

City of Reno, Nevada  
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Fiscal Year Ended  
June 30, 2018





**CITY OF RENO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2018**

**STATE OF NEVADA**

**PREPARED BY  
FINANCE DEPARTMENT  
DEBORAH LAUCHNER  
FINANCE DIRECTOR**



**CITY OF RENO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **INTRODUCTORY SECTION**





December 7, 2018

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, 2018 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, 2018 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, 2018, 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**

The region’s economy has long relied on consumption-related activities such as construction, tourism, and gaming, and the area, known as Truckee Meadows, offers an extensive array of hotel and casino options as well as vast recreational opportunities.

Reno and Washoe County have rebounded from the most recent global recession. In the Reno Sparks region, September’s unemployment count stood at 3.4%, which is down from the September 2017 rate of 3.9%. Nevada had an unemployment rate of 4.5%, exceeding the national average by 0.4% in September 2018.

The median price of residential properties sold in Reno, NV increased during 2018. City of Reno home values have gone up 8.3% over the past year, with the current median home value at \$360,300.

In fiscal year 2017/18, property taxes increased 4.7% and for fiscal year 2018/19, the City budgeted for property taxes to

increase four percent. The Washoe County Assessor anticipates property taxes will continue to rise, 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 2018/19, the increase is estimated to be 2.6% for existing properties and the remainder due to growth.

After the recession and years of declines in consolidated tax (CTAX) revenues, the City continues to have steady increases in CTAX. Fiscal years 2010/11 through 2017/18 reflect those increases, from 1.20% in FY 2010/11 and the most recent being 9.0% in FY 2017/18. The City is hopeful this major revenue source has now stabilized and will not experience such sharp declines going forward. For fiscal year 2018/19, the City has budgeted a 4.5% increase over the prior fiscal year budgeted amount.

The State of Nevada, Washoe County and City of Reno continue to focus efforts in diversifying the economy. Calendar Year 2018 continued the recent trend of robust economic development within the Truckee Meadows region. Economic Development Authority of Western Nevada reported 13 new primary industry businesses locating within the City of Reno, with a total of 707 new jobs created, and 9 new corporate headquarters. In addition, unemployment rates are currently 3.9% - slightly lower than the "full employment" metric of 4%.

There continues to be major business expansions into the Reno area. Tesla Motors built a \$5 billion gigafactory east of Reno. The factory employs approximately 3,000 people and is expected to expand to 6,500 employees. Switch, a company that owns and operates data centers throughout Nevada, has constructed a 7.2 million square foot facility on a 2,000 acre campus at the Tahoe Reno Industrial Center. This facility is considered the largest and most advanced 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 continues to increase.

The State Business Tax Climate Index for 2018, which is published by the Tax Foundation, ranked Nevada as ninth in the nation for its business friendly tax climate down from sixth in 2017. 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 2.5% over the previous year, with total taxable room revenues being 3.7% 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 so 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 2018/19, has authorized 1,235 FTEs, with most of the recent job growth in Public Safety and Public Works. 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. The City has instituted a Position Review Committee to review all vacancies prior to recruitment to determine if there are opportunities to restructure or provide the service differently.

### **Long-Term Financial Planning**

With the continued 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 continue to be an important goal. 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 and technology, 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 a desirable location for corporate headquarters, manufacturing, and logistics facilities in a number of high tech and service industries.

In order to position the City to successfully weather another 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 developed a five-year financial forecast to be able to better project future resource needs and adjust operating programs to meet the available resources.

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 updated policies, process improvement initiatives and increased transparency.

### **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 2017/18 budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 8% for fiscal year 2018/19. 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 2017/18 is approximately \$2.2 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 \$800,000 for fiscal year 2018/19, to further fund unavoidable circumstances.

**OPEB Funding** — The City's past practice of funding primarily pay as you go costs rather than the full annual other post employment benefit (OPEB) costs has resulted in continued growth in the City's net liability. However, the City does not have the resources at this time needed to fully fund the annual OPEB expense, including interest on the liability, 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, 2018, the City transferred approximately \$1 million to the trust.

**Risk Management** – The City has implemented a rigorous risk management program to help control its exposure to potential claims and thus reduce its costs. 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."

### **Major Initiatives**

Most of the efforts during fiscal year 2017/18 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 continues to be focused on 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. The City was able to restructure the 2008 ReTRAC Bonds, thus eliminating the swap derivative instrument, letter of credit and associated fees, remarketing fees and the swap termination fee. This restructure is key to paying down this long term obligation.

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. The City continues to build upon the Council initiative of re-visioning 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 designed to make Reno the type of community its residents and visitors desire. The following Council Priorities for fiscal year 2018/19 address structural deficits that could hinder progress in carrying out these initiatives: identify new revenues; work with regional partners on interlocal revenue-sharing solutions; lobby for property tax restructuring; increase affordable housing; make progress on homelessness; implement a Homeless Master Plan; and implement the sewer plan and address sewer capacity.

### **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, 2017.

This was the 35th 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,



Deborah Lauchner  
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, 2017**

*Christopher P. Morill*

Executive Director/CEO

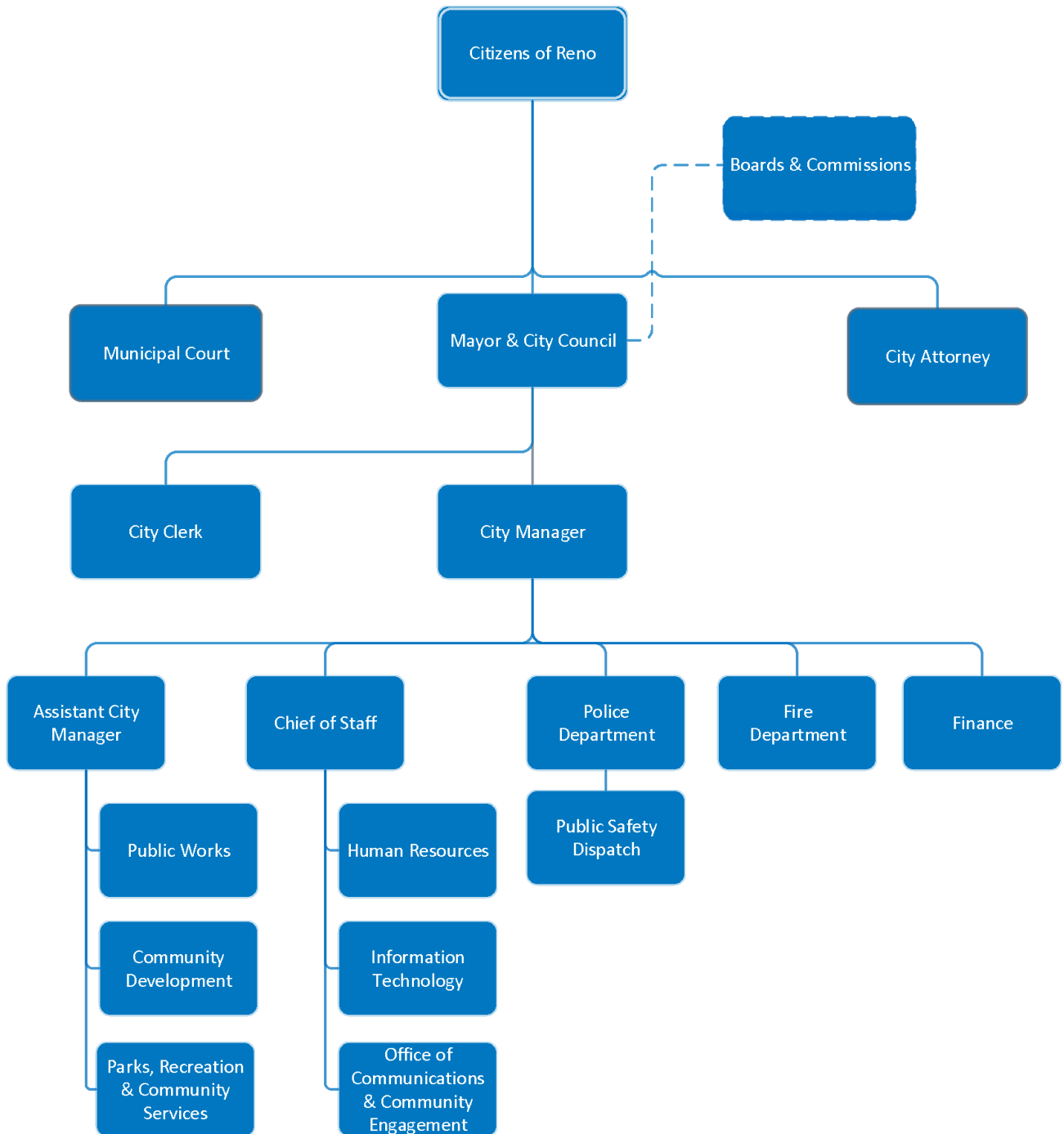


# CITY OF RENO

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2018

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# **CITY OF RENO**

## **CITY OFFICIALS**

**FOR THE YEAR ENDED JUNE 30, 2018**

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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 Newby

### **OTHER ELECTED OFFICIALS**

Karl Hall, City Attorney  
Gene Drakulich, Judge, Dept. 1  
Shelly O'Neill, Judge, Dept. 2  
Dorothy Nash Holmes, Judge, Dept. 3  
Tammy Riggs, Judge, Dept. 4

### **CITY CLERK**

(Appointed by the City Council)

Ashley Turney

### **CITY MANAGEMENT**

(Appointed by the City Manager)

William Thomas, Assistant City Managr  
Jennifer Lances, Chief of Staff  
Rebecca Flanders-Venis, Communications & Community Engagement Director  
Vacant, Community Development Director  
Deborah Lauchner, Finance Director  
David Cochran, Fire Chief  
Mandee Bowler, Human Resources Director  
Rishma Khimji, Information Technology Director  
Steve Tuttle, Municipal Court Administrator  
Jason Soto, Police Chief  
John Flansberg, Public Works Director  
Andy Bass, Parks, Recreation & Community Services 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, 2018 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

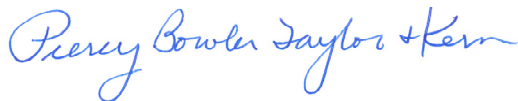
progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-26 and 99-112 be presented to supplement the basic financial statements. Such information, although 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 December 7, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada  
December 7, 2018

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**





# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2018

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			
	2018	2017	Change	
Cash, cash equivalents and investments, unrestricted and restricted	\$ 247,646,554	\$ 203,320,124	\$ 44,326,430	21.80 %
Truckee Meadows Water Reclamation Facility	92,979,554	95,025,805	(2,046,251)	(2.15)%
Capital assets, net	1,254,583,046	1,277,850,430	(23,267,384)	(1.82)%
Derivative instruments	6,572,741	36,531,181	(29,958,440)	(82.01)%
Bonds and notes payable, net of unamortized premiums and discounts	507,292,756	466,196,370	41,096,386	8.82 %
Net pension liability	248,083,384	238,524,485	9,558,899	4.01 %
Total net position	588,421,015	705,595,333	(117,174,318)	(16.61)%

The decrease in the City's net position was largely the result of implementing GASB Statement No. 75 related to the Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), as well as a prior year adjustment related to GASB Statement No. 82 that requires certain contribution payments made by the employer to be classified as member contributions.

The City's investment in the Truckee Meadows Water Reclamation Facility decreased due to new capital contributions being less than depreciation realized during the year, as well as to prior year adjustments related to implementation of GASB Statements No. 75 and No. 82.

The City undertook a major restructuring of the 2008A Bonds and 2008B Bonds related to the City's Transportation Rail Access Corridor (ReTRAC) project, which resulted in converting the 2008A bonds from variable to fixed rate, removing the swap derivative, and better aligning future debt service with anticipated revenues.

Bonds and notes payable, net of unamortized premiums and discounts, increased as a result of (1) paying off the swap termination fee on the 2008A ReTRAC Bonds and accrued interest on the 2008B Bonds as part of the issuance of the 2018 series of bonds; and (2) financing the purchase of body cameras for police officers as mandated by the Nevada Revised Statutes. Otherwise, the City is continuing its strategy of reducing outstanding debt, as well as refinancing existing debt where future interest savings can be generated or economic benefits will result.

The decrease in current liabilities is primarily due to the elimination of the \$27.1 million swap derivative on the 2008A ReTRAC Bonds that was outstanding at the end of the prior fiscal year, which also resulted in the elimination of the deferred outflow related to the derivative. The increase in long-term liabilities, other than in bonds and notes payable, is due to recognizing the full actuarial liability for OPEB based on implementation of GASB Statement No. 75. Previously, the City only recognized the unfunded annual required contribution, which was almost half of the actuarial, accrued liability.

Deferred balances related to pensions also declined based on the updated valuation reports, which helped to offset the increase in deferred balances related to OPEB. In accordance with generally accepted accounting principles, 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.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### Summary of Selected Statement of Activities Information

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	Total Primary Government			
	2018	2017	Change	
Charges for services	\$ 163,250,886	\$ 157,357,866	\$ 5,893,020	3.74 %
Property taxes	67,914,073	64,741,866	3,172,207	4.90 %
				%
Total expenses	387,850,935	339,048,141	48,802,794	14.39 %
Change in net position	(1,463,197)	19,046,112	(20,509,309)	(107.68)%

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 categories increased due to an improving economy and scheduled sewer service rate increases.

The increase in expenditures is due to increased depreciation expense and the disposal or donation of capital assets.

### **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.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### **Fund Financial Statements**

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

#### **Governmental Funds**

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

The City maintains 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 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.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### **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 the following table.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current, restricted and other	\$ 202,529,106	\$ 177,900,321	\$ 202,244,071	\$ 186,780,033	\$ 404,773,177	\$ 364,680,354
Capital	896,543,564	931,713,468	358,039,482	346,136,962	1,254,583,046	1,277,850,430
<b>Total assets</b>	<b><u>1,099,072,670</u></b>	<b><u>1,109,613,789</u></b>	<b><u>560,283,553</u></b>	<b><u>532,916,995</u></b>	<b><u>1,659,356,223</u></b>	<b><u>1,642,530,784</u></b>
Deferred outflows of resources	72,423,175	117,092,170	3,836,535	4,627,535	76,259,710	121,719,705
<b>Liabilities</b>						
Current	28,128,989	57,228,358	7,628,502	9,429,753	35,757,491	66,658,111
Long-term	1,005,987,136	885,773,883	80,192,521	78,958,617	1,086,179,657	964,732,500
<b>Total liabilities</b>	<b><u>1,034,116,125</u></b>	<b><u>943,002,241</u></b>	<b><u>87,821,023</u></b>	<b><u>88,388,370</u></b>	<b><u>1,121,937,148</u></b>	<b><u>1,031,390,611</u></b>
Deferred inflows of resources	23,356,455	25,263,927	1,901,315	2,000,618	25,257,770	27,264,545
<b>Net position</b>						
Net investment in capital assets	495,954,317	586,373,361	304,619,062	287,321,065	800,573,379	873,694,426
Restricted	84,631,336	69,911,871	15,117,358	11,426,497	99,748,694	81,338,368
Unrestricted	(466,562,388)	(397,845,441)	154,661,330	148,407,980	(311,901,058)	(249,437,461)
<b>Total net position</b>	<b><u>\$ 114,023,265</u></b>	<b><u>\$ 258,439,791</u></b>	<b><u>\$ 474,397,750</u></b>	<b><u>\$ 447,155,542</u></b>	<b><u>\$ 588,421,015</u></b>	<b><u>\$ 705,595,333</u></b>

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
<b>Assets</b>						
Current, restricted and other	\$ 24,628,785	13.84 %	\$ 15,464,038	8.28 %	\$ 40,092,823	10.99 %
Capital	(35,169,904)	(3.77)%	11,902,520	3.44 %	(23,267,384)	(1.82)%
<b>Total assets</b>	<b><u>(10,541,119)</u></b>	<b><u>(0.95)%</u></b>	<b><u>27,366,558</u></b>	<b><u>5.14 %</u></b>	<b><u>16,825,439</u></b>	<b><u>1.02 %</u></b>
Deferred outflows of resources	(44,668,995)	(38.15)%	(791,000)	(17.09)%	(45,459,995)	(37.35)%
<b>Liabilities</b>						
Current	(29,099,369)	(50.85)%	(1,801,251)	(19.10)%	(30,900,620)	(46.36)%
Long-term	120,213,253	13.57 %	1,233,904	1.56 %	121,447,157	12.59 %
<b>Total liabilities</b>	<b><u>91,113,884</u></b>	<b><u>9.66 %</u></b>	<b><u>(567,347)</u></b>	<b><u>(0.64)%</u></b>	<b><u>90,546,537</u></b>	<b><u>8.78 %</u></b>
Deferred inflows of resources	(1,907,472)	(7.55)%	(99,303)	(4.96)%	(2,006,775)	(7.36)%
<b>Net position</b>						
Net investment in capital assets	(90,419,044)	(15.42)%	17,297,997	6.02 %	(73,121,047)	(8.37)%
Restricted	14,719,465	21.05 %	3,690,861	32.30 %	18,410,326	22.63 %
Unrestricted	(68,716,947)	17.27 %	6,253,350	4.21 %	(62,463,597)	25.04 %
<b>Total net position</b>	<b><u>\$ (144,416,526)</u></b>	<b><u>(55.88)%</u></b>	<b><u>\$ 27,242,208</u></b>	<b><u>6.09 %</u></b>	<b><u>\$ (117,174,318)</u></b>	<b><u>(16.61)%</u></b>

### Governmental Activities

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

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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 not only to the restructuring of the ReTRAC bonds but to an increasing LIBOR yield curve associated with our weekly remarketed 2005A Capital Improvement Refunding Bonds. Deferred amounts related to pensions reflect a decline in subsequent contributions in accordance with implementation of GASB Statement No. 82. While there also was substantial reduction in the net difference between projected and actual investment earnings on pension plan investments, the reduction was offset by a change in assumptions for the pension fund.

The reduction in current liabilities due to the termination of the interest-rate swap derivative for the 2008A ReTRAC Bonds is more than offset by the recordation of the outstanding OPEB liability, which must now be reported on the statement of net position. However, due to two-tiering retiree benefits and other negotiated changes with various collective bargaining groups, the City's overall OPEB unfunded actuarial accrued liability has actually declined if compared to the result of the prior OPEB valuation.

The reduction in deferred inflows of resources related to pensions reflects the change in proportions and differences between employer contributions and proportionate share of contributions, which is partially offset by an increase in the difference between expected and actual experience. Detail on the composition of this amount can be found in Note 4 in the Notes to the Financial Statements section of this report.

### Business-type Activities

Total assets for the City's business-type activities registered a 5.14% 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 assets include a majority ownership interest in the Truckee Meadows 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, 2018**

Summary Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 85,601,102	\$ 82,952,588	\$ 77,649,784	\$ 74,405,278	\$ 163,250,886	\$ 157,357,866
Operating grants and contributions	8,577,398	6,239,951	2,107,002	2,014,816	10,684,400	8,254,767
Capital grants and contributions	27,242,197	25,213,159	15,084,733	12,722,105	42,326,930	37,935,264
General revenues						
Property taxes	67,914,073	64,741,866			67,914,073	64,741,866
Room taxes	11,251,668	10,122,000			11,251,668	10,122,000
Sales taxes restricted for debt service	11,839,077	10,759,268			11,839,077	10,759,268
Other sales taxes	940,212	344,552			940,212	344,552
Intergovernmental shared revenues, unrestricted	71,671,374	62,999,604			71,671,374	62,999,604
Investment income	2,142,261	1,737,946	775,338	289,186	2,917,599	2,027,132
Gain on disposal of capital assets	2,317,168	261,648			2,317,168	261,648
Miscellaneous	1,259,772	3,272,471	14,579	17,815	1,274,351	3,290,286
<b>Total revenues</b>	<b>290,756,302</b>	<b>268,645,053</b>	<b>95,631,436</b>	<b>89,449,200</b>	<b>386,387,738</b>	<b>358,094,253</b>
<b>Expenses</b>						
General government	41,281,443	41,978,398			41,281,443	41,978,398
Judicial	6,790,019	6,981,342			6,790,019	6,981,342
Public safety	140,378,971	125,044,791			140,378,971	125,044,791
Public works	54,783,301	53,569,580			54,783,301	53,569,580
Culture and recreation	15,812,351	15,900,003			15,812,351	15,900,003
Planning and community development	11,879,768	10,222,340			11,879,768	10,222,340
Urban development	14,091,779	3,298,662			14,091,779	3,298,662
Interest expense and fiscal charges	43,638,851	25,215,536			43,638,851	25,215,536
Sanitary sewer			51,557,336	48,310,736	51,557,336	48,310,736
Building permit			7,637,116	8,526,753	7,637,116	8,526,753
<b>Total expenses</b>	<b>328,656,483</b>	<b>282,210,652</b>	<b>59,194,452</b>	<b>56,837,489</b>	<b>387,850,935</b>	<b>339,048,141</b>
Change in net position before transfers	(37,900,181)	(13,565,599)	36,436,984	32,611,711	(1,463,197)	19,046,112
Transfers	846,396	153,406	(846,396)	(153,406)		
Change in net position	(37,053,785)	(13,412,193)	35,590,588	32,458,305	(1,463,197)	19,046,112
Net position, beginning of year, as adjusted	151,077,050	164,489,243	438,807,162	406,348,857	589,884,212	570,838,100
Net position, end of year	\$ 114,023,265	\$ 151,077,050	\$ 474,397,750	\$ 438,807,162	\$ 588,421,015	\$ 589,884,212

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 2,648,514	3.19 %	\$ 3,244,506	4.36 %	\$ 5,893,020	3.74 %	
Operating grants and contributions	2,337,447	37.46 %	92,186	4.58 %	2,429,633	29.43 %	
Capital grants and contributions	2,029,038	8.05 %	2,362,628	18.57 %	4,391,666	11.58 %	
General revenues							
Property taxes	3,172,207	4.90 %			3,172,207	4.90 %	
Room taxes	1,129,668	11.16 %			1,129,668	11.16 %	
Sales taxes restricted for debt service	1,079,809	10.04 %			1,079,809	10.04 %	
Other sales taxes	595,660	172.88 %			595,660	172.88 %	
Intergovernmental shared revenues, unrestricted	8,671,770	13.76 %			8,671,770	13.76 %	
Investment income	404,315	23.26 %	486,152	168.11 %	890,467	43.93 %	
Gain on disposal of capital assets	2,055,520	785.61 %			2,055,520	785.61 %	
Miscellaneous	(2,012,699)	(61.50)%	(3,236)	(18.16)%	(2,015,935)	(61.27)%	
<b>Total revenues</b>	<b>22,111,249</b>	<b>8.23 %</b>	<b>6,182,236</b>	<b>6.91 %</b>	<b>28,293,485</b>	<b>7.90 %</b>	
<b>Expenses</b>							
General government	(696,955)	(1.66)%			(696,955)	(1.66)%	
Judicial	(191,323)	(2.74)%			(191,323)	(2.74)%	
Public safety	15,334,180	12.26 %			15,334,180	12.26 %	
Public works	1,213,721	2.27 %			1,213,721	2.27 %	
Culture and recreation	(87,652)	(0.55)%			(87,652)	(0.55)%	
Planning and community development	1,657,428	16.21 %			1,657,428	16.21 %	
Urban development	10,793,117	327.20 %			10,793,117	327.20 %	
Interest expense and fiscal charges	18,423,315	73.06 %			18,423,315	73.06 %	
Sanitary sewer			3,246,600	6.72 %	3,246,600	6.72 %	
Building permit			(889,637)	(10.43)%	(889,637)	(10.43)%	
<b>Total expenses</b>	<b>46,445,831</b>	<b>16.46 %</b>	<b>2,356,963</b>	<b>4.15 %</b>	<b>48,802,794</b>	<b>14.39 %</b>	
Change in net position before transfers	(24,334,582)	179.38 %	3,825,273	11.73 %	(20,509,309)	(107.68)%	
Transfers	692,990	451.74 %	(692,990)	451.74 %			
Change in net position	(23,641,592)	176.27 %	3,132,283	9.65 %	(20,509,309)	(107.68)%	
Net position, beginning of year	(13,412,193)	(8.15)%	32,458,305	7.99 %	19,046,112	3.34 %	
Net position, end of year	\$ (37,053,785)	(24.53)%	\$ 35,590,588	8.11 %	\$ (1,463,197)	(0.25)%	

### 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.

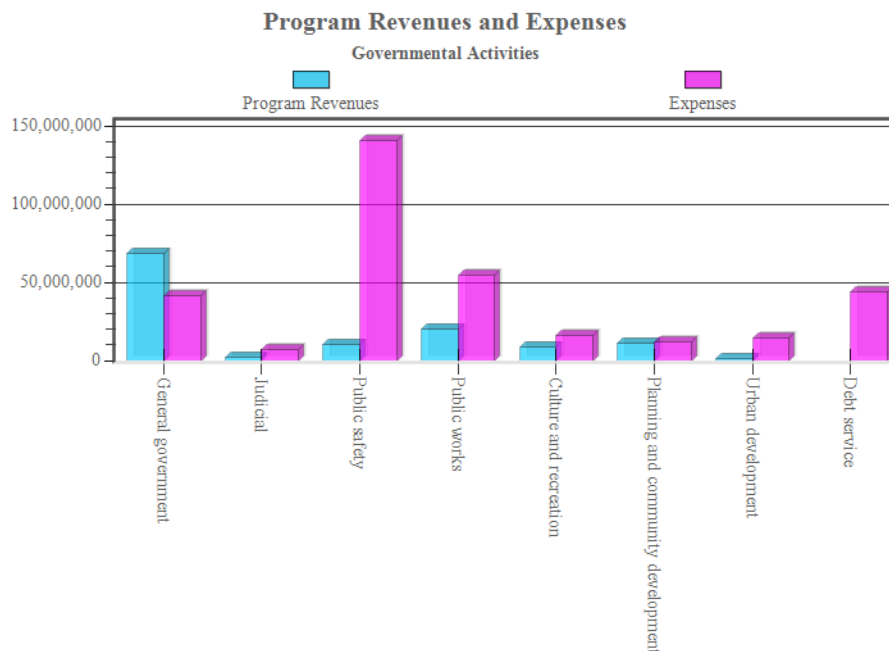
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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018



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 gaps between expenses and program revenues for the public safety function and community development and support function are lessened due to the receipt of operating and capital grants from federal and state governments. The culture and recreation and judicial functions 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 29.44%, followed by property taxes at 23.36%. Intergovernmental consolidated tax revenues were third, contributing 22.73% of all revenues for governmental activities.

The increase in operating grants and contributions related to additional grants for the Reno Police Department, the receipt of private grants related to the City Energy Project and the newly created downtown business improvement district, and increased contributions from Washoe County for the operation of the Community Assistance Center.

The increase in other sales tax revenues relates to one-time adjustment made by the State of Nevada related to the Freight House District Tax Increment District.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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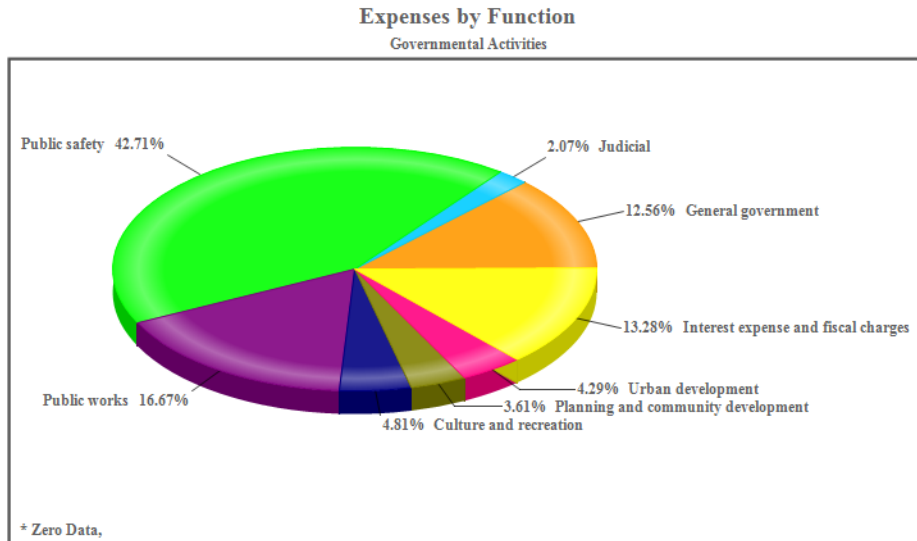
The change in public safety expenses is largely due to increased OPEB-related expense for police and fire, including an increase in salaries and related benefits due to the overfilling of six police officer positions for a period longer than anticipated, an increase in risk insurance premiums for police, and an increase in incurred but not reported claims related to the worker's compensation liability actuarial study for police officers and fire fighters.

The change in planning and community development expenses is primarily the result of funding affordable housing in the region, as well as providing additional deposit assistance to low-income citizens.

The change in urban redevelopment is primarily due to the finalization of the donation of the automobile museum building and land to its operator.

Interest expense and fiscal charges are up due to the payment of the interest rate swap termination, but are partially offset by lower interest payments due to debt reductions.

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, fire 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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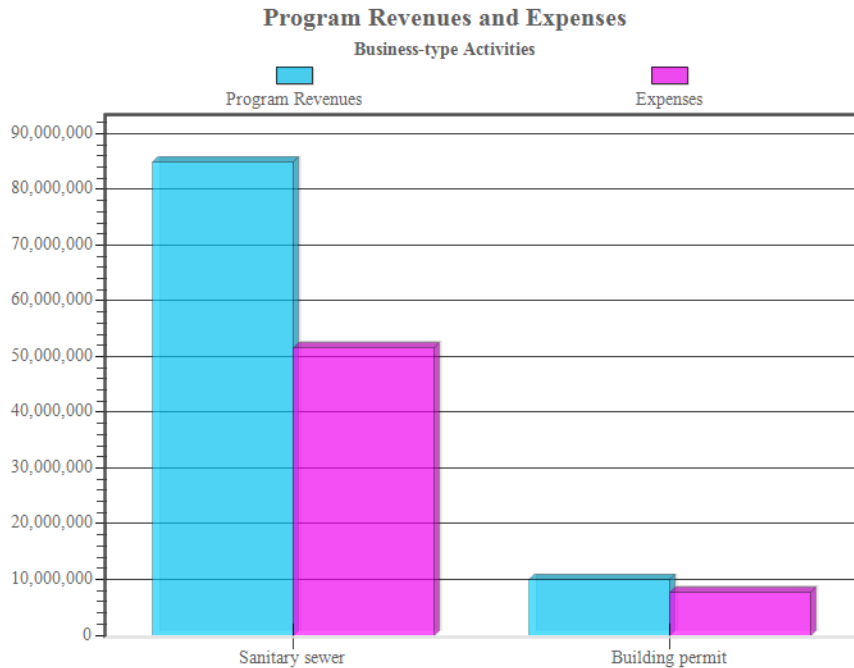
# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

### 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 an increase in sewer connection fees due to growth in housing starts, both in residential and multi-family. This growth has also spurred an increase in charges for service in the building permit function. The sanitary sewer function also received the last part of the funding through contributions for the Highland Ditch flood control project, a project which spanned the prior and current fiscal years. 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 gain. Revenues came in over budget and actual revenues in FY 2018 exceeded FY 2017 actuals by 23.74%. Expenses also came in under budget, with employee benefits experiencing a 29.25% decline due to the impact on pension expense allocated in compliance with GASB 68 in FY 2017.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

### Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflows of current resources. 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.

### Governmental Funds

Total Assets - Governmental Funds				
	2018	2017	Change	
General Fund	\$ 44,737,232	\$ 35,049,692	\$ 9,687,540	27.64 %
Streets Special Revenue Fund	27,272,924	26,230,404	1,042,520	3.97 %
Railroad Debt Service Fund	23,923,551	19,156,709	4,766,842	24.88 %
Non-major Governmental Funds	61,765,220	59,654,755	2,110,465	3.54 %

Total Liabilities - Governmental Funds				
	2018	2017	Change	
General Fund	\$ 12,865,423	\$ 12,980,342	\$ (114,919)	(0.89)%
Streets Special Revenue Fund	3,379,726	3,876,168	(496,442)	(12.81)%
Railroad Debt Service Fund	901,350	425,099	476,251	112.03 %
Non-major Governmental Funds	8,791,610	7,824,640	966,970	12.36 %

Total Fund Balance - Governmental Funds				
	2018	2017	Change	
General Fund	\$ 31,291,968	\$ 21,042,477	\$ 10,249,491	48.71 %
Streets Special Revenue Fund	23,688,245	22,211,861	1,476,384	6.65 %
Railroad Debt Service Fund	17,573,215	12,454,063	5,119,152	41.10 %
Non-major Governmental Funds	47,792,849	45,869,021	1,923,828	4.19 %

Total Revenues - Governmental Funds				
	2018	2017	Change	
General Fund	\$ 191,828,751	\$ 176,072,360	\$ 15,756,391	8.95 %
Streets Special Revenue Fund	25,772,033	24,593,546	1,178,487	4.79 %
Railroad Debt Service Fund	12,562,390	11,394,628	1,167,762	10.25 %
Non-major Governmental Funds	38,389,211	33,713,317	4,675,894	13.87 %

Total Expenditures - Governmental Funds				
	2018	2017	Change	
General Fund	\$ 181,191,305	\$ 172,169,944	\$ 9,021,361	5.24 %
Streets Special Revenue Fund	18,649,629	18,001,672	647,957	3.60 %
Railroad Debt Service Fund	245,520,317	17,460,958	228,059,359	1,306.11 %
Non-major Governmental Funds	46,578,878	42,810,691	3,768,187	8.80 %

Total Other Financing Sources (Uses) - Governmental Funds				
	2018	2017	Change	
General Fund	\$ (387,955)	\$ (2,479,431)	\$ 2,091,476	(84.35)%

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

#### Total Other Financing Sources (Uses) - Governmental Funds

	2018	2017	Change	
Streets Special Revenue Fund	(5,646,020)	(5,482,202)	(163,818)	2.99 %
Railroad Debt Service Fund	238,077,079	6,584,798	231,492,281	3,515.56 %
Non-major Governmental Funds	10,113,495	8,805,834	1,307,661	14.85 %

Of the above fund balances, \$1.4 million is categorized as nonspendable, \$56.7 million as restricted, \$35.5 million as assigned, and \$26.3 million as unassigned.

#### 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 \$28.6 million, an increase of 52.92% 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, 2018, this calculation yielded an 18.18% 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. Fund balance increased due to revenue growth particularly in motor vehicle fuel tax outpacing growth in capital outlay for street rehabilitation projects.

The railroad debt service fund is responsible for the payment of principal and interest on outstanding debt, as well as collection of special assessment receivables that will be used to meet the debt service requirements for special assessment district bonds outstanding. The change in fund balance is primarily due to growth in room tax and dedicated sales tax revenue and the net effect of the ReTRAC bond restructuring, which netted \$4.4 million in resources due to the premiums on the 2018A and 2018B bonds issued.

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

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 555,675,402	\$ 530,761,001	\$ 24,914,401	4.69 %
Building Permit Enterprise Fund	12,916,292	11,082,331	1,833,961	16.55 %
Internal Service Funds	44,643,953	37,832,364	6,811,589	18.00 %

##### Total Liabilities - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 77,209,263	\$ 80,461,307	\$ (3,252,044)	(4.04)%
Building Permit Enterprise Fund	10,611,760	7,927,063	2,684,697	33.87 %
Internal Service Funds	64,189,902	60,707,804	3,482,098	5.74 %

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

#### Total Net Position - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 479,741,281	\$ 452,023,834	\$ 27,717,447	6.13 %
Building Permit Enterprise Fund	2,964,610	4,058,045	(1,093,435)	(26.94)%
Internal Service Funds	(19,404,998)	(22,667,101)	3,262,103	(14.39)%

#### Total Operating Revenues - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 67,654,653	\$ 66,329,876	\$ 1,324,777	2.00 %
Building Permit Enterprise Fund	10,009,710	8,089,453	1,920,257	23.74 %
Internal Service Funds	47,000,551	47,149,486	(148,935)	(0.32)%

#### Total Operating Expenses - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 44,808,145	\$ 42,194,516	\$ 2,613,629	6.19 %
Building Permit Enterprise Fund	7,869,389	8,573,670	(704,281)	(8.21)%
Internal Service Funds	43,761,155	45,202,512	(1,441,357)	(3.19)%

#### Total Nonoperating Revenues (Expenses), Capital Contributions and Transfers - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	\$ 9,890,973	\$ 9,027,864	\$ 863,109	9.56 %
Building Permit Enterprise Fund	94,590	(45,546)	140,136	(307.68)%
Internal Service Funds	854,922	986,529	(131,607)	(13.34)%

#### 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 \$154.7 million. The change in operating revenues was due to a 1.93% rate hike effective October 1, 2017, for residential customers and January 1, 2018, for commercial customers who are billed in arrears, as well as growth in sewer customers. Operating expenses increased 6.19%, with higher joint water treatment plant operating expenses being the primary cause.

The City contributed \$8.9 million to the Truckee Meadows Reclamation Facility for capital improvements and its share of the joint venture's loss was \$5.9 million made up primarily of depreciation expense and prior year adjustments related to implementation of GASB Statement No. 75 and an adjustment related to Statement No. 82.

The building permit fund now qualifies as a major proprietary fund due to the increase in the OPEB liability outstanding. Total assets increased due to a \$2.0 million remodel of the City Hall's sixth floor for the permitting office. Operationally, the fund experienced growth in permit fees, and a decrease in employee benefits due to a smaller adjustment for GASB Statement No. 82 pension expense.

#### Budgetary Highlights for General Fund

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

	Original Budget	Final Budget	Actual	Variance
Total Revenues	\$ 177,918,936	\$ 185,266,487	\$ 191,828,751	\$ 6,562,264
Total Expenditures	178,942,812	186,412,843	181,191,305	5,221,538
Total Fund Balance	12,145,025	19,033,597	31,291,968	12,258,371

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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 scheduled salaries increases across the unrepresented and represented groups. The public safety function also received an increased budget related to the effect of having six, overfill police positions occupied for most of the fiscal year; an eleven-fold increase in risk insurance premiums, and the expenditure for body cameras as required by State law, which was financed by debt. Controlling services and supplies costs over most of the functions helped the general fund come in almost \$5 million under budgeted expenditures.

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

### **Capital Assets Activity**

At June 30, 2018, the City had total capital assets net of depreciation and amortization of \$1,254.6 million, net of accumulated depreciation and amortization of \$1,092.5 million. This represents 1.82% decrease when compared to the prior year.

Major capital investment activities for fiscal year included:

\$6.5 million in infrastructure, \$5.8 million of which was either contributed by developers or annexed by the City;

\$6.3 million in new construction in progress, with completion of \$7.3 million of projects previously in construction in progress;

\$38.1 million outstanding 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 in the Notes to the Financial Statements section of this report.

### **Long-term Debt Activity**

Bonds and notes payable outstanding at June 30, 2018, totaled \$453.6 million, net of premiums and discounts, a 13.74% increase when compared to the prior year. Debt for governmental activities represents 89.41% of total debt outstanding, with debt related to business type activities accounting for 10.59% of the total debt outstanding.

At June 30, 2018, the City had \$99.2 million of general obligation debt outstanding that is subject to the legal debt limit of \$1,086.4 million.

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

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.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### **Known Economic Factors**

For the first two months of fiscal year 2018/19, intergovernmental consolidated tax revenues have risen 5.12% over the first two months of fiscal year 2017/18. For June of 2018, statewide taxable sales were up 4.1% over June of 2017; however, in Washoe County, taxable sales increased 4.5% for the same period.

In June of 2018 the unemployment rate in the Reno-Sparks MSA was 3.5%, which is 1.2% lower than the state unemployment rate of 4.7% and lower than the national rate of 4.0%. The Reno MSA unemployment is slightly lower than the 4.0% for the same time period one year ago.

The annual job growth rate for the Reno metropolitan area between June 2017 and June 2018 was 3.7%, which is relatively unchanged from the 3.6% growth rate between June 2016 and June 2017.

### **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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 146,688,791	\$ 85,265,955	\$ 231,954,746
Cash, cash equivalents and investments, restricted		15,691,808	15,691,808
Accounts receivable, net	7,554,887	9,725,225	17,280,112
Interest receivable	424,816	330,850	755,666
Taxes receivable	374,197		374,197
Special assessments receivable	11,853,063		11,853,063
Due from other governments	23,053,786	2,007,125	25,060,911
Notes receivable, net	1,001,612	4,219,230	5,220,842
Inventories	928,928	279,051	1,207,979
Prepaid items	1,299,676	53,414	1,353,090
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		92,979,554	92,979,554
Internal balances	8,308,141	(8,308,141)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	6,430,401	46,481,700	52,912,101
Land	147,286,559	11,301,180	158,587,739
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	156,782,021	7,622,639	164,404,660
Improvements other than buildings	270,928,033	290,470,417	561,398,450
Infrastructure	292,568,225		292,568,225
Machinery, equipment and software	18,892,709	351,432	19,244,141
Art and historical treasures	2,530,616		2,530,616
<b>Total assets</b>	<b>1,099,072,670</b>	<b>560,283,553</b>	<b>1,659,356,223</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instruments, accumulated decrease in fair value	6,572,741		6,572,741
Unamortized deferred refunding charges	18,520,314	289,219	18,809,533
Unamortized amounts related to pensions	41,850,962	3,419,882	45,270,844
Unamortized amounts related to postemployment benefits other than pensions	5,479,158	127,434	5,606,592
<b>Total deferred outflows of resources</b>	<b>72,423,175</b>	<b>3,836,535</b>	<b>76,259,710</b>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	6,559,618	2,590,539	9,150,157
Accounts payable from restricted assets		55,144	55,144
Accrued salaries and benefits	7,161,188	315,799	7,476,987
Contracts payable	2,429,875	3,330,790	5,760,665
Contracts payable from restricted assets		904,649	904,649
Due to other governments	4,349,892	246,378	4,596,270
Deposits	1,055,675	185,203	1,240,878
Derivative instruments	6,572,741		6,572,741
Long-term liabilities, due within one year			
Bonds and notes payable	21,516,495	5,559,724	27,076,219
Compensated absences	13,319,174	972,980	14,292,154
Self-insurance liability	7,859,547		7,859,547
Interest payable	3,486,183	586,166	4,072,349
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	432,066,623	48,149,914	480,216,537
Compensated absences	9,864,621	379,927	10,244,548
Self-insurance liability	53,842,338		53,842,338
Postemployment benefits other than pensions	218,667,372	5,777,727	224,445,099
Net pension liability	229,317,301	18,766,083	248,083,384
Interest payable	16,047,482		16,047,482
<b>Total liabilities</b>	<b>1,034,116,125</b>	<b>87,821,023</b>	<b>1,121,937,148</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized amounts related to pensions	23,347,049	1,901,315	25,248,364
Unamortized amounts related to postemployment benefits other than pensions	9,406		9,406
<b>Total deferred inflows of resources</b>	<b>23,356,455</b>	<b>1,901,315</b>	<b>25,257,770</b>
<b>NET POSITION</b>			
Net investment in capital assets	495,954,317	304,619,062	800,573,379
Restricted for			
Debt service	45,189,136		45,189,136
Capital improvement projects	12,814,415	15,117,358	27,931,773
Fire, police and other public safety programs	1,368,092		1,368,092
Cultural, community and development programs	2,200,396		2,200,396
Self-insurance liabilities	20,840,472		20,840,472
Other government programs	2,218,825		2,218,825
Unrestricted	(466,562,388)	154,661,330	(311,901,058)
<b>Total net position</b>	<b>\$ 114,023,265</b>	<b>\$ 474,397,750</b>	<b>\$ 588,421,015</b>

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 41,281,443	\$ 67,816,293	\$ 484,132	\$	\$ 27,018,982	\$	\$ 27,018,982
Judicial	6,790,019	2,006,089	119,886		(4,664,044)		(4,664,044)
Public safety	140,378,971	5,003,219	1,834,697	3,363,843	(130,177,212)		(130,177,212)
Public works	54,783,301	4,168,069		15,670,118	(34,945,114)		(34,945,114)
Culture and recreation	15,812,351	4,416,785	483,036	3,747,411	(7,165,119)		(7,165,119)
Planning and community development	11,879,768	1,365,472	5,527,623	4,010,825	(975,848)		(975,848)
Urban development	14,091,779	825,175	128,024	450,000	(12,688,580)		(12,688,580)
Debt service							
Interest expense and fiscal charges	<u>43,638,851</u>				<u>(43,638,851)</u>		<u>(43,638,851)</u>
Total governmental activities	<u>328,656,483</u>	<u>85,601,102</u>	<u>8,577,398</u>	<u>27,242,197</u>	<u>(207,235,786)</u>		<u>(207,235,786)</u>
Business-type activities							
Sanitary sewer	51,557,336	67,640,096	2,106,678	15,084,733		33,274,171	33,274,171
Building permit	<u>7,637,116</u>	<u>10,009,688</u>	<u>324</u>			<u>2,372,896</u>	<u>2,372,896</u>
Total business-type activities	<u>59,194,452</u>	<u>77,649,784</u>	<u>2,107,002</u>	<u>15,084,733</u>		<u>35,647,067</u>	<u>35,647,067</u>
Total function/program	<u>\$ 387,850,935</u>	<u>\$ 163,250,886</u>	<u>\$ 10,684,400</u>	<u>\$ 42,326,930</u>	<u>(207,235,786)</u>	<u>35,647,067</u>	<u>(171,588,719)</u>
GENERAL REVENUES							
Property taxes					67,914,073		67,914,073
Room taxes					11,251,668		11,251,668
Sales taxes restricted for debt service					11,839,077		11,839,077
Other sales taxes					940,212		940,212
Intergovernmental shared revenues, unrestricted					71,671,374		71,671,374
Investment income					2,142,261	775,338	2,917,599
Gain on disposal of capital assets					2,317,168		2,317,168
Miscellaneous					<u>1,259,772</u>	<u>14,579</u>	<u>1,274,351</u>
Total general revenues					<u>169,335,605</u>	<u>789,917</u>	<u>170,125,522</u>

(Continued)

See notes to basic financial statements.

**CITY OF RENO**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2018**

	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					846,396	(846,396)	
CHANGE IN NET POSITION					<u>(37,053,785)</u>	<u>35,590,588</u>	<u>(1,463,197)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					258,439,791	447,155,542	705,595,333
Adjustment					<u>(107,362,741)</u>	<u>(8,348,380)</u>	<u>(115,711,121)</u>
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					<u>151,077,050</u>	<u>438,807,162</u>	<u>589,884,212</u>
NET POSITION, END OF YEAR					<u>\$ 114,023,265</u>	<u>\$ 474,397,750</u>	<u>\$ 588,421,015</u>

See notes to basic financial statements.



# **FUND FINANCIAL STATEMENTS**



**CITY OF RENO**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	General Fund	Special Revenue	Debt Service	Non-major Governmental Funds	Total Governmental Funds
		Funds	Funds		
	Streets	Railroad			
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 24,632,168	\$ 24,272,746	\$ 14,295,447	\$ 48,496,806	\$ 111,697,167
Accounts receivable	4,985,168	956,182	115,000	552,883	6,609,233
Interest receivable	93,206	90,693	7,690	118,678	310,267
Taxes receivable	282,163	88,111		3,923	374,197
Special assessments receivable	7,071		6,238,885	5,607,107	11,853,063
Due from other governments	13,778,276	1,371,523	2,734,348	4,875,495	22,759,642
Advances to other funds		123,785			123,785
Inventories	398,425	365,931			764,356
Prepaid items	560,755	3,953	532,181	67,507	1,164,396
Property held for sale				1,041,209	1,041,209
Notes receivable, net				1,001,612	1,001,612
<b>Total assets</b>	<b>\$ 44,737,232</b>	<b>\$ 27,272,924</b>	<b>\$ 23,923,551</b>	<b>\$ 61,765,220</b>	<b>\$ 157,698,927</b>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 2,353,222	\$ 1,077,759	\$ 496,780	\$ 996,960	\$ 4,924,721
Accrued salaries and benefits	6,976,160	140,545		12,642	7,129,347
Contracts payable	38,306	2,161,346		230,224	2,429,876
Due to other governments	2,536,295		401,169	1,412,428	4,349,892
Deposits	961,440	76	3,401	90,758	1,055,675
Advances from other funds				123,785	123,785
Interest payable				2,894,813	2,894,813
Debt obligations payable				3,030,000	3,030,000
<b>Total liabilities</b>	<b>12,865,423</b>	<b>3,379,726</b>	<b>901,350</b>	<b>8,791,610</b>	<b>25,938,109</b>

(Continued)

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2018**

	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	282,163	88,111		3,923	374,197	
Unavailable revenue, special assessments	7,071		5,448,986	5,067,422	10,523,479	
Unavailable revenue, other	<u>290,607</u>	<u>116,842</u>		<u>109,416</u>	<u>516,865</u>	
Total deferred inflows of resources	<u>579,841</u>	<u>204,953</u>	<u>5,448,986</u>	<u>5,180,761</u>	<u>11,414,541</u>	
Total liabilities and deferred inflows of resources	<u>13,445,264</u>	<u>3,584,679</u>	<u>6,350,336</u>	<u>13,972,371</u>	<u>37,352,650</u>	
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	398,425	365,931			764,356	
Prepaid items	560,755	3,953	532,181	67,507	1,164,396	
Long-term receivables				1,001,612	1,001,612	
Restricted for						
Debt service			17,041,034	21,083,395	38,124,429	
Capital improvement projects	54,762	169,798		12,517,853	12,742,413	
Fire, police and other public safety programs	170,258			1,197,834	1,368,092	
Cultural, community and development programs	166,833			2,033,563	2,200,396	
Other government programs				2,218,825	2,218,825	
Other government programs				921,687	921,687	
Assigned to						
Capital improvement projects		23,148,563		6,838,746	29,987,309	
Fire, police and other public safety programs	267,462			60,995	328,457	
Cultural, community and development programs	132,782				132,782	
Other government programs	974,418			2,257,744	3,232,162	
Unassigned	<u>28,566,273</u>			<u>(2,406,912)</u>	<u>26,159,361</u>	
Total fund balances	<u>31,291,968</u>	<u>23,688,245</u>	<u>17,573,215</u>	<u>47,792,849</u>	<u>120,346,277</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,737,232</u>	<u>\$ 27,272,924</u>	<u>\$ 23,923,551</u>	<u>\$ 61,765,220</u>	<u>\$ 157,698,927</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, 2018

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 120,346,277
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	\$ 1,793,529,432	
Less accumulated depreciation	<u>(904,983,998)</u>	888,545,434
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>6,572,741</u>	6,572,741
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	(439,540,150)	
Unamortized premiums and discounts	(11,012,968)	
Unamortized deferred refunding charges	18,520,314	
Compensated absences payable	(23,130,304)	
Postemployment benefits other than pensions	(218,078,617)	
Unamortized deferred outflows related to postemployment benefits other than pensions	5,466,172	
Unamortized deferred inflows related to postemployment benefits other than pensions	(9,406)	
Net pension liability	(227,735,943)	
Unamortized deferred outflows related to pensions	41,562,779	
Unamortized deferred inflows related to pensions	<u>(23,186,831)</u>	(877,144,954)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(16,638,851)	
Derivative instruments	(6,572,741)	
Other liabilities	<u>(1,402,325)</u>	(24,613,917)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>11,414,541</u>	11,414,541
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	(19,404,998)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	8,926,337	
Internal service fund balance receivable from business-type activities from current year activity	<u>(618,196)</u>	<u>(11,096,857)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 114,023,265</u>

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue	Debt Service	Non-major Governmental Funds	Total Governmental Funds
		Funds	Funds		
	Streets	Railroad			
<b>REVENUES</b>					
Taxes	\$ 49,549,489	\$ 15,535,317	\$ 1,025,199	\$ 16,253,319	\$ 82,363,324
Business licenses, permits, franchise and other fees	46,551,125	2,975,176		215,528	49,741,829
Intergovernmental shared revenues	74,262,444	6,833,646	10,211,963	12,144,046	103,452,099
Charges for services	13,743,066	10,328		2,043,063	15,796,457
Fines and forfeitures	2,648,619	5,632	2,569	45,177	2,701,997
Special assessments	1,900,443		828,562	719,251	3,448,256
Miscellaneous	3,173,565	411,934	494,097	6,968,827	11,048,423
Total revenues	<u>191,828,751</u>	<u>25,772,033</u>	<u>12,562,390</u>	<u>38,389,211</u>	<u>268,552,385</u>
<b>EXPENDITURES</b>					
Current					
General government	21,419,538			1,148,918	22,568,456
Judicial	6,922,351			144,259	7,066,610
Public safety	123,391,963			490,886	123,882,849
Public works	5,771,838	13,766,860		1,134,093	20,672,791
Culture and recreation	9,780,958			932,820	10,713,778
Planning and community development	3,396,883			8,681,874	12,078,757
Urban redevelopment				917,804	917,804
Other	9,865,177				9,865,177
Total current	<u>180,548,708</u>	<u>13,766,860</u>		<u>13,450,654</u>	<u>207,766,222</u>
Capital outlay					
General government				165,443	165,443
Public safety	153,036			709,062	862,098
Public works		4,882,769		4,641,476	9,524,245
Culture and recreation	263,196			1,726,076	1,989,272
Planning and community development	34,306			816,813	851,119
Total capital outlay	<u>450,538</u>	<u>4,882,769</u>		<u>8,058,870</u>	<u>13,392,177</u>

(Continued)

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		Debt Service Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad		
Debt service					
Principal payments	188,325		3,300,000	16,020,190	19,508,515
Interest expense and fiscal charges	3,734		5,178,851	8,289,795	13,472,380
Payment to current bond refunding agent			233,654,262		233,654,262
Debt issuance costs			1,894,599		1,894,599
Administrative and other costs			1,492,605	759,369	2,251,974
Total debt service	<u>192,059</u>		<u>245,520,317</u>	<u>25,069,354</u>	<u>270,781,730</u>
Total expenditures	<u>181,191,305</u>	<u>18,649,629</u>	<u>245,520,317</u>	<u>46,578,878</u>	<u>491,940,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,637,446</u>	<u>7,122,404</u>	<u>(232,957,927)</u>	<u>(8,189,667)</u>	<u>(223,387,744)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	1,765,105		230,730,310		232,495,415
Debt issuance premiums			7,346,769		7,346,769
Proceeds from capital asset disposal	1,896,069			306,346	2,202,415
Transfers in	1,752,107	924,230		13,838,171	16,514,508
Transfers out	<u>(5,801,236)</u>	<u>(6,570,250)</u>		<u>(4,031,022)</u>	<u>(16,402,508)</u>
Total other financing sources (uses)	<u>(387,955)</u>	<u>(5,646,020)</u>	<u>238,077,079</u>	<u>10,113,495</u>	<u>242,156,599</u>
CHANGE IN FUND BALANCE	10,249,491	1,476,384	5,119,152	1,923,828	18,768,855
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 31,291,968</u>	<u>\$ 23,688,245</u>	<u>\$ 17,573,215</u>	<u>\$ 47,792,849</u>	<u>\$ 120,346,277</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, 2018

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ 18,768,855
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	\$ 13,304,456	
Less current year depreciation	(46,478,117)	
Disposition of capital assets	<u>(12,809,616)</u>	(45,983,277)
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	(1,993,349)	
Capital asset contributions	<u>10,845,744</u>	8,852,395
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	(232,495,415)	
Debt discounts	(7,346,769)	
Debt principal repayments	<u>193,639,742</u>	(46,202,442)
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	(7,894,416)	
Change in compensated absences payable	(600,351)	
Change in net pension liability	(190,198)	
Amortization of deferred refunding charges	(1,463,110)	
Amortization of debt premiums and discounts	376,504	
Change in accrued interest	34,589,742	
Change in provision for loss contingencies	(1,402,326)	
Other	<u>618,717</u>	24,034,562
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	4,094,318	
The internal service funds change in net position related to business-type activities	<u>(618,196)</u>	<u>3,476,122</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ (37,053,785)</u>



# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2018

	Business-type Activities			Governmental
			Non-major	Internal Service
	Sanitary Sewer	Building Permit	Enterprise Funds	Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and investments	\$ 74,435,664	\$ 10,830,291	\$ 85,265,955	\$ 34,991,624
Accounts receivable	9,725,225		9,725,225	945,654
Interest receivable	295,295	35,555	330,850	114,549
Due from other governments	2,007,125		2,007,125	294,144
Inventories	279,051		279,051	164,572
Prepaid items	52,913	501	53,414	135,280
Restricted assets				
Cash, cash equivalents and investments	<u>15,691,808</u>		<u>15,691,808</u>	
Total current assets	<u>102,487,081</u>	<u>10,866,347</u>	<u>113,353,428</u>	<u>36,645,823</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	46,481,700		46,481,700	
Land	11,301,180		11,301,180	
Water rights	1,812,114		1,812,114	
Buildings and building improvements	5,626,136	1,996,503	7,622,639	
Improvements other than buildings	290,470,417		290,470,417	
Machinery, equipment and software	<u>297,990</u>	<u>53,442</u>	<u>351,432</u>	<u>7,998,130</u>
Total capital assets, net of accumulated depreciation and amortization	<u>355,989,537</u>	<u>2,049,945</u>	<u>358,039,482</u>	<u>7,998,130</u>
Other assets				
Due from other governments	4,219,230		4,219,230	
Truckee Meadows Water Reclamation Facility	<u>92,979,554</u>		<u>92,979,554</u>	
Total other assets	<u>97,198,784</u>		<u>97,198,784</u>	
Total noncurrent assets	<u>453,188,321</u>	<u>2,049,945</u>	<u>455,238,266</u>	<u>7,998,130</u>
Total assets	<u>555,675,402</u>	<u>12,916,292</u>	<u>568,591,694</u>	<u>44,643,953</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized deferred refunding charges	289,219		289,219	
Unamortized amounts related to pensions	2,048,425	1,371,457	3,419,882	288,183
Unamortized amounts related to postemployment benefits other than pensions	<u>76,339</u>	<u>51,095</u>	<u>127,434</u>	<u>12,986</u>
Total deferred outflows of resources	<u>2,413,983</u>	<u>1,422,552</u>	<u>3,836,535</u>	<u>301,169</u>

(Continued)

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2018

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Building Permit	Non-major Enterprise Funds	Total Enterprise Funds
			Internal Service Funds	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and other accrued liabilities	2,540,997	49,542	2,590,539	232,572
Other accrued liabilities payable from restricted assets	55,144		55,144	
Accrued salaries and benefits	194,052	121,747	315,799	31,841
Contracts payable	3,300,091	28,270	3,328,361	
Contracts payable from restricted assets	904,332		904,332	
Due to other governments	215,854	30,524	246,378	
Deposits	185,203		185,203	
Interest payable	588,808	104	588,912	
Debt obligations payable	5,559,724		5,559,724	
Compensated absences	650,961	322,019	972,980	53,491
Self-insurance liability				7,859,547
Total current liabilities	<u>14,195,166</u>	<u>552,206</u>	<u>14,747,372</u>	<u>8,177,451</u>
Noncurrent liabilities				
Debt obligations payable	48,149,914		48,149,914	
Compensated absences	162,631	217,296	379,927	
Postemployment benefits other than pensions	3,461,131	2,316,596	5,777,727	588,755
Self-insurance liability				53,842,338
Net pension liability	11,240,421	7,525,662	18,766,083	1,581,358
Total noncurrent liabilities	<u>63,014,097</u>	<u>10,059,554</u>	<u>73,073,651</u>	<u>56,012,451</u>
Total liabilities	<u>77,209,263</u>	<u>10,611,760</u>	<u>87,821,023</u>	<u>64,189,902</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized amounts related to pensions	1,138,841	762,474	1,901,315	160,218
<b>NET POSITION</b>				
Net investment in capital assets	302,569,117	2,049,945	304,619,062	7,998,130
Restricted				
Capital improvement projects	15,117,358		15,117,358	
Self-insurance liabilities				20,840,472
Unrestricted	<u>162,054,806</u>	<u>914,665</u>	<u>162,969,471</u>	<u>(48,243,600)</u>
Total net position	<u>\$ 479,741,281</u>	<u>\$ 2,964,610</u>	<u>\$ 482,705,891</u>	<u>\$ (19,404,998)</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>(8,308,141)</u>	
Net position of business-type activities			<u>\$ 474,397,750</u>	

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities			Governmental Activities	
			Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Building Permit			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 65,996,433	\$ 10,003,548	\$	\$ 75,999,981	\$ 45,611,399
Licenses and permits	320,179			320,179	
Fines and forfeitures	1,293,310	5,580		1,298,890	
Miscellaneous	44,731	582		45,313	1,389,152
Total operating revenues	<u>67,654,653</u>	<u>10,009,710</u>		<u>77,664,363</u>	<u>47,000,551</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	5,816,397	3,829,495		9,645,892	911,242
Employee benefits	2,424,004	1,825,873		4,249,877	290,035
Services and supplies	12,604,341	2,185,737		14,790,078	40,308,703
Joint sewer plant	13,551,578			13,551,578	
Depreciation and amortization	10,411,825	28,284		10,440,109	2,251,175
Total operating expenses	<u>44,808,145</u>	<u>7,869,389</u>		<u>52,677,534</u>	<u>43,761,155</u>
Operating income	<u>22,846,508</u>	<u>2,140,321</u>		<u>24,986,829</u>	<u>3,239,396</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State grants		324		324	
Other grants	2,106,678			2,106,678	
Investment income	681,072	94,266		775,338	335,283
Interest and fiscal charges	(1,240,382)			(1,240,382)	
Gain (loss) on capital asset disposition	(762,464)			(762,464)	143,056
Truckee Meadows Water Reclamation Facility	(5,866,664)			(5,866,664)	
Total nonoperating revenues (expenses)	<u>(5,081,760)</u>	<u>94,590</u>		<u>(4,987,170)</u>	<u>478,339</u>
Income (loss) before capital contributions and transfers	<u>17,764,748</u>	<u>2,234,911</u>		<u>19,999,659</u>	<u>3,717,735</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	6,037,726			6,037,726	191,614
Federal grants					184,969
Sewer connection charges	9,047,007			9,047,007	
Total capital contributions	<u>15,084,733</u>			<u>15,084,733</u>	<u>376,583</u>
<b>TRANSFERS</b>					
Transfers out	(112,000)			(112,000)	
CHANGE IN NET POSITION	<u>32,737,481</u>	<u>2,234,911</u>		<u>34,972,392</u>	<u>4,094,318</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					
	452,023,834	4,058,045			(22,667,101)
Adjustment	(5,020,034)	(3,328,346)			(832,215)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>447,003,800</u>	<u>729,699</u>			<u>(23,499,316)</u>
NET POSITION, END OF YEAR	<u>\$ 479,741,281</u>	<u>\$ 2,964,610</u>	<u>\$</u>		<u>\$ (19,404,998)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>618,196</u>	
CHANGE IN NET POSITION, BUSINESS-TYPE ACTIVITIES				<u>\$ 35,590,588</u>	

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities			Governmental
			Total Enterprise	Internal Service
	Sanitary Sewer	Building Permit	Funds	Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 70,398,356	\$ 10,009,128	\$ 80,407,484	\$ 46,001,887
Cash received from interfund services				100,000
Cash received from other sources	111,713	582	112,295	1,294,084
Cash payments for goods and services	(27,612,366)	(1,368,376)	(28,980,742)	(36,959,707)
Cash payments for employee services	(7,872,899)	(5,247,132)	(13,120,031)	(1,228,329)
Cash payments for interfund goods and services	(243,938)	(1,046,215)	(1,290,153)	(416,759)
Cash payments for interfund employee benefits	(1,125,937)	(579,285)	(1,705,222)	(175,137)
Net cash provided by operating activities	<u>33,654,929</u>	<u>1,768,702</u>	<u>35,423,631</u>	<u>8,616,039</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(112,000)		(112,000)	
Cash received from grants	2,106,678	324	2,107,002	184,969
Net cash provided by (used in) noncapital financing activities	<u>1,994,678</u>	<u>324</u>	<u>1,995,002</u>	<u>184,969</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(15,606,370)	(1,460,998)	(17,067,368)	(1,771,870)
Proceeds received from disposal of capital assets				56,453
Principal payments on debt	(5,405,920)		(5,405,920)	
Payments of interest and fiscal charges	(1,277,441)	(13)	(1,277,454)	
Connection charges	9,047,008		9,047,008	
Truckee Meadows Water Reclamation Facility	(3,820,413)		(3,820,413)	
Net cash used in capital financing activities	<u>(17,063,136)</u>	<u>(1,461,011)</u>	<u>(18,524,147)</u>	<u>(1,715,417)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	708,678	95,930	804,608	345,857
Change in fair value of cash equivalent investments	(215,367)	(21,224)	(236,591)	(83,153)
Net cash provided by (used in) investing activities	<u>493,311</u>	<u>74,706</u>	<u>568,017</u>	<u>262,704</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,079,782	382,721	19,462,503	7,348,295
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>71,047,690</u>	<u>10,447,570</u>	<u>81,495,260</u>	<u>27,643,329</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 90,127,472</u>	<u>\$ 10,830,291</u>	<u>\$ 100,957,763</u>	<u>\$ 34,991,624</u>

(Continued)

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities			Governmental
			Total Enterprise	Internal Service
	Sanitary Sewer	Building Permit	Funds	Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 22,846,508	\$ 2,140,321	\$ 24,986,829	\$ 3,239,396
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	10,411,825	28,284	10,440,109	2,251,175
(Increase) decrease in operating assets				
Accounts receivable	2,727,291		2,727,291	490,487
Notes receivable	727,280		727,280	
Due from other governments	(660,296)		(660,296)	(95,068)
Inventories	(11,409)		(11,409)	(30,750)
Prepaid items	(6,170)	1,034	(5,136)	43,528
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	832,279	37,396	869,675	(629,689)
Accrued salaries and benefits	36,351	16,654	53,005	6,666
Contracts and retention payable	(1,093,380)	(279,165)	(1,372,545)	
Due to other governments	(1,421,708)	11,884	(1,409,824)	
Deposits	61,142		61,142	
Compensated absences	105,609	42,454	148,063	5,841
Self-insurance liability				3,549,151
Postemployment benefits other than pensions	3,127,995	2,111,566	5,239,561	532,638
Net pension liability	(4,028,388)	(2,341,726)	(6,370,114)	(747,336)
Total adjustments	10,808,421	(371,619)	10,436,802	5,376,643
Net cash provided by operating activities	\$ 33,654,929	\$ 1,768,702	\$ 35,423,631	\$ 8,616,039
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	\$ 6,037,726	\$	\$ 6,037,726	\$ 191,614

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>OPEB Trust</u>	<u>Agency Funds</u>
	<u>Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 7,753,129	\$ 8,536,120
Investment in RBIF Retirement System		
Interest receivable		8,406
Special assessments receivable		1,101,258
Due from other governments		<u>13,064</u>
Total assets	<u>7,753,129</u>	<u>9,658,848</u>
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities		33,404
Deposits		2,615,827
Due to developers, employees and others		<u>7,009,617</u>
Total liabilities		<u>9,658,848</u>
<b>NET POSITION</b>		
Assets held in trust for pension and other employee benefits	<u>7,753,129</u>	
<b>TOTAL NET POSITION</b>	<u>\$ 7,753,129</u>	<u>\$</u>

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 1,201,931
Plan members	52,726
Investment earnings	
Interest, dividends and other investment income	160,733
Net change in fair value of investment	375,732
Investment expense	<u>(1,655)</u>
Total additions	<u>1,789,467</u>
CHANGE IN NET POSITION	1,789,467
NET POSITION, BEGINNING OF YEAR	<u>5,963,662</u>
NET POSITION, END OF YEAR	<u><u>\$ 7,753,129</u></u>





**NOTES TO BASIC  
FINANCIAL STATEMENTS**



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018

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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, 2018

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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 funds:

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

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

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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Internal Service Funds - 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.

### 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 - Account 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, 2018, notes receivable are shown net of an allowance for uncollectible amounts totaling \$48,364,693.

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, 2018

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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, 2018

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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	1-40

### 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, 2018

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### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the City's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the City's OPEB Plans. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms and investments are reported at estimated fair value.

### 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, 2018

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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, 2018

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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, 2018

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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 term 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, 2018, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General Fund, Intergovernmental Function	\$ (165,313)
Sanitary Sewer Fund, Non-operating Revenue (Expense)	(1,570,976)
Motor Vehicle Internal Service Fund	(68,920)

For the year ended June 30, 2018, 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	\$ (2,200,233)
ReTRAC Debt Service Fund, Debt Service Function	(235,964,639)
Self-funded Workers Compensation Internal Service Fund	(3,179,317)

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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

### **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, 2018 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, 2018 – \$51,848  
 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, 2018 – \$720,161  
 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, 2018 – \$1,036,445  
 Specific tax being abated – Sales and use taxes

Agreement/program description – Nevada Revised Statutes 701A.370 - Partial abatement of certain taxes imposed on renewable energy facilities  
 Amount abated during the year ended June 30, 2018 – \$949  
 Specific tax being abated – Property taxes and/or sales and use taxes

### **Prior Period Adjustment**

Fund balance or net position as of July 1, 2017, has been retroactively adjusted as a result of implementing new accounting pronouncements as follows (Note 4 "Defined Benefit Pension Plans" and "Postemployment Benefits Other Than Pensions (OPEB) and OPEB Trust Fund"):

	Sanitary Sewer Enterprise Fund	Building Permit Enterprise Fund	Internal Service Funds	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ 452,023,834	\$ 4,058,045	\$ (22,667,101)	\$ 258,439,791	\$ 456,081,879
Adjustments					
GASB #75 (OPEB)	(4,098,662)	(2,743,307)	(697,202)	(88,478,765)	(6,841,969)
GASB #82 (Pensions)	(921,372)	(585,039)	(135,013)	(18,883,976)	(1,506,411)
Total adjustments	(5,020,034)	(3,328,346)	(832,215)	(107,362,741)	(8,348,380)
Net position or fund balance, as adjusted	\$ 447,003,800	\$ 729,699	\$ (23,499,316)	\$ 151,077,050	\$ 447,733,499

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

At June 30, 2018, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of \$50,323,362. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung presumptive liability issue. The \$2,406,912 negative fund balance in the City of Reno Debt Service Fund is due to insufficient pledged revenues for the 2007A & B Sales Tax Increment Revenue Bonds.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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

GASB Statement No. 90, Majority Equity Interests. This statement was issued in August 2018 and is effective for periods beginning after December 15, 2018. This statement addresses the reporting of a majority equity interest in a legally separate organization and requires that such majority equity interest be reported as an investment. Management has not yet completed its assessment of this statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement was issued in June 2018 and is effective for periods beginning after December 15, 2019. This statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that such interest costs be recognized as an expense in the period in which the cost is incurred. Management has not yet completed its assessment of this statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This statement was issued in March 2018 and is effective for periods beginning after June 15, 2018. This statement addresses the information to be disclosed related to debt, including direct borrowings and direct placements and clarifies which liabilities governments should include when disclosing information related to debt. Management has not yet completed its assessment of this statement.

In June 2017, the GASB issued Statement No. 87, Leases effective for financial statements for periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement also establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Management has not completed its assessment of this statement to determine whether it will have a material effect on the City's net position, results of operations, or cash flows.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities effective for financial statements 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 completed its assessment of this statement to determine whether it will have a material effect on the City's net position, results of operations, or cash flows.

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations effective for financial statements for periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). Specifically, Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs; requires the measurement of an ARO be based on the best estimate of the current value of outlays expected to be incurred; requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually and to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays; and requires disclosure of information about the nature of the government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining life of the associated tangible capital assets. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements effective for financial statements for periods beginning after December 15, 2018. The objective of this statement is to address accounting and financial reporting for resources received pursuant to an irrevocable split-interest agreement. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

### Note 3. Detailed Notes on all Funds

#### Cash, Cash Equivalents and Investments

At June 30, 2018, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 21,304,466
Cash equivalents	11,465,709
Investments	<u>202,747,006</u>
Total pooled cash, cash equivalents and investments	<u>235,517,181</u>
Non-pooled cash, cash equivalents and investments	
Cash on hand	22,850
Cash in bank	674,406
Cash equivalents	12,741,012
Investments	<u>14,980,354</u>
Total non-pooled cash, cash equivalents and investments	<u>28,418,622</u>
Total cash, cash equivalents and investments	<u>\$ 263,935,803</u>

At June 30, 2018, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements follows:

Governmental activities	\$ 146,688,792
Business-type activities	100,957,762
Fiduciary funds	<u>16,289,249</u>
Total cash, cash equivalents and investments	<u>\$ 263,935,803</u>

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 \$21,978,700, and the bank balance was \$27,583,123. As of June 30, 2018, 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

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 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, 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 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, 2018, 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%	04/15/2019 to 07/31/2020	\$ 99,200,000	\$ 98,289,884	\$ 97,879,316	1.11
Commercial paper	1.0%	10/22/2018	5,791,000	5,791,000	5,791,000	0.31
U.S. Agency securities						
Federal National Mortgage Association	1.0% to 2.50%	02/26/2019 to 01/05/2022	38,000,000	37,577,600	37,504,280	2.16
Federal Home Loan Bank	0.875% to 2.350%	08/10/2018 to 02/12/2021	43,000,000	42,932,405	42,624,860	1.10
Federal Home Loan Mortgage Corporation	1.0%	09/28/2018	9,000,000	9,005,400	8,977,950	0.25
Local Government Investment Pool	Variable	On demand		11,479,905	11,465,709	N/A
Notes, bonds and other obligations issued by U.S. Corporations	1.625% to 1.650%	12/05/2018 to 12/06/2018	<u>10,000,000</u>	<u>10,122,700</u>	<u>9,969,600</u>	0.43
<b>Total pooled cash equivalents and investments</b>			<u>204,991,000</u>	<u>215,198,894</u>	<u>214,212,715</u>	

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	\$	\$ 19,968,238	\$ 19,968,238	N/A
Nevada RBIF Retirement System Trust Units	Variable	On demand	_____	7,753,129	7,753,129	N/A
Total non-pooled cash equivalents and investments			_____	27,721,367	27,721,367	
Total cash equivalents and investments			\$ 204,991,000	\$ 242,920,261	\$ 241,934,082	

\* 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 a given time. The City manages its exposure to declines in fair values 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	*	*	45.70 %
Commercial paper	A1+	P1	2.70 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	17.51 %
Federal Home Loan Bank			19.90 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	4.19 %
Local government investment pool	N/A	N/A	5.35 %
Notes, bonds and other obligations issued by U.S. Corporations			4.65 %
Total pooled investments			100.00 %
Non-pooled investments			
Money market mutual funds	AAA	Aaa	100.00 %
Total non-pooled investments			100.00 %

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

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

Investments in any one issuer that represent 5% or more of total investments at June 30, 2018, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	40.46 %
Money market mutual funds	11.46 %
U.S. Agency securities	
Federal National Mortgage Association	15.50 %
Federal Home Loan Bank	17.62 %

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, 2018, the City owned one hedging derivative instrument with a reported fair value and change in fair value as follows:

		Notional	Classification	Change in Fair Value		Fair value at June 30, 2018	
				Dr (Cr) Amount	Amount	Classification	Dr (Cr) Amount
Derivative instrument # 1 (fixed interest rate swap)	\$	62,600,000	Deferral	\$ 2,882,196		Derivatives	\$ (6,572,741)
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)							

The City paid off derivative instrument #2 as part of the refunding of the 2008A Senior Lien Sales Tax Refunding Bonds and issuance of the 2018 First Lien and Second Lien Sales Tax Refunding Bonds.

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

The fair value is the market value 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 value does not necessarily reflect the actual dollar amount that Goldman Sachs, as the counterparty to the derivative, would require to be paid to terminate the derivative instrument, nor does it 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

The remaining derivative instrument 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 the derivative instrument was reported as a net liability on the Statement of Net Position.

The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. 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 swap 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 2018, the weighted average interest rate on the City's hedged 2005A variable-rate debt was 1.2952%, whereas the weighted average rate on the payment received from the counterparty was 1.60683%.

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 S & P and Moody's.

As of June 30, 2018, aggregate debt service requirements of the City's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument is presented in the following table. The amounts were based on forward rates calculated using swap curves as of June 30, 2018. 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>
2019	\$ 2,525,000	\$ 1,091,062	\$ 1,036,013	\$ 4,652,075
2020	2,725,000	1,176,728	859,844	4,761,572
2021	2,975,000	1,138,176	800,860	4,914,036
2022	3,225,000	1,055,798	776,804	5,057,602
2023	3,475,000	991,373	727,941	5,194,314
2024 - 2028	21,750,000	3,829,194	2,706,442	28,285,636
2029 - 2033	<u>23,625,000</u>	<u>1,238,951</u>	<u>847,441</u>	<u>25,711,392</u>
	<u>\$ 60,300,000</u>	<u>\$ 10,521,282</u>	<u>\$ 7,755,345</u>	<u>\$ 78,576,627</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

### Capital Assets

For the year ended June 30, 2018, capital asset activity was as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 7,411,946	\$ 12,273,551	\$	\$ (13,255,094)	\$ 6,430,401
Land	153,182,550	1,447,703	(7,343,694)		147,286,559
Water rights	<u>1,125,000</u>				<u>1,125,000</u>
Total capital assets not being depreciated or amortized	<u>161,719,496</u>	<u>13,721,254</u>	<u>(7,343,694)</u>	<u>(13,255,094)</u>	<u>154,841,960</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	236,577,364	2,377,081	(10,589,387)	5,752,317	234,117,375
Improvements other than buildings	370,219,932	59,762	(250,930)	3,443,056	373,471,821
Infrastructure	978,771,062	6,354,981	(408,310)	3,467,031	988,184,765
Machinery, equipment and software	67,347,463	3,279,452	(3,148,112)	592,690	68,071,493
Art and historical treasures	<u>2,779,320</u>	<u>594,443</u>	<u>(25,500)</u>		<u>3,348,263</u>
Total capital assets being depreciated or amortized	<u>1,655,695,141</u>	<u>12,665,719</u>	<u>(14,422,239)</u>	<u>13,255,094</u>	<u>1,667,193,717</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(75,821,352)	(6,955,023)	5,441,021		(77,335,354)
Improvements other than buildings	(95,519,585)	(7,271,487)	247,284		(102,543,788)
Infrastructure	(665,609,381)	(30,415,469)	408,310		(695,616,540)
Machinery, equipment and software	(47,959,770)	(4,045,259)	2,826,245		(49,178,784)
Art and historical treasures	<u>(791,081)</u>	<u>(42,057)</u>	<u>15,492</u>		<u>(817,647)</u>
Total accumulated depreciation and amortization	<u>(885,701,169)</u>	<u>(48,729,295)</u>	<u>8,938,352</u>		<u>(925,492,113)</u>
Total capital assets being depreciated or amortized, net	<u>769,993,972</u>	<u>(36,063,576)</u>	<u>(5,483,887)</u>	<u>13,255,094</u>	<u>741,701,604</u>
Total governmental activities	<u>\$ 931,713,468</u>	<u>\$ (22,342,322)</u>	<u>\$ (12,827,581)</u>	<u>\$</u>	<u>\$ 896,543,564</u>

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

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 32,485,438	\$ 16,149,789	\$ (22,127)	\$ (2,131,400)	\$ 46,481,700
Land	11,301,180				11,301,180
Water rights	<u>1,812,114</u>				<u>1,812,114</u>
Total capital assets not being depreciated or amortized	<u>45,598,732</u>	<u>16,149,789</u>	<u>(22,127)</u>	<u>(2,131,400)</u>	<u>59,594,994</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Capital assets being depreciated or amortized					
Buildings and building improvements	\$ 12,304,507			\$ 2,021,775	\$ 14,326,282
Improvements other than buildings	444,139,696	6,071,118		109,625	450,320,439
Machinery, equipment and software	<u>1,272,962</u>	<u>171,917</u>	<u>(601,848)</u>		<u>843,031</u>
Total capital assets being depreciated or amortized	<u>457,717,165</u>	<u>6,243,035</u>	<u>(601,848)</u>	<u>2,131,400</u>	<u>465,489,752</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(6,411,818)	(291,825)			(6,703,643)
Improvements other than buildings	(149,727,556)	(10,122,466)			(159,850,022)
Machinery, equipment and software	<u>(1,039,561)</u>	<u>(25,818)</u>	<u>573,780</u>		<u>(491,599)</u>
Total accumulated depreciation and amortization	<u>(157,178,935)</u>	<u>(10,440,109)</u>	<u>573,780</u>		<u>(167,045,264)</u>
Total capital assets being depreciated or amortized, net	<u>300,538,230</u>	<u>(4,197,074)</u>	<u>(28,068)</u>	<u>2,131,400</u>	<u>298,444,488</u>
Total business-type activities	<u>\$ 346,136,962</u>	<u>\$ 11,952,715</u>	<u>\$ (50,195)</u>	<u>\$</u>	<u>\$ 358,039,482</u>

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

For the year ended June 30, 2018, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,557,525
Judicial	476,937
Public safety	2,719,083
Public works	34,771,694
Culture and recreation	5,484,288
Planning and community development	212,024
Urban development	1,255,064
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>2,251,175</u>
Total depreciation expense, governmental activities	<u>\$ 48,727,790</u>
Business-type activities	
Sanitary sewer	\$ 10,411,824
Building permit	<u>28,285</u>
Total depreciation expense, business-type activities	<u>\$ 10,440,109</u>

### **Advances To and From Other Funds**

At June 30, 2018, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
Streets Special Revenue Fund	\$ 123,785	
Non-major Governmental Funds		<u>123,785</u>
	<u>\$ 123,785</u>	<u>\$ 123,785</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

The purpose of the advances in the following schedule, which summarized the related annual debt service requirements, was 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	
	Principal	Interest
2019	\$ 17,706	\$ 7,165
2020	18,784	6,087
2021	19,928	4,943
2022	21,142	3,730
2023	22,430	2,442
2024 - 2028	23,795	1,076
	\$ 123,785	\$ 25,443

#### **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, 2018, non-capital asset related interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	\$ 1,752,107
Streets Special Revenue Fund	General Fund	5,000
	Non-major Governmental Funds	919,230
Non-major Governmental Funds	General Fund	5,796,236
	Streets Special Revenue Fund	6,570,250
	Non-major Governmental Funds	1,359,685
	Sanitary Sewer Enterprise Fund	112,000
		\$ 16,514,508

#### **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, 2018

Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2018	\$ 216,173,470
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 7,800,745
Total pledged revenue for the year ended June 30, 2018	\$ 9,912,052
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 court administrative assessments, which was the secondary bond repayment source for the fiscal year.

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, 2018	\$ 11,334,733
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 628,133
Total pledged revenue for the year ended June 30, 2018	\$ 1,025,199
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, 2018	\$ 216,173,470
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 7,800,745
Total pledged revenue for the year ended June 30, 2018	\$ 7,308,361
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, 2018	\$ 38,473,813
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 1,419,388
Total pledged revenue for the year ended June 30, 2018	\$ 1,627,114
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 \$5,924,813.

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

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, 2018	\$ 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 2018, 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, 2018	\$ 648,226,765
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 7,982,849
Total pledged revenue for the year ended June 30, 2018	\$ 10,211,963
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
2018A 1st Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2058
2018B 2nd Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2058
2018C 1st Subordinate Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2047
2018C 1st Subordinate Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2059

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, 2018	\$ 6,423,400
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 1,415,711
Total pledged revenue for the year ended June 30, 2018	\$ 1,300,116
Revenue bonds issued and revenue pledge maturity	
2014 Taxable Lease Revenue Refunding Bond	July 1, 2024

#### 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, 2018	\$ 65,852,003
Total revenue bond principal and interest paid during the year ended June 30, 2018	\$ 6,724,059
Total pledged revenue for the year ended June 30, 2018	\$ 44,382,555
Revenue bonds issued and revenue pledge maturity	
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.

#### Special Assessment Bonds

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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

### Installment Purchase Agreements

The City 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, 2018, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</u>
Governmental activities				
General obligations bonds				
2013A Capital Improvement Refunding Bonds	June 1, 2018 - June 1, 2032	4.00% - 5.00%	\$ 36,115,000	\$ 35,080,000
2013B Medium-Term Various Purpose Bonds	June 1, 2014 - June 1, 2023	2.00% - 5.00%	<u>32,995,000</u>	<u>6,700,000</u>
Total general obligations bonds			<u>69,110,000</u>	<u>41,780,000</u>
Tax allocation bonds				
2007A Tax Increment Senior Lien (Taxable)	June 1, 2018 - June 1, 2023	6.10%	4,000,000	3,375,000
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, 2019 - Jun 29, 2035	2.46%	<u>655,000</u>	<u>655,000</u>
Total tax allocation bonds			<u>21,345,000</u>	<u>20,720,000</u>
Revenue bonds				
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	60,300,000
2005B Capital Improvement Bonds	June 1, 2037 - June 1, 2040	5.42% - 5.48%	6,445,154	6,445,154
2005C Capital Improvement Bonds	June 1, 2033 - June 1, 2037	5.78%	9,192,402	9,192,402
2006C Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	8,720,000	6,865,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</u>
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020	N/A	\$ 10,000,000	\$ 9,567,473
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	13,025,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	15,135,000
2014 Taxable Lease Refunding Bonds	June 1, 2014 - June 1, 2024	Variable	9,188,000	5,836,000
2018A 1st Senior Lien ReTRAC Refunding Bonds	June 1, 2019 - June 1, 2058	4.0%-5.0%	123,275,000	123,275,000
2018B 2nd Senior ReTRAC Refunding Bonds	June 1, 2019 - June 1, 2058	4.0%-5.0%	32,680,000	32,680,000
2018C 1st Subordinate Lien ReTRAC Refunding Bonds	July 1, 2019 - July 1, 2046	6.15%	58,659,820	58,659,820
2018D 2nd Subordinate ReTRAC Refunding Bonds	July 1, 2046 - July 1, 2058	6.75%	<u>16,115,490</u>	<u>16,115,490</u>
Total revenue bonds			<u>382,425,866</u>	<u>357,096,339</u>
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	340,000
1999 Special Assessment District No. 2, Series 2016	June 1, 2017 - June 1, 2025	1.45% - 3.00%	6,640,000	5,190,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	230,000
2002 Special Improvement District No. 5	December 1, 2006 - December 1, 2025	5.70% - 7.25%	7,500,000	4,145,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	181,000
2010 Special Assessment District No. 2	November 1, 2012 - November 1, 2041	4.00%	<u>939,800</u>	<u>829,930</u>
Total special assessment bonds			<u>20,428,528</u>	<u>10,915,930</u>
Notes payable				
Washoe County (Accela)	January 31, 2016 - October 31, 2020	1.99	300,221	150,111
Axon (RPD Body Cameras)	July 1, 2018 - July 1, 2021	N/A	<u>1,765,105</u>	<u>1,715,106</u>
Total notes payable			<u>2,065,326</u>	<u>1,865,217</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>		<u>Balance June 30, 2018</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 - December 15, 2023	1.00%	\$ 2,340,000	\$	936,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000		1,228,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000		7,983,000
IPS Group, Inc	March 1, 2014 - February 1, 2019		<u>391,409</u>		<u>45,664</u>
Total installment purchase agreements			<u>15,852,409</u>		<u>10,192,664</u>
Total governmental activities			<u>511,227,129</u>		<u>442,570,150</u>
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		19,645,000
2016 Sewer General Refunding Bonds	January 1, 2017 - July 1, 2025	1.610%	<u>41,245,638</u>		<u>34,005,099</u>
Total general obligations bonds			<u>62,995,638</u>		<u>53,650,099</u>
Total business-type activities			<u>62,995,638</u>		<u>53,650,099</u>
Total long-term debt obligations			<u>\$ 574,222,767</u>		<u>\$ 496,220,249</u>

At June 30, 2018, annual debt service requirements to maturity were as follows:

<u>For the Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
Governmental activities		
General obligations bonds		
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	2,050,000	1,397,963
2024 - 2028	12,665,000	5,340,713
2029 - 2033	<u>14,270,000</u>	<u>1,825,863</u>
Total general obligations bonds	<u>41,780,000</u>	<u>15,327,641</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

For the Year Ended June 30,	Principal	Interest
Tax allocation bonds		
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	2,251,000	668,718
2024 - 2028	10,302,000	1,413,281
2029 - 2033	218,000	26,556
2034 - 2038	94,000	2,915
Total tax allocation bonds	20,720,000	5,912,854
Revenue bonds		
2019	9,419,000	13,276,534
2020	7,102,000	10,623,848
2021	17,261,473	10,316,243
2022	8,320,000	9,982,767
2023	8,933,000	9,622,073
2024 - 2028	49,143,000	41,710,383
2029 - 2033	40,433,194	40,790,958
2034 - 2038	27,286,574	70,624,529
2039 - 2043	23,117,788	40,113,205
2044 - 2048	24,285,000	114,553,879
2049 - 2053	30,215,000	11,153,644
2054 - 2058	36,805,000	4,562,281
2059 - 2063	74,775,310	145,747,335
Total revenue bonds	357,096,339	523,077,679
Special assessment bonds		
2019	1,266,010	490,736
2020	1,306,870	438,306
2021	1,354,760	383,083
2022	1,406,690	324,898
2023	1,383,660	260,048
2024 - 2028	3,621,250	416,109
2029 - 2033	170,080	98,874
2034 - 2038	207,750	61,212
2039 - 2043	198,860	16,307
Total special assessment bonds	10,915,930	2,489,573
Notes payable		
2019	488,821	2,539
2020	488,821	1,344
2021	458,799	224
2022	428,776	
Total notes payable	1,865,217	4,107

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

For the Year Ended June 30,	Principal	Interest
Installment purchase agreements		
2019	\$ 908,664	\$ 603,470
2020	921,000	556,308
2021	983,000	505,406
2022	1,049,000	450,504
2023	1,118,000	391,346
2024 - 2028	5,213,000	857,346
Total installment purchase agreements	10,192,664	3,364,380
Total governmental activities	\$ 442,570,150	\$ 550,176,234
Business-type activities		
General obligation/pledged revenue bonds		
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	6,235,843	849,696
2024 - 2028	11,057,214	3,102,470
2029 - 2033	4,255,000	2,250,850
2034 - 2038	5,200,000	1,305,622
2039 - 2043	3,675,000	231,516
Total general obligation/pledged revenue bonds	53,650,099	12,201,905
Total business-type activities	\$ 53,650,099	\$ 12,201,905

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

Long-term liabilities activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental activities					
General obligations bonds					
2013A Capital Improvement Refunding Bonds	\$ 36,115,000		\$ (1,035,000)	\$ 35,080,000	\$ 1,325,000
2013B Medium-Term Various Purpose Bonds	<u>12,655,000</u>		<u>(5,955,000)</u>	<u>6,700,000</u>	<u>6,315,000</u>
Total general obligations bonds	<u>48,770,000</u>		<u>(6,990,000)</u>	<u>41,780,000</u>	<u>7,640,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	1,105,000		(1,105,000)		
2007A Tax Increment Senior Lien (Taxable)	4,000,000		(625,000)	3,375,000	595,000
2007B Tax Increment Senior Lien	4,000,000			4,000,000	50,000
2007C Tax Increment Subordinate Lien	12,690,000			12,690,000	1,135,000
2017 Tax Increment Refunding Bonds	<u>655,000</u>			<u>655,000</u>	<u>14,000</u>
Total tax allocation bonds	<u>22,450,000</u>		<u>(1,730,000)</u>	<u>20,720,000</u>	<u>1,794,000</u>
Revenue bonds					
2005A Capital Improvement Refunding Bonds	62,600,000		(2,300,000)	60,300,000	2,525,000
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	7,075,000		(210,000)	6,865,000	225,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2007A Sales Tax Increment Bonds (Cabela's)	13,355,000		(330,000)	13,025,000	2,345,000
2007B Sales Tax Increment Bonds (Cabela's)	15,455,000		(320,000)	15,135,000	2,460,000
2008A Senior Lien ReTRAC Refunding Bonds	129,080,000		(129,080,000)		
2008B Subordinate ReTRAC Refunding Bonds	47,416,227		(47,416,227)		
2014 Taxable Lease Refunding Bonds	7,122,000		(1,286,000)	5,836,000	684,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
2018A 1st Senior Lien ReTRAC Refunding Bonds	\$	\$ 123,275,000	\$	\$ 123,275,000	\$ 930,000
2018B 2nd Senior ReTRAC Refunding Bonds		32,680,000		32,680,000	250,000
2018C 1st Subordinate Lien ReTRAC Refunding Bonds		58,659,820		58,659,820	
2018D 2nd Subordinate Lien ReTRAC Refunding Bonds		<u>16,115,490</u>		<u>16,115,490</u>	
Total revenue bonds	<u>307,308,256</u>	<u>230,730,310</u>	<u>(180,942,227)</u>	<u>357,096,339</u>	<u>9,419,000</u>
Special assessment bonds					
1999 Special Assessment District No. 3	425,000		(85,000)	340,000	85,000
2001 Stead Special Improvement District No. 2	275,000		(45,000)	230,000	45,000
2002 Special Improvement District No. 5	4,520,000		(375,000)	4,145,000	400,000
2008A NV Tax-exempt Local Improvement	4,000		(4,000)		
2008B NV Taxable Local Improvement	226,000		(45,000)	181,000	20,000
2010 Special Assessment District No. 2	850,120		(20,190)	829,930	21,010
1999 Special Assessment District No. 2, Series 2016	<u>5,915,000</u>		<u>(725,000)</u>	<u>5,190,000</u>	<u>695,000</u>
Total special assessment bonds	<u>12,215,120</u>		<u>(1,299,190)</u>	<u>10,915,930</u>	<u>1,266,010</u>
Notes payable					
HUD Section 108 Loan Program	138,000		(138,000)		
RDA Nevada Land LLC	1,050,000		(1,050,000)		
Washoe County (Accela)	210,155		(60,044)	150,111	60,044
Axon (RPD Body Cameras)		<u>1,765,105</u>	<u>(49,999)</u>	<u>1,715,106</u>	<u>428,776</u>
Total notes payable	<u>1,398,155</u>	<u>1,765,105</u>	<u>(1,298,043)</u>	<u>1,865,217</u>	<u>488,820</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,092,000		(156,000)	936,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	1,387,000		(159,000)	1,228,000	163,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	8,475,000		(492,000)	7,983,000	544,000
IPS Group, Inc	<u>123,946</u>		<u>(78,282)</u>	<u>45,664</u>	<u>45,664</u>

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Total installment purchase agreements	\$ 11,077,946	\$ _____	\$ (885,282)	\$ 10,192,664	\$ 908,664
Unamortized bond premiums and discounts, net	3,858,628	7,346,769	(192,429)	11,012,968	
Net pension liability	220,930,684	20,491,627	(30,988,986)	210,433,325	
Compensated absences	22,577,603	13,702,415	(13,096,223)	23,183,795	
Postemployment benefits other than pensions	117,194,263	19,217,652	(6,223,309)	130,188,606	
Self-insurance liability	<u>58,152,733</u>	<u>33,470,563</u>	<u>(29,921,411)</u>	<u>61,701,885</u>	<u>_____</u>
Total governmental activities	<u>825,933,388</u>	<u>326,724,441</u>	<u>(273,567,100)</u>	<u>879,090,729</u>	<u>21,516,494</u>
Business-type activities					
General obligation/pledged revenue bonds					
2010 Sewer (Limited Tax) Refunding Bonds	20,190,000		(545,000)	19,645,000	560,000
2016 Sewer General Obligation Refunding Bonds	<u>38,866,019</u>	<u>_____</u>	<u>(4,860,920)</u>	<u>34,005,099</u>	<u>4,999,724</u>
Total general obligation/pledged revenue bonds	<u>59,056,019</u>	<u>_____</u>	<u>(5,405,920)</u>	<u>53,650,099</u>	<u>5,559,724</u>
Unamortized bond premiums and discounts, net	62,246		(2,707)	59,539	
Net pension liability	17,593,801	3,126,577	(2,539,334)	18,181,044	
Compensated absences	1,204,844	1,101,318	(953,255)	1,352,907	
Postemployment benefits other than pensions	<u>410,734</u>	<u>2,815,261</u>	<u>(191,575)</u>	<u>3,034,420</u>	<u>_____</u>
Total business-type activities	<u>78,327,644</u>	<u>7,043,156</u>	<u>(9,092,791)</u>	<u>76,278,009</u>	<u>5,559,724</u>
Total long-term liabilities	<u>\$ 904,261,032</u>	<u>\$ 333,767,597</u>	<u>\$ (282,659,891)</u>	<u>\$ 955,368,738</u>	<u>\$ 27,076,218</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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 No. 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 adoption of GASB No. 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2018, activity related to the City’s unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2017	\$ 26,155,725	\$ 302,366	\$ 26,458,091
Additions	12,607,902		12,607,902
Reductions	(20,243,313)	(13,147)	(20,256,460)
Balance June 30, 2018	\$ 18,520,314	\$ 289,219	\$ 18,809,533

### Variable Rate and Demand Bonds

At June 30, 2018, 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 2014 Taxable Lease Revenue 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%.

### Letters 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 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, 2018, 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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The amount of general obligation, long-term debt that can be incurred by the City is limited by the NRS, and the City's charter for the City limits the 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 this limitation.

### 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 June 30, 2018, none of the previously defeased debt remained outstanding.

### New Debt Issued

On April 3, 2018, the City entered into a medium-term obligation with Axon Enterprise, Inc. for the purchase of a portable event recording (body-worn camera) system and related services for its police officers. The \$1,765,105 is payable at zero percent interest over four years, with the first payment due at inception and then annually thereafter.

On June 28, 2018, the City completed the complex restructuring of two bonds related to the City's ReTRAC-Reno Transportation Rail Access Corridor Project – the City of Reno First Lien Sales Tax Revenue Refunding Bonds Series 2018A and the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The restructuring allowed the City to achieve the following: 1) to replace the variable rate debt with fixed rate debt; 2) to remove the interest-rate swap derivative associated with the variable rate debt and pay off the resulting swap termination fee; 3) to address the repayment of the 2008B bonds, which had been under a forbearance agreement whereby all principal and interest payments were being deferred; and 4) realign anticipated dedicated sales tax revenues across the new bonds going forward. The restructuring resulted in the issuance of the following debt:

City of Reno First Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018A. The bonds were issued to refund the Senior Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008A and pay off a minor portion of the swap termination. The \$123,275,000 bond is payable at an interest rate ranging between 4.0-5.0% over forty years, with the first payment due December 1, 2018.

City of Reno Second Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018B. The bonds were issued to refund a large portion of the 2019 Current Interest Bonds piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B and pay off the major portion of the swap termination fee. The \$32,680,000 bond is payable at an interest rate ranging between 4.0-5.0% over forty years, with the first payment due December 1, 2018.

City of Reno Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018C. The bonds were issued to refund the minor portion of the 2019 Current Interest piece, the 2038 Capital Appreciation piece, and a portion 2051 Capital Appreciation piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The \$58,659,820 bond is payable at an interest rate of 6.15%, with full principal and accrued interest due June 1, 2047. Earlier, partial payments can be made based on availability of excess pledged revenues.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

City of Reno Second Subordinate Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018D. The bonds were issued to refund the a portion of the 2051 Capital Appreciation piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The \$16,115,490 bond is payable at an interest rate of 6.75%, with full principal and accrued interest due June 1, 2059. Earlier, partial payments can be made based on availability of excess pledged revenues.

This was not a typical refunding transaction where the City can demonstrate present value savings as would be shown for a refunding done for the purpose of savings. Therefore, no difference in cash flows nor an economic gain (loss) on the refunding are being presented.

### 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 bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent date, management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

### Conduit Debt Obligations

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, 2018, were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</u>
Renown Regional Medical Center (previously known as Washoe Medical Center, Inc.)	2004A/2004C	June 29, 2004	\$ 134,350,000	\$ 18,720,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2005A/2005B	February 10, 2005	96,025,000	7,485,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2008A/2008B	June 26, 2008	86,800,000	75,850,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2009A/2009B	January 15, 2009	<u>63,600,000</u>	<u>60,545,000</u>
			<u>\$ 380,775,000</u>	<u>\$ 162,600,000</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

### 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 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, 2018, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</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	\$ 765,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2014 -December 1, 2022	2.00% - 4.20%	5,535,000	2,365,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 -December 1, 2023	2.00% - 6.10%	<u>7,100,000</u>	<u>1,825,000</u>
			<u>\$ 16,770,622</u>	<u>\$ 4,955,000</u>

### Segment Information

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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018, 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>	
2019	\$ 415,835
2020	412,393
2021	399,849
2022	406,600
2023	413,553
2024 - 2028	837,953
2029 - 2033	836,927
2034 - 2038	836,927
2039 - 2043	836,927
2044 - 2048	836,927
2049 - 2053	<u>836,927</u>
	<u>\$ 7,070,818</u>

#### Other Commitments

Commitments outstanding for construction and construction-related services at June 30, 2018, for the City's non-enterprise funds totaled approximately \$6.5 million. Commitments were \$1.8 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2018, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, treatment plant improvements, and City Hall remodel for Building Permit staff. Outstanding commitments totaled \$12.4 million for City of Reno enterprise fund projects. Of this amount, outstanding non-construction related commitments totaled \$1.0 million for these funds.

In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled \$5.5 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is \$3.8 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, management believes that, except as discussed in the following paragraph, most of these claims will settle for substantially less than the claimed amount and 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.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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A City employee filed a lawsuit claiming the City violated his federal rights when passed over for promotion three times allegedly in retaliation for his exercise of rights under the Family Medical Leave Act (FMLA). The City maintains that its actions were not a violation of FMLA or in the retaliation of the use of FMLA rights. The claimant prevailed in a jury trial on March 2, 2018. District court entered judgment against City in the aggregate of \$1,402,326, including back pay, front pay, liquidated damages, attorney's fees/costs, expert fees, and interest. The City has filed an appeal in the Ninth Circuit Court of Appeals on the basis of five discrete errors of law.

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 period costs when the services are rendered.

#### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the City established the risk retention and 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 worker's compensation claim, \$1,000,000 for each general liability claim, and \$50,000 for each property damage claim (except for flood and earthquake occurrences).

The City purchases commercial insurance for claims in excess of 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 coverage in any of the past three fiscal 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 changes occur in the national economy and Nevada's economy. 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.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

For the fiscal years ended June 30, 2018, 2017 and 2016, changes in unknown claims liability amounts and claims liability at June 30, 2018, included in self-insurance liability were as follows:

	Risk Retention Internal Service Fund	Self-funded Workers Compensation Fund
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 incurred and changes in estimate	291,487	9,094,875
Claims paid	(213,715)	(5,551,061)
Claims liability, June 30, 2018	\$ 2,746,848	\$ 56,032,471
Claims liability, due within one year	\$ 231,958	\$ 6,181,368
Claims liability, due in more than one year	\$ 2,514,890	\$ 49,851,103

#### **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.

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

For the fiscal years ended June 30, 2018, 2017 and 2016, changes in unknown claims liability amounts were as follows:

	Self-funded Medical Plan Fund
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	2,995,000
Claims incurred and changes in estimate	24,084,201
Claims paid	<u>(24,156,635)</u>
Claims liability, June 30, 2018	<u>\$ 2,922,566</u>
Claims liability, due within one year	<u>\$ 1,446,221</u>
Claims liability, due in more than one year	<u>\$ 1,476,345</u>

### Joint Ventures

#### Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks (the Cities) jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (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 the Facility and providing financing for the operations thereof. As of June 30, 2018, approximately 68.63% of TMWRF's capacity was owned by Reno.

The City of Sparks is responsible for administration and daily operations of the Facility. The City of Reno is responsible for TMWRF's construction-related contracts. The cost of operating and maintaining TMWRF is divided in proportion to the volume of sewage entering from each City. It has historically been the Cities' policy not to fund depreciation on TMWRF's capital assets, thereby creating an accumulative deficit.

The City uses the equity method to account for its investment in TMWRF. At June 30, 2018, its investment as reported in its sanitary sewer enterprise fund totaled \$92,979,554, which represents 69.6% of TMWRF's net position. The City's share of TMWRF's net costs for the year ended June 30, 2018, was \$5,866,664, reported as 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, 2018, the City of Reno has recorded \$4,946,509 as a receivable from the City of Sparks for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest, coincide with the City of Reno's payment to the State of Nevada on the loan.

Commitments outstanding for construction projects at TMWRF at June 30, 2018, totaled approximately \$5.5 million. These commitments will be shared by the City and the City of Sparks based upon their respective allocations related to the associated contracts.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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, U.S. Departments of Justice and the Interior (DOI), the U.S. Environmental Protection Agency (EPA), and the Nevada Division of Environmental Protection. The settlement allowed the Joint Venture Participants to use the full capacity of the Truckee River Valley 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 Department of Water Resources, 4930 Energy Way, Reno, Nevada 89502.

#### Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority), is a joint powers authority formed in November 2000 pursuant to a Cooperative Agreement (the Agreement) among the Cities of Reno and Sparks and Washoe County (the Participants), for the purpose of purchasing the water assets and undertaking the water utility operations of Sierra Pacific Power Company (SPPCo), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority issued bonds to purchase the water system and do not constitute an obligation of the Participants or 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 employee benefit administration for a monthly fee of \$4,806 for the year ended June 30, 2018. The City also provides maintenance services and fuel for the Authority’s vehicles for a fee which totaled \$388,092 during fiscal year 2018.

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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

### Defined Benefit Pension Plans

#### Aggregate Balances

At June 30, 2018, 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	\$ 45,154,433	\$ 116,411	\$ 45,270,844
Net pension liability	247,778,053	305,331	248,083,384
Net unamortized deferred inflows of resources related to pensions	25,104,016	144,348	25,248,364
Pension expense	18,149,804	34,038	18,183,842

#### 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.

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.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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 30 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 30 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with 10 years of service, at age 50 with 20 years of service, or at any age with 25 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 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited service.

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

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.

For the fiscal year ended June 30, 2017, the required contribution rates for regular members is 14.5% and 20.75% for police/fire members. The EPC rate was 28% for regular and 40.5% for police/fire members.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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 2017:

Actuarial valuation date	June 30, 2017
Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Discount rate	7.50%
Productivity pay increase	0.50%
Consumer price index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases

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

Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.20 %	0.14 %	40.4	43.6
50	0.49 %	0.38 %	31.4	34.5
60	0.90 %	0.59 %	23.2	25.9
70	1.81 %	1.26 %	15.6	17.7
80	4.55 %	3.42 %	9.1	10.5

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

Healthy: Headcount–Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount–Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.

Disabled: Headcount–Weighted RP-2014 Disabled Retiree Table, set forward four years.

Pre-retirement: Headcount–Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

The RP-2014 Headcount–Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

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 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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 June 30, 2017, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

The City's proportionate share of the net pension liability at the actuarial valuation date using the selected discount rate of 7.50% 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	\$ 374,571,238	\$ 247,778,053	\$ 142,474,329

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 1.86301% proportionate share of PERS' collective net pension liability at the actuarial valuation date was \$247,778,053. The City's relative contributions for the related fiscal year was used to determine its proportionate share.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

For the period ending on the actuarial valuation date, the City's pension expense was \$18,149,804 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	\$	\$ 16,259,250
Changes of assumptions	16,437,716	
Net difference between projected and actual earnings on investments	1,608,779	
Changes in proportion and differences between actual contributions and proportionate share of contributions	10,321,715	8,844,766
Contributions made subsequent to the measurement date	16,786,223	

At June 30, 2017, the average expected remaining service life is 6.39 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$16,786,223 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ending June 30,			
2019	\$	(8,115,455)	
2020		10,505,520	
2021		2,713,079	
2022		(7,397,345)	
2023		3,825,010	
Thereafter		1,733,385	

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

Net pension liability, beginning of year	\$	238,145,028	
Pension expense		18,149,804	
Employer contributions		(16,722,275)	
Net new deferred inflows and outflows of resources		8,205,496	
Net pension liability, end of year	\$	247,778,053	

At June 30, 2018, accrued salaries and benefits included \$3,929,444 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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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.

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.

(Continued)



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

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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 JRS members entering the system on or after July 1, 2015, the post-retirement increases will be 2.0% per year following the third through fifth anniversaries of the commencement of benefit and 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lessor of 3.0% or the Consumer Price Index (All Items) for the preceding calendar 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, 2017, JRS membership consisted of:

Active members	113
Inactive vested members	2
Retired members and beneficiaries	<u>76</u>
	<u><u>191</u></u>

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, 2017, 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, 2017, census data.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

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, 2017
Inflation rate	2.75%
Payroll growth	3.00% to 8.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Discount rate	7.50%
Consumer price index	2.75%
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 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 each non-state agency
Mortality rates	Post-retirement: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.

For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016.

Pre-retirement: Headcount-Weighted RP-2014 Employee Mortality Tables, projected to 2020 with Scale MP-2016.

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, 2017:

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

These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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. 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 (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

The City's JRS net pension liability at June 30, 2017, calculated using the discount rate of 7.50%, 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 (6.50%) or 1% higher (8.50%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 551,770	\$ 305,331	\$ 96,498

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.

The City's share of the JRS net pension liability was \$305,331, which represents 1.60181% of the JRS net pension liability. Each employer's proportion of the net pension liability is based on their contributions relative to the total contributions for all employers for the period ended June 30, 2017.

For the period ended June 30, 2018, the City's JRS pension expense was \$34,038 and its reported deferred outflows and inflows of resources related to JRS pensions as of June 30, 2018, were as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,765	\$	49,331
Changes of assumptions	976		
Net difference between projected and actual earnings on investments	6,354		
Other changes			95,017
Contributions made subsequent to the measurement date	87,316		

At June 30, 2017, the average expected remaining service life is 4.48 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, 2019. 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,			
2019		\$	(111,584)
2020			69,482
2021			(3,999)
2022			(69,151)

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

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

Net pension liability, beginning of year	\$	379,457
Pension expense		34,038
Employer contributions		(92,679)
Change in net deferred inflows and outflows of resources		<u>(17,893)</u>
Net pension liability, end of year	\$	<u>302,923</u>

At June 30, 2018, approximately \$12,641 was payable to JRS, for the June 2018 required contribution.

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

#### Aggregate Balances

At June 30, 2018, the City's aggregate OPEB plan balances were as follows:

	<u>Public Employee Benefit Program</u>	<u>City of Reno Plan</u>	<u>Aggregate Total</u>
Net OPEB assets administered through an irrevocable employee benefit trust fund	\$	\$ 7,753,129	\$ 7,753,129
Net unamortized deferred outflows of resources related to OPEB		5,606,592	5,606,592
Total OPEB liability	2,710,758	229,487,469	232,198,227
Net OPEB liability	2,710,758	221,734,340	224,445,098
Net unamortized deferred inflows of resources related to OPEB		9,406	9,406
OPEB expense	138,962	5,268,548	5,407,510

#### Plan Information

In accordance with NRS, the City provides other postemployment benefits to eligible retirees through the following plans:

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2018**

The Nevada Public Employee Benefit Program (PEBP), a multiple-employer cost sharing plan, administered by a ten member governing board appointed by the Governor, including an Executive Officer who directs the program and serves at the pleasure of the Board.

The City of Reno Plan (City Plan), a single-employer defined benefit plan, administered by City management.

Both plans provide healthcare, dental, vision and life insurance benefits. Eligible pre-Medicare retirees that are not eligible for PEBP, can receive coverage through the City Plan. 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.

PEBP issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing or calling the following:

Public Employee Benefit Plan  
 901 South Stewart Street, Suite 101  
 Carson City, NV 89701  
 (775) 684-7000

The City Plan does not issue a separate financial report; however, additional information may be obtained by writing or calling the following:

City of Reno  
 Finance Department  
 One East First Street, P. O. Box 1900  
 Reno, Nevada, 89505

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to December 1, 2008. No future retirees are eligible for this benefit.

The City is required to provide a subsidy, based on years of service for a closed group of its retirees that have enrolled in PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For 2018, this subsidy ranged from \$116 to \$636 per retiree, per month.

Eligibility and subsidy requirements for the City Plan 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. For 2018, the cost to the City range 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.

At June 30, 2018, employees covered by OPEB benefit terms consisted of:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Active members		1,153	1,153
Inactive employees currently receiving benefit payments	148	733	881
	148	1,886	2,034

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

#### Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2018), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Measurement date	June 30, 2018
Inflation rate	2.75% per year
Salary changes	City Plan - 4.0% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
	PEBP - not applicable, there are no active employees in this plan
Discount rate	3.87% per annum as of June 30, 2018
Discount rate source	3.13% as of June 30, 2017
	2.92% as of June 30, 2018
Postemployment benefit changes	None
Actuarial cost method	Entry Age Normal Cost, closed group, level percent of pay
Healthcare cost trend rates	6.5%, decreasing to an ultimate rate of 5% for 2023 and subsequent years
Asset valuation method	Market value
Long-term return on assets	8.0% as of June 30, 2017 and 7.5% as of June 30, 2018, net of plan investment expenses and including inflation

There were no changes in OPEB benefit terms that affected the measurement of the City's total OPEB liability during the period ended June 30, 2018.

The City Plan mortality rates were based on the following:

Pre-retirement life rates - Headcount-Weighted RP-2014 Employee Table

Non-disabled life rates - Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

The mortality rates described above were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2014 on a generational basis from 2017 forward. In laymen's terms, this means mortality is projected to improve each year until the payments anticipated in any future year occur.

The PEBP mortality rates were based on the following:

Non-disabled life rates - Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

Disabled life rates - Headcount-Weighted RP-2014 Disabled Retiree Table set forward 4 years

The City's total OPEB liability at June 30, 2018, calculated using the discount rate of 2.92%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate was as follows:

	<u>1% Decrease in</u>	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in</u>
	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>Discount Rate</u>
Total OPEB liability	\$ 270,649,724	\$ 232,198,227	\$ 201,537,661	
Net OPEB liability	\$ 262,896,595	\$ 224,445,098	\$ 193,784,532	

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2018

The City's total OPEB liability at June 30, 2018, calculated using the healthcare trend rate of 6.5%, decreasing to an ultimate rate of 5% for 2023 and subsequent years, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1.00% lower or 1.00% higher than the current healthcare trend rate was as follows:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB liability	\$ 190,100,761	\$ 232,198,227	\$ 291,995,589
Net OPEB liability	\$ 182,347,632	\$ 224,445,098	\$ 284,242,460

At June 30, 2018, changes in the City's total OPEB liability were as follows:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Service cost	\$	\$ 7,838,012	\$ 7,838,012
Interest on total OPEB liability	83,677	6,869,650	6,953,327
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions or other inputs	55,285	6,955,870	7,011,155
Benefit payments	<u>(203,156)</u>	<u>(7,631,378)</u>	<u>(7,834,534)</u>
Net change in total OPEB liability	(64,194)	14,032,154	13,967,960
Total OPEB liability, beginning of year	<u>2,774,952</u>	<u>215,455,315</u>	<u>218,230,267</u>
Total OPEB liability, end of year	2,710,758	229,487,469	232,198,227
Net OPEB assets administered through an irrevocable employee benefit trust fund	<u></u>	<u>7,753,129</u>	<u>7,753,129</u>
Net OPEB liability, end of year	<u>\$ 2,710,758</u>	<u>\$ 221,734,340</u>	<u>\$ 224,445,098</u>

For the period ended June 30, 2018, the City's OPEB expense was \$15,670,499 and its reported deferred outflows and inflows of resources related to OPEB as of June 30, 2018, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions and other inputs	\$ 5,603,209	\$ 6,023

Amounts reported as deferred inflows of resources related to OPEB will be recognized in employee benefit expense as follows:

For the Year Ended June 30,		
2019	\$	1,300,445
2020		1,241,030
2021		797,501
2022		765,895
2023		447,817
Thereafter		1,044,498

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### Employee Benefit Trust Fund

In a prior fiscal year, the City approved the creation of an employee benefit trust fund. The trust fund is intended to qualify as a government irrevocable trust established to provide an essential governmental function (to fund future OPEB obligations) under IRS Code Section 115 and pursuant to NRS 287.017. The trust fund assets are separate from the City's, are held for the benefit of OPEB plan participants and beneficiaries and invested 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. During fiscal year 2018, the City made contributions to the trust fund totaling \$8,886,036, paid benefits from the trust fund totalling \$7,631,378 and the net asset value was \$7,753,129 at June 30, 2018. Contributions to are determined at the City's discretion through its annual budget process to be paid from the City's general, internal service and enterprise funds.

### Special Ad Valorem Capital Projects Fund

For the year ended June 30, 2018 pursuant to NRS 354.598155, the Special Ad Valorem Capital Projects Fund expended \$626,101 on the following projects:

Police evidence facility upgrade & equipment	\$	35,783
Reno Arch restoration		138,588
Machinery and equipment		<u>451,730</u>
	\$	<u><u>626,101</u></u>

### Subsequent Events

Events subsequent to June 30, 2018, 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 (OPEB)  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018 AND LAST NINE FISCAL YEARS<sup>1</sup>**

	<u>Service Cost</u>	<u>Interest on Total OPEB Liability</u>	<u>Changes in Benefit Terms</u>	<u>Differences Between Expected and Actual Experience</u>	<u>Changes in Assumptions or Other Inputs</u>	<u>Benefit Payments</u>	<u>Net Change in Total OPEB Liability</u>	<u>Total OPEB Liability, Beginning of Year</u>	<u>Total OPEB Liability, End of Year</u>	<u>Covered- Employee Payroll</u>	<u>Total OPEB Liability, End of Year as a Percentage of Covered- Employee Payroll</u>
Public Employee Benefit Program 2018	\$	<sup>2</sup> \$ 83,677	\$	\$	\$ 55,285	\$ (203,156)	\$ (64,194)	\$ 2,774,952	\$ 2,710,758	\$ <sup>2</sup>	<sup>2</sup>
City of Reno Plan 2018		7,838,012	6,869,650		6,955,870	(7,631,378)	14,032,154	215,455,315	229,487,469	96,695,325	237.33 %

1. Information for Postemployment Benefits Other Than Pension is not available for years prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.  
2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.  
3. No assets have been placed in a trust.

## 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, 2017 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	81,971,840	252.82255 %	75.12612 %
2016	1.76966 %	238,145,028	86,413,601	275.58744 %	72.20000 %
2017	1.86301 %	247,778,053	96,062,490	257.93424 %	74.41654 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the fiscal 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, 2018 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	\$	\$ 81,971,840	34.24384 %
2016	29,918,043	29,918,043		86,413,601	34.62191 %
2017	32,030,815	32,030,815		96,062,490	33.34373 %
2018	33,581,449	33,581,449		96,221,810	34.90004 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the fiscal year ended June 30, 2015. As information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.
2. Covered employee payroll has been corrected for prior years to meet the definition stated in GASB Statement No. 82.

# CITY OF RENO

## AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017 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
2017	379,457	34,038	(92,679)	(15,485)	305,331

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the fiscal 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 PENSION PLAN 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>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 %
2017	133,560,566	114,498,900	19,061,666	85.72807 %	20,995,038	90.79129 %

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, 2018 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	102,435	(836)	477,580	21.44876 %
2017	104,381	92,679	(11,702)	515,460	17.97986 %
2018	90,754	87,316	(3,438)	491,419	17.76814 %

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the fiscal 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, 2018**

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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, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Property taxes	\$ 48,484,142	\$ 48,984,142	\$ 49,549,489	\$ 565,347
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Business licenses	16,015,668	15,758,500	16,170,578	412,078
City gaming licenses	1,870,511	1,830,000	1,785,717	(44,283)
Liquor licenses	1,691,610	1,750,000	1,876,915	126,915
Excavation and encroachment permits			302	302
Franchise fees				
Electricity	9,685,193	9,400,000	10,671,343	1,271,343
Telephone	3,121,233	2,850,000	2,769,691	(80,309)
Natural gas	3,278,746	3,030,000	3,277,400	247,400
Sanitation	3,520,192	3,900,000	3,951,866	51,866
Sewer	3,615,000	3,501,750	3,562,554	60,804
Cable television	2,300,000	2,215,000	2,476,689	261,689
Non-business licenses and permits		6,000	8,070	2,070
Intergovernmental shared revenues				
Federal grants	274,191	1,196,459	1,391,492	195,033
State grants		811,323	49,043	(762,280)
State shared revenues				
Consolidated taxes	62,254,400	63,754,400	65,724,749	1,970,349
Dedicated sales taxes	429,043	771,468	940,212	168,744
Local government shared revenues				
County gaming licenses	1,100,524	1,420,000	1,436,546	16,546
SCCR (AB104) taxes	3,929,899	3,999,899	4,154,478	154,579
Marijuana		319,349	319,349	
Other	32,000	165,136	246,575	81,439
Charges for services				
General government				
Administrative fees	138,050	177,582	178,003	421
TMWA contract payment	72,096	57,677	57,676	(1)
Indirect cost allocations	3,447,840	3,447,840	3,447,840	
Internal charges for services	143,938	143,938	143,938	
Judicial				
Municipal court charges	82,678	58,960	65,754	6,794
Public safety				
Police service charges	636,349	709,761	963,974	254,213
Dispatch charges	191,243	254,455	254,455	
Work permits	20,040	47,486	59,593	12,107
Fire service charges	819,096	2,127,930	1,901,914	(226,016)
Culture and recreation				
Swimming pool fees	298,316	295,464	376,276	80,812
Culture and recreation fees	3,117,442	3,228,577	3,798,617	570,040
Public works				
Parking receipts	972,257	1,090,209	1,179,836	89,627
Community development and support				
Planning fees	390,700	560,000	573,277	13,277
Planning application fees	575,613	610,000	727,439	117,439
Other	9,516	10,722	14,474	3,752
Fines and forfeits				
Court and administrative fees	1,776,346	1,829,982	1,964,556	134,574
Delinquent license penalties	470,000	550,000	684,063	134,063
Special assessments				
Downtown police district	1,599,386	1,599,386	1,598,808	(578)
Tax maintenance district	257,912	257,912	301,635	43,723
Miscellaneous				
Investment income	50,000	180,000	261,034	81,034
Rents and royalties	625,330	608,308	525,759	(82,549)
Reimbursements and restitutions	589,498	1,037,724	1,449,742	412,018

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Private grants and contributions	25,000	633,617	790,312	156,695
Other	<u>7,938</u>	<u>85,531</u>	<u>146,718</u>	<u>61,187</u>
Total revenues	<u>177,918,936</u>	<u>185,266,487</u>	<u>191,828,751</u>	<u>6,562,264</u>
EXPENDITURES				
General government				
City manager				
Salaries and wages	3,555,759	3,699,572	3,330,324	369,248
Employee benefits	1,527,316	1,606,417	1,334,270	272,147
Services and supplies	<u>1,586,378</u>	<u>1,582,638</u>	<u>1,118,132</u>	<u>464,506</u>
Total city manager	<u>6,669,453</u>	<u>6,888,627</u>	<u>5,782,726</u>	<u>1,105,901</u>
Finance				
Salaries and wages	1,239,988	1,139,682	1,010,342	129,340
Employee benefits	649,485	597,234	482,652	114,582
Services and supplies	<u>350,065</u>	<u>408,652</u>	<u>358,104</u>	<u>50,548</u>
Total finance	<u>2,239,538</u>	<u>2,145,568</u>	<u>1,851,098</u>	<u>294,470</u>
City attorney				
Salaries and wages	2,731,047	2,731,047	2,643,645	87,402
Employee benefits	1,361,707	1,361,707	1,261,926	99,781
Services and supplies	<u>362,474</u>	<u>362,474</u>	<u>190,213</u>	<u>172,261</u>
Total city attorney	<u>4,455,228</u>	<u>4,455,228</u>	<u>4,095,784</u>	<u>359,444</u>
Human resources				
Salaries and wages	775,745	794,291	733,489	60,802
Employee benefits	488,654	477,964	392,574	85,390
Services and supplies	<u>285,795</u>	<u>274,126</u>	<u>337,111</u>	<u>(62,985)</u>
Total human resources	<u>1,550,194</u>	<u>1,546,381</u>	<u>1,463,174</u>	<u>83,207</u>
Civil service				
Salaries and wages	280,985	281,821	297,989	(16,168)
Employee benefits	131,154	158,010	134,737	23,273
Services and supplies	<u>27,862</u>	<u>102,862</u>	<u>87,633</u>	<u>15,229</u>
Total civil service	<u>440,001</u>	<u>542,693</u>	<u>520,359</u>	<u>22,334</u>
Communications and technology				
Salaries and wages	1,942,920	1,944,715	1,791,541	153,174
Employee benefits	988,039	988,933	852,325	136,608
Services and supplies	<u>2,438,270</u>	<u>2,618,614</u>	<u>2,722,023</u>	<u>(103,409)</u>
Total communications and technology	<u>5,369,229</u>	<u>5,552,262</u>	<u>5,365,889</u>	<u>186,373</u>
City council				
Salaries and wages	521,182	521,182	519,905	1,277
Employee benefits	401,302	401,302	379,706	21,596
Services and supplies	<u>587,052</u>	<u>547,087</u>	<u>511,641</u>	<u>35,446</u>
Total city council	<u>1,509,536</u>	<u>1,469,571</u>	<u>1,411,252</u>	<u>58,319</u>
City clerk				
Salaries and wages	504,755	504,755	503,004	1,751
Employee benefits	297,027	297,112	237,170	59,942
Services and supplies	<u>261,212</u>	<u>321,210</u>	<u>189,082</u>	<u>132,128</u>
Total city clerk	<u>1,062,994</u>	<u>1,123,077</u>	<u>929,256</u>	<u>193,821</u>
Total general government	<u>23,296,173</u>	<u>23,723,407</u>	<u>21,419,538</u>	<u>2,303,869</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Judicial				
Municipal court				
Salaries and wages	3,869,056	3,874,807	3,785,144	89,663
Employee benefits	2,136,808	2,136,895	2,019,397	117,498
Services and supplies	<u>1,012,247</u>	<u>1,131,882</u>	<u>1,117,810</u>	<u>14,072</u>
Total judicial	<u>7,018,111</u>	<u>7,143,584</u>	<u>6,922,351</u>	<u>221,233</u>
Public safety				
Police				
Salaries and wages	36,514,346	37,674,701	38,581,779	(907,078)
Employee benefits	22,272,468	22,297,880	22,502,953	(205,073)
Services and supplies	5,577,173	8,432,851	7,895,405	537,446
Capital outlay	<u>112,200</u>	<u>125,390</u>	<u>130,033</u>	<u>(4,643)</u>
Total police	<u>64,476,187</u>	<u>68,530,822</u>	<u>69,110,170</u>	<u>(579,348)</u>
Fire				
Salaries and wages	27,403,129	28,964,902	29,076,190	(111,288)
Employee benefits	16,689,051	16,256,767	16,335,340	(78,573)
Services and supplies	2,699,995	3,724,129	3,171,894	552,235
Capital outlay	<u>250,000</u>	<u>259,505</u>	<u>23,003</u>	<u>236,502</u>
Total fire	<u>47,042,175</u>	<u>49,205,303</u>	<u>48,606,427</u>	<u>598,876</u>
Dispatch				
Salaries and wages	4,255,307	4,152,476	3,767,351	385,125
Employee benefits	2,221,009	2,219,518	1,771,260	448,258
Services and supplies	<u>188,105</u>	<u>357,941</u>	<u>289,791</u>	<u>68,150</u>
Total dispatch	<u>6,664,421</u>	<u>6,729,935</u>	<u>5,828,402</u>	<u>901,533</u>
Total public safety	<u>118,182,783</u>	<u>124,466,060</u>	<u>123,544,999</u>	<u>921,061</u>
Public works				
Various				
Salaries and wages	2,740,871	2,741,830	2,546,945	194,885
Employee benefits	1,464,607	1,463,636	1,343,782	119,854
Services and supplies	1,749,124	1,918,437	1,881,111	37,326
Capital outlay	<u>          </u>	<u>9,824</u>	<u>          </u>	<u>9,824</u>
Total public works	<u>5,954,602</u>	<u>6,133,727</u>	<u>5,771,838</u>	<u>361,889</u>
Culture and recreation				
Parks and recreation				
Salaries and wages	5,995,438	5,999,885	5,560,132	439,753
Employee benefits	2,676,267	2,699,485	2,197,636	501,849
Services and supplies	1,917,174	2,147,259	2,023,190	124,069
Capital outlay	<u>38,000</u>	<u>300,500</u>	<u>263,196</u>	<u>37,304</u>
Total culture and recreation	<u>10,626,879</u>	<u>11,147,129</u>	<u>10,044,154</u>	<u>1,102,975</u>
Planning and community development				
Various				
Salaries and wages	1,904,700	1,978,473	1,836,667	141,806
Employee benefits	975,032	1,008,096	852,733	155,363
Services and supplies	743,337	885,943	707,483	178,460
Capital outlay	<u>22,000</u>	<u>34,500</u>	<u>34,306</u>	<u>194</u>
Total planning and community development	<u>3,645,069</u>	<u>3,907,012</u>	<u>3,431,189</u>	<u>475,823</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other				
Retired employees trust				
Employee benefits	5,211,979	5,271,000	5,430,547	(159,547)
Various				
Services and supplies	4,865,156	4,428,864	4,434,630	(5,766)
Total other	<u>10,077,135</u>	<u>9,699,864</u>	<u>9,865,177</u>	<u>(165,313)</u>
Debt service				
Principal payments	138,326	188,326	188,325	1
Interest expense and fiscal charges	3,734	3,734	3,734	
Total debt service	<u>142,060</u>	<u>192,060</u>	<u>192,059</u>	<u>1</u>
Total expenditures	<u>178,942,812</u>	<u>186,412,843</u>	<u>181,191,305</u>	<u>5,221,538</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,023,876)</u>	<u>(1,146,356)</u>	<u>10,637,446</u>	<u>11,783,802</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt		1,765,105	1,765,105	
Proceeds from capital asset disposal		1,902,100	1,896,069	(6,031)
Transfers in	1,729,027	1,752,107	1,752,107	
Transfers out	(3,633,062)	(5,926,236)	(5,801,236)	125,000
Contingencies	(1,000,000)	(355,600)	(355,600)	355,600
Total other financing sources (uses)	<u>(2,904,035)</u>	<u>(862,524)</u>	<u>(387,955)</u>	<u>474,569</u>
CHANGE IN FUND BALANCE	(3,927,911)	(2,008,880)	10,249,491	12,258,371
FUND BALANCE, BEGINNING OF YEAR	<u>16,072,936</u>	<u>21,042,477</u>	<u>21,042,477</u>	
FUND BALANCE, END OF YEAR	<u>\$ 12,145,025</u>	<u>\$ 19,033,597</u>	<u>\$ 31,291,968</u>	<u>\$ 12,258,371</u>

# **CITY OF RENO**

## **MAJOR SPECIAL REVENUE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 15,105,334	\$ 15,105,334	\$ 15,535,317	\$ 429,983
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Excavation and encroachment permits	190,000	183,500	109,470	(74,030)
Other		5,000	4,147	(853)
Franchise fees				
Water	2,758,000	2,800,000	2,861,559	61,559
Intergovernmental shared revenues				
Federal grants		750	648	(102)
State shared revenues				
Motor vehicle fuel taxes	6,150,000	6,500,000	6,832,998	332,998
Charges for services				
Public works				
Other		10,000	10,328	328
Fines and forfeits				
Street patching penalties	2,000	6,500	5,632	(868)
Miscellaneous				
Investment income	25,000	200,000	242,628	42,628
Reimbursements and restitutions		31,000	44,447	13,447
Private grants and contributions		3,000	7,411	4,411
Other		86,305	117,448	31,143
<b>Total revenues</b>	<b>24,230,334</b>	<b>24,931,389</b>	<b>25,772,033</b>	<b>840,644</b>
<b>EXPENDITURES</b>				
Public works				
Various				
Salaries and wages	4,827,178	4,795,186	4,423,948	371,238
Employee benefits	3,192,663	3,192,944	2,567,212	625,732
Services and supplies	6,400,659	6,109,432	6,775,700	(666,268)
Capital outlay	6,234,285	8,046,426	4,882,769	3,163,657
<b>Total expenditures</b>	<b>20,654,785</b>	<b>22,143,988</b>	<b>18,649,629</b>	<b>3,494,359</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,575,549</b>	<b>2,787,401</b>	<b>7,122,404</b>	<b>4,335,003</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	60,000	924,230	924,230	
Transfers out	(6,570,250)	(6,570,250)	(6,570,250)	
<b>Total other financing sources (uses)</b>	<b>(6,510,250)</b>	<b>(5,646,020)</b>	<b>(5,646,020)</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>(2,934,701)</b>	<b>(2,858,619)</b>	<b>1,476,384</b>	<b>4,335,003</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>18,038,170</b>	<b>22,211,861</b>	<b>22,211,861</b>	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 15,103,469</b>	<b>\$ 19,353,242</b>	<b>\$ 23,688,245</b>	<b>\$ 4,335,003</b>

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

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

For the year ended June 30, 2018, no significant events occurred that had an effect on the benefit provision, size or composition of those covered by the postemployment benefit plans. The only significant change in actuarial methods and assumptions used was a decrease in the discount rate from 3.13% at the beginning of the year to 2.92% at the end of the year.

At June 30, 2018, \$7,753,129 assets were accumulated in a qualifying trust in which the assets contributed and earnings thereon are irrevocable, dedicated solely to providing postemployment benefits and are legally protected from creditors.

Actuarial information for postemployment benefits other than pensions is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

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, 2018 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, 2018, 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.

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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### **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, 2018**

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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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
Room and construction taxes	\$ 750,000	\$ 923,000	\$ 1,025,199	\$ 102,199
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	9,960,000	9,960,000	10,211,963	251,963
Fines and forfeits				
SAD penalties		5,000	2,569	(2,431)
Special assessments				
ReTRAC	650,000	850,000	828,562	(21,438)
Miscellaneous				
Investment income	650,000	367,775	412,656	44,881
Other			81,441	81,441
Total revenues	<u>12,010,000</u>	<u>12,105,775</u>	<u>12,562,390</u>	<u>456,615</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	3,265,000	3,300,000	3,300,000	
Interest expense and fiscal charges	4,847,014	5,146,578	5,178,851	(32,273)
Payment to current bond refunding agent			233,654,262	(233,654,262)
Debt issuance costs			1,894,599	(1,894,599)
Administrative and other costs	1,372,500	1,109,100	1,492,605	(383,505)
Total expenditures	<u>9,484,514</u>	<u>9,555,678</u>	<u>245,520,317</u>	<u>(235,964,639)</u>
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt			230,730,310	230,730,310
Debt issuance premiums			7,346,769	7,346,769
CHANGE IN FUND BALANCE	2,525,486	2,550,097	5,119,152	2,569,055
FUND BALANCE, BEGINNING OF YEAR	<u>13,075,684</u>	<u>12,454,063</u>	<u>12,454,063</u>	
FUND BALANCE, END OF YEAR	<u>\$ 15,601,170</u>	<u>\$ 15,004,160</u>	<u>\$ 17,573,215</u>	<u>\$ 2,569,055</u>



**NON-MAJOR  
GOVERNMENTAL FUNDS**





# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 6,819,682	\$ 21,159,706	\$ 20,517,418	\$ 48,496,806
Accounts receivable	491,666	43,818	17,399	552,883
Interest receivable	17,297	35,429	65,952	118,678
Taxes receivable		3,923		3,923
Special assessments receivable		5,607,107		5,607,107
Due from other governments	1,420,822	3,193,240	261,433	4,875,495
Prepaid items	67,507			67,507
Property held for sale	1,041,209			1,041,209
Notes receivable, net			1,001,612	1,001,612
	<u>\$ 9,858,183</u>	<u>\$ 30,043,223</u>	<u>\$ 21,863,814</u>	<u>\$ 61,765,220</u>
<b>Total assets</b>	<b>\$ 9,858,183</b>	<b>\$ 30,043,223</b>	<b>\$ 21,863,814</b>	<b>\$ 61,765,220</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 588,742	\$ 234,438	\$ 173,780	\$ 996,960
Accrued salaries and benefits	12,642			12,642
Contracts payable	58,487		171,737	230,224
Due to other governments	58,522	159	1,353,747	1,412,428
Deposits	75,151	9,607	6,000	90,758
Advances from other funds		123,785		123,785
Interest payable		2,894,813		2,894,813
Debt obligations payable		3,030,000		3,030,000
	<u>793,544</u>	<u>6,292,802</u>	<u>1,705,264</u>	<u>8,791,610</u>
<b>Total liabilities</b>	<b>793,544</b>	<b>6,292,802</b>	<b>1,705,264</b>	<b>8,791,610</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes		3,923		3,923
Unavailable revenue, special assessments		5,067,422		5,067,422
Unavailable revenue, other	19,021	2,593	87,802	109,416
	<u>19,021</u>	<u>5,073,938</u>	<u>87,802</u>	<u>5,180,761</u>
<b>Total deferred inflows of resources</b>	<b>19,021</b>	<b>5,073,938</b>	<b>87,802</b>	<b>5,180,761</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>812,565</b>	<b>11,366,740</b>	<b>1,793,066</b>	<b>13,972,371</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	67,507			67,507
Long-term receivables			1,001,612	1,001,612
Restricted for				
Debt service		21,083,395		21,083,395
Capital improvement projects	287,463		12,230,390	12,517,853
Fire, police and other public safety programs	1,197,834			1,197,834
Cultural, community and development programs	2,033,563			2,033,563
Other government programs	2,218,825			2,218,825
Other government programs	921,687			921,687
Assigned to				
Capital improvement projects			6,838,746	6,838,746
Fire, police and other public safety programs	60,995			60,995
Other government programs	2,257,744			2,257,744
Unassigned		(2,406,912)		(2,406,912)
	<u>9,045,618</u>	<u>18,676,483</u>	<u>20,070,748</u>	<u>47,792,849</u>
<b>Total fund balances</b>	<b>9,045,618</b>	<b>18,676,483</b>	<b>20,070,748</b>	<b>47,792,849</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,858,183</b>	<b>\$ 30,043,223</b>	<b>\$ 21,863,814</b>	<b>\$ 61,765,220</b>

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,918,108	\$ 10,472,247	\$ 2,862,964	\$ 16,253,319
Business licenses, permits, franchise and other fees	215,528			215,528
Intergovernmental shared revenues	9,426,586	1,904,746	812,714	12,144,046
Charges for services	143,215		1,899,848	2,043,063
Fines and forfeitures	37,700	6,477	1,000	45,177
Special assessments		719,251		719,251
Miscellaneous	<u>2,961,375</u>	<u>1,735,025</u>	<u>2,272,427</u>	<u>6,968,827</u>
Total revenues	<u>15,702,512</u>	<u>14,837,746</u>	<u>7,848,953</u>	<u>38,389,211</u>
<b>EXPENDITURES</b>				
Current				
General government	569,438		579,480	1,148,918
Judicial	144,259			144,259
Public safety	373,698		117,188	490,886
Public works			1,134,093	1,134,093
Culture and recreation			932,820	932,820
Planning and community development	8,681,874			8,681,874
Urban redevelopment	<u>917,804</u>			<u>917,804</u>
Total current	<u>10,687,073</u>		<u>2,763,581</u>	<u>13,450,654</u>
Capital outlay				
General government	25,000		140,443	165,443
Public safety	66,016		643,046	709,062
Public works			4,641,476	4,641,476
Culture and recreation			1,726,076	1,726,076
Planning and community development	<u>816,813</u>			<u>816,813</u>
Total capital outlay	<u>907,829</u>		<u>7,151,041</u>	<u>8,058,870</u>
Debt service				
Principal payments	138,000	15,882,190		16,020,190
Interest expense and fiscal charges	6,166	8,283,629		8,289,795
Administrative and other costs		<u>759,369</u>		<u>759,369</u>
Total debt service	<u>144,166</u>	<u>24,925,188</u>		<u>25,069,354</u>
Total expenditures	<u>11,739,068</u>	<u>24,925,188</u>	<u>9,914,622</u>	<u>46,578,878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,963,444</u>	<u>(10,087,442)</u>	<u>(2,065,669)</u>	<u>(8,189,667)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital asset disposal		231,346	75,000	306,346
Transfers in	53,500	9,447,497	4,337,174	13,838,171
Transfers out	<u>(2,952,712)</u>	<u>(119,230)</u>	<u>(959,080)</u>	<u>(4,031,022)</u>
Total other financing sources (uses)	<u>(2,899,212)</u>	<u>9,559,613</u>	<u>3,453,094</u>	<u>10,113,495</u>
CHANGE IN FUND BALANCE	1,064,232	(527,829)	1,387,425	1,923,828
FUND BALANCE, BEGINNING OF YEAR	<u>7,981,386</u>	<u>19,204,312</u>	<u>18,683,323</u>	<u>45,869,021</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,045,618</u>	<u>\$ 18,676,483</u>	<u>\$ 20,070,748</u>	<u>\$ 47,792,849</u>

# **SPECIAL REVENUE FUNDS**



# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018**

	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	\$ 399,141	\$ 366,834	\$ 2,212,164	\$ 1,440,846	\$ 793,341	\$ 1,259,110	\$ 205,324	\$ 142,922	\$ 6,819,682
Accounts receivable		33,615		2,300			455,751		491,666
Interest receivable		2,070	6,661	5,164	2,594		808		17,297
Due from other governments	169,068	943,620		286,467	330		21,337		1,420,822
Prepaid items	2,715				64,792				67,507
Property held for sale							1,041,209		1,041,209
<b>Total assets</b>	<b>\$ 570,924</b>	<b>\$ 1,346,139</b>	<b>\$ 2,218,825</b>	<b>\$ 1,734,777</b>	<b>\$ 861,057</b>	<b>\$ 1,259,110</b>	<b>\$ 1,724,429</b>	<b>\$ 142,922</b>	<b>\$ 9,858,183</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 37,351	\$ 472,266	\$	\$ 67,535	\$ 2,649	\$ 281	\$ 8,660	\$	\$ 588,742
Accrued salaries and benefits	11,337	1,305							12,642
Contracts payable	57,019						1,468		58,487
Due to other governments					58,522				58,522
Deposits					51		75,100		75,151
<b>Total liabilities</b>	<b>105,707</b>	<b>473,571</b>		<b>67,535</b>	<b>61,222</b>	<b>281</b>	<b>85,228</b>		<b>793,544</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, other		18,571					450		19,021
<b>Total liabilities and deferred inflows of resources</b>	<b>105,707</b>	<b>492,142</b>		<b>67,535</b>	<b>61,222</b>	<b>281</b>	<b>85,678</b>		<b>812,565</b>

(Continued)

**CITY OF RENO**

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2018**

	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>FUND BALANCES</b>									
Nonspendable									
Prepaid items	2,715				64,792				67,507
Restricted for									
Capital improvement projects					287,463				287,463
Fire, police and other public safety programs						1,197,834			1,197,834
Cultural, community and development programs	462,502	529,852					1,041,209		2,033,563
Other government programs			2,218,825						2,218,825
Other government programs		324,145					597,542		921,687
Assigned to									
Fire, police and other public safety programs						60,995			60,995
Other government programs				1,667,242	447,580			142,922	2,257,744
<b>Total fund balances</b>	<u>465,217</u>	<u>853,997</u>	<u>2,218,825</u>	<u>1,667,242</u>	<u>799,835</u>	<u>1,258,829</u>	<u>1,638,751</u>	<u>142,922</u>	<u>9,045,618</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 570,924</u>	<u>\$ 1,346,139</u>	<u>\$ 2,218,825</u>	<u>\$ 1,734,777</u>	<u>\$ 861,057</u>	<u>\$ 1,259,110</u>	<u>\$ 1,724,429</u>	<u>\$ 142,922</u>	<u>\$ 9,858,183</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, 2018

	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	\$	\$	\$	\$ 2,918,108	\$	\$	\$	\$	\$ 2,918,108
Business licenses, permits, franchise and other fees					215,528				215,528
Intergovernmental shared revenues	5,805,064	2,871,379	355,601			266,518	128,024		9,426,586
Charges for services								143,215	143,215
Fines and forfeitures						37,700			37,700
Miscellaneous	<u>855,256</u>	<u>242,655</u>	<u>16,503</u>	<u>21,612</u>	<u>84,088</u>	<u>44,200</u>	<u>1,697,354</u>	<u>(293)</u>	<u>2,961,375</u>
<b>Total revenues</b>	<u><b>6,660,320</b></u>	<u><b>3,114,034</b></u>	<u><b>372,104</b></u>	<u><b>2,939,720</b></u>	<u><b>299,616</b></u>	<u><b>348,418</b></u>	<u><b>1,825,378</b></u>	<u><b>142,922</b></u>	<u><b>15,702,512</b></u>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government				561,230		8,208			569,438
Judicial					144,259				144,259
Public safety						373,698			373,698
Planning and community development	5,500,723	3,181,151							8,681,874
Urban redevelopment							917,804		917,804
<b>Total current</b>	<u><b>5,500,723</b></u>	<u><b>3,181,151</b></u>		<u><b>561,230</b></u>	<u><b>144,259</b></u>	<u><b>381,906</b></u>	<u><b>917,804</b></u>		<u><b>10,687,073</b></u>
<b>Capital outlay</b>									
General government				25,000					25,000
Public safety						66,016			66,016
Planning and community development	<u>777,294</u>	<u>39,519</u>							<u>816,813</u>
<b>Total capital outlay</b>	<u><b>777,294</b></u>	<u><b>39,519</b></u>		<u><b>25,000</b></u>		<u><b>66,016</b></u>			<u><b>907,829</b></u>
<b>Debt service</b>									
Principal payments	138,000								138,000
Interest expense and fiscal charges	<u>6,166</u>								<u>6,166</u>
<b>Total debt service</b>	<u><b>144,166</b></u>								<u><b>144,166</b></u>
<b>Total expenditures</b>	<u><b>6,422,183</b></u>	<u><b>3,220,670</b></u>		<u><b>586,230</b></u>	<u><b>144,259</b></u>	<u><b>447,922</b></u>	<u><b>917,804</b></u>		<u><b>11,739,068</b></u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u><b>238,137</b></u>	<u><b>(106,636)</b></u>	<u><b>372,104</b></u>	<u><b>2,353,490</b></u>	<u><b>155,357</b></u>	<u><b>(99,504)</b></u>	<u><b>907,574</b></u>	<u><b>142,922</b></u>	<u><b>3,963,444</b></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, 2018**

	<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>
OTHER FINANCING SOURCES (USES)									
Transfers in		53,500							53,500
Transfers out				(2,180,527)			(772,185)		(2,952,712)
Total other financing sources (uses)		<u>53,500</u>		<u>(2,180,527)</u>			<u>(772,185)</u>		<u>(2,899,212)</u>
CHANGE IN FUND BALANCE	238,137	(53,136)	372,104	172,963	155,357	(99,504)	135,389	142,922	1,064,232
FUND BALANCE, BEGINNING 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>7,981,386</u>
FUND BALANCE, END OF YEAR	<u>\$ 465,217</u>	<u>\$ 853,997</u>	<u>\$ 2,218,825</u>	<u>\$ 1,667,242</u>	<u>\$ 799,835</u>	<u>\$ 1,258,829</u>	<u>\$ 1,638,751</u>	<u>\$ 142,922</u>	<u>\$ 9,045,618</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
Federal grants	\$ 3,334,816	\$ 6,646,591	\$ 4,027,609	\$ (2,618,982)
State grants	1,165,089	1,811,496	1,777,455	(34,041)
Miscellaneous				
Investment income			675	675
Loan payments	186,280	809,184	852,492	43,308
Other			<u>2,089</u>	<u>2,089</u>
Total revenues	<u>4,686,185</u>	<u>9,267,271</u>	<u>6,660,320</u>	<u>(2,606,951)</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages	301,326	389,712	368,995	20,717
Employee benefits	183,757	221,656	189,484	32,172
Services and supplies	3,664,822	7,808,161	4,942,244	2,865,917
Capital outlay	500,000	700,000	777,294	(77,294)
Total planning and community development	<u>4,649,905</u>	<u>9,119,529</u>	<u>6,278,017</u>	<u>2,841,512</u>
Debt service				
Principal payments	33,000	138,000	138,000	
Interest expense and fiscal charges	2,470	6,166	6,166	
Total debt service	<u>35,470</u>	<u>144,166</u>	<u>144,166</u>	
Total expenditures	<u>4,685,375</u>	<u>9,263,695</u>	<u>6,422,183</u>	<u>2,841,512</u>
CHANGE IN FUND BALANCE	810	3,576	238,137	234,561
FUND BALANCE, BEGINNING OF YEAR	<u>229,845</u>	<u>227,080</u>	<u>227,080</u>	
FUND BALANCE, END OF YEAR	<u>\$ 230,655</u>	<u>\$ 230,656</u>	<u>\$ 465,217</u>	<u>\$ 234,561</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Federal grants	\$ 288,059	\$ 408,059	\$ 278,031	\$ (130,028)
Other	2,695,599	2,695,599	2,593,348	(102,251)
Miscellaneous				
Investment income		3,500	5,437	1,937
Rents and royalties	20,005	35,005	26,920	(8,085)
Reimbursements and restitutions	150,000	150,000	209,298	59,298
Private grants and contributions		1,000	1,000	
Total revenues	<u>3,153,663</u>	<u>3,293,163</u>	<u>3,114,034</u>	<u>(179,129)</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	72,537	72,537	38,130	34,407
Employee benefits	50,283	50,133	21,677	28,456
Services and supplies	3,130,843	3,266,093	3,121,344	144,749
Capital outlay	180,000	220,000	39,519	180,481
Total planning and community development	<u>3,433,663</u>	<u>3,608,763</u>	<u>3,220,670</u>	<u>388,093</u>
Total expenditures	<u>3,433,663</u>	<u>3,608,763</u>	<u>3,220,670</u>	<u>388,093</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(280,000)</u>	<u>(315,600)</u>	<u>(106,636)</u>	<u>208,964</u>
OTHER FINANCING SOURCES				
Transfers in	<u>50,000</u>	<u>53,500</u>	<u>53,500</u>	
CHANGE IN FUND BALANCE	(230,000)	(262,100)	(53,136)	208,964
FUND BALANCE, BEGINNING OF YEAR	<u>870,152</u>	<u>907,133</u>	<u>907,133</u>	
FUND BALANCE, END OF YEAR	<u>\$ 640,152</u>	<u>\$ 645,033</u>	<u>\$ 853,997</u>	<u>\$ 208,964</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Consolidated taxes	\$	\$	\$ 355,601	\$ 355,601
Miscellaneous				
Investment income		<u>14,000</u>	<u>16,503</u>	<u>2,503</u>
Total revenues		<u>14,000</u>	<u>372,104</u>	<u>358,104</u>
General government				
Other				
Services and supplies		<u>1,860,721</u>		<u>1,860,721</u>
Total general government		<u>1,860,721</u>		<u>1,860,721</u>
Total expenditures		<u>1,860,721</u>		<u>1,860,721</u>
CHANGE IN FUND BALANCE		(1,846,721)	372,104	2,218,825
FUND BALANCE, BEGINNING OF YEAR		<u>1,846,721</u>	<u>1,846,721</u>	
FUND BALANCE, END OF YEAR	\$	\$	\$ <u>2,218,825</u>	\$ <u>2,218,825</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, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Room and construction taxes	\$ 2,200,000	\$ 2,400,000	\$ 2,918,108	\$ 518,108
Miscellaneous				
Investment income		12,000	14,112	2,112
Private grants and contributions		6,500	7,500	1,000
	2,200,000	2,418,500	2,939,720	521,220
Total revenues				
EXPENDITURES				
General government				
City manager				
Services and supplies	821,823	603,382	561,230	42,152
Capital outlay	142,820	391,998	25,000	366,998
	964,643	995,380	586,230	409,150
Total expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	1,235,357	1,423,120	2,353,490	930,370
OTHER FINANCING USES				
Transfers out	(1,993,027)	(2,180,527)	(2,180,527)	
CHANGE IN FUND BALANCE	(757,670)	(757,407)	172,963	930,370
FUND BALANCE, BEGINNING OF YEAR	757,670	1,494,279	1,494,279	
FUND BALANCE, END OF YEAR	\$	\$ 736,872	\$ 1,667,242	\$ 930,370

# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Business licenses, permits, franchise and other fees				
Other	\$ 287,888	\$ 255,482	\$ 215,528	\$ (39,954)
Miscellaneous				
Investment income		5,500	6,371	871
Court administrative charges			77,717	77,717
Total revenues	<u>287,888</u>	<u>260,982</u>	<u>299,616</u>	<u>38,634</u>
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	<u>287,888</u>	<u>905,460</u>	<u>144,259</u>	<u>761,201</u>
CHANGE IN FUND BALANCE		(644,478)	155,357	799,835
FUND BALANCE, BEGINNING OF YEAR		<u>644,478</u>	<u>644,478</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 799,835</u>	<u>\$ 799,835</u>

# CITY OF RENO

## DRUG FORFEITURE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Federal grants	\$	\$ 250,000	\$ 266,518	\$ 16,518
Fines and forfeits				
Drug forfeitures	50,000	40,000	37,700	(2,300)
Miscellaneous				
Reimbursements and restitutions		<u>44,200</u>	<u>44,200</u>	
Total revenues	<u>50,000</u>	<u>334,200</u>	<u>348,418</u>	<u>14,218</u>
EXPENDITURES				
General government				
City attorney				
Services and supplies		<u>10,000</u>	<u>8,208</u>	<u>1,792</u>
Public safety				
Police				
Salaries and wages	5,000			
Services and supplies	1,056,849	1,652,533	373,698	1,278,835
Capital outlay		<u>30,000</u>	<u>66,016</u>	<u>(36,016)</u>
Total expenditures	<u>1,061,849</u>	<u>1,692,533</u>	<u>447,922</u>	<u>1,244,611</u>
CHANGE IN FUND BALANCE	(1,011,849)	(1,358,333)	(99,504)	1,258,829
FUND BALANCE, BEGINNING OF YEAR	<u>1,011,849</u>	<u>1,358,333</u>	<u>1,358,333</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 105,590</u>	<u>\$ 1,258,829</u>	<u>\$ 1,153,239</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$	\$	50,000	\$ (50,000)
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	128,024	128,024	128,024	
Miscellaneous				
Investment income		1,505	1,994	489
Rents and royalties	605,700	786,055	825,175	39,120
Other		870,185	870,185	
Total revenues	<u>733,724</u>	<u>1,835,769</u>	<u>1,825,378</u>	<u>(10,391)</u>
EXPENDITURES				
Urban redevelopment				
Various				
Services and supplies	<u>944,833</u>	<u>1,215,523</u>	<u>917,804</u>	<u>297,719</u>
Total expenditures	<u>944,833</u>	<u>1,215,523</u>	<u>917,804</u>	<u>297,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(211,109)</u>	<u>620,246</u>	<u>907,574</u>	<u>287,328</u>
OTHER FINANCING USES				
Transfers out	<u>(40,000)</u>	<u>(772,185)</u>	<u>(772,185)</u>	
CHANGE IN FUND BALANCE	(251,109)	(151,939)	135,389	287,328
FUND BALANCE, BEGINNING OF YEAR	<u>1,292,318</u>	<u>1,503,362</u>	<u>1,503,362</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,041,209</u>	<u>\$ 1,351,423</u>	<u>\$ 1,638,751</u>	<u>\$ 287,328</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, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services				
Public works				
Engineering fees	\$ 75,000	\$ 75,000	\$ 143,215	\$ 68,215
Miscellaneous				
Investment income			(293)	(293)
Total revenues	75,000	75,000	142,922	67,922
EXPENDITURES				
Planning and community development				
Various				
Services and supplies	75,000	75,000		75,000
Total expenditures	75,000	75,000		75,000
FUND BALANCE, BEGINNING OF YEAR	815	815		(815)
FUND BALANCE, END OF YEAR	\$ 815	\$ 815	\$ 142,922	\$ 142,107

# **DEBT SERVICE FUNDS**



# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 2,468,389	\$ 5,460,181	\$ 9,980,986	\$ 3,250,150	\$ 21,159,706
Accounts receivable				43,818	43,818
Interest receivable	8,414	631	22,210	4,174	35,429
Taxes receivable		3,923			3,923
Special assessments receivable	1,534,618		4,072,489		5,607,107
Due from other governments		2,135,251	835,601	222,388	3,193,240
<b>Total assets</b>	<b><u>\$ 4,011,421</u></b>	<b><u>\$ 7,599,986</u></b>	<b><u>\$ 14,911,286</u></b>	<b><u>\$ 3,520,530</u></b>	<b><u>\$ 30,043,223</u></b>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 1,495	\$ 7,639	\$ 225,268	\$ 36	\$ 234,438
Due to other governments	159				159
Deposits	9,607				9,607
Advances from other funds	123,785				123,785
Interest payable				2,894,813	2,894,813
Debt obligations payable				3,030,000	3,030,000
<b>Total liabilities</b>	<b><u>135,046</u></b>	<b><u>7,639</u></b>	<b><u>225,268</u></b>	<b><u>5,924,849</u></b>	<b><u>6,292,802</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, property taxes		3,923			3,923
Unavailable revenue, special assessments	1,419,279		3,648,143		5,067,422
Unavailable revenue, other				2,593	2,593
<b>Total deferred inflows of resources</b>	<b><u>1,419,279</u></b>	<b><u>3,923</u></b>	<b><u>3,648,143</u></b>	<b><u>2,593</u></b>	<b><u>5,073,938</u></b>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>1,554,325</u></b>	<b><u>11,562</u></b>	<b><u>3,873,411</u></b>	<b><u>5,927,442</u></b>	<b><u>11,366,740</u></b>
<b>FUND BALANCES</b>					
Restricted for					
Debt service	2,457,096	7,588,424	11,037,875		21,083,395
Unassigned				(2,406,912)	(2,406,912)
<b>Total fund balances</b>	<b><u>2,457,096</u></b>	<b><u>7,588,424</u></b>	<b><u>11,037,875</u></b>	<b><u>(2,406,912)</u></b>	<b><u>18,676,483</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,011,421</u></b>	<b><u>\$ 7,599,986</u></b>	<b><u>\$ 14,911,286</u></b>	<b><u>\$ 3,520,530</u></b>	<b><u>\$ 30,043,223</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, 2018

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
<b>REVENUES</b>					
Taxes	\$	\$ 3,163,886	\$ 7,308,361	\$	\$ 10,472,247
Intergovernmental shared revenues				1,904,746	1,904,746
Fines and forfeitures	6,477				6,477
Special assessments	294,896		424,355		719,251
Miscellaneous	125,769	32,717	384,697	1,191,842	1,735,025
Total revenues	<u>427,142</u>	<u>3,196,603</u>	<u>8,117,413</u>	<u>3,096,588</u>	<u>14,837,746</u>
<b>EXPENDITURES</b>					
Debt service					
Principal payments	199,190	2,330,000	3,710,000	9,643,000	15,882,190
Interest expense and fiscal charges	92,100	1,204,293	4,169,078	2,818,158	8,283,629
Administrative and other costs	36,075	10,223	657,306	55,765	759,369
Total debt service	<u>327,365</u>	<u>3,544,516</u>	<u>8,536,384</u>	<u>12,516,923</u>	<u>24,925,188</u>
Total expenditures	<u>327,365</u>	<u>3,544,516</u>	<u>8,536,384</u>	<u>12,516,923</u>	<u>24,925,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99,777</u>	<u>(347,913)</u>	<u>(418,971)</u>	<u>(9,420,335)</u>	<u>(10,087,442)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital asset disposal				231,346	231,346
Transfers in		772,185	1,000,000	7,675,312	9,447,497
Transfers out	(119,230)				(119,230)
Total other financing sources (uses)	<u>(119,230)</u>	<u>772,185</u>	<u>1,000,000</u>	<u>7,906,658</u>	<u>9,559,613</u>
CHANGE IN FUND BALANCE	(19,453)	424,272	581,029	(1,513,677)	(527,829)
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 2,457,096</u>	<u>\$ 7,588,424</u>	<u>\$ 11,037,875</u>	<u>\$ (2,406,912)</u>	<u>\$ 18,676,483</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
SAD penalties	\$	\$ 5,240	\$ 6,477	\$ 1,237
Special assessments				
Special assessments districts	328,000	241,638	294,896	53,258
Miscellaneous				
Investment income	122,450	114,715	120,039	5,324
Other	<u>5,344</u>	<u>5,344</u>	<u>5,730</u>	<u>386</u>
Total revenues	<u>450,450</u>	<u>366,937</u>	<u>427,142</u>	<u>60,205</u>
EXPENDITURES				
Debt service				
Principal payments	169,190	192,190	199,190	(7,000)
Interest expense and fiscal charges	84,801	84,801	92,100	(7,299)
Administrative and other costs	<u>667,369</u>	<u>612,938</u>	<u>36,075</u>	<u>576,863</u>
Total expenditures	<u>921,360</u>	<u>889,929</u>	<u>327,365</u>	<u>562,564</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(470,910)</u>	<u>(522,992)</u>	<u>99,777</u>	<u>622,769</u>
OTHER FINANCING USES				
Transfers out	<u>(60,000)</u>	<u>(119,230)</u>	<u>(119,230)</u>	<u>          </u>
CHANGE IN FUND BALANCE	(530,910)	(642,222)	(19,453)	622,769
FUND BALANCE, BEGINNING OF YEAR	<u>2,444,531</u>	<u>2,476,549</u>	<u>2,476,549</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$ 1,913,621</u>	<u>\$ 1,834,327</u>	<u>\$ 2,457,096</u>	<u>\$ 622,769</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 2,914,444	\$ 3,049,065	\$ 3,163,886	\$ 114,821
Miscellaneous				
Investment income		24,200	32,717	8,517
Reimbursements and restitutions		1,792,381		(1,792,381)
Other	<u>850,000</u>			
Total revenues	<u>3,764,444</u>	<u>4,865,646</u>	<u>3,196,603</u>	<u>(1,669,043)</u>
EXPENDITURES				
Debt service				
Principal payments	2,330,000	2,330,000	2,330,000	
Interest expense and fiscal charges	1,179,070	1,205,138	1,204,293	845
Administrative and other costs	<u>239,315</u>	<u>13,000</u>	<u>10,223</u>	<u>2,777</u>
Total expenditures	<u>3,748,385</u>	<u>3,548,138</u>	<u>3,544,516</u>	<u>3,622</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>16,059</u>	<u>1,317,508</u>	<u>(347,913)</u>	<u>(1,665,421)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>40,000</u>	<u>772,185</u>	<u>772,185</u>	
CHANGE IN FUND BALANCE	56,059	2,089,693	424,272	(1,665,421)
FUND BALANCE, BEGINNING OF YEAR	<u>7,143,957</u>	<u>7,164,152</u>	<u>7,164,152</u>	
FUND BALANCE, END OF YEAR	<u>\$ 7,200,016</u>	<u>\$ 9,253,845</u>	<u>\$ 7,588,424</u>	<u>\$ (1,665,421)</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 6,140,000	\$ 6,860,000	\$ 7,308,361	\$ 448,361
Special assessments				
Downtown event center	367,000	394,804	424,355	29,551
Miscellaneous				
Investment income	<u>360,000</u>	<u>377,232</u>	<u>384,697</u>	<u>7,465</u>
Total revenues	<u>6,867,000</u>	<u>7,632,036</u>	<u>8,117,413</u>	<u>485,377</u>
EXPENDITURES				
Debt service				
Principal payments	3,710,000	3,710,000	3,710,000	
Interest expense and fiscal charges	4,267,999	4,567,999	4,169,078	398,921
Administrative and other costs	<u>965,000</u>	<u>672,000</u>	<u>657,306</u>	<u>14,694</u>
Total expenditures	<u>8,942,999</u>	<u>8,949,999</u>	<u>8,536,384</u>	<u>413,615</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,075,999)</u>	<u>(1,317,963)</u>	<u>(418,971)</u>	<u>898,992</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
CHANGE IN FUND BALANCE	(1,075,999)	(317,963)	581,029	898,992
FUND BALANCE, BEGINNING OF YEAR	<u>9,997,673</u>	<u>10,456,846</u>	<u>10,456,846</u>	
FUND BALANCE, END OF YEAR	<u>\$ (24,468,326)</u>	<u>\$ (23,251,117)</u>	<u>\$ 11,037,875</u>	<u>\$ 34,288,992</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	\$ 2,100,000	\$ 1,800,000	\$ 1,627,114	\$ (172,886)
Other	240,000	277,632	277,632	
Miscellaneous				
Investment income	2,000	3,000	44,132	41,132
Rents and royalties	990,000	990,000	1,068,771	78,771
Reimbursements and restitutions	15,000	15,000	19,661	4,661
Other	<u>919,296</u>	<u>23,000</u>	<u>59,278</u>	<u>36,278</u>
Total revenues	<u>4,266,296</u>	<u>3,108,632</u>	<u>3,096,588</u>	<u>(12,044)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	9,065,000	8,120,000	9,643,000	(1,523,000)
Interest expense and fiscal charges	2,750,054	2,165,190	2,818,158	(652,968)
Administrative and other costs	<u>19,000</u>	<u>31,500</u>	<u>55,765</u>	<u>(24,265)</u>
Total expenditures	<u>11,834,054</u>	<u>10,316,690</u>	<u>12,516,923</u>	<u>(2,200,233)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,567,758)</u>	<u>(7,208,058)</u>	<u>(9,420,335)</u>	<u>(2,212,277)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital asset disposal		231,346	231,346	
Transfers in	<u>7,675,312</u>	<u>7,675,312</u>	<u>7,675,312</u>	
Total other financing sources	<u>7,675,312</u>	<u>7,906,658</u>	<u>7,906,658</u>	
CHANGE IN FUND BALANCE	107,554	698,600	(1,513,677)	(2,212,277)
FUND BALANCE, BEGINNING OF YEAR	<u>315,687</u>	<u>(893,235)</u>	<u>(893,235)</u>	
FUND BALANCE, END OF YEAR	<u>\$ 423,241</u>	<u>\$ (194,635)</u>	<u>\$ (2,406,912)</u>	<u>\$ (2,212,277)</u>

# **CAPITAL PROJECTS FUNDS**



# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

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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 acquisition and construction of railroad grade projects.

**City Bonds**

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

**Parks**

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

**Special Ad Valorem**

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.

**Room Tax Surcharge**

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.

**Streets**

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.





# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2018

	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	\$ 7,018,800	\$ 510,028	\$ 232,926	\$ 8,597,554	\$ 487,958	\$ 2,315,455	\$ 1,354,697	\$ 20,517,418
Accounts receivable	17,399							17,399
Interest receivable	21,412	1,670	793	28,377	1,622	7,499	4,579	65,952
Due from other governments				72,003	14,490	174,940		261,433
Notes receivable, net	<u>1,001,612</u>							<u>1,001,612</u>
<b>Total assets</b>	<u><u>\$ 8,059,223</u></u>	<u><u>\$ 511,698</u></u>	<u><u>\$ 233,719</u></u>	<u><u>\$ 8,697,934</u></u>	<u><u>\$ 504,070</u></u>	<u><u>\$ 2,497,894</u></u>	<u><u>\$ 1,359,276</u></u>	<u><u>\$ 21,863,814</u></u>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	\$ 70,288		\$ 3,185	\$ 69,824	\$ 3,458	\$ 27,025		\$ 173,780
Contracts payable	138,307			8,609	4,668	20,153		171,737
Due to other governments	133						1,353,614	1,353,747
Deposits					<u>6,000</u>			<u>6,000</u>
<b>Total liabilities</b>	<u>208,728</u>		<u>3,185</u>	<u>78,433</u>	<u>14,126</u>	<u>47,178</u>	<u>1,353,614</u>	<u>1,705,264</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue, other	<u>15,799</u>			<u>72,003</u>				<u>87,802</u>
<b>FUND BALANCES</b>								
Long-term receivables	1,001,612							1,001,612
Restricted for								
Capital improvement projects		511,698	230,534	8,547,498	489,944	2,450,716		12,230,390
Assigned to								
Capital improvement projects	<u>6,833,084</u>						<u>5,662</u>	<u>6,838,746</u>
<b>Total fund balances</b>	<u>7,834,696</u>	<u>511,698</u>	<u>230,534</u>	<u>8,547,498</u>	<u>489,944</u>	<u>2,450,716</u>	<u>5,662</u>	<u>20,070,748</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 8,059,223</u></u>	<u><u>\$ 511,698</u></u>	<u><u>\$ 233,719</u></u>	<u><u>\$ 8,697,934</u></u>	<u><u>\$ 504,070</u></u>	<u><u>\$ 2,497,894</u></u>	<u><u>\$ 1,359,276</u></u>	<u><u>\$ 21,863,814</u></u>

# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2018

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
<b>REVENUES</b>								
Taxes	\$	\$	\$	\$ 2,862,964	\$	\$	\$	\$ 2,862,964
Intergovernmental shared revenues				243,002	569,712			812,714
Charges for services						1,899,848		1,899,848
Fines and forfeitures					1,000			1,000
Miscellaneous	2,080,084	4,497	3,859	65,644	92,908	22,383	3,052	2,272,427
<b>Total revenues</b>	<u>2,080,084</u>	<u>4,497</u>	<u>3,859</u>	<u>3,171,610</u>	<u>663,620</u>	<u>1,922,231</u>	<u>3,052</u>	<u>7,848,953</u>
<b>EXPENDITURES</b>								
<b>Current</b>								
General government	127,750				451,730			579,480
Public safety	81,405				35,783			117,188
Public works	1,038,950		66,637		1	27,026	1,479	1,134,093
Culture and recreation	391,724			541,096				932,820
<b>Total current</b>	<u>1,639,829</u>		<u>66,637</u>	<u>541,096</u>	<u>487,514</u>	<u>27,026</u>	<u>1,479</u>	<u>2,763,581</u>
<b>Capital outlay</b>								
General government	140,443							140,443
Public safety	643,046							643,046
Public works	3,359,099				138,588	1,143,789		4,641,476
Culture and recreation	729,448			996,628				1,726,076
<b>Total capital outlay</b>	<u>4,872,036</u>			<u>996,628</u>	<u>138,588</u>	<u>1,143,789</u>		<u>7,151,041</u>
<b>Total expenditures</b>	<u>6,511,865</u>		<u>66,637</u>	<u>1,537,724</u>	<u>626,102</u>	<u>1,170,815</u>	<u>1,479</u>	<u>9,914,622</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,431,781)</u>	<u>4,497</u>	<u>(62,778)</u>	<u>1,633,886</u>	<u>37,518</u>	<u>751,416</u>	<u>1,573</u>	<u>(2,065,669)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from capital asset disposal	75,000							75,000
Transfers in	4,337,174							4,337,174
Transfers out	(959,080)							(959,080)
<b>Total other financing sources (uses)</b>	<u>3,453,094</u>							<u>3,453,094</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(978,687)</u>	<u>4,497</u>	<u>(62,778)</u>	<u>1,633,886</u>	<u>37,518</u>	<u>751,416</u>	<u>1,573</u>	<u>1,387,425</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>8,813,383</u>	<u>507,201</u>	<u>293,312</u>	<u>6,913,612</u>	<u>452,426</u>	<u>1,699,300</u>	<u>4,089</u>	<u>18,683,323</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,834,696</u>	<u>\$ 511,698</u>	<u>\$ 230,534</u>	<u>\$ 8,547,498</u>	<u>\$ 489,944</u>	<u>\$ 2,450,716</u>	<u>\$ 5,662</u>	<u>\$ 20,070,748</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Business licenses, permits, franchise and other fees				
Intergovernmental shared revenues				
Charges for services				
Public works				
Miscellaneous				
Investment income	\$ 46,000	\$ 90,948	\$ 115,871	\$ 24,923
Reimbursements and restitutions		242,321	242,321	
Private grants and contributions		1,710,129	1,714,576	4,447
Other			7,316	7,316
		<u>7,220</u>		<u>(7,220)</u>
<b>Total revenues</b>	<u>46,000</u>	<u>2,050,618</u>	<u>2,080,084</u>	<u>29,466</u>
<b>EXPENDITURES</b>				
General government				
Communications and technology				
Services and supplies			42,720	(42,720)
Capital outlay	100,000	274,648	99,912	174,736
Total communications and technology	<u>100,000</u>	<u>274,648</u>	<u>142,632</u>	<u>132,016</u>
Services and supplies		51,500	30,754	20,746
Capital outlay		<u>426,672</u>	<u>40,531</u>	<u>386,141</u>
Total		<u>478,172</u>	<u>71,285</u>	<u>406,887</u>
Other				
Services and supplies		54,350	54,276	74
Total other		<u>54,350</u>	<u>54,276</u>	<u>74</u>
<b>Total general government</b>	<u>100,000</u>	<u>807,170</u>	<u>268,193</u>	<u>538,977</u>
Public safety				
Fire				
Services and supplies	50,000	116,060	81,405	34,655
Capital outlay	300,000	1,776,315	643,046	1,133,269
Total fire	<u>350,000</u>	<u>1,892,375</u>	<u>724,451</u>	<u>1,167,924</u>
<b>Total public safety</b>	<u>350,000</u>	<u>1,892,375</u>	<u>724,451</u>	<u>1,167,924</u>
Public works				
Various				
Services and supplies		1,306,611	1,038,950	267,661
Capital outlay	640,000	4,667,564	3,359,099	1,308,465
Total various	<u>640,000</u>	<u>5,974,175</u>	<u>4,398,049</u>	<u>1,576,126</u>
Culture and recreation				
Parks and recreation				
Services and supplies	40,000	375,000	391,724	(16,724)
Capital outlay	850,000	4,159,489	729,448	3,430,041
Total parks and recreation	<u>890,000</u>	<u>4,534,489</u>	<u>1,121,172</u>	<u>3,413,317</u>
<b>Total culture and recreation</b>	<u>890,000</u>	<u>4,534,489</u>	<u>1,121,172</u>	<u>3,413,317</u>
<b>Total expenditures</b>	<u>1,980,000</u>	<u>13,208,209</u>	<u>6,511,865</u>	<u>6,696,344</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,934,000)</u>	<u>(11,157,591)</u>	<u>(4,431,781)</u>	<u>6,725,810</u>

# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal		75,000	75,000	
Transfers in	1,990,000	4,337,174	4,337,174	
Transfers out	(136,000)	(959,080)	(959,080)	
Total other financing sources (uses)	<u>1,854,000</u>	<u>3,453,094</u>	<u>3,453,094</u>	
CHANGE IN FUND BALANCE	(80,000)	(7,704,497)	(978,687)	6,725,810
FUND BALANCE, BEGINNING OF YEAR	<u>1,093,140</u>	<u>8,813,383</u>	<u>8,813,383</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,013,140</u>	<u>\$ 1,108,886</u>	<u>\$ 7,834,696</u>	<u>\$ 6,725,810</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$       3,000	\$       4,497	\$       1,497
Total revenues	_____	3,000	4,497	1,497
Public works				
Various				
Services and supplies	_____	510,201	_____	510,201
Total various	_____	510,201	_____	510,201
Total public works	_____	510,201	_____	510,201
Total expenditures	_____	510,201	_____	510,201
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	_____	(507,201)	4,497	511,698
CHANGE IN FUND BALANCE		(507,201)	4,497	511,698
FUND BALANCE, BEGINNING OF YEAR	_____	507,201	507,201	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$     511,698	\$     511,698

# 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, 2018

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$	\$ 1,500	\$ 2,447	\$ 947
Other			<u>1,412</u>	<u>1,412</u>
Public works				
Various				
Services and supplies		<u>294,812</u>	<u>66,637</u>	<u>228,175</u>
CHANGE IN FUND BALANCE		(293,312)	(62,778)	230,534
FUND BALANCE, BEGINNING OF YEAR		<u>293,312</u>	<u>293,312</u>	
FUND BALANCE, END OF YEAR	\$	\$	\$ <u>230,534</u>	\$ <u>230,534</u>

# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 895,000	\$ 2,635,000	\$ 2,862,964	\$ 227,964
Intergovernmental shared revenues				
Other		225,000	243,002	18,002
Miscellaneous				
Investment income	<u>5,250</u>	<u>51,550</u>	<u>65,644</u>	<u>14,094</u>
Total revenues	<u>900,250</u>	<u>2,911,550</u>	<u>3,171,610</u>	<u>260,060</u>
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies	700,000	70,739	541,096	(470,357)
Capital outlay	<u>830,000</u>	<u>3,765,314</u>	<u>996,628</u>	<u>2,768,686</u>
Total parks and recreation	<u>1,530,000</u>	<u>3,836,053</u>	<u>1,537,724</u>	<u>2,298,329</u>
Total culture and recreation	<u>1,530,000</u>	<u>3,836,053</u>	<u>1,537,724</u>	<u>2,298,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(629,750)</u>	<u>(924,503)</u>	<u>1,633,886</u>	<u>2,558,389</u>
CHANGE IN FUND BALANCE	(629,750)	(924,503)	1,633,886	2,558,389
FUND BALANCE, BEGINNING OF YEAR	<u>3,898,795</u>	<u>6,913,612</u>	<u>6,913,612</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,269,045</u>	<u>\$ 5,989,109</u>	<u>\$ 8,547,498</u>	<u>\$ 2,558,389</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
County capital project taxes	\$ 550,000	\$ 550,000	\$ 569,712	\$ 19,712
Fines and forfeits				
Other			1,000	1,000
Miscellaneous				
Investment income		4,500	5,408	908
Reimbursements and restitutions		87,500	87,500	
Total revenues	<u>550,000</u>	<u>642,000</u>	<u>663,620</u>	<u>21,620</u>
EXPENDITURES				
General government				
Communications and technology				
Services and supplies	500,000	513,297	451,730	61,567
Total communications and technology	<u>500,000</u>	<u>513,297</u>	<u>451,730</u>	<u>61,567</u>
Total general government	<u>500,000</u>	<u>513,297</u>	<u>451,730</u>	<u>61,567</u>
Public safety				
Police				
Services and supplies		50,000	35,783	14,217
Capital outlay	50,000			
Total police	<u>50,000</u>	<u>50,000</u>	<u>35,783</u>	<u>14,217</u>
Total public safety	<u>50,000</u>	<u>50,000</u>	<u>35,783</u>	<u>14,217</u>
Public works				
Various				
Services and supplies			1	(1)
Capital outlay		531,129	138,588	392,541
Total expenditures	<u>550,000</u>	<u>1,094,426</u>	<u>626,102</u>	<u>468,324</u>
CHANGE IN FUND BALANCE		(452,426)	37,518	489,944
FUND BALANCE, BEGINNING OF YEAR		<u>452,426</u>	<u>452,426</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 489,944</u>	<u>\$ 489,944</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, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Downtown district room surcharge	\$ 2,000,000	\$ 2,000,000	\$ 1,899,848	\$ (100,152)
Miscellaneous				
Investment income		15,000	18,923	3,923
Other		3,460	3,460	
Total revenues	2,000,000	2,018,460	1,922,231	(96,229)
EXPENDITURES				
Public works				
Various				
Services and supplies	852,155	852,155	27,026	825,129
Capital outlay	1,147,845	2,865,605	1,143,789	1,721,816
Total various	2,000,000	3,717,760	1,170,815	2,546,945
Total public works	2,000,000	3,717,760	1,170,815	2,546,945
Total expenditures	2,000,000	3,717,760	1,170,815	2,546,945
CHANGE IN FUND BALANCE		(1,699,300)	751,416	2,450,716
FUND BALANCE, BEGINNING OF YEAR		1,699,300	1,699,300	
FUND BALANCE, END OF YEAR	\$	\$	\$ 2,450,716	\$ 2,450,716

# 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, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____ 2,500	\$ _____ 3,052	\$ _____ 552
Total revenues	_____	_____ 2,500	_____ 3,052	_____ 552
EXPENDITURES				
Public works				
Various				
Services and supplies	_____	_____ 6,589	_____ 1,479	_____ 5,110
Total various	_____	_____ 6,589	_____ 1,479	_____ 5,110
Total expenditures	_____	_____ 6,589	_____ 1,479	_____ 5,110
CHANGE IN FUND BALANCE		(4,089)	1,573	5,662
FUND BALANCE, BEGINNING OF YEAR	_____	_____ 4,089	_____ 4,089	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ _____ 5,662	\$ _____ 5,662

# **PROPRIETARY FUNDS**



# **MAJOR ENTERPRISE FUNDS**



# **CITY OF RENO**

## **MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

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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.

**Building Permit**

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





# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Sanitary Sewer	\$ 64,390,000	\$ 64,995,000	\$ 65,996,433	\$ 1,001,433
Licenses and permits	307,000	305,000	320,179	15,179
Fines and forfeitures	1,200,000	1,204,400	1,293,310	88,910
Miscellaneous				
Reimbursements and restitution			30,174	30,174
Other		12,000	14,557	2,557
Total operating revenues	<u>65,897,000</u>	<u>66,516,400</u>	<u>67,654,653</u>	<u>1,138,253</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	6,192,187	6,264,936	5,816,397	448,539
Employee benefits	3,885,795	3,931,016	2,424,004	1,507,012
Services and supplies	12,854,196	13,719,881	12,604,341	1,115,540
Joint sewer plant	15,000,000	15,000,000	13,551,578	1,448,422
Depreciation and amortization	10,000,000	10,500,000	10,411,825	88,175
Total operating expenses	<u>47,932,178</u>	<u>49,415,833</u>	<u>44,808,145</u>	<u>4,607,688</u>
Operating income	<u>17,964,822</u>	<u>17,100,567</u>	<u>22,846,508</u>	<u>5,745,941</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other grants		2,077,162	2,106,678	29,516
Investment income	105,000	610,000	681,072	71,072
Interest and fiscal charges	(1,362,946)	(1,197,946)	(1,240,382)	(42,436)
Gain (loss) on capital asset disposition			(762,464)	(762,464)
Truckee Meadows Water Reclamation Facility	(4,600,000)	(5,000,000)	(5,866,664)	(866,664)
Total nonoperating revenues (expenses)	<u>(5,857,946)</u>	<u>(3,510,784)</u>	<u>(5,081,760)</u>	<u>(1,570,976)</u>
Income before capital contributions and transfers	<u>12,106,876</u>	<u>13,589,783</u>	<u>17,764,748</u>	<u>4,174,965</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			6,037,726	6,037,726
Sewer connection charges	5,575,000	7,075,000	9,047,007	1,972,007
Total capital contributions	<u>5,575,000</u>	<u>7,075,000</u>	<u>15,084,733</u>	<u>8,009,733</u>
<b>TRANSFERS</b>				
Transfers out	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	<u>          </u>
CHANGE IN NET POSITION	<u>\$ 17,569,876</u>	<u>\$ 20,552,783</u>	<u>32,737,481</u>	<u>\$ 12,184,698</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			452,023,834	
Adjustment			(5,020,034)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>447,003,800</u>	
NET POSITION, END OF YEAR			<u>\$ 479,741,281</u>	

# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Building permits	\$ 4,374,095	\$ 4,601,013	\$ 4,824,348	\$ 223,335
Miscellaneous permits	547,037	927,869	874,448	(53,421)
Plan check fees	1,729,622	2,160,779	2,344,965	184,186
Electrical and plumbing	1,338,442	1,372,049	1,450,449	78,400
Plumbing inspection fees	238,986	254,838	227,496	(27,342)
Electrical inspection fee	61,695	55,000	63,743	8,743
Building and safety fees	24,455	9,235	6,190	(3,045)
Fire inspection fees	158,508	201,753	211,909	10,156
Fines and forfeitures			5,580	5,580
Miscellaneous				
Reimbursements and restitution		560	560	
Other		22	22	
Total operating revenues	<u>8,472,840</u>	<u>9,583,118</u>	<u>10,009,710</u>	<u>426,592</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	3,921,774	3,987,985	3,829,495	158,490
Employee benefits	2,363,528	3,037,306	1,825,873	1,211,433
Services and supplies	2,249,187	2,176,162	2,185,737	(9,575)
Depreciation and amortization	21,000	2,500	28,284	(25,784)
Total operating expenses	<u>8,555,489</u>	<u>9,203,953</u>	<u>7,869,389</u>	<u>1,334,564</u>
Operating income	<u>(82,649)</u>	<u>379,165</u>	<u>2,140,321</u>	<u>1,761,156</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State grants		334	324	(10)
Investment income		75,000	94,266	19,266
Total nonoperating revenues (expenses)		<u>75,334</u>	<u>94,590</u>	<u>19,256</u>
Income before capital contributions and transfers	<u>(82,649)</u>	<u>454,499</u>	<u>2,234,911</u>	<u>1,780,412</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Federal grants		509		(509)
Total capital contributions		<u>509</u>		<u>(509)</u>
CHANGE IN NET POSITION	<u>\$ (82,649)</u>	<u>\$ 455,008</u>	<u>2,234,911</u>	<u>\$ 1,779,903</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			4,058,045	
Adjustment			<u>(3,328,346)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>729,699</u>	
NET POSITION, END OF YEAR			<u>\$ 2,964,610</u>	

# **INTERNAL SERVICE FUNDS**



# CITY OF RENO

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents and investments	\$ 3,589,261	\$ 6,513,246	\$ 19,263,637	\$ 5,625,480	\$ 34,991,624
Accounts receivable	209,215		735,599	840	945,654
Interest receivable	12,128	21,190	62,857	18,374	114,549
Due from other governments	10,000	284,144			294,144
Inventories	164,572				164,572
Prepaid items	<u>1,854</u>	<u>52,559</u>	<u>16,452</u>	<u>64,415</u>	<u>135,280</u>
Total current assets	<u>3,987,030</u>	<u>6,871,139</u>	<u>20,078,545</u>	<u>5,709,109</u>	<u>36,645,823</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	<u>7,998,130</u>				<u>7,998,130</u>
Total assets	<u>11,985,160</u>	<u>6,871,139</u>	<u>20,078,545</u>	<u>5,709,109</u>	<u>44,643,953</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	253,027	35,156			288,183
Unamortized amounts related to postemployment benefits other than pensions	<u>10,247</u>	<u>2,739</u>			<u>12,986</u>
Total deferred outflows of resources	<u>263,274</u>	<u>37,895</u>			<u>301,169</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	101,423	6,518	124,631		232,572
Accrued salaries and benefits	26,187	5,654			31,841
Compensated absences	51,576	1,915			53,491
Self-insurance liability		<u>231,958</u>	<u>1,446,221</u>	<u>6,181,368</u>	<u>7,859,547</u>
Total current liabilities	<u>179,186</u>	<u>246,045</u>	<u>1,570,852</u>	<u>6,181,368</u>	<u>8,177,451</u>
Noncurrent liabilities					
Postemployment benefits other than pensions	464,568	124,187			588,755
Self-insurance liability		2,514,890	1,476,345	49,851,103	53,842,338
Net pension liability	<u>1,388,449</u>	<u>192,909</u>			<u>1,581,358</u>
Total noncurrent liabilities	<u>1,853,017</u>	<u>2,831,986</u>	<u>1,476,345</u>	<u>49,851,103</u>	<u>56,012,451</u>
Total liabilities	<u>2,032,203</u>	<u>3,078,031</u>	<u>3,047,197</u>	<u>56,032,471</u>	<u>64,189,902</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	<u>140,673</u>	<u>19,545</u>			<u>160,218</u>
<b>NET POSITION</b>					
Net investment in capital assets	7,998,130				7,998,130
Restricted					
Self-insurance liabilities		3,809,124	17,031,348		20,840,472
Unrestricted	<u>2,077,428</u>	<u>2,334</u>		<u>(50,323,362)</u>	<u>(48,243,600)</u>
Total net position	<u>\$ 10,075,558</u>	<u>\$ 3,811,458</u>	<u>\$ 17,031,348</u>	<u>\$ (50,323,362)</u>	<u>\$ (19,404,998)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 6,005,124	\$ 1,556,145	\$ 31,722,649	\$ 6,327,481	\$ 45,611,399
Miscellaneous	26,961	284,464	1,005,230	72,497	1,389,152
Total operating revenues	<u>6,032,085</u>	<u>1,840,609</u>	<u>32,727,879</u>	<u>6,399,978</u>	<u>47,000,551</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	737,430	173,812			911,242
Employee benefits	239,824	50,211			290,035
Services and supplies	2,554,072	1,119,950	26,464,026	10,170,655	40,308,703
Depreciation and amortization	2,251,175				2,251,175
Total operating expenses	<u>5,782,501</u>	<u>1,343,973</u>	<u>26,464,026</u>	<u>10,170,655</u>	<u>43,761,155</u>
Operating income (loss)	<u>249,584</u>	<u>496,636</u>	<u>6,263,853</u>	<u>(3,770,677)</u>	<u>3,239,396</u>
<b>NONOPERATING REVENUES</b>					
Investment income	31,793	54,479	135,934	113,077	335,283
Gain (loss) on capital asset disposition	143,056				143,056
Total nonoperating revenues	<u>174,849</u>	<u>54,479</u>	<u>135,934</u>	<u>113,077</u>	<u>478,339</u>
Income (loss) before capital contributions	<u>424,433</u>	<u>551,115</u>	<u>6,399,787</u>	<u>(3,657,600)</u>	<u>3,717,735</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital contributions	191,614				191,614
Federal grants	184,969				184,969
Total capital contributions	<u>376,583</u>				<u>376,583</u>
CHANGE IN NET POSITION	<u>801,016</u>	<u>551,115</u>	<u>6,399,787</u>	<u>(3,657,600)</u>	<u>4,094,318</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					
	9,944,040	3,423,060	10,631,561	(46,665,762)	(22,667,101)
Adjustment	(669,498)	(162,717)			(832,215)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>9,274,542</u>	<u>3,260,343</u>	<u>10,631,561</u>	<u>(46,665,762)</u>	<u>(23,499,316)</u>
NET POSITION, END OF YEAR	<u>\$ 10,075,558</u>	<u>\$ 3,811,458</u>	<u>\$ 17,031,348</u>	<u>\$ (50,323,362)</u>	<u>\$ (19,404,998)</u>



# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 5,773,021	\$ 1,556,145	\$ 32,346,080	\$ 6,326,641	\$ 46,001,887
Cash received from interfund services	100,000				100,000
Cash received from other sources	16,960	320	1,005,231	271,573	1,294,084
Cash payments for goods and services	(3,013,342)	(1,026,556)	(26,327,941)	(6,591,868)	(36,959,707)
Cash payments for employee services	(995,184)	(231,526)		(1,619)	(1,228,329)
Cash payments for interfund goods and services	(202,061)	(12,240)	(153,216)	(49,242)	(416,759)
Cash payments for interfund employee benefits	(149,696)	(25,441)			(175,137)
Net cash provided by (used in) operating activities	<u>1,529,698</u>	<u>260,702</u>	<u>6,870,154</u>	<u>(44,515)</u>	<u>8,616,039</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash received from grants	184,969				184,969
Net cash used in noncapital financing activities	<u>184,969</u>				<u>184,969</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,771,870)				(1,771,870)
Proceeds received from disposal of capital assets	56,453				56,453
Net cash used in capital financing activities	<u>(1,715,417)</u>				<u>(1,715,417)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	32,226	55,481	144,267	113,883	345,857
Change in fair value of cash equivalent investments	(6,859)	(12,676)	(52,805)	(10,813)	(83,153)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,617	303,507	6,961,616	58,555	7,348,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,564,644</u>	<u>6,209,739</u>	<u>12,302,021</u>	<u>5,566,925</u>	<u>27,643,329</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,589,261</u>	<u>\$ 6,513,246</u>	<u>\$ 19,263,637</u>	<u>\$ 5,625,480</u>	<u>\$ 34,991,624</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 249,584	\$ 496,636	\$ 6,263,853	\$ (3,770,677)	\$ 3,239,396
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	2,251,175				2,251,175
(Increase) decrease in operating assets					
Accounts receivable	(132,103)		623,430	(840)	490,487
Due from other governments	(10,000)	(284,144)		199,076	(95,068)
Inventories	(30,750)				(30,750)
Prepaid items	(1,712)	391	59,117	(14,268)	43,528
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	(628,869)	2,992	(3,812)		(629,689)
Accrued salaries and benefits	5,893	773			6,666
Compensated absences	8,591	(2,750)			5,841
Self-insurance liability		77,772	(72,434)	3,543,813	3,549,151
Postemployment benefits other than pensions	421,123	113,134		(1,619)	532,638
Net pension liability	(603,234)	(144,102)			(747,336)
Total adjustments	<u>1,280,114</u>	<u>(235,934)</u>	<u>606,301</u>	<u>3,726,162</u>	<u>5,376,643</u>
Net cash provided by (used in) operating activities	<u>\$ 1,529,698</u>	<u>\$ 260,702</u>	<u>\$ 6,870,154</u>	<u>\$ (44,515)</u>	<u>\$ 8,616,039</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 191,614</u>				<u>\$ 191,614</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, 2018

	<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	\$ 5,946,193	\$ 5,946,193	\$ 6,005,124	\$ 58,931
Miscellaneous				
Reimbursements and restitution		27,500	26,961	(539)
Total operating revenues	<u>5,946,193</u>	<u>5,973,693</u>	<u>6,032,085</u>	<u>58,392</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	759,091	763,154	737,430	25,724
Employee benefits	499,512	459,309	239,824	219,485
Services and supplies	3,048,065	2,491,748	2,554,072	(62,324)
Depreciation and amortization	2,000,000	2,000,000	2,251,175	(251,175)
Total operating expenses	<u>6,306,668</u>	<u>5,714,211</u>	<u>5,782,501</u>	<u>(68,290)</u>
Operating income (loss)	<u>(360,475)</u>	<u>259,482</u>	<u>249,584</u>	<u>(9,898)</u>
<b>NONOPERATING REVENUES</b>				
Investment income		25,000	31,793	6,793
Gain (loss) on capital asset disposition		115,500	143,056	27,556
Total nonoperating revenues		<u>140,500</u>	<u>174,849</u>	<u>34,349</u>
Income (loss) before capital contributions	<u>(360,475)</u>	<u>399,982</u>	<u>424,433</u>	<u>24,451</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			191,614	191,614
Federal grants		174,969	184,969	10,000
Total capital contributions		<u>174,969</u>	<u>376,583</u>	<u>201,614</u>
<b>TRANSFERS</b>				
Transfers in		125,000		(125,000)
Total transfers		<u>125,000</u>		<u>(125,000)</u>
CHANGE IN NET POSITION	<u>\$ (360,475)</u>	<u>\$ 699,951</u>	<u>801,016</u>	<u>\$ 101,065</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			9,944,040	
Adjustment			(669,498)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>9,274,542</u>	
NET POSITION, END OF YEAR			<u>\$ 10,075,558</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, 2018

	Original Budget	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>				
Charges for services				
Internal service fund charges	\$ 1,556,145	\$ 1,556,145	\$ 1,556,145	\$
Miscellaneous				
Reimbursements and restitution		320	284,464	284,144
Total operating revenues	1,556,145	1,556,465	1,840,609	284,144
<b>OPERATING EXPENSES</b>				
Salaries and wages	174,335	174,335	173,812	523
Employee benefits	91,293	99,443	50,211	49,232
Services and supplies	1,922,076	3,902,076	1,119,950	2,782,126
Total operating expenses	2,187,704	4,175,854	1,343,973	2,831,881
Operating income	(631,559)	(2,619,389)	496,636	3,116,025
<b>NONOPERATING REVENUES</b>				
Investment income		50,000	54,479	4,479
CHANGE IN NET POSITION	\$ (631,559)	\$ (2,569,389)	551,115	\$ 3,120,504
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			3,423,060	
Adjustment			(162,717)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			3,260,343	
NET POSITION, END OF YEAR			\$ 3,811,458	

# 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 30,164,490	\$ 31,412,252	\$ 31,722,649	\$ 310,397
Miscellaneous				
Stop-loss reimbursements		145,000	143,613	(1,387)
Other	10,000	660,000	861,617	201,617
Total operating revenues	<u>30,174,490</u>	<u>32,217,252</u>	<u>32,727,879</u>	<u>510,627</u>
OPERATING EXPENSES				
Services and supplies	<u>28,979,383</u>	<u>28,795,755</u>	<u>26,464,026</u>	<u>2,331,729</u>
Operating income	<u>1,195,107</u>	<u>3,421,497</u>	<u>6,263,853</u>	<u>2,842,356</u>
NONOPERATING REVENUES				
Investment income		<u>111,500</u>	<u>135,934</u>	<u>24,434</u>
CHANGE IN NET POSITION	<u>\$ 1,195,107</u>	<u>\$ 3,532,997</u>	6,399,787	<u>\$ 2,866,790</u>
NET POSITION, BEGINNING OF YEAR			<u>10,631,561</u>	
NET POSITION, END OF YEAR			<u>\$ 17,031,348</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, 2018

	<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	\$ 6,679,535	\$ 6,850,955	\$ 6,327,481	\$ (523,474)
Miscellaneous		78,000	72,497	(5,503)
Stop-loss reimbursements				
Total operating revenues	<u>6,679,535</u>	<u>6,928,955</u>	<u>6,399,978</u>	<u>(528,977)</u>
<b>OPERATING EXPENSES</b>				
Services and supplies	<u>7,341,338</u>	<u>6,991,338</u>	<u>10,170,655</u>	<u>(3,179,317)</u>
Total operating expenses	<u>7,341,338</u>	<u>6,991,338</u>	<u>10,170,655</u>	<u>(3,179,317)</u>
Operating loss	<u>(661,803)</u>	<u>(62,383)</u>	<u>(3,770,677)</u>	<u>(3,708,294)</u>
<b>NONOPERATING REVENUES</b>				
Investment income		75,000	113,077	38,077
Total nonoperating revenues		<u>75,000</u>	<u>113,077</u>	<u>38,077</u>
Income before capital contributions and transfers	<u>(661,803)</u>	<u>12,617</u>	<u>(3,657,600)</u>	<u>(3,670,217)</u>
CHANGE IN NET POSITION	<u>\$ (661,803)</u>	<u>\$ 12,617</u>	<u>(3,657,600)</u>	<u>\$ (3,670,217)</u>
NET POSITION, BEGINNING OF YEAR			<u>(46,665,762)</u>	
NET POSITION, END OF YEAR			<u>\$ (50,323,362)</u>	



# **FIDUCIARY FUNDS**





# CITY OF RENO

## AGENCY FUNDS

**FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018

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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	\$ 2,521,241	\$ 6,014,879	\$ 8,536,120
Interest receivable	8,220	186	8,406
Special assessments receivable		1,101,258	1,101,258
Due from other governments		<u>13,064</u>	<u>13,064</u>
Total assets	<u>\$ 2,529,461</u>	<u>\$ 7,129,387</u>	<u>\$ 9,658,848</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 30,501	\$ 2,903	\$ 33,404
Deposits	2,498,960	116,867	2,615,827
Due to developers, employees and others		<u>7,009,617</u>	<u>7,009,617</u>
Total liabilities	<u>\$ 2,529,461</u>	<u>\$ 7,129,387</u>	<u>\$ 9,658,848</u>

# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>DEPOSITS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 2,269,838	\$ 676,640	\$ 425,237	\$ 2,521,241
Interest receivable	<u>3,400</u>	<u>8,220</u>	<u>3,400</u>	<u>8,220</u>
Total assets	<u>\$ 2,273,238</u>	<u>\$ 684,860</u>	<u>\$ 428,637</u>	<u>\$ 2,529,461</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 44,771	\$ 1,680	\$ 15,950	\$ 30,501
Deposits	<u>2,228,467</u>	<u>635,235</u>	<u>364,742</u>	<u>2,498,960</u>
Total liabilities	<u>\$ 2,273,238</u>	<u>\$ 636,915</u>	<u>\$ 380,692</u>	<u>\$ 2,529,461</u>
<b>SPECIAL ASSESSMENTS DISTRICT</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 5,745,787	\$ 1,976,498	\$ 1,707,406	\$ 6,014,879
Interest receivable	78	108		186
Special assessments receivable	1,130,866		29,608	1,101,258
Due from other governments	<u>19,633</u>	<u>26,127</u>	<u>32,696</u>	<u>13,064</u>
Total assets	<u>\$ 6,896,364</u>	<u>\$ 2,002,733</u>	<u>\$ 1,769,710</u>	<u>\$ 7,129,387</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 3,890	\$ 2,903	\$ 3,890	\$ 2,903
Deposits	120,724	237,556	241,413	116,867
Due to developers, employees and others	<u>6,771,750</u>	<u>1,577,867</u>	<u>1,340,000</u>	<u>7,009,617</u>
Total liabilities	<u>\$ 6,896,364</u>	<u>\$ 1,818,326</u>	<u>\$ 1,585,303</u>	<u>\$ 7,129,387</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 8,015,625	\$ 2,653,138	\$ 2,132,643	\$ 8,536,120
Interest receivable	3,478	8,328	3,400	8,406
Special assessments receivable	1,130,866		29,608	1,101,258
Due from other governments	<u>19,633</u>	<u>26,127</u>	<u>32,696</u>	<u>13,064</u>
Total assets	<u>\$ 9,169,602</u>	<u>\$ 2,687,593</u>	<u>\$ 2,198,347</u>	<u>\$ 9,658,848</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 48,661	\$ 4,583	\$ 19,840	\$ 33,404
Deposits	2,349,191	872,791	606,155	2,615,827
Due to developers, employees and others	<u>6,771,750</u>	<u>1,577,867</u>	<u>1,340,000</u>	<u>7,009,617</u>
Total liabilities	<u>\$ 9,169,602</u>	<u>\$ 2,455,241</u>	<u>\$ 1,965,995</u>	<u>\$ 9,658,848</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, 2018, 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 December 7, 2018.

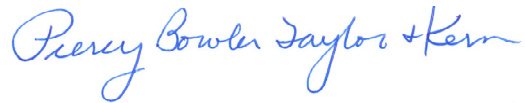
**Internal Control over Financial Reporting.** In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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.

Las Vegas, Nevada  
December 7, 2018

# **STATISTICAL SECTION**





# CITY OF RENO

## STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 <sup>1</sup>	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 641,476,547	\$ 618,355,944	\$ 593,821,001	\$ 568,036,514	\$ 611,511,174	\$ 595,550,858	\$ 585,575,771	\$ 586,905,472	\$ 586,413,361	\$ 495,954,317
Restricted	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	84,631,336
Unrestricted	(106,402,085)	(108,980,875)	(115,256,598)	(151,304,989)	(153,724,428)	(161,747,541)	(377,534,397)	(377,992,156)	(397,845,441)	(466,562,388)
<b>Total governmental activities</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>114,023,265</b>
<b>Business-type activities</b>										
Net investment in capital assets	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	304,619,062
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	15,117,358
Unrestricted	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	154,661,330
<b>Total business-type activities</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>474,397,750</b>
<b>Primary government</b>										
Net investment in capital assets	846,429,314	833,111,428	812,071,503	778,664,358	834,020,930	836,126,394	832,001,342	852,190,288	873,734,426	800,573,379
Restricted	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	99,748,694
Unrestricted	(12,885,909)	(15,742,890)	(10,479,979)	(41,312,669)	(41,790,699)	(36,988,769)	(253,929,455)	(241,041,234)	(249,437,461)	(311,901,058)
<b>Total primary government</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>	<b>\$ 588,421,015</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, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 <sup>2</sup>	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>Expenses</b>										
Governmental activities										
General government	\$ 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	\$ 41,281,443
Judicial	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	6,790,019
Public safety	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	140,378,971
Public works	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	54,783,301
Culture and recreation	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	15,812,351
Planning and community development	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	11,879,768
Urban development	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	14,091,779
Interest on long-term debt	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	43,638,851
Total governmental activities	<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>	<u>328,656,483</u>
Business-type activities										
Sanitary sewer	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	51,557,336
Golf course	1,548,215	1,503,904	1,318,299	1,295,630 <sup>4</sup>						
Building permit	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	7,637,116
Other <sup>1</sup>	9,612,323	10,082,406								
Total business-type activities	<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>	<u>59,194,452</u>
Total primary government expenses	<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>	<u>\$ 387,850,935</u>
<b>Program revenues</b>										
Governmental activities										
Charges for services	\$ 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	\$ 85,601,102
Operating grants and contributions	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	8,577,398
Capital grants and contributions	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	27,242,197
Total governmental activities	<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>	<u>121,420,697</u>
Business-type activities										
Charges for services	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	77,649,784
Operating grants and contributions	413,600	209,258	168,668	31,055	32,194	17,003	12,415	100,000	2,014,816	2,107,002
Capital grants and contributions	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	15,084,733
Total business-type activities	<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>	<u>94,841,519</u>
Total primary government program revenues	<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>	<u>\$ 216,262,216</u>
<b>Net (expenses) program revenues</b>										
Governmental activities	\$ (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)	\$ (207,235,786)
Business-type activities	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	35,647,067
Primary government	<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>	<u>\$ (171,588,719)</u>

(Continued)

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

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 <sup>2</sup>	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 74,689,217	\$ 72,105,003	\$ 63,682,340	\$ 58,655,405	\$ 63,114,015	\$ 57,082,120	\$ 59,584,697	\$ 62,911,698	\$ 64,741,866	\$ 67,914,073
Room taxes				7,168,308	7,833,957	7,807,221	8,159,606	9,447,442	10,122,000	11,251,668
Sales taxes restricted for debt service <sup>3</sup>	9,167,714	8,479,614	8,996,391	8,840,449	9,471,192	9,903,240	10,185,663	10,741,137	10,759,268	11,839,077
Other sales taxes <sup>3</sup>							389,190	335,196	344,552	940,212
Other taxes	21,896,196	11,382,500	11,579,095							
Intergovernmental shared revenues, unrestricted	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	71,671,374
Investment income	4,521,600	2,517,574	2,360,479	2,195,454	1,942,762	1,970,100	1,768,688	1,916,744	1,737,946	2,142,261
Change in fair value of investments					(260,892)	(21,550)	(11,444)			
Gain on disposal of capital assets				277,930	46,716	462,903	98,478	50,704	261,648	2,317,168
Miscellaneous	1,455,769	401,007	861,751	1,087,310	890,666	272,370	1,293,456	1,097,297	3,272,471	1,259,772
Transfers	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447	852,787	560,821	222,254	153,406	846,396
Total governmental activities	<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>147,831,816</u>	<u>154,392,761</u>	<u>170,182,001</u>
Business-type activities										
Investment income <sup>3</sup>	641,075	60,941	165,705	101,805	159,390	114,015	215,808	421,469	289,186	775,338
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	6,036	10,968	126,155	99,035	12,164	30,026	8,531	14,721	17,815	14,579
Transfers	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)	(852,787)	(560,821)	(222,254)	(153,406)	(846,396)
Total business-type activities	<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>	<u>(56,479)</u>
Total primary government general revenues and other changes in net position	<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>\$ 148,045,752</u>	<u>\$ 154,546,356</u>	<u>\$ 170,125,522</u>
Change in net position										
Governmental activities	\$ (11,946,844)	\$ (40,403,441)	\$ (58,009,702)	\$ (42,996,114)	\$ (1,642,107)	\$ (30,034,826)	\$ (18,433,092)	\$ 669,472	\$ (13,412,193)	\$ (37,053,785)
Business-type activities	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	35,590,588
Primary government	<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>\$ 31,401,334</u>	<u>\$ 19,046,112</u>	<u>\$ (1,463,197)</u>

1. The planning and dispatch center enterprise funds were moved to the general fund effective July 1, 2010.
2. Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.
3. Prior to fiscal 2012, certain revenues were reported as aggregate amounts, rather than by specific type.
4. The Golf course fund was moved to the general fund effective July 1, 2013.
5. Expenses for Public Works include a one time, book entry-only expense related to the Cabela's Series 2007 Sales Tax Increment Bond.
6. Dispatch and Planning, both formerly enterprise funds, and Communications & Technology, an internal service fund, moved into the General Fund effective July 1, 2010.

# CITY OF RENO

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

	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	June 30, 2018
General fund										
Reserved	\$ 1,566,639	\$ 2,504,173	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	8,500,411	5,123,776								
Nonspendable			688,328	494,775	454,285	411,578	582,723	692,173	780,792	959,180
Restricted			1,680,634	821,800	885,998	878,979	584,162	423,202	470,150	391,853
Assigned			187,626	171,147	224,188	351,624	179,048	1,098,548	1,110,415	1,374,662
Unassigned			2,948,665	5,018,570	5,895,188	10,588,880	10,419,632	17,405,569	18,681,120	28,566,273
Total general fund	<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>\$ 19,619,492</u>	<u>\$ 21,042,477</u>	<u>\$ 31,291,968</u>
Other governmental funds										
Reserved	\$ 138,925,867	\$ 111,417,520	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved										
Special revenue funds	1,173,909	3,500,599								
Capital projects funds	(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	1,971,184
Restricted			53,944,358	33,346,579	35,626,928	35,827,565	42,270,001	44,450,952	48,627,137	56,262,302
Committed			68,188							
Assigned			11,277,020	15,503,200	19,137,930	23,416,652	32,308,796	33,538,800	32,365,381	33,227,735
Unassigned				(1,063,493)	(855,487)	(638,540)	(131)	(17,857)	(893,235)	(2,406,912)
Total other governmental funds	<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>\$ 79,198,345</u>	<u>\$ 80,534,945</u>	<u>\$ 89,054,309</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, 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	June 30, 2018
<b>REVENUES</b>										
Taxes	\$ 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	\$ 68,248,692
Property taxes				58,748,573	63,271,011	59,001,032	59,807,585	63,487,873	65,039,147	68,248,692
Motor vehicle taxes				4,589,258	4,889,769	5,218,458	5,676,302	6,115,040	6,437,051	6,961,022
Room and construction taxes				7,565,981	8,761,171	8,791,459	9,980,712	10,672,001	12,289,177	14,114,632
Intergovernmental SCCR (AB104) taxes				2,667,490	2,781,495	2,976,670	3,213,482	3,457,174	3,900,032	4,154,478
Intergovernmental	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	582,298
Intergovernmental consolidated taxes				40,909,269	42,849,236	46,470,929	51,516,367	56,213,644	57,547,949	66,080,349
Intergovernmental marijuana fees										319,349
Intergovernmental gaming licenses				1,552,916	1,489,815	1,521,371	1,573,515	1,438,526	1,551,623	1,436,546
Franchise fees				22,710,178	23,713,630	28,503,338	29,783,710	29,024,649	27,598,329	29,571,102
Licenses, permits and other fees	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	20,170,727
Special assessments	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	3,448,256
Grants and contributions				14,277,737	22,035,375	19,483,785	12,521,874	22,517,462	9,040,356	11,151,351
Charges for services	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	13,896,609
Downtown district room surcharge				2,003,432	2,187,000	2,144,842	1,965,290	1,936,490	1,821,970	1,899,848
Dedicated sales taxes				20,327,167	9,621,894	9,903,240	10,574,853	11,076,333	11,103,820	12,779,289
Fines and forfeitures	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	2,701,997
Reimbursements and restitutions				2,902,289	2,425,290	2,390,854	9,032,184	1,540,854	3,187,150	2,097,703
Rents and royalties				2,063,066	2,064,286	1,997,409	2,090,023	2,287,341	2,376,010	2,446,625
Investment income	3,451,817	1,941,746	2,026,114	1,777,641	1,745,617	1,668,137	1,666,139	1,575,734	1,753,279	1,973,871
Change in fair value of investments				157,483	(260,892)	(21,550)	(11,444)	174,789	(152,671)	(207,152)
Miscellaneous	9,775,628	10,283,728	8,684,396	1,743,847	1,177,304	1,067,642	2,799,447	1,700,361	2,355,626	4,724,793
<b>Total revenues</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>268,552,385</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782	17,031,363	17,833,189	19,689,312	21,745,472	22,568,456
Judicial	7,299,633	7,011,359	7,004,347	6,646,471	6,931,295	6,521,204	6,298,950	6,841,408	6,713,612	7,066,610
Public safety	114,212,206	113,134,307	108,124,303	102,411,946	101,611,973	102,085,861	101,481,555	108,765,678	115,533,392	123,882,849
Public works	24,407,892	20,886,321	25,650,774	20,415,789	18,516,373	19,143,703	18,625,469	21,998,362	19,925,198	20,672,791
Culture and recreation	17,246,463	17,081,909	11,880,240	9,144,130	10,497,003	9,722,309	9,735,128	10,134,955	10,537,381	10,713,778
Planning and community development	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153	12,068,497	10,174,232	8,981,627	9,967,714	12,078,757
Urban redevelopment	3,834,292	3,055,179	1,239,530	787,315	754,499	737,761	755,744	1,097,947	856,024	917,804
Other	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	9,865,177
<b>Total current</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>186,286,875</b>	<b>194,991,298</b>	<b>207,766,222</b>
<b>Capital outlay</b>										
General government							42,591	135,779	76,881	165,443
Public safety				388,294	21,541	24,261	852,404	797,182	475,516	862,098
Public works				20,260,185	8,118,958	8,471,828	7,624,195	18,074,363	10,518,029	9,524,245
Culture and recreation				830,499	1,210,489	420,468	3,700	1,900,735	1,634,620	1,989,272
Planning and community development								1,234,738	643,326	851,119
Urban redevelopment									86,162	
Other	28,015,696	20,673,508	16,974,168				45,257			
<b>Total capital outlay</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>	<b>13,392,177</b>

(Continued)

# CITY OF RENO

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

	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	June 30, 2018
Debt service										
Principal payments	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	19,508,515
Interest expense and fiscal charges	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	13,472,380
Payment to current bond refunding agent										233,654,262
Debt issuance costs	1,570,557		413,003	74,835		997,570			236,407	1,894,599
Administrative and other costs	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	2,251,974
Total debt service	<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>	<u>270,781,730</u>
Total expenditures	<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>241,459,414</u>	<u>250,443,265</u>	<u>491,940,129</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<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>10,750,339</u>	<u>(4,669,414)</u>	<u>(223,387,744)</u>
OTHER FINANCING SOURCES (USES)										
Issuance of debt	83,543,362		17,091,000	2,167,075	366,602	79,940,715	187,512	112,710	7,295,000	232,495,415
Debt issuance premiums						5,599,737				7,346,769
Payment to advance refunding bond agent			(3,860,413)			(34,897,247)				
Debt issuance discounts									(55,202)	
Proceeds from capital asset disposal	66,925	6,070	935,745	160,188	555,513	4,496,279	187,437	41,256	35,795	2,202,415
Transfers in	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	16,514,508
Transfers out	(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)	(16,402,508)
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>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>	<u>242,156,599</u>
CHANGE IN FUND BALANCE	<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>\$ 11,016,305</u>	<u>\$ 2,759,585</u>	<u>\$ 18,768,855</u>
Debt service as a percentage of noncapital expenditures	<u>4 14.50 %</u>	<u>14.70 %</u>	<u>16.43 %</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>	<u>6.89 %</u>

1. Prior to FY 2012, certain revenues were reported as aggregate amounts, rather than by specific type.
2. Debt issuance proceeds are presented gross 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>
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 %
2018	265,777	4,935,778	2,736,131	759,955	1,669	57,617	(1,513,963)	7,242,964	0.9598	20,694,183	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
	2009	0.8943	0.0513	0.9456	0.1700	1.1385	1.3917
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	
2018	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	
	2009	3.2008	3.2008	
2010	3.2144	3.2114	9.1264	10.0720
2011	3.2144	3.2144	9.1295	10.0751
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
2018	2.8825	2.8825	8.4652	9.4250

1. Source: State of Nevada, Department of Taxation's "Local Government Finance Redbook."
2. The State of Nevada Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.
3. Beginning in FY 11-12 the State of Nevada "Redbook" no longer distinguishes between General Fund & Debt Service Percentage they are recorded as a total.
4. FY 11-12 amounts were changed in error - totals corrected to show amounts reflected in State of Nevada Redbook FY 11/12.

# CITY OF RENO

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

Taxpayer	2018			2009		
	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	1.34 %	\$ 101,466	1	1.32 %
ICON Reno Property Owner Pool 3	51,227	2	0.71 %			
Golden Road Motor Inn Inc	47,140	3	0.65 %	41,745	2	0.54 %
Circus & Eldorado Joint Venture	44,560	4	0.62 %	41,465	3	0.54 %
MPT of Reno LLC	38,666	5	0.53 %			
AGNL Slots LLC	24,850	6	0.34 %			
Toll South Reno, LLC	23,830	7	0.33 %			
ICON Reno Property Owner Pool 6	22,844	8	0.32 %			
CP Logistics NVCC LLC	20,446	9	0.28 %			
Lennar Reno LLC	18,732	10	0.26 %			
Credit Markets Real Estate Crp				37,107	4	0.48 %
Prologis NA3 NV V LLC				24,256	8	0.32 %
Montage Marketing Corp				24,619	7	0.32 %
Prologic NA3 LLC				30,508	6	0.40 %
International Gaming Technology (IGT)				35,280	5	0.46 %
Charles Rivers Laboratories Inc				23,323	9	0.30 %
Harrahs Operating Company				21,466	10	0.28 %
	<u>\$ 389,585</u>		<u>5.38 %</u>	<u>\$ 381,235</u>		<u>4.96 %</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>
2009	\$ 66,645	\$ 65,436	98.1859 %	\$ 1,207	\$ 66,643	99.9970 %
2010	65,101	63,900	98.1552 %	1,199	65,099	99.9969 %
2011	59,823	58,955	98.5491 %	866	59,821	99.9967 %
2012	56,957	56,145	98.5744 %	811	56,956	99.9982 %
2013	55,397	54,678	98.7021 %	717	55,395	99.9964 %
2014	55,901	55,427	99.1521 %	472	55,899	99.9964 %
2015	56,998	56,643	99.3772 %	342	56,985	99.9772 %
2016	59,713	59,480	99.6098 %	209	59,689	99.9598 %
2017	61,992	61,700	99.5290 %	243	61,943	99.9210 %
2018	64,811	64,538	99.5788 %		64,538	99.5788 %

1. Source: Washoe County Assessor and Treasurer and City of Reno Finance Department.
2. Excludes 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, 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	June 30, 2018
Business licenses	\$ 12,633,107	\$ 11,287,373	\$ 11,364,176	\$ 11,781,860	\$ 12,476,307	\$ 12,969,765	\$ 15,458,489	\$ 16,231,251	\$ 16,118,729	\$ 16,170,577
City gaming licenses	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	1,785,717
Liquor licenses	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	1,876,915
Non-business licenses and permits	38,207	35,746	33,131	77,764	45,549		3,306	5,096	9,052	8,372
Electricity franchise fees	6,227,461	8,266,881	7,314,420	8,897,576	9,258,752	11,634,425	11,330,372	10,251,397	9,389,603	10,671,343
Telephone franchise fees	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	2,769,691
Natural gas franchise fees	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	3,277,400
Sanitation franchise fees	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	3,951,866
Water toll fees	959,311	1,376,897	1,448,400	1,511,903	2,306,041					
Sewer-in-lieu-of-franchise fees	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	3,562,554
Cable television fees	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	2,476,689
	<u>\$ 35,162,735</u>	<u>\$ 37,126,468</u>	<u>\$ 36,166,016</u>	<u>\$ 37,863,783</u>	<u>\$ 39,607,437</u>	<u>\$ 42,290,656</u>	<u>\$ 46,079,644</u>	<u>\$ 46,352,316</u>	<u>\$ 44,554,987</u>	<u>\$ 46,551,124</u>

1. Licenses and permits, the City's second largest "own-source" revenue, are presented for the general fund only. Excludes administration fees related to business licensing.

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>			
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	5.02 %	2,296
2015	64,472	25,724	318,789	15,660	16,207	69,495		510,347	4.61 %	2,139
2016	58,836	24,094	312,899	14,473	14,626	64,377		489,305	4.33 %	2,021
2017	52,887	22,457	307,118	12,140	12,476	59,118		466,196	4.05 %	1,906
2018	45,506	20,727	364,443	10,849	12,058	53,710		507,293	3.57 %	2,074

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).

4. Corrected FY 2013 and 2014, originally used wrong population amount.

# CITY OF RENO

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

**JUNE 30, 2018**

**IN THOUSANDS**

**(UNAUDITED)**

	Outstanding Debt <sup>3</sup>	Percent Applicable	Applicable General Obligation Debt
City of Reno	\$ 507,293	11.35%	\$ <u>57,564</u>
Overlapping governments			
Washoe County School District	<sup>4</sup> 709,722	48.000 %	340,667
Washoe County	<sup>4</sup> 137,836	48.000 %	66,161
State of Nevada	<sup>4</sup> <u>1,358,070</u>	6.930 %	<u>94,114</u>
Total overlapping governments	<u>2,205,628</u>		<u>500,942</u>
Total direct and overlapping debt	<u><u>2,712,921</u></u>		<u><u>\$ 558,506</u></u>

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Includes all governmental debt activities and are net of related discounts and premiums.
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 by 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.
4. Source: Washoe County for County and State information.

# 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
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 %	642	425	150,665
2015	64,472	69,495	133,967	0.79 %	561	425	133,542
2016	58,836	64,377	123,213	0.67 %	509	425	122,788
2017	52,887	59,118	112,005	0.57 %	458	425	111,580
2018	45,506	53,710	99,216	0.48 %	406	425	98,791

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, 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	June 30, 2018
Total taxable assessed property value	<sup>1</sup> \$ <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>	<u>7,242,964</u>
Legal debt Margin										
Legal debt limit (15% of taxable assessed property value)	<sup>2</sup> \$ 1,151,934	\$ 1,040,154	\$ 910,202	\$ 850,673	\$ 813,359	\$ 814,076	\$ 895,751	\$ 960,356	\$ 1,037,165	\$ 1,086,445
Debt applicable to debt limit Net general bonded debt	<sup>3</sup> <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>122,788</u>	<u>111,580</u>	<u>98,791</u>
Legal debt margin	<sup>4</sup> \$ <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>837,568</u>	<u>925,585</u>	<u>987,654</u>
Total debt applicable to debt limit as a percentage of debt limit	<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>89.24 %</u>	<u>90.91 %</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 and the Reno Municipal Code, and excludes bond premiums and discounts.

# CITY OF RENO

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

Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <span style="float: right;">2</span>						
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
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 %
2018	1,025,199	10,211,963	11,237,162	2,575,000	5,035,864	147.65 %

Capital Improvement (Events Center) Bonds <span style="float: right;">3</span>						
Debt Service						
For the Year Ended June 30,	Room Tax Collections <sup>6</sup>	Intergovernmental Consolidated Taxes (15%) <sup>6</sup>	Available Revenue	Principal	Interest	Coverage
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	4,007,953	250.21 %
2018	7,308,361	9,912,052	17,220,413	3,335,000	3,854,972	239.51 %

Sales Tax Anticipation Revenue (STAR) Bonds <span style="float: right;">4</span>						
Debt Service						
For the Year Ended June 30,	Sales Tax Increment Collections	Principal	Interest	Coverage		
2009	\$ 2,087,240	\$ 240,000	\$ 1,258,956	139.25 %		
2010	2,139,344	560,000	1,821,463	89.83 %		
2011	1,863,765	660,000	1,792,312	76.00 %		
2012	1,838,303	770,000	1,757,563	72.73 %		
2013	2,072,312	880,000	1,716,912	79.80 %		
2014	1,997,367	1,010,000	1,629,375	75.68 %		
2015	1,957,843	1,140,000	1,616,275	71.03 %		
2016	1,876,597	1,280,000	1,555,250	66.19 %		
2017	1,782,394	1,435,000	1,486,138	61.02 %		
2018	1,627,114	1,595,000	1,408,675	54.17 %		

Special Assessment Bonds <span style="float: right;">10</span>						
Debt Service						
For the Year Ended June 30,	Special Assessment Collections <sup>7</sup>	Principal <sup>8</sup>	Interest	Coverage		
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	1,351,835	128.68 %		
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 %		
2018	2,125,279	1,299,190	541,007	115.49 %		

(Continued)

# CITY OF RENO

## PLEGGED 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>10</sup>			
	Debt Service			
	Special Assessment Collections	Principal <sup>8</sup>	Interest	Coverage
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 %
2018	1,887,591	1,340,000	289,463	115.84 %

For the Year Ended June 30,	Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage) <sup>11</sup>			
	Debt Service			
	Property Lease/Rent Collections <sup>6</sup>	Principal <sup>9</sup>	Interest	Coverage
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 %
2018	1,068,771	1,286,000	129,711	75.49 %

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 December 28, 1998. These bonds were then called and paid with proceeds from the Series 2002 Senior Lien Sales and Room Tax Bond issued on June 26, 2002. The 2002 bonds were refunded with the issuance of the Series 2006 Bonds on April 14, 2006. 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 March 4, 2008 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 covered capital projects.
3. On October 26, 2005 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 February 5, 2009. 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 October 23, 2008, the Series 2007 A & B Cabela's STAR Bonds were issued. Payments shown are based on amortization schedules and not on actuals.
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. Amounts in FY 2017 and FY 2018 reflect adjustments related to the AT&T sales and use tax refund given by the NV State Department of Taxation.
7. Collections and payment information have been adjusted to exclude Agency SAD's beginning FY 2007 - information from Allen Gardner AMG.
8. Principal payments may include early principal redemptions based upon excess fund balance availability.
9. 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.
10. 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.
11. 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						
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	235,371	10,769,400	45,755	37.8	32,786	2,564	7.3 %
2015	238,615	11,059,805	46,350	37.1	32,210	1,626 <sup>8</sup>	6.4 %
2016	242,158	11,302,240	46,673	34.0	34,256	2,818	5.9 %
2017	244,612	11,499,699	47,012	35.1	39,669	2,959	4.0 %
2018	244,612	14,201,194	58,056	35.3	39,735	2,900	4.7 %

1. State of Nevada Department of Taxation, Demographer - 2009 used projected figure to be certified by the Governor. Correct prior year estimate with new data from State of Nevada, Demographer. State of Nevada Department of Taxation, Demographer - 2010 Certified Figures from the Governor's office. Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year therefore 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 which 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 a calendar year. Calculated fiscal year using the 2nd quarter of Personal Income from BEA website X 43% as this is the population percent for the Reno/Sparks Metro Area. FY 14-15 BEA website has 2011 - 2013 figures therefore updated calculation for 2014 and 2015 as noted above.
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).
5. State of Nevada, Department of Employment, Training and Rehabilitation Rate is for the entire County. 2006 - Nevada Workforce Informer - rate is for the entire county. This runs approximately 2 years in the past. 2008 - Nevada Workforce Informer - rate is up to date as of June 2008.
6. Washoe County School District . In FY 11/12 corrected previous years - used tax records to verify address in Reno or County.
7. Charter school count totals not available for all schools ([www.nevadareportcard.com](http://www.nevadareportcard.com)).

**CITY OF RENO**  
**PRINCIPAL EMPLOYERS<sup>1, 2</sup>**  
**CURRENT AND NINE YEARS AGO**  
**(UNAUDITED)**

Taxpayer	December 31, 2017			December 31, 2009		
	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: 2009 - Current found at Department of Employment Training & Rehabilitation (Nevada State Website). 2004/2012 - 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, 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	June 30, 2018
General government										
Management	6	49	55	49	46	48	44	47	44	51
Records management/cashiering		12	10	8	7	7	7	7	8	7
Finance	3	33	33	20	12	11	14	15	13	18
Legal		35	35	26	25	24	25	27	28	29
Human resources	4	16	13	9	11	6	9	9	12	11
Information technology		30	29	17	17	15	16	15	20	19
Judicial										
Judges		4	4	4	4	4	4	4	4	4
Others		49	58	53	53	49	44	44	43	44
Police										
Sworn employees		373	383	294	304	306	318	296	319	329
Non-commissioned employees		110	109	52	52	48	46	51	64	52
Fire										
Authorized emergency personnel		344	345	213	229	240	192	213	231	231
Fire prevention officers		19	19	14	15	12	12	11	14	14
Others		22	22	13	13	13	9	9	11	9
Public works										
Engineers		38	38	16	11	12	12	11	11	13
Fleet maintenance		16	16	11	10	10	10	11	10	11
Others		125	128	73	98	108	106	89	91	102
Planning and community development		40	40	19	26	23	23	27	25	25
Culture and recreation		93	92	43	49	40	69	69	71	71
Urban development		9	5							
Sanitary sewer		69	67	54	50	50	49	63	65	72
Building permits		66	56	22	20	20	27	27	44	51
Golf course	5	6	4	4	4	3				
Animal shelter										
Dispatch services		70	70	54	53	51	53	47	53	53
<b>Total full-time equivalent employees</b>		<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>1,199</u>
		<u>1,217</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. Includes Payroll Division employees effective FY 2003 through 2010. Excludes Information Technology (IT) Department employees.
4. Includes Civil Service Department employees. Excludes Payroll Division employees between FY 2003 and FY 2010.
5. Rosewood Lakes Sold May 2014.
6. FY 2009/10 broke out management positions more (City Manager & Staff, Council and Dept. Heads) 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, 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	June 30, 2018
General government										
Active annual business licenses	25,574	22,456	22,329	23,506	23,457	23,634	23,851	25,173	25,363	24,478
Business license audits completed	197	294	288	185	282	296	311	231	202	186
Percentage of same day response to public requests for research of public documents	100 %	100 %	98 %	100 %	97 %	98 %	98 %	98 %	%	%
Total number of public records requests	10								1,399	4,550
Average time in days to respond to public records requests	10								1	7
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	5,915	5,598	4,786	3,107	3,774	2,971	2,843	2,256	2,916	3,149
Cases filed in municipal court	39,788	35,866	31,968	23,406	21,586	9,032	21,569	19,685	18,130	20,856
Cases adjudicated in municipal court	40,737	36,711	29,778	21,849	16,146	17,989	21,613	18,394	17,344	19,219
Police										
Physical arrests	13,246	11,434	10,668	10,386	10,444	10,713	10,400	10,134	10,410	11,644
Misdemeanor citations	3,829	3,284	2,381	2,627	2,254	2,246	2,135	2,289	2,566	3,191
Traffic-related offenses cited	38,843	33,430	29,789	19,174	17,780	17,750	12,557	10,385	10,306	10,667
Fire										
Fire emergencies	4,790	1,026	10,636	11,068	8,141	8,870	10,468	8,424	10,915	13,253
Emergency medical calls	25,080	25,716	26,922	26,918	25,793	28,403	25,272	25,272	26,749	28,816
Inspections	8,382	8,216	6,207	6,708	6,036	6,914	6,686	7,735	5,103	7,676
Public works										
Streets reported in "fair" or better condition	12	85 %	88 %	89 %	89 %	91 %	92 %	92 %	92 %	93 %
Pothole calls received	167	130	136	132	71	54	63	52	274	212
Percent of pothole calls repaired within 24 hours	97 %	70 %	90 %	95 %	97 %	100 %	100 %	75 %	50 %	30 %
Culture and recreation										
Participants in senior recreation programs	5	6,094	5,216	5,479	6,477	6,899	7,071	7,123	7,200	6,840
Participants in youth programs	3,150	3,950	4,372	4,356	4,395	4,672	4,709	3,928	4,240	4,575
Instructional swimming classes offered	1,798	1,674	1,198	1,228	1,242	1,233	923	925	1,084	1,595
Planning and community development										
Jobs generated by businesses in Redevelopment area	4									
Affordable housing units developed in Redevelopment area	4									
Affordable housing units developed in non-RDA area	7			29 <sup>8</sup>	58					
Housing rehabilitation projects completed				21	12					
Code enforcement cases	5,766	5,077	4,044	2,880	2,882	2,814	3,680	3,651	3,917	4,115
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	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 9	\$	\$	\$
Building permits										
Building permits issued	5,580	5,023	5,510	5,348	6,211	6,846	7,345	9,080	9,058	10,101

(Continued)

# CITY OF RENO

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

	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	June 30, 2018
Average number of monthly building inspections performed	3,363	2,348	2,190	2,750	2,748	3,115	3,423	3,423	4,782	5,126

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 provided by the Reno Police Department.
4. FY 2008/09 RDA figures no longer available due to loss of staff and economic changes or measure no longer being tracked.
5. FY 2009/10 Senior Programming figures now include participation at the Neil Rd facility.
6. FY 2009/10 Fire Inspection totals now only include actual buildings inspected. In FY 2012/13, changed methodology for reporting Fire Incidents. All calls reflected not just actual fires. Staff took total calls for service received minus medical calls which left the number of Fire Emergencies.
7. In FY 10-11 the City's Community Development Division assumed the tracking of housing statistics as Affordable House initiatives are regional programs. For FY 13-14 all projects were in Sparks.
8. New measure added FY 2012/13.
9. FY 13-14-Rosewood Lakes Golf Course no longer operated/maintained by the City of Reno.¶
10. FY 16-17 City Clerk changed process and added software to monitor all City of Reno public records requests (excel RPD), changing the performance measure.
11. FY 17-18 City Clerk now includes RPD records requests and the average time of completion for their requests is 10 days which accounts for the changes.
12. FY 17-18 Public Works changed its pothole repair program to repair potholes based on geographic location; only potholes on very high traffic streets are repaired within 24 hours.



# CITY OF RENO

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	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	June 30, 2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	1	1	1	2	2	1	1	1	2
Patrol units	252	248	239	242	243	250	248	245	288	284
Fire										
Stations	13	13	13	14	14	14	14	14	14	14
Fire fighting vehicles	41	37	36	36	36	29	29	31	34	35
Specialty response fire vehicles								26	26	26
Ambulances								2	4	4
Public works										
Paved streets (miles)	671	672	681	681	681	681	689	691	709	710
Unpaved streets (miles)	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Acreage	2,477	2,732	2,741	2,741	2,741	2,741	2,741	2,741	2,744	2,744
Park facilities	85	85	85	85	85	85	85	85	85	85
Playgrounds	51	51	51	51	51	51	51	51	51	51
Swimming pools	5	5	5	5	4	4	4	4	4	4
Sanitary sewer										
Sanitary sewer lines (miles)	743	748	756	756	756	751	769	769	784	786
Storm drains (miles)	444	444	481	481	481	528	528	528	530	534
Treatment capacity millions of gallons	44	44	44	44	44	44	44	46	46	40
Golf courses	1	1	1	1	1	1	1	1	1	1

1. Source: City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book.
2. Count for prior years not readily available, number from PD Supply Access Database. Fleet Mgmt provided total number of PD vehicles, including undercover and SAVE, increasing the number of vehicles in FY 17.
3. Beginning May 1, 2014, Rosewood Lakes is operated/maintained by First Tee/Duncan Group. In FY 16 Rosewood Lakes closed due to construction of the SouthEast connector.
4. Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. In FY 2010, four vehicles went to auction per Fire Dept - Fleet maintenance. In FY 2014 the number for fire vehicles were reduced to exclude non-fire fighting vehicles and HAZMAT vehicles, but those specialty vehicles have been added back effective FY 2016.
5. In FY 2016 the Fire Department added ambulance services as part of its Emergency Management System.
6. Downtown Substation was closed in FY 2009.



# **BUSINESS LICENSE FEES**



# CITY OF RENO

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2018

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, 2018		\$	13,886,556
Business license revenue for the year ended June 30, 2017 (base year)		\$	15,070,238
Adjustment to base year			
Percentage change in Consumer Price Index			<u>2.84 %</u>
Total adjustment to base year			<u>427,995</u>
Adjusted business license revenue base for the year ended June 30, 2018			<u>15,498,233</u>
Amount under allowable maximum		\$	<u>(1,611,677)</u>

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

Business license revenue for the year ended June 30, 2018		\$	5,946,653
Business license revenue for the year ended June 30, 2017 (base year)		\$	13,108,910
Adjustment to base year			
Percentage change in local government population			0.98 %
Percentage change in Consumer Price Index			<u>2.84 %</u>
Total adjustment to base year			<u>3.82 %</u>
Adjusted business license revenue base for the year ended June 30, 2018			<u>500,760</u>
Amount under allowable maximum		\$	<u>(7,663,017)</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, 2018. 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, 2018.

**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

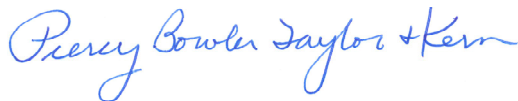
compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018 - 001 and 2018 - 002 that we consider to be significant deficiencies.

The City's responses 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 7, 2018, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada  
December 7, 2018

## CITY OF RENO

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

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	\$	\$ 23,250
Total U.S. Department of Agriculture				23,250
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231			173,322
Home Investment Partnerships Program	14.239			2,605,845
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218*			1,585,142
Passed through the Nevada State Housing Division Emergency Solutions Grant Program	14.231			44,709
Home Investment Partnerships Program	14.239			294,725
Total U.S. Department of Housing and Urban Development				4,703,743
U.S. Department of the Interior				
Passed through the Nevada Division of State Parks Land and Water Conservation Fund Project Grants	15.916	32-00347		225,000
Total U.S. Department of the Interior				225,000
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			5,320
			12,154	23,527
Harold Rogers Prescription Drug Monitoring Program	16.754		10,577	39,044
Equitable Sharing Program	16.922			128,091
Equitable Sharing Program				416,136
Passed through the State of Nevada Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-22		20,088
		16-JAG-23		8,576
		17-JAG-25		12,985
		17-JAG-27		3,609
Passed through the State of Nevada Department of Health and Human Services Crime Victim Assistance	16.575	16575-16-003		265,172
Crime Victim Assistance		16575-15-002		218,826
Passed through the State of Nevada Office of the Attorney General Violence Against Women Formula Grants	16.588	2017-VAWA-03		26,480
		2017-VAWA-62		71,442
National Sexual Assault Kit Initiative	16.833	2016-SAKI-09		13,956
Total U.S. Department of Justice				1,253,252

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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 Transportation				
Motor Carrier Safety Assistance	20.218			41,188
Highway Safety Cluster				
Passed through the State of Nevada Department of Public Safety				
State and Community Highway Safety	20.600	JF-2017-RPD-00019		8,868
		JF-2018-RPD-00028		43,570
		TS-2017-RPD-00061		10,714
		JF-2017-RPD-00019		14,886
		JF-2018-RPD-00028		15,288
		TS-2018-RPD-00120		41,444
		TS-2018-RPD-00122		30,329
National Priority Safety Programs	20.616	LFD-2017-RPD-0042		1,828
		LFD-2017-RPD-0046		2,450
Subtotal Highway Safety Cluster				169,377
Highway Planning and Construction Cluster				
Passed through the State of Nevada Department of Transportation				
Highway Planning and Construction	20.205	P754-15-063		4,267
Passed through the State of Nevada State Parks				
Recreational Trails Program	20.219			90,004
Subtotal Highway Planning and Construction Cluster				94,271
Passed through the Nevada State Emergency Response Commission				
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	18-HMEP-16-01		29,750
Subtotal				
Total U.S. Department of Transportation				334,586
National Endowment of the Arts				
Passed through the State of Nevada Arts Council				
Promotion of the Arts Partnership Agreements	45.025	GPD18.3.68		234
Total National Endowment of the Arts				234
U.S. Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034			30,702
Total U.S. Department of Veterans Affairs				30,702

(Continued)

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2018

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 Health and Human Services				
Passed through Join Together Northern Nevada Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			4,053
Block Grants for Prevention and Treatment of Substance Abuse	93.959			12,687
Total U.S. Department of Health and Human Services				16,740
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		1,530,329
Emergency Management Performance Grants	97.042	97.036.18-0010 97042.17		367,570
Homeland Security Grant Program	97.067	97067.16-3000		142,130
Passed through the United Way Emergency Food and Shelter National Board Program	97.024	LRO-589600-023		101,004
Total U.S. Department of Homeland Security				2,201,033
U.S. Environmental Protection Agency				
Passed through the Nevada Division of Environmental Protection State Clean Diesel Grant Program	66.040	DEP 17-011		60,000
Total U.S. Environmental Protection Agency				174,969
U.S. Department of Energy				
Passed through the State of Nevada Governor's Office of Energy State Energy Program	81.041	0006-120617 0002-041917		10,000
Total U.S. Department of Energy				16,045
Total federal expenditures			\$ 22,731	\$ 8,989,554

\* A major program

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018. 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, 2018, 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>\$ 35,853,421</u>

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

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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	14.218
Name of federal program or cluster	Community Development Block Grants/Entitlement Grants
CFDA number	97.036
Name of federal program or cluster	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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, 2018**

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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, 2018

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

2018 - 001	
Federal program	Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Criteria or specific requirement	Periodic comparison of reports to supporting records. Financial reports are to be complete, accurate, and prepared in accordance with the required accounting basis. Amounts reported should trace to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.
Condition and context	Per examination of the fiscal 2018 quarterly federal financial reports (FFRs), it was noted that the amount per the reports did not reconcile to the amount reported in the Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System (IDIS), the Accumulated Transaction Listing (general ledger) or the Schedule of Expenditures of Federal Awards (SEFA). Specifically, the FFRs did not reconcile to IDIS due to the omission of \$49,004.76 of fiscal 2017 and fiscal 2018 expenditures from the FFRs. The City of Reno (the City) was unable to provide evidence that the fiscal 2017 amount of \$48,915.47 was included in a prior year FFR and simply omitted the fiscal 2018 amount of \$89.29 from the reports. In addition, the FFRs included \$71,027.95 more than the general ledger and \$71,281.84 more than the SEFA. The City was unable to provide an explanation for the variances.
A statistically valid sample was used	No
Questioned costs	N/A
Effect	The City is not in compliance with the requirements of financial reporting for federal funds and therefore there is no assurance that amounts reported are complete and accurate.
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	We recommend that the FFRs be reconciled to IDIS and the general ledger quarterly prior to filing the reports with HUD and that the reconciliation be documented and maintained. In addition, at year end, the quarterly reports should be reconciled to the amount of expenditures reported on the SEFA, documented and maintained. We also recommend that an additional Management Assistant be hired to ensure that there is an adequate number of individuals trained in grant compliance.
Management's response	Management informed us that the Community Development Department will be provided with additional training on grant compliance and will implement procedures to ensure that amounts reported on the quarterly FFRs are reconciled to IDIS and the general ledger quarterly and to the SEFA annually, and that additional procedures will include a review of the FFRs prepared by the Management Assistant by a Management Analyst.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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

2018 - 002

Federal program

Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)

Criteria or specific requirement

**§200.77 Period of performance.**

Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award.

#### **NDEM Grant Management Guide**

##### **GRANT REPORTING/REQUESTING REIMBURSEMENT**

Quarterly financial reporting is required for all Nevada Department of Emergency Management (NDEM) grants following the end of each quarter, whether or not funds have been expended. Quarterly Financial Reports are due to NDEM no later than 30 days from the end of each quarter. Unless you have previously received an extension and then the report is due no later than 15 days after your extension unless the extension states sooner. Final Report – Report due 30 days following the end of the performance period of the sub-grant unless the sub-grantee has an extension and then all reports are due within 15 days.

Quarterly Progress Reports (QPR)/Work Plans (WP) are due to the NDEM with and at the same time as the QFR.

##### **GRANT EXTENSIONS**

Grants extension requests will be reviewed on an individual basis and determined by the grant or disaster program manager. The authority to expend funds on a grant award will only be approved within the performance period of the grant document. If a sub-grantee does not request an extension of funds in advance and funds are expended, this may result in non-reimbursable expenditures. If an extension has been received on the grant funds all reports must be received by 15 days after the close of the grant extension period.

Condition and context

Per examination of 43 disbursements, it was noted that four disbursements were outside of the period of performance specified in the award document. Per discussion with the Senior Management Analyst on October 10, 2018, we were informed that extensions for the period of performance were filed with NDEM; however, they have not received approval of such. Since the costs met those approved on the Project Worksheet (PW), the City included them on the SEFA. In total, \$475,431 of costs outside the period of performance was included on the SEFA.

We were also informed that in April 2018, NDEM had emailed the City stating that there were reporting issues with reports sent to date. As a result, NDEM and the City agreed to not submit any more reports, including requests for extensions, until a training could be held to rectify all the noted issues. A meeting was held on June 21, 2018, to discuss the issues and a training was held in July 2018. Extensions were submitted in August 2018 along with the required reports; however, the extensions had not yet been approved as of October 12, 2018. Per correspondence with NDEM, we were informed that the costs are considered allowable as long as they were on the approved PW however they did not state whether the extensions would be approved or whether they consider the reports to be submitted timely.

A statistically valid sample was used

Yes

Questioned costs

\$475,431

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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Effect	The City is not in compliance with the requirements for quarterly reporting or for the period of performance for federal funds and may be required to restate the SEFA if NDEM or the Federal Emergency Management Agency (FEMA) subsequently decides that amounts are in violation of the grant program. This could require the City to reimburse NDEM for amounts received for expenditures outside the period of availability.
Cause	Quarterly reports were not submitted timely and accurately and extensions for the period of performance were not requested timely due to an agreement with NDEM's Grants & Projects Analyst to delay reporting until a training could be held. In addition, NDEM did not provide a new reporting deadline in writing to the City for the submission of the reports and extensions.
Repeat finding	No
Recommendation	The City should ensure that those responsible for grants management have the necessary knowledge and skills to ensure compliance with grant requirements and that questions and concerns regarding grant compliance are addressed timely with the grantor.
Management's response	Management informed us that the Senior Management Analyst has attended training specific to this grant and that they will be more diligent in communicating with the grantor when compliance issues arise. All the required reports and extension requests were submitted to the State on the dates instructed by the State, in the format requested by the State. The fact that the State has not communicated with the City regarding the approval status of any extension requests and reimbursement reporting is beyond the City's control.



**CITY OF RENO**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

**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 PRIOR 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 as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)**

2017 - 001	
Federal program	Home Investment Partnership Program (CFDA #14.239)
Criteria or specific requirement	<p>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.</p> <p>Inspections must be based on 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.</p> <p>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 inspectors. The procedures must also describe how frequently the property will be inspected, consistent with this section, §92.209, and §92.504(d).</p>
Condition and context	<p>Per examination of the HOME Inventory spreadsheet, we noted that there were four properties having inspection dates between July 1, 2016 and June 30, 2017. However, the City of Reno (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.</p>
Current status	Corrected

(Continued)

# CITY OF RENO

## SCHEDULE OF PRIOR 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 as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)**

2017 - 002

Federal program

Equitable Sharing 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.

Current status

Corrected

(Continued)

# CITY OF RENO

## SCHEDULE OF PRIOR 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 as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)**

2017 - 003

Federal program

Equitable Sharing 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 task.

Current status

Corrected