ReTRAC Refunding Bonds	131,280,000		(2,200,000)	129,080,000	2,365,000
2008B Subordinate ReTRAC Refunding Bonds	47,416,227			47,416,227	

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
2014 Taxable Lease Refunding Bonds	\$ 7,778,000	\$	\$ (656,000)	\$ 7,122,000	\$ 708,000
Total revenue bonds	<u>313,094,256</u>	<u></u>	<u>(5,786,000)</u>	<u>307,308,256</u>	<u>11,348,000</u>
Special assessment bonds					
1999 Special Assessment District No. 3	510,000		(85,000)	425,000	85,000
1999 Special Improvement District No. 2	7,615,000		(7,615,000)		
2001 Stead Special Improvement District No. 2	315,000		(40,000)	275,000	40,000
2002 Special Improvement District No. 5	4,865,000		(345,000)	4,520,000	375,000
2008A NV Tax-exempt Local Improvement	31,000		(27,000)	4,000	4,000
2008B NV Taxable Local Improvement	298,000		(72,000)	226,000	20,000
2010 Special Assessment District No. 2	869,520		(19,400)	850,120	20,190
1999 Special Assessment District No. 2, Series 2016	<u></u>	<u>6,640,000</u>	<u>(725,000)</u>	<u>5,915,000</u>	<u>690,000</u>
Total special assessment bonds	<u>14,503,520</u>	<u>6,640,000</u>	<u>(8,928,400)</u>	<u>12,215,120</u>	<u>1,234,190</u>
Notes payable					
HUD Section 108 Loan Program	171,000		(33,000)	138,000	33,000
RDA Nevada Land LLC	1,650,000		(600,000)	1,050,000	600,000
Automated Data Processing, Inc.	625,653		(625,653)		
Washoe County (Accela)	<u>270,199</u>	<u></u>	<u>(60,044)</u>	<u>210,155</u>	<u>60,044</u>
Total notes payable	<u>2,716,852</u>	<u></u>	<u>(1,318,697)</u>	<u>1,398,155</u>	<u>693,044</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,248,000		(156,000)	1,092,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	1,542,000		(155,000)	1,387,000	159,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	8,917,000		(442,000)	8,475,000	492,000
IPS Group, Inc	<u>202,228</u>	<u></u>	<u>(78,282)</u>	<u>123,946</u>	<u>78,282</u>
Total installment purchase agreements	<u>11,909,228</u>	<u></u>	<u>(831,282)</u>	<u>11,077,946</u>	<u>885,282</u>
Unamortized bond premiums and discounts, net	4,289,185	(55,201)	(375,356)	3,858,628	

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Net pension liability	\$ 192,138,899	\$ 60,890,328	\$ (32,098,543)	\$ 220,930,684	\$
Compensated absences	20,813,916	15,057,782	(13,294,095)	22,577,603	
Postemployment benefits other than pensions	108,154,660	15,810,832	(6,771,229)	117,194,263	
Self-insurance liability	<u>53,996,533</u>	<u>35,619,295</u>	<u>(31,463,095)</u>	<u>58,152,733</u>	
Total governmental activities	<u>800,032,049</u>	<u>134,618,036</u>	<u>(108,716,697)</u>	<u>825,933,388</u>	<u>22,880,516</u>
Business-type activities					
General obligation/pledged revenue bonds					
2004 Sewer Revenue Bonds	38,776,971		(38,776,971)		
2005 Sewer Revenue Bonds	4,815,026		(4,815,026)		
2010 Sewer (Limited Tax) Refunding Bonds	20,720,000		(530,000)	20,190,000	545,000
2016 Sewer General Obligation Refunding Bonds	<u>                    </u>	<u>41,245,638</u>	<u>(2,379,619)</u>	<u>38,866,019</u>	<u>4,860,920</u>
Total general obligation/pledged revenue bonds	<u>64,311,997</u>	<u>41,245,638</u>	<u>(46,501,616)</u>	<u>59,056,019</u>	<u>5,405,920</u>
Unamortized bond premiums and discounts, net	64,952		(2,706)	62,246	
Net pension liability	15,104,396	4,669,905	(2,180,500)	17,593,801	
Compensated absences	1,151,166	1,220,211	(1,166,533)	1,204,844	
Postemployment benefits other than pensions	<u>276,243</u>	<u>410,734</u>	<u>(276,243)</u>	<u>410,734</u>	
Total business-type activities	<u>80,908,754</u>	<u>47,546,488</u>	<u>(50,127,598)</u>	<u>78,327,644</u>	<u>5,405,920</u>
Total long-term liabilities	<u>\$ 880,940,803</u>	<u>\$ 182,164,524</u>	<u>\$ (158,844,295)</u>	<u>\$ 904,261,032</u>	<u>\$ 28,286,436</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2016	\$ 27,438,633	\$ 315,512	\$ 27,754,145
Additions	175,196		175,196
Reductions	(1,458,104)	(13,146)	(1,471,250)
Balance June 30, 2017	\$ 26,155,725	\$ 302,366	\$ 26,458,091

### Variable Rate and Demand Bonds

At June 30, 2017, 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.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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#### 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, 2017, no draws are outstanding on this letter of credit.

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 95 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2017, 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, 2017, none of the previously defeased debt remained outstanding.

#### New Debt Issued

On September 22, 2016 the City issued the 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 resulted in a deferred refunding loss of \$175,196 and a net economic gain of \$1,357,907.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

On December 1, 2016, the City issued the General Obligation (Limited Tax) Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2016. The bonds were issued to refund the outstanding General Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues), Series 2004 and 2005, to reduce the interest rates. These bonds were paid off December 1, 2016. The \$41,245,638.27 bond is payable at an interest rate of 1.610% over nine years, with the first payment due January 1, 2017. The refunding resulted in no deferred refunding loss and a net economic gain of \$3,149,991.

On June 30, 2017, the City issued the Redevelopment Agency of the City of Reno, Nevada, Redevelopment Area No. 2, Tax Increment Refunding Bond (Taxable), Series 2017. The bonds were issued to refund the outstanding Redevelopment Agency of the City of Reno, Nevada, Tax Increment Bond (Taxable) (RDA Project Area #2-Boomtown Sub District), Series 2007, to reduce the interest rates and to better align the principal and interest payments with the anticipated property tax increment revenues. The \$655,000 bond is payable at an interest rate of 2.460% over eighteen years, with the first payment due December 29, 2017. The refunding resulted in no deferred refunding loss and a net economic gain of \$42,915.

### Arbitrage Rebate Requirement

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

However, the Internal Revenue Service audited \$16,525,000 City of Reno, Nevada, Sales Tax Increment Bonds, Series 2007A (Tax Exempt) (the "Bonds") on May 16, 2016. Subsequently, the IRS issued an adverse determination letter with respect to the tax-exemption on the Bonds. After receiving the determination letter, the City appealed the findings and conclusions of the auditors pursuant to the IRS appeals process and intends to pursue its appellate rights and to aggressively assert its position to the greatest extent possible. The applicable statute of limitations limits the amount that the IRS can recover to three years of taxpayer exposure on the underlying Bonds. The potential liability of the City, should the tax-exemption not be upheld on appeal, is not known at this time.

### 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, 2017, were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
Renown Regional Medical Center (previously known as Washoe Medical Center, Inc.)	2004A/2004C	June 29, 2004	\$ 134,350,000	\$ 22,340,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2005A/2005B	February 10, 2005	96,025,000	9,435,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2017

Renown Regional Medical Center	2008A/2008B	June 26, 2008	\$ 86,800,000	\$ 77,400,000
Renown Regional Medical Center	2009A/2009B	January 15, 2009	63,600,000	60,840,000
			\$ 380,775,000	\$ 170,015,000

#### 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.

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2017, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</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	\$ 960,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2014 -December 1, 2022	2.00% - 4.20%	5,535,000	3,220,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 -December 1, 2023	2.00% - 6.10%	7,100,000	2,115,000
			\$ 16,770,622	\$ 6,295,000

#### 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### 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, 2017, rent expense totaled \$465,306. 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>	
2018	\$ 437,853
2019	338,444
2020	332,861
2021	317,939
2022	322,410
2023 - 2027	836,927
2028 - 2032	836,927
2033 - 2037	836,927
2038 - 2042	836,927
2043 - 2047	836,927
2048 - 2052	<u>669,541</u>
	<u>\$ 6,603,683</u>

#### Other Commitments

Commitments outstanding for construction and construction-related services at June 30, 2017, for the City totaled approximately \$6.4 million. Commitments were \$1.4 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2017, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, treatment plant improvements and a City Hall remodel for Building Permit staff. Outstanding construction-related commitments total \$13.8 million for City of Reno enterprise fund projects and commitments outstanding for non-construction related commitments totaled \$0.2 million for these funds.

In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled \$3.2 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is \$2.2 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

### **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). In other words, the City is generally self-insured for the first \$1 million in damages in most active cases. The City carries excess insurance coverage in the amount of \$5 million with an additional \$5 million coverage (total of \$10 million) for Law Enforcement and Errors and Omissions claims coverage.

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.

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, 2017, 2016 and 2015, 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, 2015	\$ 3,190,581	\$ 45,389,173
Claims incurred and changes in estimate	(56,654)	7,388,573
Claims paid	(176,190)	(4,851,674)
Claims liability, June 30, 2016	2,957,737	47,926,072
Claims incurred and changes in estimate	401,471	9,675,451
Claims paid	(690,132)	(5,112,866)
Claims liability, June 30, 2017	\$ 2,669,076	\$ 52,488,657
Claims liability, due within one year	\$ 247,934	\$ 5,904,767
Claims liability, due in more than one year	\$ 2,421,142	\$ 46,583,890

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

### 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 three plan options -- The City of Reno Group Health Plan, the Hometown Health Plan (the City Plan), or The City of Reno High Deductible Health 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 \$400,000 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 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.

For the fiscal years ended June 30, 2017, 2016 and 2015, 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, 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	3,112,724
Claims incurred and changes in estimate	25,542,374
Claims paid	<u>(25,660,098)</u>
Claims liability, June 30, 2017	<u>\$ 2,995,000</u>
Claims liability, due within one year	<u>\$ 1,821,014</u>
Claims liability, due in more than one year	<u>\$ 1,173,986</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, 2017, approximately 68.63% of TMWRF's capacity was owned by the City.

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## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, its investment as reported in its sanitary sewer enterprise fund totaled \$95,025,805 which represents 69.54% of TMWRF's net position. The City's share of TMWRF's net costs for the year ended June 30, 2017 was \$4,815,351, 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, 2017, the City has a \$5,653,598 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, 2017 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.

Separate audited 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 Venture is administered by Washoe County and jointly managed by Washoe County, the City of Sparks, 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.

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### 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) and 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 totaling \$4,806 for the year ended June 30, 2017. The City also provides maintenance services and fuel for the Authority's vehicles for a fee which totaled \$347,472 during fiscal 2017.

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.

### **Defined Benefit Pension Plans**

#### Aggregate Balances

At June 30, 2017, the City's aggregate pension plan balances were as follows:

	Public Employees' Retirement System of Nevada	Judicial Retirement System of Nevada	Aggregate Total
Net unamortized deferred outflows of resources related to pensions	\$ 58,544,340	\$ 186,092	\$ 58,730,432
Net pension liability	238,145,028	379,457	238,524,485
Net unamortized deferred inflows of resources related to pensions	27,079,848	184,697	27,264,545
Pension expense	29,361,784	51,209	29,412,993

#### 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, 2017

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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.

For members with an effective date of membership on or after July 1, 2015, the post-retirement increases are 2% per year following the third anniversary of the commencement of benefits, 2.5% per year following the sixth anniversary, the lesser of 3% or the CPI for the preceding calendar year following the ninth anniversary.

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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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.

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](http://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, 2016
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, 2017**

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 non-disabled male regular members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA

For non-disabled female regular members - RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

For all non-disabled police/fire members - RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year

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

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 %	0.25 %
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, 2017**

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	\$ 349,074,087	\$ 238,145,028	\$ 145,853,417

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, [www.nvpers.org](http://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 1.76966% proportionate share of PERS' collective net pension liability at the actuarial valuation date was \$238,145,028. 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 \$29,361,784 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	\$	\$ 15,946,807
Net difference between projected and actual earnings on investments	22,138,545	
Changes in proportion and differences between actual contributions and proportionate share of contributions	4,374,980	11,133,041
Contributions made subsequent to the measurement date	32,030,815	

At June 30, 2016, the average expected remaining service life is 6.48 years.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$32,030,815 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2018. 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>	
2018	\$ 167,855
2019	167,855
2020	(717,943)
2021	(347,257)
2022	133,695
Thereafter	29,473

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

Net pension liability, beginning of year	\$ 207,243,294
Pension expense	29,361,784
Employer contributions	(30,008,161)
Net new deferred inflows and outflows of resources	<u>31,548,111</u>
Net pension liability, end of year	<u>\$ 238,145,028</u>

At June 30, 2017, accrued salaries and benefits included \$3,768,283 payable to PERS for required contributions relating to the last month of the fiscal year.

### Agent Multiple-Employer Defined Benefit Pension Plan

The City's municipal court judges and justices of the peace may, in certain circumstances, elect to be covered by the Judicial Retirement System of Nevada (JRS), an agent multiple employer defined benefit public employees' retirement system. JRS was established by the Nevada Legislature in July 2001, effective January 1, 2003, to provide a reasonable base retirement income to justices of the Supreme Court and district judges and was amended in 2005 to allow municipal court judges and justices of the peace to participate. JRS is administered and governed by the Public Employees Retirement Board (the JRS Board) whose seven members are appointed by the governor. The City does not exercise any control over JRS.

Benefits are paid according to various options contained in the NRS, dependent upon whether a member was serving as a Supreme Court justice or district judge before November 5, 2002. Retiring members who were serving as a judge before November 5, 2002, may select among the two benefit options below. Retiring members who began serving as a justice or judge on or after November 5, 2002, are only eligible for the first option below.

**2003 Benefit Plan:** Benefits, as required by NRS, are computed at 3.4091% per year of accredited service at the time of retirement times the member's highest average compensation in any 36 consecutive months, to a maximum of 75%. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

**Previous Benefit Plan:** Retiring members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, may select benefit payments computed at 4.1666% for the first five years of service and 4.1666% for each year of service beyond five years, up to a total maximum of 22 years, times the member's compensation for their last year of service.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Members who retired under the Previous Benefit Plan (plan in effect before November 5, 2002) and are appointed as senior judges can earn service credit while receiving their pension payments. They are eligible to have their benefit recalculated each time they earn an additional year of service credit

Members enrolled in the JRS on or after July 1, 2015, will receive 3.1591% for each year of service. Each member is entitled to a benefit of not more than 75% and must contribute 50% of the contribution rate through payroll deductions. Annual compensation allowed to be taken into account in determining retirement benefits is limited to \$200,000 (adjusted for Consumer Price Index (all items)).

JRS members become fully vested after five years of service. A member is eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. For those members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, and selected the second benefit option, eligibility for retirement is at age 60 with five years of service.

JRS members enrolled on or after July 1, 2015, become fully vested after five years of service and is eligible for retirement at age 65 with five years of service, at age 62 with 10 years of service, at age 55 with 30 years of service, and at any age with 33 1/3 years of service.

Post-retirement increases are provided by authority of the NRS, 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 JRS 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 JRS 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.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS 1A.180(1). Participating employers pay JRS a contribution rate, which is actuarially determined to be sufficient to enable JRS to pay all liabilities for current benefits for their members and retirees. JRS administrative expenses are the responsibility of the participating employers and are included as a component of JRS contribution rate.

At June 30, 2016, JRS membership consisted of:

Active members	107
Inactive vested members	2
Retired members and beneficiaries	<u>70</u>
	<u><u>179</u></u>

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

The amount of annual contribution required to fund JRS is comprised of a normal cost payment and a payment on the Unfunded Actuarial Accrued Liability (UAAL). Effective January 1, 2009, UAAL is amortized over a year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at 30 years for Supreme Court justices and district judges and 20 years for municipal court judges and justices of the peace. The payment to amortize the UAAL is paid annually for Supreme Court justices and district judges and monthly for municipal court judges and justices of the peace.

The JRS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date using June 30, 2016, census data.

The total JRS pension liability was determined using the following actuarial assumptions (based on the results of an experience study dated September 12, 2013):

Actuarial valuation date	June 30, 2016
Inflation rate	3.50%
Payroll growth	3.00% to 8.00%
Investment rate of return	8.00%,
Discount rate	8.00%, net of pension plan investment expense, including inflation
Consumer price index	3.50%
Asset valuation method	The actuarial value of assets is equal to the prior year's actuarial value of assets plus contributions and net transfers, less benefit payments and expenses, plus expected investment return, and 20% of each of the previous five years' gain/(loss) due to investment return greater/(less) than expected. The actuarial value of assets is further limited to not less than 70% or greater than 130% of the market value of assets.
Actuarial cost method	Entry age normal
Amortization method	Year-by-year closed, level percent of pay (3% payroll growth assumed) over a declining amortization period of 30 years for Supreme Court justices and district judges and 20 years for municipal court judges and justices of the peace
Mortality rates	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males)

JRS policies which determine the investment portfolio target asset allocation are established by the JRS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of JRS. The following target asset allocation policy was adopted as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	49 %	5.50 %
International equity	21 %	5.75 %
Domestic fixed income	30 %	0.25 %

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only contributions that are intended to fund benefits for current plan members and their beneficiaries are included, except projected contributions that are intended to fund the service costs for future plan members and their beneficiaries, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2017

The City's JRS net pension liability at June 30, 2016, calculated using the discount rate of 8.00%, as well as what the City's JRS net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 617,007	\$ 379,457	\$ 178,687

JRS issues a publicly available Annual Financial Report that includes financial statements and required supplemental information. This report is available by writing to JRS at 693 West Nye Lane, Carson City, Nevada 89703. In addition, JRS is classified as a component unit of the State of Nevada, and as such JRS financial information is included in State of Nevada's Comprehensive Annual Financial Report, which is available at [http://controller.nv.gov/FinancialReports/CAFR\\_Download\\_Page.html](http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html). JRS fiduciary net position and related additions to/deductions from it have been determined on the same basis used in the JRS Annual Financial Report. JRS 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.

For the period ended June 30, 2017, the City's JRS pension expense was \$51,209 and its reported deferred outflows and inflows of resources related to JRS pensions as of June 30, 2017, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,413	\$ 74,845
Changes of assumptions		3,236
Net difference between projected and actual earnings on investments	74,924	
Other changes		109,852
Contributions made subsequent to the measurement date	98,755	

At June 30, 2016, the average expected remaining service life is 4.80 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,			
2018		\$	81,565
2019			81,565
2020			(186,195)
2021			(77,531)

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

Net pension liability, beginning of year	\$ 476,000
Pension expense	51,209
Employer contributions	(96,710)
Change in net deferred inflows and outflows of resources	(51,041)

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Net pension liability, end of year

\$ 379,458

At June 30, 2017, approximately \$16,811 was payable to JRS, for the June 2017 required contribution.

### **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.

#### Funding Policy and Annual OPEB Cost

The cost to the City's 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 as determined by the Nevada State Legislature that ranges from \$116 to \$636 per retiree, per month.

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For the fiscal year presented, this subsidy ranged from \$116 to \$636 per retiree, per month.

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

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

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)	\$ 187,918	\$ 17,134,268	\$ 17,322,186
Interest on net OPEB obligation	(1,663)	4,327,103	4,325,440
Adjustment to ARC	<u>2,798</u>	<u>(5,428,858)</u>	<u>(5,426,060)</u>
Annual OPEB cost	189,053	16,032,513	16,221,566
OPEB contributions made	<u>(206,103)</u>	<u>(6,841,369)</u>	<u>(7,047,472)</u>
Increase in net OPEB obligation	(17,050)	9,191,144	9,174,094
Net OPEB obligation (prepayment), beginning of year	<u>(41,571)</u>	<u>108,472,474</u>	<u>108,430,903</u>
Net OPEB obligation (prepayment), end of year	<u><u>\$ (58,621)</u></u>	<u><u>\$ 117,663,618</u></u>	<u><u>\$ 117,604,997</u></u>

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, 2017, 2016 and 2015 were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation (Prepayment)
Public Employee Benefit Program				
2015	\$ 223,390	\$ 216,039	96.7 %	\$ (18,911)
2016	212,620	235,280	110.7 %	(41,571)
2017	189,053	206,103	109.0 %	(58,621)
City of Reno Plan				
2015	19,772,855	6,046,521	30.6 %	103,056,121
2016	15,391,214	9,974,861	64.8 %	108,472,474
2017	16,032,513	6,841,369	42.7 %	117,663,618

### 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 <sup>1</sup>	N/A <sup>1</sup>
City of Reno Plan						
July 1, 2015		181,459,416	181,459,416	0.0 %	79,514,249	228.2 %

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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2017**

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 <sup>1</sup>	4%
Inflation rate	3%	3%
Number of retirees	156	681
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.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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### 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 2017, the City made contributions to the Trust Fund totaling \$765,406 and the net market value of the Trust Fund was \$5,967,600 at June 30, 2017. 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, 2017 pursuant to NRS 354.598155, \$922,010 was expended on the following projects:

Public Works capital projects	\$	2,698
Parks Facilities capital projects		370,855
Machinery and equipment		<u>548,457</u>
	\$	<u><u>922,010</u></u>

### Subsequent Events

Events subsequent to June 30, 2017 through the date that these financial statements were available of issuance were evaluated by the management who determined that no additional recognition or disclosure in these financial statements is necessary.

**REQUIRED SUPPLEMENTARY  
INFORMATION**





## CITY OF RENO

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

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 <sup>1</sup>	N/A <sup>1</sup>
July 1, 2013		3,562,240	3,562,240	0.0 %	\$ N/A <sup>1</sup>	N/A <sup>1</sup>
July 1, 2015		2,888,932	2,888,932	0.0 %	N/A <sup>1</sup>	N/A <sup>1</sup>
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	181,459,416	0.0 %	79,514,249	228.2 %

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, 2016 AND LAST NINE FISCAL YEARS<sup>1</sup>

<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 %
2016	1.76966 %	238,145,028	99,031,234	240.47466 %	72.20000 %

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, 2017 AND LAST NINE FISCAL YEARS<sup>1</sup>

<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 %
2017	32,030,815	32,030,815		104,208,535	30.73723 %

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

### AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016 AND LAST NINE FISCAL YEARS<sup>1</sup>

<u>For the Year Ended June 30,</u>	<u>Net Pension Liability, Beginning of Year</u>	<u>Pension Expense</u>	<u>Employer Contributions</u>	<u>Change in Net Deferred Outflows and Inflows</u>	<u>Net Pension Liability, End of Year</u>
2014	\$ 633,551	\$ 81,208	\$ (137,885)	\$ (197,401)	\$ 379,473
2015	379,473	89,094	(140,414)	147,846	475,999
2016	475,999	51,209	(96,710)	(51,041)	379,457

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

# CITY OF RENO

## AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN PENSION PLAN INFORMATION FOR THE YEAR ENDED JUNE 30, 2016 AND LAST NINE FISCAL YEARS<sup>1</sup>

<u>For the Year Ended June 30,</u>	<u>Total Pension Plan Liability</u>	<u>Pension Plan Fiduciary Net Position</u>	<u>Net Pension Plan Liability</u>	<u>Pension Plan Fiduciary Net Position as a Percentage of Total Pension Plan Liability</u>	<u>Pension Plan Covered Employee Payroll</u>	<u>Net Pension Plan Liability as a Percentage of Pension Plan Covered Employee Payroll</u>
2014	\$ 108,630,337	\$ 92,113,212	\$ 16,517,125	84.79511 %	\$ 16,517,125	100.00000 %
2015	119,810,260	98,944,699	20,865,561	82.58450 %	18,933,500	110.20446 %
2016	123,753,035	101,101,940	22,651,095	81.69653 %	19,929,944	113.65358 %

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

**CITY OF RENO**

**AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
ACTUARIALLY DETERMINED CONTRIBUTION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017 AND LAST NINE FISCAL YEARS<sup>1</sup>**

<u>For the Year Ended June 30,</u>	<u>Actuarially Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution (Deficiency) Excess</u>	<u>Covered Employee Payroll</u>	<u>Contributions Made as a Percentage of Covered Employee Payroll</u>
2015	\$ 140,925	\$ 140,414	\$ (511)	\$ 454,597	30.88758 %
2016	103,271	96,710	(6,561)	509,979	18.96353 %
2017	104,381	98,755	(5,626)	515,460	19.15862 %

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As 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, 2017**

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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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 47,209,909	\$ 46,827,673	\$ 47,347,070	\$ 519,397
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Business licenses	15,752,197	15,465,668	16,118,728	653,060
City gaming licenses	1,917,251	1,870,511	1,810,594	(59,917)
Liquor licenses	1,684,909	1,691,610	1,787,426	95,816
Excavation and encroachment permits			293	293
Franchise fees				
Electricity	11,000,000	9,685,193	9,389,603	(295,590)
Telephone	3,080,000	3,121,233	2,970,414	(150,819)
Natural gas	4,100,000	3,278,746	3,028,718	(250,028)
Sanitation	3,700,000	3,520,192	3,607,572	87,380
Sewer	3,316,336	3,615,000	3,470,429	(144,571)
Cable television	2,300,000	2,300,000	2,362,450	62,450
Non-business licenses and permits	3,153	6,988	8,758	1,770
Intergovernmental shared revenues				
Federal grants	70,000	728,154	1,260,432	532,278
State grants		590,401	58,226	(532,175)
State shared revenues				
Consolidated taxes	59,360,000	59,860,000	57,219,566	(2,640,434)
Dedicated sales taxes	412,541	412,541	344,552	(67,989)
Local government shared revenues				
County gaming licenses	1,590,000	1,100,524	1,551,623	451,099
SCCR (AB104) taxes	3,400,000	3,778,749	3,900,032	121,283
Other		101,711	107,334	5,623
Charges for services				
General government				
Administrative fees	55,000	98,050	138,225	40,175
TMWA contract payment		72,096	57,677	(14,419)
Indirect cost allocations	3,397,616	3,397,616	3,397,616	
Internal charges for services	143,938	143,938	143,938	
Judicial				
Municipal court charges	111,879	82,323	83,457	1,134
Public safety				
Police service charges	636,349	636,349	614,870	(21,479)
Dispatch charges	191,243	249,821	249,821	
Work permits	20,040	20,040	25,208	5,168
Fire service charges	819,096	2,418,842	2,302,604	(116,238)
Culture and recreation				
Swimming pool fees	304,146	265,725	384,580	118,855
Culture and recreation fees	3,138,842	3,319,611	3,832,771	513,160
Public works				
Parking receipts	720,000	675,000	813,625	138,625
Community development and support				
Planning fees	500,521	390,700	612,995	222,295
Planning application fees	575,613	575,613	562,391	(13,222)
Other	18,000	15,690	21,295	5,605
Fines and forfeits				
Court and administrative fees	1,788,963	1,778,874	1,879,597	100,723
Delinquent license penalties	548,282	625,000	567,257	(57,743)
Special assessments				
Downtown police district	1,583,550	1,583,550	1,563,651	(19,899)
Tax maintenance district	255,359	255,359	289,717	34,358
Miscellaneous				
Investment income	50,000	50,000	103,532	53,532
Rents and royalties	625,330	625,330	605,820	(19,510)
Reimbursements and restitutions	586,433	851,541	1,146,484	294,943

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance
Private grants and contributions	35,241	164,125	207,787	43,662
Other	100	35,174	123,622	88,448
Total revenues	175,001,837	176,285,261	176,072,360	(212,901)
<b>EXPENDITURES</b>				
General government				
City manager				
Salaries and wages	3,391,819	3,545,474	3,365,760	179,714
Employee benefits	1,429,529	1,343,377	1,252,031	91,346
Services and supplies	1,735,424	1,601,445	997,328	604,117
Total city manager	6,556,772	6,490,296	5,615,119	875,177
Finance				
Salaries and wages	1,079,263	1,017,421	947,020	70,401
Employee benefits	563,308	517,208	488,039	29,169
Services and supplies	286,290	389,740	331,704	58,036
Total finance	1,928,861	1,924,369	1,766,763	157,606
City attorney				
Salaries and wages	2,554,826	2,529,826	2,527,278	2,548
Employee benefits	1,259,180	1,265,825	1,206,384	59,441
Services and supplies	324,130	295,265	227,136	68,129
Total city attorney	4,138,136	4,090,916	3,960,798	130,118
Human resources				
Salaries and wages	821,710	855,112	842,810	12,302
Employee benefits	574,351	491,692	455,954	35,738
Services and supplies	420,236	408,223	369,844	38,379
Total human resources	1,816,297	1,755,027	1,668,608	86,419
Civil service				
Salaries and wages	252,087	251,837	236,189	15,648
Employee benefits	120,986	121,058	113,657	7,401
Services and supplies	24,729	49,929	59,891	(9,962)
Total civil service	397,802	422,824	409,737	13,087
Communications and technology				
Salaries and wages	1,877,615	1,882,463	1,861,489	20,974
Employee benefits	954,090	949,304	927,132	22,172
Services and supplies	2,219,003	2,374,643	2,143,720	230,923
Total communications and technology	5,050,708	5,206,410	4,932,341	274,069
City council				
Salaries and wages	506,963	507,774	507,219	555
Employee benefits	380,450	378,939	370,431	8,508
Services and supplies	561,790	531,457	500,737	30,720
Total city council	1,449,203	1,418,170	1,378,387	39,783
City clerk				
Salaries and wages	468,977	446,458	443,327	3,131
Employee benefits	255,808	241,709	226,519	15,190
Services and supplies	272,843	306,479	226,937	79,542
Total city clerk	997,628	994,646	896,783	97,863
Total general government	22,335,407	22,302,658	20,628,536	1,674,122

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Judicial				
Municipal court				
Salaries and wages	3,664,476	3,638,376	3,589,223	49,153
Employee benefits	1,979,174	2,052,073	1,932,484	119,589
Services and supplies	959,204	1,048,590	1,020,582	28,008
Total judicial	<u>6,602,854</u>	<u>6,739,039</u>	<u>6,542,289</u>	<u>196,750</u>
Public safety				
Police				
Salaries and wages	35,061,462	37,199,265	36,303,219	896,046
Employee benefits	21,495,311	21,206,613	21,282,608	(75,995)
Services and supplies	5,082,728	5,567,628	5,632,402	(64,774)
Total police	<u>61,639,501</u>	<u>63,973,506</u>	<u>63,218,229</u>	<u>755,277</u>
Fire				
Salaries and wages	24,924,194	28,018,467	27,965,092	53,375
Employee benefits	15,143,617	15,847,550	15,819,136	28,414
Services and supplies	2,556,980	2,625,732	2,776,549	(150,817)
Capital outlay	250,000	385,000	332,597	52,403
Total fire	<u>42,874,791</u>	<u>46,876,749</u>	<u>46,893,374</u>	<u>(16,625)</u>
Dispatch				
Salaries and wages	3,952,515	3,610,276	3,521,203	89,073
Employee benefits	2,002,482	1,850,817	1,698,038	152,779
Services and supplies	238,105	298,105	227,198	70,907
Total dispatch	<u>6,193,102</u>	<u>5,759,198</u>	<u>5,446,439</u>	<u>312,759</u>
Total public safety	<u>110,707,394</u>	<u>116,609,453</u>	<u>115,558,042</u>	<u>1,051,411</u>
Public works				
Various				
Salaries and wages	2,773,129	2,755,728	2,530,527	225,201
Employee benefits	1,460,636	1,396,412	1,310,462	85,950
Services and supplies	1,659,483	1,855,363	1,729,300	126,063
Capital outlay		11,200	21,399	(10,199)
Total public works	<u>5,893,248</u>	<u>6,018,703</u>	<u>5,591,688</u>	<u>427,015</u>
Culture and recreation				
Parks and recreation				
Salaries and wages	5,903,985	5,866,556	5,650,343	216,213
Employee benefits	2,488,774	2,269,515	2,165,195	104,320
Services and supplies	1,757,819	2,015,474	1,998,614	16,860
Capital outlay			13,950	(13,950)
Total culture and recreation	<u>10,150,578</u>	<u>10,151,545</u>	<u>9,828,102</u>	<u>323,443</u>
Planning and community development				
Various				
Salaries and wages	1,818,063	1,893,802	1,830,897	62,905
Employee benefits	908,307	871,701	829,544	42,157
Services and supplies	596,520	1,002,554	840,244	162,310
Capital outlay	22,000	45,226	39,189	6,037
Total planning and community development	<u>3,344,890</u>	<u>3,813,283</u>	<u>3,539,874</u>	<u>273,409</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, 2017

	Original Budget	Final Budget	Actual	Variance
Other				
Retired employees trust				
Employee benefits	6,389,689	5,117,116	5,094,231	22,885
Various				
Employee benefits	1,363,379	134,000	134,000	
Services and supplies	5,527,446	5,088,869	4,484,274	604,595
Total other	13,280,514	10,339,985	9,712,505	627,480
Debt service				
Principal payments	388,587	763,978	763,979	(1)
Interest expense and fiscal charges	4,929	4,929	4,929	
Total debt service	393,516	768,907	768,908	(1)
Total expenditures	172,708,401	176,743,573	172,169,944	4,573,629
EXCESS OF REVENUES OVER EXPENDITURES	2,293,436	(458,312)	3,902,416	4,360,728
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal		241	26,241	26,000
Transfers in	2,603,297	1,772,780	1,772,780	
Transfers out	(4,275,125)	(4,532,442)	(4,278,452)	253,990
Contingencies	(2,100,000)	(328,384)		328,384
Total other financing sources (uses)	(3,771,828)	(3,087,805)	(2,479,431)	608,374
CHANGE IN FUND BALANCE	(1,478,392)	(3,546,117)	1,422,985	4,969,102
FUND BALANCE, BEGINNING OF YEAR	14,119,945	19,619,492	19,619,492	
FUND BALANCE, END OF YEAR	\$ 12,641,553	\$ 16,073,375	\$ 21,042,477	\$ 4,969,102

# **CITY OF RENO**

## **MAJOR SPECIAL REVENUE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

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

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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 14,960,869	\$ 14,665,373	\$ 14,845,040	\$ 179,667
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Excavation and encroachment permits	165,000	207,000	195,992	(11,008)
Other		500	492	(8)
Franchise fees				
Water	2,758,000	2,758,000	2,769,143	11,143
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	5,895,000	6,150,000	6,437,051	287,051
Fines and forfeits				
Street patching penalties	3,000	2,400	2,305	(95)
Miscellaneous				
Investment income	65,000	74,140	115,494	41,354
Reimbursements and restitutions		28,500	51,635	23,135
Private grants and contributions			3,000	3,000
Other		129,057	173,394	44,337
<b>Total revenues</b>	<b>23,846,869</b>	<b>24,014,970</b>	<b>24,593,546</b>	<b>578,576</b>
<b>EXPENDITURES</b>				
Public works				
Various				
Salaries and wages	4,718,673	4,783,976	4,306,624	477,352
Employee benefits	2,832,433	2,837,749	2,446,818	390,931
Services and supplies	6,612,395	6,440,645	6,621,159	(180,514)
Capital outlay	5,085,000	7,584,862	4,627,071	2,957,791
<b>Total expenditures</b>	<b>19,248,501</b>	<b>21,647,232</b>	<b>18,001,672</b>	<b>3,645,560</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>4,598,368</b>	<b>2,367,738</b>	<b>6,591,874</b>	<b>4,224,136</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital asset disposal		10,000	9,554	(446)
Transfers in	110,000	1,062,743	1,012,743	(50,000)
Transfers out	(6,454,500)	(6,504,500)	(6,504,499)	1
<b>Total other financing sources (uses)</b>	<b>(6,344,500)</b>	<b>(5,431,757)</b>	<b>(5,482,202)</b>	<b>(50,445)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(1,746,132)</b>	<b>(3,064,019)</b>	<b>1,109,672</b>	<b>4,173,691</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>18,738,837</b>	<b>21,102,189</b>	<b>21,102,189</b>	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 16,992,705</b>	<b>\$ 18,038,170</b>	<b>\$ 22,211,861</b>	<b>\$ 4,173,691</b>

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

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

For the year ended June 30, 2017, 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, 2015, July 1, 2013 and July 1, 2011.

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, 2017 there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2016, 2015 and 2014.

The actuarial valuation report dated June 30, 2016, 2015 and 2014 are the only valuations to date of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found in Notes 1 and 4 to the basic financial statements.

### **Note 3. Agent Multiple-Employer Defined Benefit Pension Plan**

For the year ended June 30, 2017, there were no changes in the pension benefit plan terms or the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2016, 2015 and 2014.

The actuarial valuation reports dated June 30, 2016, 2015 and 2014, are the only valuations to date of the agent multiple-employer defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found in Notes 1 and 4 to the basic financial statements.

### **Note 4. 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, 2017**

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

### Railroad

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





# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 700,000	\$ 813,000	\$ 887,957	\$ 74,957
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	7,800,000	9,717,480	8,976,874	(740,606)
Fines and forfeits				
SAD penalties		10,000	9,170	(830)
Special assessments				
ReTRAC	650,000	714,946	846,433	131,487
Miscellaneous				
Investment income	700,000	659,000	672,160	13,160
Other		2,000	2,034	34
Total revenues	<u>9,850,000</u>	<u>11,916,426</u>	<u>11,394,628</u>	<u>(521,798)</u>
EXPENDITURES				
Debt service				
Principal payments	3,030,000	3,125,000	10,912,471	(7,787,471)
Interest expense and fiscal charges	5,341,729	4,894,959	5,170,979	(276,020)
Debt issuance costs		236,407	236,407	
Administrative and other costs	<u>1,372,500</u>	<u>1,372,500</u>	<u>1,141,101</u>	<u>231,399</u>
Total expenditures	<u>9,744,229</u>	<u>9,628,866</u>	<u>17,460,958</u>	<u>(7,832,092)</u>
OTHER FINANCING SOURCES				
Issuance of debt		6,640,000	6,640,000	
Payment to advance refunding bond agent		(7,787,471)		7,787,471
Debt issuance discounts			(55,202)	(55,202)
CHANGE IN FUND BALANCE	105,771	1,140,089	518,468	(621,621)
FUND BALANCE, BEGINNING OF YEAR	<u>10,692,044</u>	<u>11,935,595</u>	<u>11,935,595</u>	
FUND BALANCE, END OF YEAR	<u>\$ 10,797,815</u>	<u>\$ 13,075,684</u>	<u>\$ 12,454,063</u>	<u>\$ (621,621)</u>



**NON-MAJOR  
GOVERNMENTAL FUNDS**



# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 6,209,512	\$ 19,885,179	\$ 18,589,046	\$ 44,683,737
Accounts receivable	287,253	93,066	32,661	412,980
Interest receivable	7,202	25,310	28,776	61,288
Taxes receivable		26,527		26,527
Special assessments receivable		6,234,500		6,234,500
Due from other governments	2,047,313	3,458,107	370,099	5,875,519
Advances to other funds		150,047		150,047
Prepaid items	77,742			77,742
Property held for sale	1,041,209			1,041,209
Notes receivable, net			1,091,206	1,091,206
	<u>\$ 9,670,231</u>	<u>\$ 29,872,736</u>	<u>\$ 20,111,788</u>	<u>\$ 59,654,755</u>
<b>Total assets</b>	<u>\$ 9,670,231</u>	<u>\$ 29,872,736</u>	<u>\$ 20,111,788</u>	<u>\$ 59,654,755</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 687,762	\$ 215,509	\$ 545,553	\$ 1,448,824
Accrued salaries and benefits	9,651			9,651
Contracts payable	348,216		875,395	1,223,611
Due to other governments	54,188	313	2,517	57,018
Deposits	74,821	10,958	5,000	90,779
Unearned revenue	42,558			42,558
Due to other funds	460,200			460,200
Advances from other funds		140,475		140,475
Interest payable		2,255,525		2,255,525
Debt obligations payable		2,085,000		2,085,000
Postemployment benefits other than pensions	10,999			10,999
	<u>1,688,395</u>	<u>4,707,780</u>	<u>1,428,465</u>	<u>7,824,640</u>
<b>Total liabilities</b>	<u>1,688,395</u>	<u>4,707,780</u>	<u>1,428,465</u>	<u>7,824,640</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes		26,527		26,527
Unavailable revenue, special assessments		5,698,554		5,698,554
Unavailable revenue, other	450	235,563		236,013
	<u>450</u>	<u>5,960,644</u>		<u>5,961,094</u>
<b>Total deferred inflows of resources</b>	<u>450</u>	<u>5,960,644</u>		<u>5,961,094</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>1,688,845</u>	<u>10,668,424</u>	<u>1,428,465</u>	<u>13,785,734</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	77,742			77,742
Restricted for				
Debt service		20,097,547		20,097,547
Capital improvement projects	195,658		9,865,851	10,061,509
Fire, police and other public safety programs	1,323,842			1,323,842
Cultural, community and development programs	1,951,175			1,951,175
Other government programs	1,846,721			1,846,721
Assigned to				
Capital improvement projects			8,817,472	8,817,472
Fire, police and other public safety programs	34,491			34,491
Other government programs	2,551,757			2,551,757
Unassigned		(893,235)		(893,235)
	<u>7,981,386</u>	<u>19,204,312</u>	<u>18,683,323</u>	<u>45,869,021</u>
<b>Total fund balances</b>	<u>7,981,386</u>	<u>19,204,312</u>	<u>18,683,323</u>	<u>45,869,021</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 9,670,231</u>	<u>\$ 29,872,736</u>	<u>\$ 20,111,788</u>	<u>\$ 59,654,755</u>

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,583,336	\$ 9,497,744	\$ 2,167,177	\$ 14,248,257
Business licenses, permits, franchise and other fees			12,900	12,900
Intergovernmental shared revenues	6,551,364	2,076,411	1,635,758	10,263,533
Charges for services	47,669		1,827,210	1,874,879
Fines and forfeitures	195,721	56,539		252,260
Special assessments		747,056		747,056
Miscellaneous	<u>1,702,010</u>	<u>4,376,920</u>	<u>235,502</u>	<u>6,314,432</u>
Total revenues	<u>11,080,100</u>	<u>16,754,670</u>	<u>5,878,547</u>	<u>33,713,317</u>
<b>EXPENDITURES</b>				
Current				
General government	573,877		543,059	1,116,936
Judicial	171,323			171,323
Public safety	270,411		37,536	307,947
Public works			980,308	980,308
Culture and recreation			723,229	723,229
Planning and community development	6,106,323		360,706	6,467,029
Urban redevelopment	<u>856,024</u>			<u>856,024</u>
Total current	<u>7,977,958</u>		<u>2,644,838</u>	<u>10,622,796</u>
Capital outlay				
General government	36,086		40,795	76,881
Public safety	9,331		133,588	142,919
Public works			5,869,559	5,869,559
Culture and recreation			1,620,670	1,620,670
Planning and community development	602,034		2,103	604,137
Urban redevelopment	<u>86,162</u>			<u>86,162</u>
Total capital outlay	<u>733,613</u>		<u>7,666,715</u>	<u>8,400,328</u>
Debt service				
Principal payments	33,000	14,022,399		14,055,399
Interest expense and fiscal charges	2,926	8,889,632		8,892,558
Administrative and other costs		839,610		839,610
Total debt service	<u>35,926</u>	<u>23,751,641</u>		<u>23,787,567</u>
Total expenditures	<u>8,747,497</u>	<u>23,751,641</u>	<u>10,311,553</u>	<u>42,810,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,332,603</u>	<u>(6,996,971)</u>	<u>(4,433,006)</u>	<u>(9,097,374)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt		655,000		655,000
Transfers in	155,590	8,707,324	2,953,243	11,816,157
Transfers out	<u>(2,373,049)</u>	<u>(115,001)</u>	<u>(1,177,273)</u>	<u>(3,665,323)</u>
Total other financing sources (uses)	<u>(2,217,459)</u>	<u>9,247,323</u>	<u>1,775,970</u>	<u>8,805,834</u>
CHANGE IN FUND BALANCE	115,144	2,250,352	(2,657,036)	(291,540)
FUND BALANCE, BEGINNING OF YEAR	<u>7,866,242</u>	<u>16,953,960</u>	<u>21,340,359</u>	<u>46,160,561</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,981,386</u>	<u>\$ 19,204,312</u>	<u>\$ 18,683,323</u>	<u>\$ 45,869,021</u>

# **SPECIAL REVENUE FUNDS**





# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

### 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, 2017

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
<b>ASSETS</b>									
Cash, cash equivalents and investments	\$ 220,833	\$ 472,181	\$ 1,843,733	\$ 1,334,970	\$ 633,548	\$ 1,373,234	\$ 330,933	\$ 80	\$ 6,209,512
Accounts receivable	100						287,153		287,253
Interest receivable		827	2,988	2,008	960		419		7,202
Due from other governments	818,377	944,290		263,309			21,337		2,047,313
Prepaid items	840				64,792		12,110		77,742
Property held for sale							1,041,209		1,041,209
<b>Total assets</b>	<b><u>\$ 1,040,150</u></b>	<b><u>\$ 1,417,298</u></b>	<b><u>\$ 1,846,721</u></b>	<b><u>\$ 1,600,287</u></b>	<b><u>\$ 699,300</u></b>	<b><u>\$ 1,373,234</u></b>	<b><u>\$ 1,693,161</u></b>	<b><u>\$ 80</u></b>	<b><u>\$ 9,670,231</u></b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 100,432	\$ 464,103		\$ 106,008	\$ 913	\$ 14,901	\$ 1,325	\$ 80	\$ 687,762
Accrued salaries and benefits	8,201	1,450							9,651
Contracts payable	235,292						112,924		348,216
Due to other governments					54,188				54,188
Deposits					(279)		75,100		74,821
Unearned revenue		42,558							42,558
Due to other funds	460,200								460,200
Postemployment benefits other than pensions	8,945	2,054							10,999
<b>Total liabilities</b>	<b><u>813,070</u></b>	<b><u>510,165</u></b>		<b><u>106,008</u></b>	<b><u>54,822</u></b>	<b><u>14,901</u></b>	<b><u>189,349</u></b>	<b><u>80</u></b>	<b><u>1,688,395</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, other							450		450
<b>Total liabilities and deferred inflows of resources</b>	<b><u>813,070</u></b>	<b><u>510,165</u></b>		<b><u>106,008</u></b>	<b><u>54,822</u></b>	<b><u>14,901</u></b>	<b><u>189,799</u></b>	<b><u>80</u></b>	<b><u>1,688,845</u></b>

(Continued)

**CITY OF RENO**

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2017**

	<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	840				64,792		12,110		77,742
Restricted for									
Capital improvement projects					195,658				195,658
Fire, police and other public safety programs						1,323,842			1,323,842
Cultural, community and development programs	226,240	683,726					1,041,209		1,951,175
Other government programs			1,846,721						1,846,721
Assigned to									
Fire, police and other public safety programs						34,491			34,491
Other government programs		223,407		1,494,279	384,028		450,043		2,551,757
Total fund balances	<u>227,080</u>	<u>907,133</u>	<u>1,846,721</u>	<u>1,494,279</u>	<u>644,478</u>	<u>1,358,333</u>	<u>1,503,362</u>		<u>7,981,386</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,040,150</u>	<u>\$ 1,417,298</u>	<u>\$ 1,846,721</u>	<u>\$ 1,600,287</u>	<u>\$ 699,300</u>	<u>\$ 1,373,234</u>	<u>\$ 1,693,161</u>	<u>\$ 80</u>	<u>\$ 9,670,231</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, 2017

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
<b>REVENUES</b>									
Taxes	\$	\$	\$	\$ 2,583,336	\$	\$	\$	\$	\$ 2,583,336
Intergovernmental shared revenues	3,694,194	2,400,763	328,383				128,024		6,551,364
Charges for services								47,669	47,669
Fines and forfeitures						195,721			195,721
Miscellaneous	408,459	168,177	8,019	13,815	290,205		813,245	90	1,702,010
<b>Total revenues</b>	<u>4,102,653</u>	<u>2,568,940</u>	<u>336,402</u>	<u>2,597,151</u>	<u>290,205</u>	<u>195,721</u>	<u>941,269</u>	<u>47,759</u>	<u>11,080,100</u>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government				573,482		395			573,877
Judicial					171,323				171,323
Public safety						270,411			270,411
Planning and community development	3,423,890	2,633,859						48,574	6,106,323
Urban redevelopment							856,024		856,024
<b>Total current</b>	<u>3,423,890</u>	<u>2,633,859</u>		<u>573,482</u>	<u>171,323</u>	<u>270,806</u>	<u>856,024</u>	<u>48,574</u>	<u>7,977,958</u>
<b>Capital outlay</b>									
General government				36,086					36,086
Public safety						9,331			9,331
Planning and community development	602,034								602,034
Urban redevelopment							86,162		86,162
<b>Total capital outlay</b>	<u>602,034</u>			<u>36,086</u>		<u>9,331</u>	<u>86,162</u>		<u>733,613</u>
<b>Debt service</b>									
Principal payments	33,000								33,000
Interest expense and fiscal charges	2,926								2,926
<b>Total debt service</b>	<u>35,926</u>								<u>35,926</u>
<b>Total expenditures</b>	<u>4,061,850</u>	<u>2,633,859</u>		<u>609,568</u>	<u>171,323</u>	<u>280,137</u>	<u>942,186</u>	<u>48,574</u>	<u>8,747,497</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>40,803</u>	<u>(64,919)</u>	<u>336,402</u>	<u>1,987,583</u>	<u>118,882</u>	<u>(84,416)</u>	<u>(917)</u>	<u>(815)</u>	<u>2,332,603</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, 2017

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
OTHER FINANCING SOURCES (USES)									
Transfers in		50,000				105,590			155,590
Transfers out	(122,000)		(596,113)	(1,614,936)			(40,000)		(2,373,049)
Total other financing sources (uses)	<u>(122,000)</u>	<u>50,000</u>	<u>(596,113)</u>	<u>(1,614,936)</u>		<u>105,590</u>	<u>(40,000)</u>		<u>(2,217,459)</u>
CHANGE IN FUND BALANCE	(81,197)	(14,919)	(259,711)	372,647	118,882	21,174	(40,917)	(815)	115,144
FUND BALANCE, BEGINNING OF YEAR	<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>
FUND BALANCE, END OF YEAR	<u>\$ 227,080</u>	<u>\$ 907,133</u>	<u>\$ 1,846,721</u>	<u>\$ 1,494,279</u>	<u>\$ 644,478</u>	<u>\$ 1,358,333</u>	<u>\$ 1,503,362</u>	<u>\$</u>	<u>\$ 7,981,386</u>

# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Federal grants	\$ 3,334,816	\$ 5,673,063	\$ 2,751,678	\$ (2,921,385)
State grants	666,089	1,985,089	942,516	(1,042,573)
Miscellaneous				
Investment income		400	310	(90)
Loan payments	<u>136,280</u>	<u>387,280</u>	<u>408,149</u>	<u>20,869</u>
Total revenues	<u>4,137,185</u>	<u>8,045,832</u>	<u>4,102,653</u>	<u>(3,943,179)</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	287,068	287,028	265,340	21,688
Employee benefits	173,872	170,893	137,857	33,036
Services and supplies	4,173,945	6,527,284	3,020,693	3,506,591
Capital outlay		<u>981,133</u>	<u>602,034</u>	<u>379,099</u>
Total planning and community development	<u>4,634,885</u>	<u>7,966,338</u>	<u>4,025,924</u>	<u>3,940,414</u>
Debt service				
Principal payments	33,000	33,000	33,000	
Interest expense and fiscal charges	<u>2,926</u>	<u>2,926</u>	<u>2,926</u>	
Total debt service	<u>35,926</u>	<u>35,926</u>	<u>35,926</u>	
Total expenditures	<u>4,670,811</u>	<u>8,002,264</u>	<u>4,061,850</u>	<u>3,940,414</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		<u>(122,000)</u>	<u>(122,000)</u>	
Total other financing sources (uses)		<u>(122,000)</u>	<u>(122,000)</u>	
CHANGE IN FUND BALANCE	(533,626)	(78,432)	(81,197)	(2,765)
FUND BALANCE, BEGINNING OF YEAR	<u>728,906</u>	<u>308,277</u>	<u>308,277</u>	
FUND BALANCE, END OF YEAR	<u>\$ 195,280</u>	<u>\$ 229,845</u>	<u>\$ 227,080</u>	<u>\$ (2,765)</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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Intergovernmental shared revenues				
Federal grants	\$ 288,059	\$ 145,235	\$ 240,007	\$ 94,772
Other	1,671,796	2,284,856	2,160,756	(124,100)
Miscellaneous				
Investment income		1,750	2,714	964
Rents and royalties	20,005	20,005	15,039	(4,966)
Reimbursements and restitutions	<u>150,000</u>	<u>150,000</u>	<u>150,424</u>	<u>424</u>
Total revenues	<u>2,129,860</u>	<u>2,601,846</u>	<u>2,568,940</u>	<u>(32,906)</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages	46,004	63,238	60,383	2,855
Employee benefits	31,771	38,187	32,517	5,670
Services and supplies	2,082,085	2,555,733	2,540,959	14,774
Capital outlay	<u>50,000</u>	<u>46,588</u>	<u>46,588</u>	<u>46,588</u>
Total planning and community development	<u>2,209,860</u>	<u>2,703,746</u>	<u>2,633,859</u>	<u>69,887</u>
Total expenditures	<u>2,209,860</u>	<u>2,703,746</u>	<u>2,633,859</u>	<u>69,887</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(80,000)</u>	<u>(101,900)</u>	<u>(64,919)</u>	<u>36,981</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
CHANGE IN FUND BALANCE	(30,000)	(51,900)	(14,919)	36,981
FUND BALANCE, BEGINNING OF YEAR	<u>388,777</u>	<u>922,052</u>	<u>922,052</u>	
FUND BALANCE, END OF YEAR	<u>\$ 358,777</u>	<u>\$ 870,152</u>	<u>\$ 907,133</u>	<u>\$ 36,981</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Consolidated taxes	\$	\$	\$ 328,383	\$ 328,383
Miscellaneous				
Investment income	<u>5,000</u>	<u>5,000</u>	<u>8,019</u>	<u>3,019</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>336,402</u>	<u>331,402</u>
General government				
Other				
Services and supplies	<u></u>	<u>1,515,318</u>	<u></u>	<u>1,515,318</u>
Total general government	<u></u>	<u>1,515,318</u>	<u></u>	<u>1,515,318</u>
Total expenditures	<u></u>	<u>1,515,318</u>	<u></u>	<u>1,515,318</u>
OTHER FINANCING SOURCES				
Transfers out	<u></u>	<u>(596,113)</u>	<u>(596,113)</u>	<u></u>
Total other financing sources	<u></u>	<u>(596,113)</u>	<u>(596,113)</u>	<u></u>
CHANGE IN FUND BALANCE	5,000	(2,106,431)	(259,711)	1,846,720
FUND BALANCE, BEGINNING OF YEAR	<u>2,105,000</u>	<u>2,106,431</u>	<u>2,106,432</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,110,000</u>	<u>\$</u>	<u>\$ 1,846,721</u>	<u>\$ 1,846,721</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 1,860,000	\$ 2,200,000	\$ 2,583,336	\$ 383,336
Miscellaneous				
Investment income		2,000	5,595	3,595
Reimbursements and restitutions		5,500	5,500	
Private grants and contributions		220	2,720	2,500
Total revenues	<u>1,860,000</u>	<u>2,207,720</u>	<u>2,597,151</u>	<u>389,431</u>
EXPENDITURES				
General government				
City manager				
Services and supplies	492,703	556,558	573,482	(16,924)
Capital outlay	50,000	400,188	36,086	364,102
Total expenditures	<u>542,703</u>	<u>956,746</u>	<u>609,568</u>	<u>347,178</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,317,297</u>	<u>1,250,974</u>	<u>1,987,583</u>	<u>736,609</u>
OTHER FINANCING USES				
Transfers out	<u>(1,317,297)</u>	<u>(1,614,936)</u>	<u>(1,614,936)</u>	
CHANGE IN FUND BALANCE		(363,962)	372,647	736,609
FUND BALANCE, BEGINNING OF YEAR		<u>1,121,632</u>	<u>1,121,632</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 757,670</u>	<u>\$ 1,494,279</u>	<u>\$ 736,609</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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$	\$ 1,500	\$ 2,431	\$ 931
Court administrative charges	190,439	140,374	156,277	15,903
Court Construction fees	120,889	90,874	97,621	6,747
Collection charges	40,855	28,000	33,876	5,876
Total revenues	352,183	260,748	290,205	29,457
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	352,183	786,345	171,323	615,022
CHANGE IN FUND BALANCE		(525,597)	118,882	644,479
FUND BALANCE, BEGINNING OF YEAR		525,597	525,596	(1)
FUND BALANCE, END OF YEAR	\$	\$	\$ 644,478	\$ 644,478

# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Fines and forfeits				
Drug forfeitures	\$ 50,000	\$ 197,500	\$ 195,721	\$ (1,779)
Miscellaneous				
Investment income		3,000		(3,000)
Total revenues	<u>50,000</u>	<u>200,500</u>	<u>195,721</u>	<u>(4,779)</u>
<b>EXPENDITURES</b>				
General government				
City attorney				
Services and supplies			395	(395)
Total city attorney			<u>395</u>	<u>(395)</u>
Public safety				
Police				
Salaries and wages		7,500	3,254	4,246
Services and supplies	750,000	623,900	267,157	356,743
Capital outlay			9,331	(9,331)
Total expenditures	<u>750,000</u>	<u>631,400</u>	<u>280,137</u>	<u>351,263</u>
<b>OTHER FINANCING USES</b>				
Transfers in		105,590	105,590	
CHANGE IN FUND BALANCE	(700,000)	(325,310)	21,174	346,484
FUND BALANCE, BEGINNING OF YEAR	<u>1,037,374</u>	<u>1,337,159</u>	<u>1,337,159</u>	
FUND BALANCE, END OF YEAR	<u>\$ 337,374</u>	<u>\$ 1,011,849</u>	<u>\$ 1,358,333</u>	<u>\$ 346,484</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	\$ 128,024	\$ 128,024	\$ 128,024	\$
Miscellaneous				
Investment income		400	1,030	630
Rents and royalties	622,500	637,700	801,595	163,895
Reimbursements and restitutions		<u>10,620</u>	<u>10,620</u>	
Total revenues	<u>750,524</u>	<u>776,744</u>	<u>941,269</u>	<u>164,525</u>
<b>EXPENDITURES</b>				
Urban redevelopment				
Various				
Services and supplies	731,706	788,706	856,024	(67,318)
Capital outlay		<u>200,000</u>	<u>86,162</u>	<u>113,838</u>
Total expenditures	<u>731,706</u>	<u>988,706</u>	<u>942,186</u>	<u>46,520</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>18,818</u>	<u>(211,962)</u>	<u>(917)</u>	<u>211,045</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	
CHANGE IN FUND BALANCE	(21,182)	(251,962)	(40,917)	211,045
FUND BALANCE, BEGINNING OF YEAR	<u>1,172,927</u>	<u>1,544,280</u>	<u>1,544,279</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,151,745</u>	<u>\$ 1,292,318</u>	<u>\$ 1,503,362</u>	<u>\$ 211,044</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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services				
Public works				
Engineering fees	\$ 200,000	\$ 75,000	\$ 47,669	\$ (27,331)
Miscellaneous				
Investment income		100	90	(10)
Total revenues	200,000	75,100	47,759	(27,341)
EXPENDITURES				
Planning and community development				
Various				
Services and supplies	200,000	75,915	48,574	27,341
Total expenditures	200,000	75,915	48,574	27,341
CHANGE IN FUND BALANCE		(815)	(815)	
FUND BALANCE, BEGINNING OF YEAR	\$	\$ 815	\$ 815	\$

# **DEBT SERVICE FUNDS**





# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

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, 2017

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 2,480,957	\$ 4,856,450	\$ 9,377,704	\$ 3,170,068	\$ 19,885,179
Accounts receivable				93,066	93,066
Interest receivable	9,450	69	8,831	6,960	25,310
Taxes receivable		26,527			26,527
Special assessments receivable	1,767,207		4,467,293		6,234,500
Due from other governments		2,309,619	885,735	262,753	3,458,107
Advances to other funds		150,047			150,047
<b>Total assets</b>	<b><u>\$ 4,257,614</u></b>	<b><u>\$ 7,342,712</u></b>	<b><u>\$ 14,739,563</u></b>	<b><u>\$ 3,532,847</u></b>	<b><u>\$ 29,872,736</u></b>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 3,498	\$ 1,750	\$ 210,220	\$ 41	\$ 215,509
Due to other governments	77	236			313
Deposits	10,958				10,958
Advances from other funds	140,475				140,475
Interest payable				2,255,525	2,255,525
Debt obligations payable				2,085,000	2,085,000
<b>Total liabilities</b>	<b><u>155,008</u></b>	<b><u>1,986</u></b>	<b><u>210,220</u></b>	<b><u>4,340,566</u></b>	<b><u>4,707,780</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, property taxes		26,527			26,527
Unavailable revenue, special assessments	1,626,057		4,072,497		5,698,554
Unavailable revenue, other		150,047		85,516	235,563
<b>Total deferred inflows of resources</b>	<b><u>1,626,057</u></b>	<b><u>176,574</u></b>	<b><u>4,072,497</u></b>	<b><u>85,516</u></b>	<b><u>5,960,644</u></b>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>1,781,065</u></b>	<b><u>178,560</u></b>	<b><u>4,282,717</u></b>	<b><u>4,426,082</u></b>	<b><u>10,668,424</u></b>
<b>FUND BALANCES</b>					
Restricted for					
Debt service	2,476,549	7,164,152	10,456,846		20,097,547
Unassigned				(893,235)	(893,235)
<b>Total fund balances</b>	<b><u>2,476,549</u></b>	<b><u>7,164,152</u></b>	<b><u>10,456,846</u></b>	<b><u>(893,235)</u></b>	<b><u>19,204,312</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,257,614</u></b>	<b><u>\$ 7,342,712</u></b>	<b><u>\$ 14,739,563</u></b>	<b><u>\$ 3,532,847</u></b>	<b><u>\$ 29,872,736</u></b>

# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
<b>REVENUES</b>					
Taxes	\$	\$ 2,847,037	\$ 6,650,707	\$	\$ 9,497,744
Intergovernmental shared revenues				2,076,411	2,076,411
Fines and forfeitures	43,776		12,763		56,539
Special assessments	379,762		367,294		747,056
Miscellaneous	149,760	2,437,656	775,585	1,013,919	4,376,920
Total revenues	<u>573,298</u>	<u>5,284,693</u>	<u>7,806,349</u>	<u>3,090,330</u>	<u>16,754,670</u>
<b>EXPENDITURES</b>					
Debt service					
Principal payments	243,399	2,930,000	2,445,000	8,404,000	14,022,399
Interest expense and fiscal charges	107,032	1,267,011	4,348,157	3,167,432	8,889,632
Administrative and other costs	32,387	11,853	783,770	11,600	839,610
Total expenditures	<u>382,818</u>	<u>4,208,864</u>	<u>7,576,927</u>	<u>11,583,032</u>	<u>23,751,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>190,480</u>	<u>1,075,829</u>	<u>229,422</u>	<u>(8,492,702)</u>	<u>(6,996,971)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt		655,000			655,000
Transfers in	50,000	40,000	1,000,000	7,617,324	8,707,324
Transfers out	(115,001)				(115,001)
Total other financing sources (uses)	<u>(65,001)</u>	<u>695,000</u>	<u>1,000,000</u>	<u>7,617,324</u>	<u>9,247,323</u>
CHANGE IN FUND BALANCE	125,479	1,770,829	1,229,422	(875,378)	2,250,352
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 2,476,549</u>	<u>\$ 7,164,152</u>	<u>\$ 10,456,846</u>	<u>\$ (893,235)</u>	<u>\$ 19,204,312</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
SAD penalties	\$	\$ 36,716	\$ 43,776	\$ 7,060
Special assessments				
Special assessments districts	389,550	384,671	379,762	(4,909)
Miscellaneous				
Investment income	135,450	142,055	141,241	(814)
Other	<u>7,362</u>	<u>7,362</u>	<u>8,519</u>	<u>1,157</u>
Total revenues	<u>525,000</u>	<u>570,804</u>	<u>573,298</u>	<u>2,494</u>
EXPENDITURES				
Debt service				
Principal payments	216,625	235,455	243,399	(7,944)
Interest expense and fiscal charges	104,773	104,426	107,032	(2,606)
Administrative and other costs	<u>552,675</u>	<u>48,375</u>	<u>32,387</u>	<u>15,988</u>
Total expenditures	<u>874,073</u>	<u>388,256</u>	<u>382,818</u>	<u>5,438</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(349,073)</u>	<u>182,548</u>	<u>190,480</u>	<u>7,932</u>
OTHER FINANCING USES				
Transfers in		50,000	50,000	
Transfers out	<u>(110,000)</u>	<u>(115,000)</u>	<u>(115,001)</u>	<u>(1)</u>
CHANGE IN FUND BALANCE	(459,073)	117,548	125,479	7,931
FUND BALANCE, BEGINNING OF YEAR	<u>1,816,849</u>	<u>2,326,983</u>	<u>2,351,070</u>	<u>24,087</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,357,776</u>	<u>\$ 2,444,531</u>	<u>\$ 2,476,549</u>	<u>\$ 32,018</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 1,345,155	\$ 2,849,065	\$ 2,847,037	\$ (2,028)
Miscellaneous				
Investment income		2,000	4,590	2,590
Reimbursements and restitutions		1,792,381	1,792,438	57
Other	<u>909,230</u>	<u>850,000</u>	<u>640,628</u>	<u>(209,372)</u>
Total revenues	<u>2,254,385</u>	<u>5,493,446</u>	<u>5,284,693</u>	<u>(208,753)</u>
EXPENDITURES				
Debt service				
Principal payments	2,315,000	2,275,000	2,930,000	(655,000)
Interest expense and fiscal charges	1,298,973	1,259,648	1,267,011	(7,363)
Administrative and other costs	<u>229,987</u>	<u>248,164</u>	<u>11,853</u>	<u>236,311</u>
Total expenditures	<u>3,843,960</u>	<u>3,782,812</u>	<u>4,208,864</u>	<u>(426,052)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,589,575)</u>	<u>1,710,634</u>	<u>1,075,829</u>	<u>(634,805)</u>
OTHER FINANCING SOURCES				
Issuance of debt			655,000	655,000
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	
CHANGE IN FUND BALANCE	(1,549,575)	1,750,634	1,770,829	20,195
FUND BALANCE, BEGINNING OF YEAR	<u>4,530,285</u>	<u>5,393,323</u>	<u>5,393,323</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,980,710</u>	<u>\$ 7,143,957</u>	<u>\$ 7,164,152</u>	<u>\$ 20,195</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 5,600,000	\$ 6,447,492	\$ 6,650,707	\$ 203,215
SAD penalties		12,763	12,763	
Special assessments				
Downtown event center	250,000	375,000	367,294	(7,706)
Miscellaneous				
Investment income	360,000	365,000	400,585	35,585
Other		<u>375,000</u>	<u>375,000</u>	
Total revenues	<u>6,210,000</u>	<u>7,575,255</u>	<u>7,806,349</u>	<u>231,094</u>
EXPENDITURES				
Debt service				
Principal payments	2,445,000	2,445,000	2,445,000	
Interest expense and fiscal charges	4,368,229	4,285,006	4,348,157	(63,151)
Administrative and other costs	<u>1,323,745</u>	<u>1,075,000</u>	<u>783,770</u>	<u>291,230</u>
Total expenditures	<u>8,136,974</u>	<u>7,805,006</u>	<u>7,576,927</u>	<u>228,079</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,926,974)</u>	<u>(229,751)</u>	<u>229,422</u>	<u>459,173</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,606,600</u>	<u>1,000,000</u>	<u>1,000,000</u>	
CHANGE IN FUND BALANCE	(320,374)	770,249	1,229,422	459,173
FUND BALANCE, BEGINNING OF YEAR	<u>8,617,632</u>	<u>9,227,424</u>	<u>9,227,424</u>	
FUND BALANCE, END OF YEAR	<u>\$ 8,297,258</u>	<u>\$ 9,997,673</u>	<u>\$ 10,456,846</u>	<u>\$ 459,173</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, 2017

	<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	\$ 2,100,000	\$ 1,782,394	\$ (317,606)
Other	297,811	240,958	294,017	53,059
Miscellaneous				
Investment income		8,300	14,297	5,997
Rents and royalties	864,000	999,000	953,555	(45,445)
Reimbursements and restitutions	18,000	16,894	16,894	
Other	<u>899,296</u>	<u>925,326</u>	<u>29,173</u>	<u>(896,153)</u>
Total revenues	<u>4,104,949</u>	<u>4,290,478</u>	<u>3,090,330</u>	<u>(1,200,148)</u>
EXPENDITURES				
Debt service				
Principal payments	8,404,000	8,404,000	8,404,000	
Interest expense and fiscal charges	3,129,592	3,151,258	3,167,432	(16,174)
Administrative and other costs	<u>28,000</u>	<u>19,000</u>	<u>11,600</u>	<u>7,400</u>
Total expenditures	<u>11,561,592</u>	<u>11,574,258</u>	<u>11,583,032</u>	<u>(8,774)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,456,643)</u>	<u>(7,283,780)</u>	<u>(8,492,702)</u>	<u>(1,208,922)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>7,595,025</u>	<u>7,617,324</u>	<u>7,617,324</u>	
Total other financing sources	<u>7,595,025</u>	<u>7,617,324</u>	<u>7,617,324</u>	
CHANGE IN FUND BALANCE	138,382	333,544	(875,378)	(1,208,922)
FUND BALANCE, BEGINNING OF YEAR	<u>2,153,601</u>	<u>(17,857)</u>	<u>(17,857)</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,291,983</u>	<u>\$ 315,687</u>	<u>\$ (893,235)</u>	<u>\$ (1,208,922)</u>



# **CAPITAL PROJECTS FUNDS**



# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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

**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, 2017

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 8,013,742	\$ 506,436	\$ 292,869	\$ 6,911,608	\$ 450,326	\$ 2,064,484	\$ 349,581	\$ 18,589,046
Accounts receivable	32,661							32,661
Interest receivable	12,334	765	443	10,775	719	3,266	474	28,776
Due from other governments	181,484				6,383	182,232		370,099
Notes receivable, net	<u>1,091,206</u>							<u>1,091,206</u>
<b>Total assets</b>	<b><u>\$ 9,331,427</u></b>	<b><u>\$ 507,201</u></b>	<b><u>\$ 293,312</u></b>	<b><u>\$ 6,922,383</u></b>	<b><u>\$ 457,428</u></b>	<b><u>\$ 2,249,982</u></b>	<b><u>\$ 350,055</u></b>	<b><u>\$ 20,111,788</u></b>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	\$ 188,533			\$ 8,760		\$ 2,294	\$ 345,966	\$ 545,553
Contracts payable	326,994			11	2	548,388		875,395
Due to other governments	2,517							2,517
Deposits					<u>5,000</u>			<u>5,000</u>
<b>Total liabilities</b>	<b><u>518,044</u></b>			<b><u>8,771</u></b>	<b><u>5,002</u></b>	<b><u>550,682</u></b>	<b><u>345,966</u></b>	<b><u>1,428,465</u></b>
<b>FUND BALANCES</b>								
Restricted for								
Capital improvement projects		507,201	293,312	6,913,612	452,426	1,699,300		9,865,851
Assigned to								
Capital improvement projects	<u>8,813,383</u>						<u>4,089</u>	<u>8,817,472</u>
<b>Total fund balances</b>	<b><u>8,813,383</u></b>	<b><u>507,201</u></b>	<b><u>293,312</u></b>	<b><u>6,913,612</u></b>	<b><u>452,426</u></b>	<b><u>1,699,300</u></b>	<b><u>4,089</u></b>	<b><u>18,683,323</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 9,331,427</u></b>	<b><u>\$ 507,201</u></b>	<b><u>\$ 293,312</u></b>	<b><u>\$ 6,922,383</u></b>	<b><u>\$ 457,428</u></b>	<b><u>\$ 2,249,982</u></b>	<b><u>\$ 350,055</u></b>	<b><u>\$ 20,111,788</u></b>

# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
<b>REVENUES</b>								
Taxes	\$	\$	\$	\$ 2,167,177	\$	\$	\$	\$ 2,167,177
Business licenses, permits, franchise and other fees		12,900						12,900
Intergovernmental shared revenues		1,097,366			538,392			1,635,758
Charges for services		5,240				1,821,970		1,827,210
Miscellaneous		188,769	1,924	1,112	26,432	2,439	12,715	235,502
<b>Total revenues</b>		<u>1,304,275</u>	<u>1,924</u>	<u>1,112</u>	<u>2,193,609</u>	<u>540,831</u>	<u>1,834,685</u>	<u>5,878,547</u>
<b>EXPENDITURES</b>								
<b>Current</b>								
General government		44,602			498,457			543,059
Public safety		37,536						37,536
Public works		855,247		(1)	2,698	120,862	1,502	980,308
Culture and recreation		164,833			558,396			723,229
Planning and community development		360,706						360,706
<b>Total current</b>		<u>1,462,924</u>		<u>(1)</u>	<u>558,396</u>	<u>120,862</u>	<u>1,502</u>	<u>2,644,838</u>
<b>Capital outlay</b>								
General government		40,795						40,795
Public safety		83,588			50,000			133,588
Public works		2,136,772			325,705	3,407,082		5,869,559
Culture and recreation		563,997			1,011,523	45,150		1,620,670
Planning and community development		2,103						2,103
<b>Total capital outlay</b>		<u>2,827,255</u>			<u>1,011,523</u>	<u>420,855</u>	<u>3,407,082</u>	<u>7,666,715</u>
<b>Total expenditures</b>		<u>4,290,179</u>		<u>(1)</u>	<u>1,569,919</u>	<u>922,010</u>	<u>3,527,944</u>	<u>10,311,553</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>		<u>(2,985,904)</u>	<u>1,924</u>	<u>1,113</u>	<u>623,690</u>	<u>(381,179)</u>	<u>(1,693,259)</u>	<u>609</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in		2,953,243						2,953,243
Transfers out		(1,177,273)						(1,177,273)
<b>Total other financing sources (uses)</b>		<u>1,775,970</u>						<u>1,775,970</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<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>
<b>FUND BALANCE, END OF YEAR</b>	\$	<u><u>8,813,383</u></u>	\$	<u><u>507,201</u></u>	\$	<u><u>293,312</u></u>	\$	<u><u>6,913,612</u></u>
		<u><u>452,426</u></u>		<u><u>1,699,300</u></u>		<u><u>4,089</u></u>		<u><u>18,683,323</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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Business licenses, permits, franchise and other fees				
Non-business licenses and permits	\$	\$ 13,999	\$ 12,900	\$ (1,099)
Intergovernmental shared revenues				
Federal grants		1,102,321	1,097,366	(4,955)
Charges for services				
Public works				
Other			5,240	5,240
Miscellaneous				
Investment income		18,758	81,789	63,031
Reimbursements and restitutions		67,126	19,749	(47,377)
Private grants and contributions		96,500	86,580	(9,920)
Other			651	651
<b>Total revenues</b>		<b>1,298,704</b>	<b>1,304,275</b>	<b>5,571</b>
<b>EXPENDITURES</b>				
General government				
Communications and technology				
Services and supplies		40,000	44,602	(4,602)
Capital outlay	100,000	120,045	40,795	79,250
Total communications and technology	100,000	160,045	85,397	74,648
<b>Total general government</b>	<b>100,000</b>	<b>160,045</b>	<b>85,397</b>	<b>74,648</b>
Public safety				
Fire				
Services and supplies			37,536	(37,536)
Capital outlay	350,000	1,124,639	83,588	1,041,051
Total fire	350,000	1,124,639	121,124	1,003,515
<b>Total public safety</b>	<b>350,000</b>	<b>1,124,639</b>	<b>121,124</b>	<b>1,003,515</b>
Public works				
Various				
Services and supplies		87,721	855,247	(767,526)
Capital outlay	700,000	7,625,051	2,136,772	5,488,279
Total various	700,000	7,712,772	2,992,019	4,720,753
Culture and recreation				
Parks and recreation				
Services and supplies		5,857	164,833	(158,976)
Capital outlay	440,000	1,974,515	563,997	1,410,518
Total parks and recreation	440,000	1,980,372	728,830	1,251,542
<b>Total culture and recreation</b>	<b>440,000</b>	<b>1,980,372</b>	<b>728,830</b>	<b>1,251,542</b>
Planning and community development				
Various				
Services and supplies		20,500	360,706	(340,206)
Capital outlay		862,108	2,103	860,005
Total various		882,608	362,809	519,799
<b>Total planning and community development</b>		<b>882,608</b>	<b>362,809</b>	<b>519,799</b>
<b>Total expenditures</b>	<b>1,590,000</b>	<b>11,860,436</b>	<b>4,290,179</b>	<b>7,570,257</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(1,590,000)</b>	<b>(10,561,732)</b>	<b>(2,985,904)</b>	<b>7,575,828</b>

# CITY OF RENO

## CITY OF RENO CAPITAL PROJECTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,590,000	2,516,627	2,953,243	436,616
Transfers out	<u>(1,286,000)</u>	<u>(1,177,273)</u>	<u>(1,177,273)</u>	
Total other financing sources (uses)	<u>304,000</u>	<u>1,339,354</u>	<u>1,775,970</u>	<u>436,616</u>
CHANGE IN FUND BALANCE	(1,286,000)	(9,222,378)	(1,209,934)	8,012,444
FUND BALANCE, BEGINNING OF YEAR	<u>3,540,153</u>	<u>10,315,518</u>	<u>10,023,317</u>	<u>(292,201)</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,254,153</u>	<u>\$ 1,093,140</u>	<u>\$ 8,813,383</u>	<u>\$ 7,720,243</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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____ 1,250	\$ _____ 1,924	\$ _____ 674
Public works				
Various				
Capital outlay	_____ 503,157	_____ 506,527	_____	_____ 506,527
CHANGE IN FUND BALANCE	(503,157)	(505,277)	1,924	507,201
FUND BALANCE, BEGINNING OF YEAR	_____ 503,157	_____ 505,277	_____ 505,277	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ _____ 507,201	\$ _____ 507,201

# 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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____ 400	\$ _____ 1,112	\$ _____ 712
EXPENDITURES				
Public works				
Various				
Services and supplies			(1)	1
Capital outlay	_____	_____ 292,599	_____	_____ 292,599
Total expenditures	_____	_____ 292,599	_____ (1)	_____ 292,600
CHANGE IN FUND BALANCE		(292,199)	1,113	293,312
FUND BALANCE, BEGINNING OF YEAR	_____	_____ 292,199	_____ 292,199	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ _____ 293,312	\$ _____ 293,312

# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 747,184	\$ 1,828,000	\$ 2,167,177	\$ 339,177
Miscellaneous				
Investment income	<u>                    </u>	<u>15,640</u>	<u>26,432</u>	<u>10,792</u>
Total revenues	<u>747,184</u>	<u>1,843,640</u>	<u>2,193,609</u>	<u>349,969</u>
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies			558,396	(558,396)
Capital outlay	<u>1,880,000</u>	<u>4,234,768</u>	<u>1,011,523</u>	<u>3,223,245</u>
Total expenditures	<u>1,880,000</u>	<u>4,234,768</u>	<u>1,569,919</u>	<u>2,664,849</u>
CHANGE IN FUND BALANCE	(1,132,816)	(2,391,128)	623,690	3,014,818
FUND BALANCE, BEGINNING OF YEAR	<u>5,126,956</u>	<u>6,289,923</u>	<u>6,289,922</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,994,140</u>	<u>\$ 3,898,795</u>	<u>\$ 6,913,612</u>	<u>\$ 3,014,817</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
Local government shared revenues				
County capital project taxes	\$ 567,000	\$ 567,000	\$ 538,392	\$ (28,608)
Miscellaneous				
Investment income		<u>1,000</u>	<u>2,439</u>	<u>1,439</u>
Total revenues	<u>567,000</u>	<u>568,000</u>	<u>540,831</u>	<u>(27,169)</u>
<b>EXPENDITURES</b>				
General government				
Communications and technology				
Services and supplies			498,457	(498,457)
Capital outlay	<u>500,000</u>	<u>578,812</u>		<u>578,812</u>
Total communications and technology	<u>500,000</u>	<u>578,812</u>	<u>498,457</u>	<u>80,355</u>
Total general government	<u>500,000</u>	<u>578,812</u>	<u>498,457</u>	<u>80,355</u>
Public safety				
Police				
Capital outlay		<u>50,000</u>	<u>50,000</u>	
Total police		<u>50,000</u>	<u>50,000</u>	
Total public safety		<u>50,000</u>	<u>50,000</u>	
Public works				
Various				
Services and supplies			2,698	(2,698)
Capital outlay	<u>67,000</u>	<u>727,643</u>	<u>325,705</u>	<u>401,938</u>
Total various	<u>67,000</u>	<u>727,643</u>	<u>328,403</u>	<u>399,240</u>
Culture and recreation				
Parks and recreation				
Capital outlay		<u>45,150</u>	<u>45,150</u>	
Total parks and recreation		<u>45,150</u>	<u>45,150</u>	
Total culture and recreation		<u>45,150</u>	<u>45,150</u>	
Total expenditures	<u>567,000</u>	<u>1,401,605</u>	<u>922,010</u>	<u>479,595</u>
CHANGE IN FUND BALANCE		(833,605)	(381,179)	452,426
FUND BALANCE, BEGINNING OF YEAR		<u>833,605</u>	<u>833,605</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 452,426</u>	<u>\$ 452,426</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Public works				
Other				
Downtown district room surcharge	\$ 2,000,000	\$ 2,000,000	\$ 1,821,970	\$ (178,030)
Miscellaneous				
Investment income	<u>                    </u>	<u>          8,500</u>	<u>        12,715</u>	<u>          4,215</u>
Total revenues	<u>2,000,000</u>	<u>2,008,500</u>	<u>1,834,685</u>	<u>(173,815)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies			120,862	(120,862)
Capital outlay	<u>3,507,557</u>	<u>5,401,059</u>	<u>3,407,082</u>	<u>1,993,977</u>
Total expenditures	<u>3,507,557</u>	<u>5,401,059</u>	<u>3,527,944</u>	<u>1,873,115</u>
CHANGE IN FUND BALANCE	(1,507,557)	(3,392,559)	(1,693,259)	1,699,300
FUND BALANCE, BEGINNING OF YEAR	<u>1,507,557</u>	<u>3,392,559</u>	<u>3,392,559</u>	<u>                    </u>
FUND BALANCE, END OF YEAR	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>1,699,300</u></u>	<u><u>1,699,300</u></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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____ 1,500	\$ _____ 2,111	\$ _____ 611
EXPENDITURES				
Public works				
Various				
Services and supplies			1,502	(1,502)
Capital outlay		4,980		4,980
Total various	_____	4,980	1,502	3,478
CHANGE IN FUND BALANCE		(3,480)	609	4,089
FUND BALANCE, BEGINNING OF YEAR	1,391	3,480	3,480	_____
FUND BALANCE, END OF YEAR	\$ 1,391	\$ _____	\$ 4,089	\$ 4,089

# **PROPRIETARY FUNDS**





# **MAJOR ENTERPRISE FUNDS**



**CITY OF RENO**

**MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

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

Sanitary Sewer

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



# 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Sanitary Sewer	\$ 62,257,343	\$ 64,390,000	\$ 64,218,459	\$ (171,541)
Licenses and permits	305,000	307,000	317,579	10,579
Fines and forfeitures	1,180,000	1,413,320	1,673,436	260,116
Miscellaneous				
Reimbursements and restitution		3,221,440	106,893	(3,114,547)
Other		10,000	13,509	3,509
Total operating revenues	<u>63,742,343</u>	<u>69,341,760</u>	<u>66,329,876</u>	<u>(3,011,884)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	6,047,277	5,977,152	5,525,605	451,547
Employee benefits	3,875,024	3,586,373	2,345,478	1,240,895
Services and supplies	11,451,510	11,684,031	11,991,451	(307,420)
Joint sewer plant	15,000,000	15,000,000	12,010,803	2,989,197
Depreciation and amortization	10,000,000	10,000,000	10,321,179	(321,179)
Total operating expenses	<u>46,373,811</u>	<u>46,247,556</u>	<u>42,194,516</u>	<u>4,053,040</u>
Operating income	<u>17,368,532</u>	<u>23,094,204</u>	<u>24,135,360</u>	<u>1,041,156</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other grants		1,056,500	1,880,301	823,801
Investment income	34,000	155,000	248,318	93,318
Interest and fiscal charges	(1,972,068)	(1,927,533)	(820,662)	1,106,871
Gain (loss) on capital asset disposition			(209,362)	(209,362)
Truckee Meadows Water Reclamation Facility	(4,600,000)	(4,600,000)	(4,815,351)	(215,351)
Total nonoperating revenues (expenses)	<u>(6,538,068)</u>	<u>(5,316,033)</u>	<u>(3,716,756)</u>	<u>1,599,277</u>
Income before capital contributions and transfers	<u>10,830,464</u>	<u>17,778,171</u>	<u>20,418,604</u>	<u>2,640,433</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			6,005,626	6,005,626
Federal grants		45,000	178,826	133,826
Sewer connection charges	4,560,000	6,100,000	6,672,168	572,168
Total capital contributions	<u>4,560,000</u>	<u>6,145,000</u>	<u>12,856,620</u>	<u>6,711,620</u>
<b>TRANSFERS</b>				
Transfers out	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	
CHANGE IN NET POSITION	<u>\$ 15,278,464</u>	<u>\$ 23,811,171</u>	<u>33,163,224</u>	<u>\$ 9,352,053</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			418,860,610	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>418,860,610</u>	
NET POSITION, END OF YEAR			<u>\$ 452,023,834</u>	



# **NON-MAJOR ENTERPRISE FUNDS**





**CITY OF RENO**

**NON-MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

---

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Building permits	\$ 3,706,523	\$ 4,374,095	\$ 3,934,359	\$ (439,736)
Miscellaneous permits	498,052	547,037	719,444	172,407
Plan check fees	1,530,518	1,750,622	1,814,014	63,392
Electrical and plumbing	1,121,204	1,338,442	1,168,137	(170,305)
Plumbing inspection fees	301,469	238,986	229,044	(9,942)
Electrical inspection fee	77,403	61,695	53,814	(7,881)
Building and safety fees	28,876	24,455	19,594	(4,861)
Fire inspection fees	207,532	158,508	150,505	(8,003)
Miscellaneous				
Other			542	542
Total operating revenues	<u>7,471,577</u>	<u>8,493,840</u>	<u>8,089,453</u>	<u>(404,387)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	3,877,786	3,829,267	3,582,058	247,209
Employee benefits	2,108,809	2,117,331	2,580,686	(463,355)
Services and supplies	2,261,516	2,414,542	2,408,498	6,044
Depreciation and amortization	21,000	21,000	2,428	18,572
Total operating expenses	<u>8,269,111</u>	<u>8,382,140</u>	<u>8,573,670</u>	<u>(191,530)</u>
Operating loss	<u>(797,534)</u>	<u>111,700</u>	<u>(484,217)</u>	<u>(595,917)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income		15,000	40,868	25,868
Gain (loss) on capital asset disposition			(45,008)	(45,008)
Total nonoperating revenues (expenses)		<u>15,000</u>	<u>(4,140)</u>	<u>(19,140)</u>
<b>TRANSFERS</b>				
Transfers out		(41,406)	(41,406)	
CHANGE IN NET POSITION	<u>\$ (797,534)</u>	<u>\$ 85,294</u>	(529,763)	<u>\$ (615,057)</u>
NET POSITION, BEGINNING OF YEAR			<u>4,587,808</u>	
NET POSITION, END OF YEAR			<u>\$ 4,058,045</u>	



# **INTERNAL SERVICE FUNDS**



# CITY OF RENO

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other 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, 2017

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents and investments	\$ 3,564,644	\$ 6,209,739	\$ 12,302,021	\$ 5,566,925	\$ 27,643,329
Accounts receivable	77,112		1,359,030		1,436,142
Interest receivable	5,702	9,516	18,383	8,366	41,967
Due from other governments				199,076	199,076
Inventories	133,823				133,823
Prepaid items	<u>142</u>	<u>52,950</u>	<u>75,570</u>	<u>50,147</u>	<u>178,809</u>
Total current assets	<u>3,781,423</u>	<u>6,272,205</u>	<u>13,755,004</u>	<u>5,824,514</u>	<u>29,633,146</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	<u>8,199,218</u>				<u>8,199,218</u>
Total assets	<u>11,980,641</u>	<u>6,272,205</u>	<u>13,755,004</u>	<u>5,824,514</u>	<u>37,832,364</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	<u>342,698</u>	<u>44,948</u>			<u>387,646</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	730,292	3,526	128,443		862,261
Accrued salaries and benefits	20,295	4,881			25,176
Compensated absences	42,985	4,665			47,650
Self-insurance liability		247,934	1,821,014	5,904,767	7,973,715
Total current liabilities	<u>793,572</u>	<u>261,006</u>	<u>1,949,457</u>	<u>5,904,767</u>	<u>8,908,802</u>
Noncurrent liabilities					
Postemployment benefits other than pensions	33,198	8,314		1,619	43,131
Self-insurance liability		2,421,142	1,173,986	46,583,890	50,179,018
Net pension liability	1,394,013	182,840			1,576,853
Total noncurrent liabilities	<u>1,427,211</u>	<u>2,612,296</u>	<u>1,173,986</u>	<u>46,585,509</u>	<u>51,799,002</u>
Total liabilities	<u>2,220,783</u>	<u>2,873,302</u>	<u>3,123,443</u>	<u>52,490,276</u>	<u>60,707,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	<u>158,516</u>	<u>20,791</u>			<u>179,307</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,199,218				8,199,218
Restricted					
Self-insurance liabilities		3,420,725	10,631,561		14,052,286
Unrestricted	<u>1,744,822</u>	<u>2,335</u>		<u>(46,665,762)</u>	<u>(44,918,605)</u>
Total net position	<u>\$ 9,944,040</u>	<u>\$ 3,423,060</u>	<u>\$ 10,631,561</u>	<u>\$ (46,665,762)</u>	<u>\$ (22,667,101)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2017

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,918,641	\$ 490,088	\$ 30,345,106	\$ 8,276,016	\$ 45,029,851
Miscellaneous	20,921	1,320	1,739,426	357,968	2,119,635
Total operating revenues	<u>5,939,562</u>	<u>491,408</u>	<u>32,084,532</u>	<u>8,633,984</u>	<u>47,149,486</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	730,875	172,480			903,355
Employee benefits	367,259	71,376			438,635
Services and supplies	2,342,151	1,349,072	27,329,342	10,977,212	41,997,777
Depreciation and amortization	1,862,745				1,862,745
Total operating expenses	<u>5,303,030</u>	<u>1,592,928</u>	<u>27,329,342</u>	<u>10,977,212</u>	<u>45,202,512</u>
Operating income (loss)	<u>636,532</u>	<u>(1,101,520)</u>	<u>4,755,190</u>	<u>(2,343,228)</u>	<u>1,946,974</u>
<b>NONOPERATING REVENUES</b>					
Investment income	14,259	24,589	39,690	17,195	95,733
Gain (loss) on capital asset disposition	235,649				235,649
Gain on transfer of proprietary fund liabilities to governmental activities				212,788	212,788
Gain on transfer of proprietary fund deferred inflows of resources related to pensions to governmental activities				32,861	32,861
Loss on transfer of proprietary fund deferred outflows of resources related to pensions to governmental activities				<u>(30,812)</u>	<u>(30,812)</u>
Total nonoperating revenues	<u>249,908</u>	<u>24,589</u>	<u>39,690</u>	<u>232,032</u>	<u>546,219</u>
Income (loss) before capital contributions	<u>886,440</u>	<u>(1,076,931)</u>	<u>4,794,880</u>	<u>(2,111,196)</u>	<u>2,493,193</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	<u>440,310</u>				<u>440,310</u>
CHANGE IN NET POSITION	1,326,750	(1,076,931)	4,794,880	(2,111,196)	2,933,503
NET POSITION, BEGINNING 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>
NET POSITION, END OF YEAR	<u>\$ 9,944,040</u>	<u>\$ 3,423,060</u>	<u>\$ 10,631,561</u>	<u>\$ (46,665,762)</u>	<u>\$ (22,667,101)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 5,862,113	\$ 490,088	\$ 29,761,556	\$ 8,340,805	\$ 44,454,562
Cash received from interfund services	100,000				100,000
Cash received from other sources	20,921	1,320	1,739,426	221,045	1,982,712
Cash payments for goods and services	(1,509,445)	(1,635,826)	(27,728,285)	(6,410,298)	(37,283,854)
Cash payments for employee services	(202,061)	(12,240)	(153,216)	(49,242)	(416,759)
Cash payments for interfund goods and services	(1,017,373)	(218,105)		(219,779)	(1,455,257)
Cash payments for interfund employee benefits	(149,696)	(25,440)			(175,136)
Net cash provided by (used in) operating activities	<u>3,104,459</u>	<u>(1,400,203)</u>	<u>3,619,481</u>	<u>1,882,531</u>	<u>7,206,268</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(4,219,791)				(4,219,791)
Proceeds received from disposal of capital assets	56,453				56,453
Net cash used in capital financing activities	<u>(4,163,338)</u>				<u>(4,163,338)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	16,955	27,724	35,471	14,543	94,693
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	(1,041,924)	(1,372,479)	3,654,952	1,897,074	3,137,623
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>					
	4,606,568	7,582,218	8,647,069	1,469,529	22,305,384
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
	<u>\$ 3,564,644</u>	<u>\$ 6,209,739</u>	<u>\$ 12,302,021</u>	<u>\$ 3,366,603</u>	<u>\$ 25,443,007</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 636,532	\$ (1,101,520)	\$ 4,755,190	\$ (2,343,228)	\$ 1,946,974
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,862,745				1,862,745
(Increase) decrease in operating assets					
Accounts receivable	43,472		(583,550)	64,789	(475,289)
Due from other governments				(136,923)	(136,923)
Inventories	39,114				39,114
Prepaid items	(142)	(9,238)	(70,570)	5,277	(74,673)
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	591,673	(1,095)	(363,865)	(50,190)	176,523
Accrued salaries and benefits	(87)	256		(3,048)	(2,879)
Compensated absences	(39,406)	842		(19,359)	(57,923)
Self-insurance liability		(288,661)	(117,724)	4,562,585	4,156,200
Postemployment benefits other than pensions	10,377	2,534		(1,894)	11,017
Net pension liability	(39,819)	(3,321)		(195,478)	(238,618)
Total adjustments	<u>2,467,927</u>	<u>(298,683)</u>	<u>(1,135,709)</u>	<u>4,225,759</u>	<u>5,259,294</u>
Net cash provided by (used in) operating activities	<u>\$ 3,104,459</u>	<u>\$ (1,400,203)</u>	<u>\$ 3,619,481</u>	<u>\$ 1,882,531</u>	<u>\$ 7,206,268</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 440,310</u>				<u>\$ 440,310</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Internal service fund charges	\$ 5,910,851	\$ 5,910,851	\$ 5,918,641	\$ 7,790
Miscellaneous				
Reimbursements and restitution		14,025	19,768	5,743
Other		500	1,153	653
Total operating revenues	<u>5,910,851</u>	<u>5,925,376</u>	<u>5,939,562</u>	<u>14,186</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	747,892	805,627	730,875	74,752
Employee benefits	503,422	479,875	367,259	112,616
Services and supplies	3,074,173	3,011,874	2,342,151	669,723
Depreciation and amortization	2,000,000	2,000,000	1,862,745	137,255
Total operating expenses	<u>6,325,487</u>	<u>6,297,376</u>	<u>5,303,030</u>	<u>994,346</u>
Operating income (loss)	<u>(414,636)</u>	<u>(372,000)</u>	<u>636,532</u>	<u>1,008,532</u>
<b>NONOPERATING REVENUES</b>				
Investment income		5,000	14,259	9,259
Gain (loss) on capital asset disposition		180,000	235,649	55,649
Total nonoperating revenues		<u>185,000</u>	<u>249,908</u>	<u>64,908</u>
Income (loss) before capital contributions	<u>(414,636)</u>	<u>(187,000)</u>	<u>886,440</u>	<u>1,073,440</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			440,310	440,310
Federal grants		155,000		(155,000)
Total capital contributions		<u>155,000</u>	<u>440,310</u>	<u>285,310</u>
<b>TRANSFERS</b>				
Transfers in		3,990		(3,990)
Total transfers		<u>3,990</u>		<u>(3,990)</u>
CHANGE IN NET POSITION	<u>\$ (414,636)</u>	<u>\$ (28,010)</u>	1,326,750	<u>\$ 1,354,760</u>
NET POSITION, BEGINNING OF YEAR			8,617,290	
NET POSITION, END OF YEAR			<u>\$ 9,944,040</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Internal service fund charges	\$ 554,723	\$ 490,088	\$ 490,088	\$
Miscellaneous				
Reimbursements and restitution		320	320	
Other		1,000	1,000	
Total operating revenues	<u>554,723</u>	<u>491,408</u>	<u>491,408</u>	
<b>OPERATING EXPENSES</b>				
Salaries and wages	170,195	170,795	172,480	(1,685)
Employee benefits	98,364	99,264	71,376	27,888
Services and supplies	1,379,547	2,379,547	1,349,072	1,030,475
Total operating expenses	<u>1,648,106</u>	<u>2,649,606</u>	<u>1,592,928</u>	<u>1,056,678</u>
Operating income	<u>(1,093,383)</u>	<u>(2,158,198)</u>	<u>(1,101,520)</u>	<u>1,056,678</u>
<b>NONOPERATING REVENUES</b>				
Investment income		10,000	24,589	14,589
CHANGE IN NET POSITION	<u>\$ (1,093,383)</u>	<u>\$ (2,148,198)</u>	(1,076,931)	<u>\$ 1,071,267</u>
NET POSITION, BEGINNING OF YEAR			4,499,991	
NET POSITION, END OF YEAR			<u>\$ 3,423,060</u>	

# CITY OF RENO

## SELF-FUNDED MEDICAL PLAN INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 31,200,599	\$ 30,164,490	\$ 30,345,106	\$ 180,616
Miscellaneous				
Stop-loss reimbursements	76,000	800,410	1,718,396	917,986
Other	7,201	16,000	21,030	5,030
Total operating revenues	<u>31,283,800</u>	<u>30,980,900</u>	<u>32,084,532</u>	<u>1,103,632</u>
OPERATING EXPENSES				
Services and supplies	<u>30,942,333</u>	<u>28,922,794</u>	<u>27,329,342</u>	<u>1,593,452</u>
Operating loss	<u>341,467</u>	<u>2,058,106</u>	<u>4,755,190</u>	<u>2,697,084</u>
NONOPERATING REVENUES				
Investment income	<u>3,268</u>	<u>16,000</u>	<u>39,690</u>	<u>23,690</u>
CHANGE IN NET POSITION	<u>\$ 344,735</u>	<u>\$ 2,074,106</u>	4,794,880	<u>\$ 2,720,774</u>
NET POSITION, BEGINNING OF YEAR			<u>5,836,681</u>	
NET POSITION, END OF YEAR			<u>\$ 10,631,561</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Internal service fund charges	\$ 6,858,872	\$ 8,085,563	\$ 8,276,016	\$ 190,453
Miscellaneous				
Stop-loss reimbursements		260,000	357,968	97,968
Total operating revenues	<u>6,858,872</u>	<u>8,345,563</u>	<u>8,633,984</u>	<u>288,421</u>
<b>OPERATING EXPENSES</b>				
Services and supplies	<u>6,819,877</u>	<u>7,324,242</u>	<u>10,977,212</u>	<u>(3,652,970)</u>
Total operating expenses	<u>6,819,877</u>	<u>7,324,242</u>	<u>10,977,212</u>	<u>(3,652,970)</u>
Operating loss	<u>38,995</u>	<u>1,021,321</u>	<u>(2,343,228)</u>	<u>(3,364,549)</u>
<b>NONOPERATING REVENUES</b>				
Investment income		7,500	17,195	9,695
Gain on transfer of proprietary fund liabilities to governmental activities			212,788	212,788
Gain on transfer of proprietary fund deferred inflows of resources related to pensions to governmental activities			32,861	32,861
Loss on transfer of proprietary fund deferred outflows of resources related to pensions to governmental activities			<u>(30,812)</u>	<u>(30,812)</u>
Total nonoperating revenues		<u>7,500</u>	<u>232,032</u>	<u>224,532</u>
Income before capital contributions and transfers	<u>38,995</u>	<u>1,028,821</u>	<u>(2,111,196)</u>	<u>(3,140,017)</u>
CHANGE IN NET POSITION	<u>\$ 38,995</u>	<u>\$ 1,028,821</u>	(2,111,196)	<u>\$ (3,140,017)</u>
NET POSITION, BEGINNING OF YEAR			<u>(44,554,566)</u>	
NET POSITION, END OF YEAR			<u>\$ (46,665,762)</u>	





# **FIDUCIARY FUNDS**



# CITY OF RENO

## AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017

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	<u>Deposits</u>	<u>Special Assessments District</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 2,269,838	\$ 5,745,787	\$ 8,015,625
Interest receivable	3,400	78	3,478
Special assessments receivable		1,130,866	1,130,866
Due from other governments		<u>19,633</u>	<u>19,633</u>
Total assets	<u>\$ 2,273,238</u>	<u>\$ 6,896,364</u>	<u>\$ 9,169,602</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 44,771	\$ 3,890	\$ 48,661
Deposits	2,228,467	120,724	2,349,191
Due to developers, employees and others		<u>6,771,750</u>	<u>6,771,750</u>
Total liabilities	<u>\$ 2,273,238</u>	<u>\$ 6,896,364</u>	<u>\$ 9,169,602</u>

# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>DEPOSITS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 3,039,614	\$ 844,900	\$ 1,614,676	\$ 2,269,838
Interest receivable	<u>5,140</u>	<u>3,399</u>	<u>5,139</u>	<u>3,400</u>
Total assets	<u>\$ 3,044,754</u>	<u>\$ 848,299</u>	<u>\$ 1,619,815</u>	<u>\$ 2,273,238</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 88,869	\$ 15,950	\$ 60,048	\$ 44,771
Deposits	<u>2,955,885</u>	<u>766,493</u>	<u>1,493,911</u>	<u>2,228,467</u>
Total liabilities	<u>\$ 3,044,754</u>	<u>\$ 782,443</u>	<u>\$ 1,553,959</u>	<u>\$ 2,273,238</u>
<b>SPECIAL ASSESSMENTS DISTRICT</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 5,301,872	\$ 2,185,175	\$ 1,741,260	\$ 5,745,787
Interest receivable	1,098		1,020	78
Special assessments receivable	1,141,674		10,808	1,130,866
Due from other governments	<u>44,882</u>	<u>19,633</u>	<u>44,882</u>	<u>19,633</u>
Total assets	<u>\$ 6,489,526</u>	<u>\$ 2,204,808</u>	<u>\$ 1,797,970</u>	<u>\$ 6,896,364</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 3,479	\$ 3,890	\$ 3,479	\$ 3,890
Deposits	45,088	160,580	84,944	120,724
Due to developers, employees and others	<u>6,440,959</u>	<u>1,675,792</u>	<u>1,345,001</u>	<u>6,771,750</u>
Total liabilities	<u>\$ 6,489,526</u>	<u>\$ 1,840,262</u>	<u>\$ 1,433,424</u>	<u>\$ 6,896,364</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 8,341,486	\$ 3,030,075	\$ 3,355,936	\$ 8,015,625
Interest receivable	6,238	3,399	6,159	3,478
Special assessments receivable	1,141,674		10,808	1,130,866
Due from other governments	<u>44,882</u>	<u>19,633</u>	<u>44,882</u>	<u>19,633</u>
Total assets	<u>\$ 9,534,280</u>	<u>\$ 3,053,107</u>	<u>\$ 3,417,785</u>	<u>\$ 9,169,602</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 92,348	\$ 19,840	\$ 63,527	\$ 48,661
Deposits	3,000,973	927,073	1,578,855	2,349,191
Due to developers, employees and others	<u>6,440,959</u>	<u>1,675,792</u>	<u>1,345,001</u>	<u>6,771,750</u>
Total liabilities	<u>\$ 9,534,280</u>	<u>\$ 2,622,705</u>	<u>\$ 2,987,383</u>	<u>\$ 9,169,602</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, 2017, 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 22, 2017.


**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*.

**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.

November 22, 2017



# **STATISTICAL SECTION**



# CITY OF RENO

## STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

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### 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, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>1</sup>	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 586,413,361
Restricted	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	69,911,871
Unrestricted	(48,612,553)	(106,402,085)	(108,980,875)	(115,256,598)	(151,304,989)	(153,724,428)	(161,226,505)	(377,534,397)	(377,992,156)	(397,845,441)
<b>Total governmental activities</b>	<b>682,773,201</b>	<b>654,372,236</b>	<b>633,482,704</b>	<b>587,627,618</b>	<b>526,589,502</b>	<b>524,947,395</b>	<b>494,912,569</b>	<b>271,182,516</b>	<b>271,851,984</b>	<b>258,479,791</b>
<b>Business-type activities</b>										
Net investment in capital assets	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	287,321,065
Restricted		24,416,215	21,826,023	19,801,326	15,873,574	13,193,945	9,571,325	15,740,934	12,461,499	11,426,497
Unrestricted	118,104,121	93,516,176	93,237,985	104,776,619	109,992,320	111,933,729	124,758,772	123,604,942	136,950,922	148,407,980
<b>Total business-type activities</b>	<b>303,192,617</b>	<b>322,885,158</b>	<b>329,819,492</b>	<b>342,828,447</b>	<b>336,493,738</b>	<b>347,637,430</b>	<b>374,905,633</b>	<b>385,771,447</b>	<b>414,697,237</b>	<b>447,155,542</b>
<b>Primary government</b>										
Net investment in capital assets	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	873,734,426
Restricted	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	81,338,368
Unrestricted	69,491,568	(12,885,909)	(15,742,890)	(10,479,979)	(41,312,669)	(41,790,699)	(36,467,733)	(253,929,455)	(241,041,234)	(249,437,461)
<b>Total primary government</b>	<b>\$ 985,965,818</b>	<b>\$ 977,257,394</b>	<b>\$ 963,302,196</b>	<b>\$ 930,456,065</b>	<b>\$ 863,083,240</b>	<b>\$ 872,584,825</b>	<b>\$ 869,818,202</b>	<b>\$ 656,953,963</b>	<b>\$ 686,549,221</b>	<b>\$ 705,635,333</b>

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, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>2</sup>	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
<b>Expenses</b>										
Governmental activities										
General government	\$ 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	\$ 41,978,398
Judicial	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	6,981,342
Public safety	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	125,044,792
Public works	67,445,200	94,140,944 <sup>4</sup>	60,159,772	71,642,584	57,540,323	55,111,936	59,149,082	56,800,273	58,151,262	53,569,579
Culture and recreation	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	15,900,003
Planning and community development	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	10,222,340
Urban development	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	3,298,662
Interest on long-term debt	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	25,215,536
Total governmental activities	<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>	<u>282,210,652</u>
Business-type activities										
Sanitary sewer	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	48,310,736
Golf course	1,779,539	1,548,215	1,503,904	1,318,299	1,295,630 <sup>4</sup>					
Building permit	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	8,526,753
Other <sup>1</sup>	10,657,695	9,612,323	10,082,406							
Total business-type activities	<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>	<u>56,837,489</u>
Total primary government expenses	<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>	<u>\$ 339,048,141</u>
<b>Program revenues</b>										
Governmental activities										
Charges for services	\$ 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	\$ 82,952,588
Operating grants and contributions	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	6,239,951
Capital grants and contributions	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	25,213,159
Total governmental activities	<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>	<u>114,405,698</u>
Business-type activities										
Charges for services	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	74,405,278
Operating grants and contributions	255,064	413,600	209,258	168,668	31,055	32,194	17,003	12,415	100,000	2,014,816
Capital grants and contributions	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	12,722,105
Total business-type activities	<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>	<u>89,142,199</u>
Total primary government program revenues	<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>	<u>\$ 203,547,897</u>
Net (expenses) program revenues										
Governmental activities	\$ (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)	\$ (167,804,954)
Business-type activities	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	32,304,710
Primary government	<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>	<u>\$ (135,500,244)</u>

(Continued)

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

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>2</sup>	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 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	\$ 64,741,866
Room taxes					7,168,308	7,833,957	7,807,221	8,159,606	9,447,442	10,122,000
Sales taxes restricted for debt service <sup>3</sup>	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	10,759,268
Other sales taxes <sup>3</sup>					269,141	271,025	233,530	389,190	335,196	344,552
Other taxes	15,838,338	21,896,196	11,382,500	11,579,095						
Intergovernmental shared revenues, unrestricted	56,632,735	48,106,238	43,194,548	43,533,413	45,129,675	47,120,546	50,968,970	56,303,364	61,109,344	62,999,604
Investment income	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	1,737,946
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	261,648
Miscellaneous	1,044,345	1,455,769	401,007	861,751	1,087,310	890,666	272,370	1,293,456	1,097,292	3,272,471
Transfers	(4,566,309)	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447	852,787	560,821	222,254	153,406
Total governmental activities	<u>153,706,364</u>	<u>149,368,159</u>	<u>129,919,171</u>	<u>129,873,242</u>	<u>122,754,121</u>	<u>133,460,409</u>	<u>129,298,161</u>	<u>138,332,519</u>	<u>147,831,812</u>	<u>154,392,761</u>
Business-type activities										
Investment income <sup>3</sup>	837,324	641,075	60,941	165,705	101,805	159,390	114,015	215,808	421,469	289,186
Change in fair value of investments <sup>3</sup>					114,596	(228,228)	(18,597)	(31,503)		
Gain on disposal of capital assets						18,833				
Miscellaneous	8,841	6,036	10,968	126,155	99,035	12,164	30,026	8,531	14,721	17,815
Transfers	4,566,309	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)	(852,787)	(560,821)	(222,254)	(153,406)
Total business-type activities	<u>5,412,474</u>	<u>11,115,686</u>	<u>8,232,984</u>	<u>1,432,087</u>	<u>915,846</u>	<u>(3,339,288)</u>	<u>(727,343)</u>	<u>(367,985)</u>	<u>213,936</u>	<u>153,595</u>
Total primary government general revenues and other changes in net position	<u>\$ 159,118,838</u>	<u>\$ 160,483,845</u>	<u>\$ 138,152,155</u>	<u>\$ 131,305,329</u>	<u>\$ 123,669,967</u>	<u>\$ 130,121,121</u>	<u>\$ 128,570,818</u>	<u>\$ 137,964,534</u>	<u>\$ 148,045,748</u>	<u>\$ 154,546,356</u>
Change in net position										
Governmental activities	\$ 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	\$ (13,412,193)
Business-type activities	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	32,458,305
Primary government	<u>\$ 36,450,243</u>	<u>\$ 7,745,697</u>	<u>\$ (33,469,107)</u>	<u>\$ (51,104,472)</u>	<u>\$ (35,720,564)</u>	<u>\$ 9,501,585</u>	<u>\$ (2,766,623)</u>	<u>\$ 10,014,150</u>	<u>\$ 31,401,330</u>	<u>\$ 19,046,112</u>

- 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.
- Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.
- Prior to fiscal 2012, certain revenues were reported as aggregate amounts, rather than by specific type.
- 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, 2008	June 30, 2009	June 30, 2010	June 30, 2011 <sup>1</sup>	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
General fund										
Reserved	\$ 2,745,300	\$ 1,566,639	\$ 2,504,173	\$	\$	\$	\$	\$	\$	\$
Unreserved	10,398,438	8,500,411	5,123,776							
Nonspendable				688,328	494,775	454,285	411,578	582,723	692,174	780,792
Restricted				1,680,634	821,800	885,998	878,979	584,162	423,202	470,150
Assigned				187,626	171,147	224,188	351,624	179,048	1,098,548	1,110,415
Unassigned				2,948,665	5,018,570	5,895,188	10,588,880	10,419,632	17,405,569	18,681,120
Total general fund	<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>	<u>\$ 21,042,477</u>
Other governmental funds										
Reserved	\$ 87,381,222	\$ 138,925,867	\$ 111,417,520	\$	\$	\$	\$	\$	\$	\$
Unreserved										
Special revenue funds	8,957,581	1,173,909	3,500,599							
Capital projects funds	(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	435,662
Restricted				53,944,358	33,346,579	35,626,928	35,827,565	42,270,001	44,450,953	48,627,137
Committed				68,188						
Assigned				11,277,020	15,503,200	19,137,930	23,416,652	32,308,796	33,534,506	32,365,381
Unassigned					(1,063,493)	(855,487)	(638,540)	(131)	(13,563)	(893,235)
Total other governmental funds	<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>	<u>\$ 80,534,945</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, 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	June 30, 2017
<b>REVENUES</b>										
Taxes	\$ 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	\$ 65,039,147
Property taxes					58,748,573	63,271,011	59,001,032	59,807,585	63,487,873	65,039,147
Motor vehicle taxes					4,589,258	4,889,769	5,218,458	5,676,302	6,115,040	6,565,075
Room and construction taxes					7,565,981	8,761,171	8,791,459	9,980,712	10,672,001	12,289,177
Intergovernmental SCCR (AB104) taxes					2,667,490	2,781,495	2,976,670	3,213,482	3,457,174	3,900,032
Intergovernmental	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	538,392
Intergovernmental consolidated taxes					40,909,269	42,849,236	46,470,929	51,516,367	56,213,644	57,547,949
Intergovernmental gaming licenses					1,552,916	1,489,815	1,521,371	1,573,515	1,438,526	1,551,623
Franchise fees					22,710,178	23,713,630	28,503,338	29,783,710	29,024,649	27,598,329
Licenses, permits and other fees	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	19,935,183
Special assessments	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	3,446,857
Grants and contributions					14,277,737	22,035,375	19,483,785	12,521,874	22,517,072	9,212,419
Charges for services	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	13,293,982
Downtown district room surcharge					2,003,432	2,187,000	2,144,842	1,965,290	1,936,490	1,821,970
Dedicated sales taxes					20,327,167	9,621,894	9,903,240	10,574,853	11,076,333	11,103,820
Fines and forfeitures	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	2,710,589
Reimbursements and restitutions					2,902,289	2,425,290	2,390,854	9,032,184	1,541,244	3,193,744
Rents and royalties					2,063,066	2,064,286	1,997,409	2,090,023	2,287,341	2,376,009
Investment income	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	1,753,281
Change in fair value of investments					157,483	(260,892)	(21,550)	(11,444)	174,789	(152,671)
Miscellaneous	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	2,048,944
<b>Total revenues</b>	<b>280,511,803</b>	<b>261,717,520</b>	<b>238,804,658</b>	<b>221,689,259</b>	<b>219,842,450</b>	<b>226,609,812</b>	<b>229,272,024</b>	<b>240,976,559</b>	<b>252,209,753</b>	<b>245,773,851</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	17,731,055	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782	17,031,363	17,833,189	20,295,139	21,745,472
Judicial	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	6,713,612
Public safety	117,630,088	114,212,206	113,134,307	108,124,303	102,411,946	101,611,973	102,085,861	101,481,555	109,063,004	115,533,392
Public works	28,283,348	24,407,892	20,886,321	25,650,774	20,415,789	18,516,373	19,143,703	18,625,469	20,955,259	19,925,198
Culture and recreation	18,176,148	17,246,463	17,081,909	11,880,240	9,138,983	10,497,003	9,722,309	9,735,128	10,178,298	10,537,381
Planning and community development	6,907,616	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153	12,068,497	10,174,232	9,078,235	9,967,714
Urban redevelopment	2,983,836	3,834,292	3,055,179	1,239,530	787,315	754,499	737,761	755,744	1,097,947	856,024
Other	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	9,712,505
<b>Total current</b>	<b>202,673,285</b>	<b>198,100,236</b>	<b>194,013,478</b>	<b>185,571,828</b>	<b>173,531,744</b>	<b>174,567,552</b>	<b>176,344,963</b>	<b>173,694,204</b>	<b>186,286,876</b>	<b>194,991,298</b>
<b>Capital outlay</b>										
General government								42,591	135,779	76,881
Public safety					388,294	21,541	24,261	852,404	797,182	475,516
Public works					20,260,185	8,118,958	8,471,828	7,624,195	18,074,363	10,518,029
Culture and recreation					830,499	1,210,489	420,468	3,700	1,900,735	1,634,620
Planning and community development									1,234,738	643,326
Urban redevelopment										86,162
Other	51,523,934	28,015,696	20,673,508	16,974,168				45,257		
<b>Total capital outlay</b>	<b>51,523,934</b>	<b>28,015,696</b>	<b>20,673,508</b>	<b>16,974,168</b>	<b>21,478,978</b>	<b>9,350,988</b>	<b>8,916,557</b>	<b>8,568,147</b>	<b>22,142,797</b>	<b>13,434,534</b>

(Continued)

# CITY OF RENO

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

	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	June 30, 2017
Debt service										
Principal payments	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	25,731,849
Interest expense and fiscal charges	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	14,068,466
Debt issuance costs	9,378,659	1,570,557		413,003	74,835		997,570			236,407
Administrative and other costs	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	1,980,711
Total debt service	<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>	<u>42,017,433</u>
Total expenditures	<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>241,459,415</u>	<u>250,443,265</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<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>10,750,338</u>	<u>(4,669,414)</u>
OTHER FINANCING SOURCES (USES)										
Issuance of debt	207,337,856	83,543,362		17,091,000	2,167,075	366,602	79,940,715	187,512	112,710	7,295,000
Debt issuance premiums							5,599,737			
Payment to advance refunding bond agent	(184,623,631)			(3,860,413)			(34,897,247)			
Debt issuance discounts										(55,202)
Proceeds from capital asset disposal	10,068	66,925	6,070	935,745	160,188	555,513	4,496,279	187,437	41,256	35,795
Transfers in	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	14,601,680
Transfers out	(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)	(14,448,274)
Transfer of property held for sale to general capital assets						(36,336,594)				
Other		(30,731,864)		(218,949)						
Total other financing sources (uses)	<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>	<u>7,428,999</u>
CHANGE IN FUND BALANCE	<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>\$ 11,016,304</u>	<u>\$ 2,759,585</u>
Debt service as a percentage of noncapital expenditures	<u>4 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>	<u>16.79 %</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<sup>1,2</sup> 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 <sup>3</sup>	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value <sup>4</sup>
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 %
2017	246,019	4,700,708	2,684,041	730,455	1,726	56,117	(1,504,636)	6,914,430	0.9598	19,755,514	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 RATES<sup>1</sup> - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESS VALUE<sup>2</sup>) 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
	2008	0.8760	0.0696	0.9456	0.1700	1.1385	1.3917
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	
2017	0.9598		0.9598	0.1700	1.1385	1.3917	

For the Year Ended June 30,	Overlapping Rates			Total Direct and Overlapping Rates
	Redevelopment Agency #1	Redevelopment Agency #2	Total Overlapping Rates	
	2008	3.2623	3.2623	
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
2017	2.8981	2.8981	8.4964	9.4562

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.

# CITY OF RENO

## PRINCIPAL PROPERTY TAXPAYERS<sup>1</sup> CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	2017			2008		
	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assess Valuation <sup>3</sup>	Taxable Assessed Value <sup>2</sup>	Rank	Approximate Percentage of Taxable Assess Valuation <sup>3</sup>
Peppermill Casino Inc	\$ 97,290	1	1.41 %	\$ 111,153	1	1.63 %
ICON Reno Property Owner	51,227	2	0.74 %			
Golden Road Motor Inn Inc	47,140	3	0.68 %			%
Circus & Eldorado Joint Venture	44,560	4	0.64 %	48,361	5	
MPT of Reno LLC	38,666	5	0.56 %	58,828	4	0.86 %
AGNL Slots LLC	24,850	6	0.36 %	34,228	7	0.50 %
Toll South Reno, LLC	23,830	7	0.34 %			
ICON Reno Property Owner Pool 6	22,844	8	0.33 %			
CP Logistics NVCC LLC	20,446	9	0.30 %			
Lennar Reno LLC	18,732	10	0.27 %			
Credit Markets Real Estate Crp				72,100	3	1.06 %
Catholic Healthcare West Inc.				47,383	6	0.70 %
Montage Marketing Corp				30,773	9	0.45 %
Prologic NA3 LLC				30,825	8	0.45 %
International Gaming Technology				34,228	7	0.50 %
Washoe Medical Center Inc				91,547	2	1.35 %
Harrah's Club				26,301	10	0.39 %
	<u>\$ 389,585</u>		<u>5.63 %</u>	<u>\$ 585,727</u>		<u>8.60 %</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 COLLECTIONS<sup>1</sup> 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>
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 %	165	56,563	100.0177 %
2017	61,992	61,699	99.5274 %		61,699	99.5274 %

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 CATEGORY<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

	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	June 30, 2017
Business licenses	\$ 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	\$ 16,118,729
City gaming licenses	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	1,810,594
Liquor licenses	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	1,787,426
Non-business licenses and permits	72,756	38,207	35,746	33,131	187,966	293,773	579,688	797,271	545,661	656,661
Electricity franchise fees	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	9,389,603
Telephone franchise fees	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	2,970,414
Natural gas franchise fees	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	3,028,718
Sanitation franchise fees	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	3,607,572
Water toll fees	998,524	959,311	1,376,897	1,448,400	1,511,903	2,306,041	2,465,678 <sup>2</sup>	3,205,038 <sup>2</sup>	3,378,650	3,607,572 <sup>2</sup>
Sewer-in-lieu-of-franchise fees	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	3,470,429
Cable television fees	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	2,362,450
	<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>	<u>\$ 45,202,596</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 DEBT<sup>1</sup> 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 <sup>3</sup>	Per Capita <sup>3</sup>
	General Obligation Bonds	Tax Allocation Bonds	Pledged Revenue Bonds	Special Assessment Bonds	Other <sup>2</sup>	General Obligation/Pledged Revenue Bonds	Other <sup>2</sup>			
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 %	2,021
2017	48,770	22,450	307,308	12,215	12,476	59,056		462,275	4.06 %	1,909

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](http://www.appliedanalysis.com).



# CITY OF RENO

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT<sup>1, 2</sup>

**JUNE 30, 2017**

**IN THOUSANDS**

**(UNAUDITED)**

	Outstanding Debt <sup>3</sup>	Percent Applicable	Applicable General Obligation Debt
City of Reno	\$ 73,461	66.389 %	\$ 48,770
Overlapping governments			
Washoe County School District	516,233	48.000 %	247,792
Washoe County	147,539	48.000 %	70,819
State of Nevada	1,379,760	7.470 %	103,068
Total overlapping governments	2,043,532		421,679
Total direct and overlapping debt	2,116,993		\$ 470,449

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 DEBT<sup>1</sup> 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 <sup>2</sup>	Per Capita <sup>3</sup>	Amounts Available to Repay General Bonded Debt	Net General Bonded Debt
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 %	509	425	122,789
2017	48,770	59,056	107,826	0.55 %	445	425	107,401

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, 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	June 30, 2017
Total taxable assessed property value	<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>	<u>\$ 6,914,430</u>
Legal debt Margin										
Legal debt limit (15% of taxable assessed property value)	<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>	<u>\$ 1,037,165</u>
Debt applicable to debt limit										
Net general bonded debt	<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>	<u>107,401</u>
Legal debt margin	<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>	<u>\$ 929,764</u>
Total debt applicable to debt limit as a percentage of debt limit	<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>	<u>89.64 %</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 BOND<sup>1</sup> COVERAGE LAST TEN FISCAL YEARS (UNAUDITED)

Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <sup>2</sup>						
Debt Service						
For the Year Ended June 30,	Room Tax Collections <sup>5</sup>	Sales Tax Collections <sup>5</sup>	Available Revenue	Principal	Interest	Coverage
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	2,250,000	4,723,039	139.39 %
2017	887,957	8,976,874	9,864,831	2,400,000	5,064,471	132.16 %

Capital Improvement (Events Center) Bonds <sup>3</sup>						
Debt Service						
For the Year Ended June 30,	Room Tax Collections <sup>6</sup>	Intergovernmental Consolidated Taxes (15%)	Available Revenue	Principal	Interest	Coverage
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	1,900,000	3,960,242	249.98 %
2017	6,650,707	8,632,193	15,282,900	2,100,000	2,263,840	350.22 %

Sales Tax Anticipation Revenue (STAR) Bonds <sup>4</sup>						
Debt Service						
For the Year Ended June 30,	Sales Tax Increment Collections	Available Revenue		Principal	Interest	Coverage
2008		\$ 2,087,240	\$ 240,000	\$ 1,258,956		%
2009		2,139,344	560,000	1,821,463		139.25 %
2010		1,863,765	660,000	1,792,312		89.83 %
2011		1,838,303	770,000	1,757,563		76.00 %
2012		2,072,312	880,000	1,716,912		72.73 %
2013		1,997,367	1,010,000	1,716,912		79.80 %
2014		1,957,843	1,140,000	1,629,375		75.68 %
2015		1,876,597	1,140,000	1,616,275		71.03 %
2016		1,782,394	1,280,000	1,555,250		66.19 %
2017			1,435,000	1,486,138		61.02 %

Special Assessment Bonds						
Debt Service						
For the Year Ended June 30,	Special Assessment Collections <sup>8</sup>	Available Revenue		Principal <sup>9</sup>	Interest	Coverage
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		2,436,020	1,190,640	1,069,984		107.76 %
2017		2,742,139	1,313,400	544,611		147.58 %

(Continued)

# CITY OF RENO

## PLEGDED REVENUE BOND<sup>1</sup> COVERAGE (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Agency Special Assessment Bonds (Includes Sierra Corporation, Somerset and Double R) <sup>11</sup>			
	Debt Service			
	Special Assessment Collections	Principal <sup>9</sup>	Interest	Coverage
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	2,099,830	1,420,000	394,573	115.72 %
2017	2,025,385	1,345,000	341,945	120.06 %

For the Year Ended June 30,	Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage) <sup>12</sup>			
	Debt Service			
	Property Lease/Rent Collections <sup>6</sup>	Principal <sup>10</sup>	Interest	Coverage
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 %
2017	953,555	656,000	83,460	128.95 %

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. Payments shown are based on amortization schedules and not on actual.
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 <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	Median Age <sup>4</sup>	Public School Enrollment <sup>6</sup>	Charter School Enrollment <sup>7</sup>	Unemployment Rate <sup>5</sup>
		In Thousands					
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	242,158	11,136,878	45,990	34.0	34,256	2,818	5.9 %
2017	242,158	11,384,332	47,012	35.1	39,669	2,959 <sup>8</sup>	4.0 %

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](http://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](http://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](http://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<sup>1, 2</sup>**  
**CURRENT AND NINE YEARS AGO**  
**(UNAUDITED)**

Taxpayer	December 31, 2017			December 31, 2008		
	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 %	8,750	1	3.87 %
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	4	1.00 %
Washoe County	2,750	4	1.17 %	2,750	3	1.22 %
Peppermill Hotel Casino-Reno	2,250	5	0.96 %	2,250	5	1.00 %
Grand Sierra Resort and Casino	2,250	6	0.96 %			%
International Game Technology	1,750	7	0.74 %	2,250	6	1.00 %
Atlantis Hotel Casino (Golded Road Motor Inn)	1,750	8	0.74 %	1,750	9	0.77 %
Silver Legacy Resort Casino	1,750	9	0.74 %	1,750	7	0.84 %
St. Mary's (Prime Healthcare Services-Reno)	1,250	10	0.53 %	1,750	8	0.84 %
City of Reno				1,750	10	0.77 %

1. Source - 2017/2008-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/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS<sup>2</sup> (UNAUDITED)

Function/program	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	June 30, 2017
General government										
Management	3	42	49	55	49	46	48	44	47	44
Records management/cashiering		12	12	10	8	7	7	7	7	8
Finance		33	33	33	20	12	11	14	15	13
Legal		35	35	35	26	25	24	25	27	28
Human resources		16	16	13	9	11	6	9	9	12
Information technology		30	30	29	17	17	15	16	15	20
Judicial										
Judges		4	4	4	4	4	4	4	4	4
Others		53	49	58	53	53	49	44	44	43
Police										
Sworn employees		373	373	383	294	304	306	318	296	319
Non-commissioned employees		111	110	109	52	52	48	46	51	64
Fire										
Authorized emergency personnel		339	344	345	213	229	240	192	213	231
Fire prevention officers		17	19	19	14	15	12	12	11	14
Others		29	22	22	13	13	13	9	11	9
Public works										
Engineers		35	38	38	16	11	12	12	11	11
Fleet maintenance		16	16	16	11	10	10	10	11	10
Others		129	125	128	73	98	108	106	89	91
Planning and community development		37	40	40	19	26	23	23	27	25
Culture and recreation		93	93	92	43	49	40	69	69	71
Urban development		14	9	5						
Sanitary sewer		69	69	67	54	50	50	49	63	65
Building permits		70	66	56	22	20	20	27	27	44
Golf course	7	6	6	4	4	4	3			
Animal shelter										
Dispatch services		70	70	70	54	53	51	53	47	53
<b>Total full-time equivalent employees</b>		<u>1,633</u>	<u>1,628</u>	<u>1,631</u>	<u>1,068</u>	<u>1,109</u>	<u>1,100</u>	<u>1,093</u>	<u>1,093</u>	<u>1,180</u>
		<u>1,633</u>	<u>1,628</u>	<u>1,631</u>	<u>1,068</u>	<u>1,109</u>	<u>1,100</u>	<u>1,093</u>	<u>1,093</u>	<u>1,180</u>

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. FY 2009/10 broke out management positions more as based on actual job descriptions



# CITY OF RENO

## OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	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	June 30, 2017
General government										
Active annual business licenses	25,574	25,574	22,456	22,329	23,506	23,457	23,634	23,851	25,173	25,363
Business license audits completed	186	197	294	288	185	282	296	311	231	202
Percentage of same day response to public requests for research of public documents	99 %	100 %	100 %	98 %	100 %	97 %	98 %	98 %	98 %	98 %
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	6,177	5,915	5,598	4,786	3,107	3,774	2,971	2,843	2,256	2,916
Cases filed in municipal court	38,844	39,788	35,866	31,968	23,406	21,586	9,032	21,569	19,685	18,130
Cases adjudicated in municipal court	30,327	40,737	36,711	29,778	21,849	16,146	17,989	21,613	18,394	17,344
Police										
Physical arrests	14,087	13,246	11,434	10,668	10,386	10,444	10,713	10,684	10,134	10,410
Misdemeanor citations	4,214	3,829	3,284	2,381	2,627	2,254	2,246	3,182	2,289	2,566
Traffic-related offenses cited	37,523	38,843	33,430	29,789	19,174	17,780	17,750	29,777	10,385	10,306
Fire										
Fire emergencies	3,228	4,790	1,026	10,636	11,068	8,141	8,870	10,468	8,424	10,915
Emergency medical calls	29,732	25,080	25,716	26,922	26,918	25,793	28,403	27,692	25,272	26,749
Inspections	19,494	8,382	8,216	6,207	6,708	6,036	6,914	6,914	7,735	5,103
Public works										
Streets reported in "fair" or better condition	84 %	85 %	88 %	89 %	89 %	89 %	91 %	92 %	92 %	92 %
Pothole calls received	143	167	130	136	132	71	54	63	300	300
Percent of pothole calls repaired within 24 hours	95 %	97 %	70 %	90 %	95 %	97 %	100 %	100 %	85 %	85 %
Culture and recreation										
Participants in senior recreation programs	4,473	6,094	5,216	5,479	6,477	6,899	7,071	7,123	7,200	6,840
Participants in youth programs	3,865	3,150	3,950	4,372	4,356	4,395	4,672	4,709	3,928	4,240
Instructional swimming classes offered	1,750	1,798	1,674	1,198	1,228	1,242	1,233	923	925	1,084
Planning and community development										
Jobs generated by businesses in Redevelopment area	384									
Affordable housing units developed in Redevelopment area	491									
Affordable housing units developed in non-RDA area					29	58				
Housing rehabilitation projects completed	10				21	12				
Code enforcement cases	4,499	5,766	5,077	4,044	2,880	2,882			3,651	3,917
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	\$ 5,342	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 8	\$	\$
Building permits										
Building permits issued	7,272	5,580	5,023	5,510	5,348	6,211	6,846	7,345	9,080	9,058
Average number of monthly building inspections performed	5,351	3,363	2,348	2,190	2,750	2,748	3,115	3,423	3,423	4,782

(Continued)

## CITY OF RENO

### OPERATING INDICATORS BY FUNCTION/PROGRAM<sup>1</sup> (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

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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/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	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	June 30, 2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	3	1	1	1	2	2		1	1
Patrol units	252	252	248	239	242	243	250	248	245	288
Fire										
Stations	13	13	13	13	14	14	13	14	14	14
Fire fighting vehicles	59	41	37	36	36	36	29	29	31	34
Public works										
Paved streets (miles)	637	671	672	681	681	681	687	691	691	709
Unpaved streets (miles)	4	1	1	1	1	1	1	1	1	1
Culture and recreation										
Acreage	2,076	2,477	2,732	2,741	2,741	2,741	2,741	2,741	2,741	2,744
Park facilities	83	85	85	85	85	85	85	85	85	85
Playgrounds	52	51	51	51	51	51	51	51	51	51
Swimming pools	5	5	5	5	5	4	4	4	4	4
Sanitary sewer										
Sanitary sewer lines (miles)	743	743	748	756	756	756	751	769	769	784
Storm drains (miles)	444	444	444	481	481	481	528	528	528	530
Treatment capacity millions of gallons)	41	44	44	44	44	44	44	44	46	44
Golf courses	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. 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, 2017

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, 2017	\$	15,070,237
Business license revenue for the year ended June 30, 2016 (base year)	\$	15,308,420
Adjustment to base year		
Percentage change in Consumer Price Index		<u>1.93 %</u>
Total adjustment to base year		<u>295,453</u>
Adjusted business license revenue base for the year ended June 30, 2017		<u>15,603,873</u>
Amount under allowable maximum	\$	<u>(533,636)</u>

#### FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2017	\$	4,528,673
Business license revenue for the year ended June 30, 2016 (base year)	\$	12,626,696
Adjustment to base year		
Percentage change in local government population		0.98 %
Percentage change in Consumer Price Index		<u>1.93 %</u>
Total adjustment to base year		<u>367,437</u>
Adjusted business license revenue base for the year ended June 30, 2017		<u>12,994,133</u>
Amount under allowable maximum	\$	<u>(8,465,460)</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 each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are 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 each of the City's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each 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 each of the City's major federal programs for the year ended June 30, 2017.

**Other Matters.** The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017 - 001 and 2017 - 003. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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.

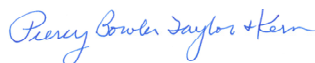
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017 - 001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 22, 2017, 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.



November 22, 2017

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

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 the State of Nevada Senior Farmers Market Nutrition Program	10.576	1057614	\$	\$ 21,840
Total U.S. Department of Agriculture			<u>\$</u>	<u>21,840</u>
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231			181,155
Home Investment Partnerships Program	14.239*			1,115,894
Continuum of Care Program	14.267			19,000
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218			1,984,024
Total U.S. Department of Housing and Urban Development			<u>\$</u>	<u>3,300,073</u>
U.S. Department of the Interior				
Passed through the Nevada State Historic Preservation Office Historic Preservation Fund Grants-In-Aid	15.904	32-16-141290(3) 32-16-141290(4)		6,473 15,000
Total U.S. Department of the Interior			<u>\$</u>	<u>21,473</u>
U.S. Department of Justice				
Public Safety Partnership and Community Policing Grants (ARRA)	16.710			18,755
Edward Byrne Memorial Justice Assistance Grant Program	16.738		5,184 302 5,150 46,263	5,184 7,863 25,441 63,778
Harold Rogers Prescription Drug Monitoring Program	16.754			126,881
Equitable Sharing Program	16.922			182,491
Passed through the State of Nevada Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	15-JAG-26 15-JAG-27 15-JAG-37 15-JAG-42 16-JAG-22 16-JAG-23		15,635 335 71,731 11,341 24,066 19,451
Passed through the State of Nevada Department of Health and Human Services Crime Victim Assistance	16.575	15-VOCA-16-028		262,674
Passed through the State of Nevada Office of the Attorney General Violence Against Women Formula Grants	16.588	2016-VAWA-03 2016-VAWA-62		44,168 70,000
Total U.S. Department of Justice			<u>\$</u>	<u>949,794</u>
U.S. Department of Transportation				
Motor Carrier Safety Assistance	20.218			72,376

(Continued)

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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 the State of Nevada Department of Public Safety				
Highway Planning and Construction Cluster Highway Planning and Construction	20.205	TS-2016-RPD-00070		21,890
Highway Safety Cluster State and Community Highway Safety	20.600	TS-2017-RPD-00061 JF-2016-RPD-00004 JF-2017-RPD-00019		19,729 31,550 67,848
Subtotal Highway Safety Cluster				119,127
Passed through the State of Nevada Department of Transportation				
Highway Planning and Construction Cluster Highway Planning and Construction	20.205	PR125-13-063 P754-15-063		802,321 295,045
Subtotal				1,097,366
Total U.S. Department of Transportation				1,310,759
National Endowment of the Arts				
Passed through the State of Nevada Arts council Promotion of the Arts Partnership Agreements	45.025	CPD17.2.08		516
Total National Endowment of the Arts				516
U.S. Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034			27,516
Total U.S. Department of Veterans Affairs				27,516
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		14,475
Passed through the State of Nevada Department of Health and Human Services Social Services Block Grant	93.667	N/A		23,820
Total U.S. Department of Health and Human Services				38,295
U.S. Department of Homeland Security				
Passed through the State of Nevada Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	97.036.17-0011		144,627
Emergency Management Performance Grants	97.042	97042.16		86,712
Pre-Disaster Mitigation	97.047	97047R8		44,311
Homeland Security Grant Program	97.067	97067.12-HL5 97067.13-3000		20,238 63,145

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-through Entity/Cluster or Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Amount Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Passed through the United Way Emergency Food and Shelter National Board Program	97.024	LRO-589600-023		39,852
Total U.S. Department of Homeland Security			<u>                    </u>	<u>398,885</u>
Total federal expenditures			<u>\$ 56,899</u>	<u>\$ 6,069,151</u>

\* A major program

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

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### 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, 2017. 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, 2017, 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>\$ 35,265,462</u>



# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

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### 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	Yes
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)	Yes
Identification of major programs	
CFDA number	14.239
Name of federal program or cluster	Home Investment Partnerships Program
CFDA number	16.922
Name of federal program or cluster	Equitable Share Program
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

(Continued)

**CITY OF RENO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2017**

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

None reported

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

2017 - 001

Federal program

Home Investment Partnership Program (CFDA #14.239)

Criteria or specific requirement

During the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of §92.251.

Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through notice. For projects with one-to-four HOME-assisted units, participating jurisdiction must inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing HOME-assisted units.

The participating jurisdiction must establish written inspection procedures. The procedures must include detailed inspection checklists, description of how and by whom inspections will be carried out, and procedures for training and certifying qualified inspectors. The procedures must also describe how frequently the property will be inspected, consistent with this section, §92.209, and §92.504(d).

Condition and context

Per examination of the HOME Inventory spreadsheet, we noted that there were four properties that had inspection dates between July 1, 2016 and June 30, 2017. However, the City was unable to provide evidence of the monitoring for three of the four properties. Per discussion with the Management Analyst, the other three properties were scheduled to be monitored however, due to the turnover in their department, it appears these monitorings were not performed. In addition, we noted that the policies and procedures did not include a risk-based approach to determine the sample of units to be inspected for the year..

A statistically valid sample was used

No

Questioned costs

N/A

Effect

The City of Reno (the City) is not in compliance with the requirements of the program.

Cause

The City experienced high turnover in the Community Development Department and those hired to fill the open positions did not possess the required knowledge and skills necessary to ensure compliance with the program.

Repeat finding

No

Recommendation

Participating jurisdictions are required to perform on-site inspections during “the period of affordability” in compliance with property standards (24 CFR sections 92.209(i), 92.251(f) and 92.504(d)). It appears that four property inspections were scheduled but only one performed for the year according to the monitoring schedule of the City. Updating of the monitoring schedule may not have occurred for actual visits versus anticipated dates likely caused by staff turnover. When appropriate monitoring schedules are not maintained, HUD may elect to discontinue future funding. We recommend those charged with maintenance of the monitoring schedule receive additional training and that written policies and procedures be updated to include a risk-based approach for determining the units to be sampled each year for inspections.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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Management's response

Management informed us that all staff that was administering the HOME program during the period of review are no longer with the City, and are therefore unable to explain the missing monitoring records or substantiate whether or not a monitoring actually occurred. Recently hired staff that is now administering the HOME program have received trainings from HUD via a series of webinars, and will be updating policies and procedures surrounding HOME monitoring to reflect a risk-based system within 30-days. Additionally, the City has recently executed a contract with the Nevada Housing Division to perform annual monitorings. Prospectively at least through June 30, 2018, the Nevada Housing Division will conduct required monitoring on behalf of the City of Reno.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

2017 - 002	
Federal program	Equitable Share Program (CFDA #16.922)
Criteria or specific requirement	Records for equipment purchased with federal funds should contain the following information: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to estimate current fair value.
Condition and context	Per examination of the equipment report, we noted that there is no indication of who holds title to the equipment, the condition of the equipment, or what percentage of the purchase was funded with federal funds.
A statistically valid sample was used	No
Questioned costs	N/A
Effect	The City is not in compliance with the requirements of inventory management for items purchased with federal funds. This could result in funds not being returned to the grantor when an asset is disposed of or the funds not being restricted for the use and purpose intended by the grant resulting in questioned costs that may require the City to reimburse the federal grantor.
Cause	The staff assigned to this grant has not received the requisite training to ensure such compliance.
Repeat finding	No
Recommendation	The City's records for equipment purchased with federal funds lack indications of who holds title to the equipment, the condition of the equipment, and/or what percentage of the purchase was with federal funds and, accordingly, do not comply with inventory management requirements for items purchased with federal funds. As a result, funds may not be restricted for the grant purposes, a questioned cost, and / or returned to a grantor upon disposal of an asset. This condition affects all federal grants used to purchase property or equipment. We recommend that the City attempt to customize its accounting software for property and equipment to include the omitted information or otherwise record / maintain the omitted information.
Management's response	Management informed us that the Finance Department staff will analyze the City's capital asset inventory system, identify and record those assets purchased with federal funds, and add the name of the title holder, the condition of the equipment at acquisition, and the percentage of the purchase made with federal grant dollars.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

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

2017 - 003	
Federal program	Equitable Share Program (CFDA #16.922)
Criteria or specific requirement	Procedures should be established and followed to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government.
Condition and context	The City has policies and procedures in place regarding verifying vendors in SAM.gov for suspension and debarment when federal funds are involved. However, the policy was not clear on whether the requesting department or the purchasing department was responsible for performing the check.
A statistically valid sample was used	No
Questioned costs	N/A
Effect	Two vendors were not checked in SAM.gov as required by the City's policy and the compliance supplement.
Cause	The City's policy does not clearly define the roles and responsibilities of the requestor and purchaser departments.
Repeat finding	No
Recommendation	It should be determined whether a vendor is federally eligible to receive a disbursement, and not suspended or debarred by the Federal Government. The City has a procurement policy to first verify the vendors status, however, the policy is not clear whether the responsibility lies with the requesting department or the purchasing department. We observed that vendor eligibility was not verified for two vendors of the four selected for testing before disbursements were made. The SAM.gov site should have been searched for one since the transaction met the definition of a "covered transaction" as defined in 2 CFR part 180. We recommend that the procurement policy clearly define the responsibilities and party responsible for verifying that the vendor is eligible to receive federal funds.
Management's response	Management informed us that for information technology related purchases such as computer hardware and software, the City's IT Department is responsible for doing the ordering. However, the IT Department is not always made aware by the requesting department that the purchase is being made with federal funds. A communication will be sent out to all departments informing them of the need to communicate to the IT Department that a purchase is being made with federal grant funds and a vendor search is required. The IT Department has been given instructions on how to conduct a vendor search and will be instructed to provide a copy to the requesting department for its records.

**CITY OF RENO**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

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

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

None reported

(Continued)

**CITY OF RENO**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)**

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

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

None reported





