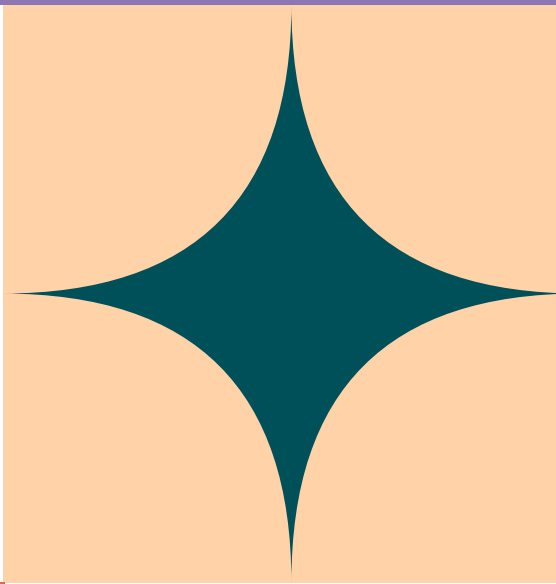
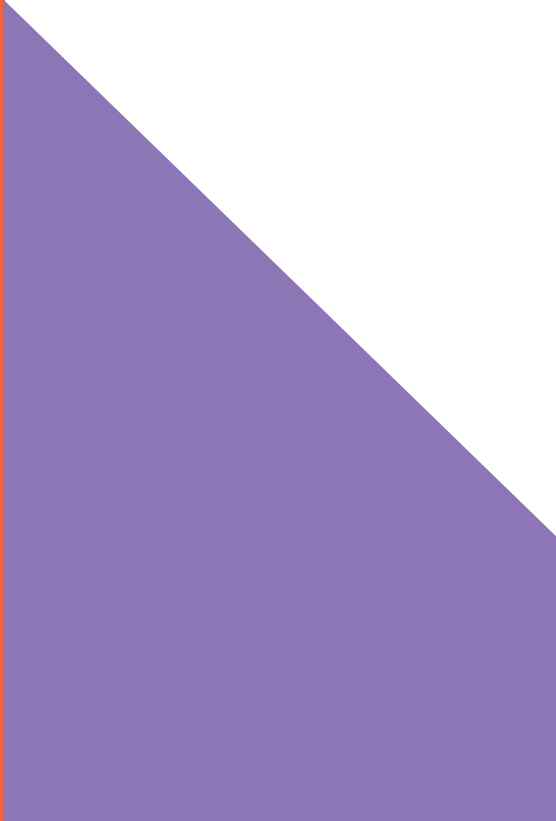


Fiscal Year Ended June 30, 2023

**City of Reno,
Nevada**



Popular
Annual
Financial
Report



The City of Reno is proud to present its Popular Annual Financial Report (PAFR). The goal of this PAFR is to present the City's financial data in an easy-to-read format. The data presented in the PAFR comes directly from the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023.

The City's ACFR provides detailed and technical data while also reporting information in accordance with Generally Accepted Accounting Principals (GAAP) standards. The PAFR has selected information about the City as a whole, the general fund, enterprise funds, and the City's outstanding debt. For more detailed information, please refer to the City's ACFR.

The City's ACFR has been submitted to the Government Finance Officers Association (GFOA) to be considered for the Excellence in Financial Reporting Award for the year ended June 30, 2023. The City also submitted the GFOA application for the year ended June 30, 2022 and earned the award, marking the 40th consecutive year that it has received this award. We are confident that the ACFR will be awarded it's 41st consecutive award for the 2023 fiscal year.

We hope that this PAFR will provide you with a better understanding of the City of Reno, our purpose, structure and also give an easy understanding of our overall financial position. Please feel free to reach out to the Finance Department with any questions that come up as you read this. We can be reached at finance@reno.gov. The full ACFR can also be found on the City's website at reno.gov.

Vicki Van Buren
Director of Finance



Vicki Van Buren
Director of Finance

Table of Contents

- 3 Fund Accounting Overview
- 4 Reno City Council
- 5 Other Elected Officials
- 6 Leadership
- 7 About City of Reno
- 8 Demographic Information
- 9 Overall Net Position
- 11 Overall Revenues
- 12 Overall Expenses
- 13 General Fund Balance
- 14 General Fund 10 Year Forecast
- 15 General Fund Revenues
- 16 General Fund Expenditures
- 17 Enterprise Fund
- 18 Debt Overview



**MESSAGE FROM
OUR DIRECTOR**



WHAT IS FUND ACCOUNTING?

A fund is a separate, 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

General Fund - used to account for resources traditionally associated with government which are not required by law, regulation, or sound financial management policy to be accounted for in another fund

Special Revenue Funds - used to account for specific revenues that are restricted by law or policy to expenditures for a particular purpose

Debt Service Funds - used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies

Capital Project Funds - used to account for the acquisition and construction of major capital facilities other than those financed by proprietary or trust funds

General Fund City's Largest Discretionary Fund

Special Revenue Funds Housing & Neighborhood Development Funds
Street Fund
Drainage Facility Impact Fee Fund
Room Tax Fund
Court Funds
Forfeiture Funds
Opioid Funds

Debt Services Funds Ad Valorem Debt Service Fund
Railroad Debt Fund
Event Center Debt Funds
Special Assessment Districts Debt Funds
Redevelopment Agency Debt Funds

Capital Project Funds General Capital Project Funds
Parks Capital Project Funds
Capital Tax Fund

Proprietary Funds

Enterprise Funds - used to account for operations that are financed and operated in a manner similar to private business enterprises

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

Fiduciary Funds - used to account for resources held for the benefit of parties outside of the City government

Enterprise Funds Sanitary Sewer Fund
Building Permit Fund

Internal Service Funds Motor Vehicle Fund
Risk Retention Fund
Self-Funded Medical Fund
Self-Funded Workers' Compensation Fund

Fiduciary Funds Other Post Employment Benefits Trust Fund
Special Assessment District Custodial Fund

RENO CITY COUNCIL

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 City Manager is responsible for all City business.

The City Council has adopted the following overarching goals to help develop the priorities of the City and to enhance the services the City provides:

- Provide for public safety
- Ensure financial sustainability
- Provide economic opportunity, reduce homelessness and increase affordable housing
- Provide economic and community development
- Improve the City's infrastructure, address climate change and enhance environmental sustainability
- Enhance the arts, parks and historical resources in the community
- Government and organizational effectiveness



Mayor - Hillary Schieve



At-Large - Devon Reese



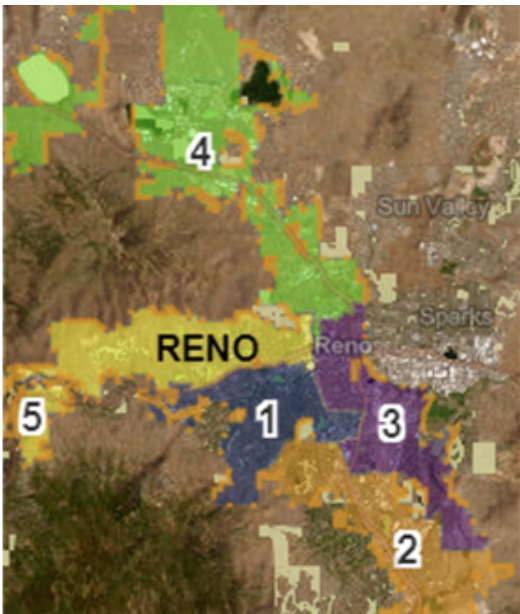
Ward 1 - Jenny Brekhus



Ward 2 - Naomi Duerr



Ward 3 - Miguel Martinez



Ward 4 - Meghan Ebert



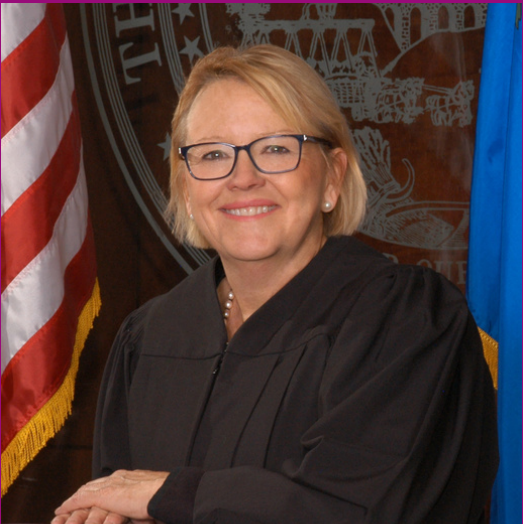
Ward 5 - Kathleen Taylor

• Ward map to change in fiscal year 2024 to include Ward 6

OTHER ELECTED OFFICIALS



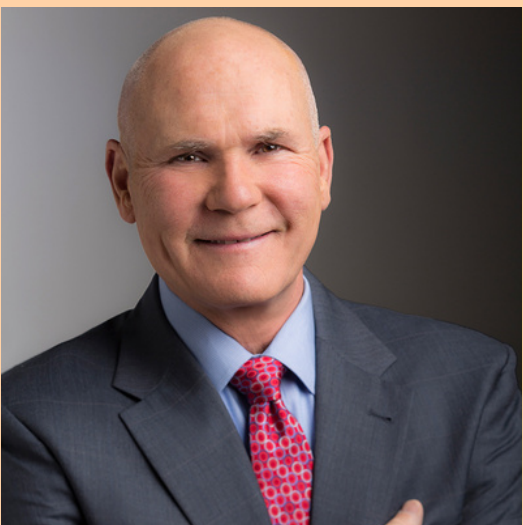
Department 1
Judge Gene Drakulich



Department 2
Judge Shelly T. O'Neill



Department 3
Judge Justin Champagne



City Attorney
Karl Hall



Department 4
Judge Christopher Hazlett-Stevens

CITY OF RENO'S LEADERSHIP TEAM



Doug Thornley
City Manager



Jackie Bryant
Assistant City Manager



JW Hodge
Assistant City Manager



Ashley Turney
Assistant City Manager



Mikki Huntsman
City Clerk



Karl Hall
City Attorney



David Cochran
Reno Fire Chief



Kathryn Nance
Reno Police Chief



Cynthia Esparza
Chief Equity & Community
Relations Officer



Calli Wilsey
Director of
Policy & Strategy



Rebecca Venis
Director of
Communications



Vicki Van Buren
Director of Finance



Norma Santoyo
Director of Human
Resources



Craig Franden
Director of Information
Technology



Monica Kirsh
Director of Housing and
Neighborhood Development



Alex Woodley
Director of Code &
Parking Enforcement



Chris Pingree
Director of
Development Services



Lance Ferrato
Director of
Business Licensing



Travis Truhill
Director of Maintenance
and Operations



Nathan Ulliyot
Director of Parks
and Recreation



Cody Shadle
Director of Public
Safety Dispatch



John Flansberg
Regional Infrastructure
Administrator



Trina Magoon
Director of
Utility Services



Kerrie Koski
Director of Public
Works/City Engineer



Jonathan Shipman
Assistant City
Attorney



Barbara Ackermann
Chief Examiner



Veronica Lopez
Reno Municipal Court
Administrator



WHO ARE WE?

The City and surrounding area provide unlimited indoor and outdoor recreation activities. Within a fifty-mile radius you can find Lake Tahoe and the largest concentration of ski facilities in the world. Biking, camping, hunting, fishing, and mountain climbing are all available within a thirty minute drive.


Along with the outdoor opportunities, the City is host to many community events including Hot August Nights, a week long 50's nostalgia celebration; the Great Reno Balloon Races, a three day event competition for hot air balloonists; the Reno Rodeo, one of the largest rodeos in the west; the month long Artown festival in July; and various special events hosted by the City of Reno and other organizers.

WHAT'S GOING ON?

The region's economy has long relied on consumption-related activities such as logistics, construction, tourism, and gaming, an extensive array of hospitality and casino options as well as vast recreational opportunities. More recently, the economic structure of the region has been expanding and diversifying to include more technology based industries.

Employment in Reno and Washoe County has returned to a normal level following the global COVID-19 pandemic. In the Reno-Sparks region, the June 2023 unemployment rate stood at 4.4%, which has increased slightly over the past year with a low of 3.5% in December 2022 and a high of 4.4% in January, February, and June 2023. Overall, Nevada had an unemployment rate of 5.4%, exceeding the national average of 3.6% in June 2023. This is mainly due to the large gaming and tourism industries that support Nevada. Unemployment in Reno has fared better at 4.5% which is due to the diversified economy that Reno has been able to develop over the years.

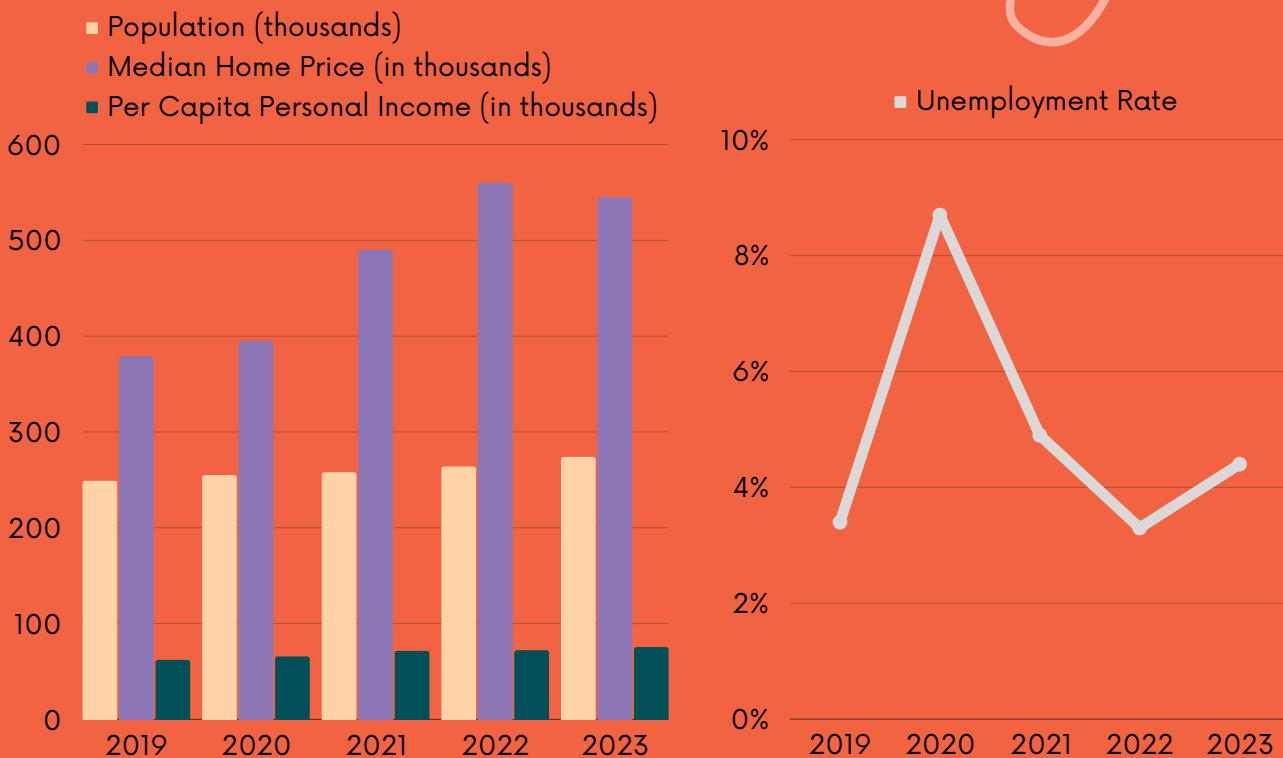
WHAT WE DO?



The City provides a full range of municipal services as established by statute or the City's charter. These services include public safety (police, fire, dispatch, code enforcement, 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.

WHAT MAKES THE CITY OF RENO?

The Economic Development Association of Western Nevada (EDAWN) reported that Reno was ranked number 1 in the top 50 Small Cities to live in the United States in 2020 and ranked among the top U.S. cities for young professionals in 2021. This is due to the natural beauty of the region as well as the pro-business attitude of the area's leaders. Increasingly, technology companies and a highly educated workforce are driving Reno's popularity with companies like Tesla, Amazon, and Google.



TOP 10 EMPLOYERS

| <u>Employer</u> | <u>(Average) Employees</u> |
|---------------------------------------|----------------------------|
| 1. Washoe County School District | 7,500 |
| 2. Renown Regional Medical Center | 7,500 |
| 3. Washoe County | 3,000 |
| 4. Peppermill Hotel Casino | 3,000 |
| 5. Nugget Casino Resort | 3,000 |
| 6. Grand Sierra Resort & Casino | 3,000 |
| 7. Harrah's Reno Casino | 3,000 |
| 8. St. Mary's Regional Medical Center | 3,000 |
| 9. Eldorado Resort Casino | 3,000 |
| 10. Silver Legacy Resort Casino | 3,000 |

GOVERNMENT-WIDE STATEMENT OF NET POSITION

Summary Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Current, restricted and other assets | \$ 401,814,016 | \$ 357,619,340 | \$ 202,483,791 | \$ 197,217,467 | \$ 604,297,807 | \$ 554,836,807 |
| Investment in Truckee Meadows Water Reclamation Facility | | | 83,340,822 | 83,128,787 | 83,340,822 | 83,128,787 |
| Capital Assets | 1,023,200,391 | 960,978,841 | 490,395,761 | 465,192,349 | 1,513,596,152 | 1,426,171,190 |
| Total Assets | 1,425,014,407 | 1,318,598,181 | 776,220,374 | 745,538,603 | 2,201,234,781 | 2,064,136,784 |
| Deferred Outflows of Resources | | | | | | |
| Deferred amounts related to pensions | 122,378,891 | 105,789,368 | 12,311,474 | 9,350,530 | 134,690,365 | 115,139,898 |
| Deferred amounts related to OPEB | 990,119 | 1,462,824 | 54,379 | 68,508 | 1,044,498 | 1,531,332 |
| Deferred loss on debt refunding activity | 17,960,925 | 18,545,787 | - | - | 17,960,925 | 18,545,787 |
| Total Deferred Outflows of Resources | 141,329,935 | 125,797,979 | 12,365,853 | 9,419,038 | 153,695,788 | 135,217,017 |
| Liabilities | | | | | | |
| Current liabilities | 128,359,935 | 127,162,698 | 35,463,651 | 32,371,892 | 163,823,586 | 159,534,590 |
| Long-term liabilities | 999,924,531 | 772,844,552 | 95,259,020 | 82,274,504 | 1,095,183,551 | 855,119,056 |
| | 1,128,284,466 | 900,007,250 | 130,722,671 | 114,646,396 | 1,259,007,137 | 1,014,653,646 |
| Deferred Inflows of Resources | | | | | | |
| Deferred amount related to pensions | 2,810,476 | 136,304,805 | 279,434 | 12,043,114 | 3,089,910 | 148,347,919 |
| Deferred amounts related to OPEB | 53,068,886 | 56,162,533 | 194,703 | 5,816,991 | 54,983,589 | 61,979,524 |
| Deferred amounts related to leases | 6,412,513 | 7,166,669 | - | - | 6,412,513 | 7,166,669 |
| Total Deferred Inflows of Resources | 62,291,875 | 199,634,007 | 2,494,137 | 17,860,105 | 64,486,012 | 217,494,112 |
| Net Position | | | | | | |
| Net investment in capital assets | 607,897,913 | 599,449,583 | 423,519,492 | 400,350,066 | 1,031,417,405 | 999,799,649 |
| Restricted | 128,026,846 | 90,213,451 | 30,466,787 | 89,428,695 | 158,493,633 | 179,642,146 |
| Unrestricted | (360,156,758) | (344,908,131) | 201,683,140 | 132,672,379 | (158,473,618) | (212,235,752) |
| Total Net Position | \$ 375,768,001 | \$ 344,754,903 | \$ 655,669,419 | \$ 622,451,140 | \$ 1,031,437,420 | \$ 967,206,043 |

GOVERNMENTAL ACTIVITIES

The City's current, restricted, and other assets increased mainly with the receipt of \$60 million of bond proceeds that were for the completion of the Public Safety Center and Moana Pool; an increase in charges for services; and an increase in property taxes collected.

The increase in long-term liabilities is due to the additional \$60 million of bond proceeds and an increase in the City's proportionate share of the Post Employment Retirement System of Nevada (PERS) liability. The liability increase is offset by a reduction in the net Other Post Employment Benefits (OPEB) liability, along with repayment of long-term debt through scheduled debt service payments.

BUSINESS-TYPE ACTIVITIES

Total assets for the City's business-type activities increased by 4.12%. The increase in current, restricted, and other assets is due to an increase of \$5.2 million related to sewer user fees that will be spent over the next 5 years to expand and improve plant operations; a reduction in the note receivable between the City and the City of Sparks; and an overall increase in the PERS liability attributed to business-type activities.

Net capital assets increased due to the number of sewer line rehabilitation projects in various stages of completion and the expansion in progress of the Reno-Sparks Water Reclamation Facility. The cost of these projects 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.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Summary Statement of Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| <i>Program revenues:</i> | | | | | | |
| Charges for services | \$ 110,322,666 | \$ 95,325,262 | \$ 91,990,393 | \$ 86,716,581 | \$ 202,313,059 | \$ 182,041,843 |
| Operating grants and contributions | 25,031,092 | 24,047,072 | 2,389,896 | 10,000 | 27,420,988 | 24,057,072 |
| Capital grants and contributions | 61,356,011 | 18,155,583 | 13,156,421 | 15,271,969 | 74,512,432 | 33,427,552 |
| Total Program Revenues | 196,709,769 | 137,527,917 | 107,536,710 | 101,998,550 | 304,246,479 | 239,526,467 |
| <i>General revenues:</i> | | | | | | |
| Property taxes | 101,958,471 | 92,257,926 | | | 101,958,471 | 92,257,926 |
| Room taxes | 12,873,390 | 12,705,342 | | | 12,873,390 | 12,705,342 |
| Sales tax dedicated to debt | 15,058,567 | 14,259,513 | | | 15,058,567 | 14,259,513 |
| Other sales taxes | 2,662,465 | 2,647,955 | | | 2,662,465 | 2,647,955 |
| Consolidated tax revenue | 93,449,652 | 94,501,974 | | | 93,449,652 | 94,501,974 |
| Intergov. shared revenue, unrestricted | 7,273,137 | 7,310,465 | | | 7,273,137 | 7,310,465 |
| Investment income | 3,631,993 | (8,137,719) | 3,441,282 | (4,736,615) | 7,073,275 | (12,874,334) |
| Gain (loss) on disposal of capital assets | 743,831 | (7,092,728) | | (863,058) | 743,831 | (7,955,786) |
| Miscellaneous | 3,747,057 | 4,680,871 | | 18,952 | 3,747,057 | 4,699,823 |
| Total Revenue | 438,108,332 | 350,661,516 | 110,977,992 | 96,417,829 | 549,086,324 | 447,079,345 |
| Expenses | | | | | | |
| General government | 76,250,789 | 62,079,032 | | | 76,250,789 | 62,079,032 |
| Judicial | 9,490,006 | 9,395,021 | | | 9,490,006 | 9,395,021 |
| Public safety | 187,612,256 | 121,191,358 | | | 187,612,256 | 121,191,358 |
| Public works | 70,482,717 | 42,817,258 | | | 70,482,717 | 42,817,258 |
| Community development & support | 13,806,001 | 28,401,311 | | | 13,806,001 | 28,401,311 |
| Culture & recreation | 20,159,760 | 19,352,526 | | | 20,159,760 | 19,352,526 |
| Urban redevelopment | 4,015,348 | 4,154,809 | | | 4,015,348 | 4,154,809 |
| <i>Debt service:</i> | | | | | | |
| Interest & fiscal charges | 25,378,288 | 20,978,696 | | | 25,378,288 | 20,978,696 |
| Sanitary sewer | | | 64,505,805 | 60,135,606 | 64,505,805 | 60,135,606 |
| Building permits | | | 13,141,908 | 11,301,993 | 13,141,908 | 11,301,993 |
| Total Expenses | 407,195,165 | 308,370,011 | 77,647,713 | 71,437,599 | 484,842,878 | 379,807,610 |
| Change in net position | 30,913,167 | 42,507,956 | 33,330,279 | 24,763,779 | 64,243,446 | 67,271,735 |
| Transfers | 112,000 | 216,451 | (112,000) | (216,451) | - | - |
| Net position, beginning of year | 344,754,905 | 302,246,949 | 622,451,140 | 597,687,361 | 967,206,045 | 899,934,310 |
| Net position, end of year | \$ 375,780,072 | \$ 344,754,905 | \$ 655,669,419 | \$ 622,451,140 | \$ 1,031,449,491 | \$ 967,206,045 |

GOVERNMENTAL ACTIVITIES

The City's total revenues increased 43.03% between 2022 and 2023. This increase was due to business license increases under charges for services, an increase in property taxes received, larger earnings on investments, and a large amount of dedicated and annexed streets received during the year.

Total expenses also increased during the year across virtually all functions of the City. The largest increase was due to salary adjustments completed during the year for cost of living adjustments, merit increases, and changes in collective bargaining agreements. Other increases related to a large equipment purchase for Police supplies that was financed over a 10-year period. The City also continues to spend Coronavirus State and Local Fiscal Recovery (SLFRF) funds received in prior years.

BUSINESS-TYPE ACTIVITIES

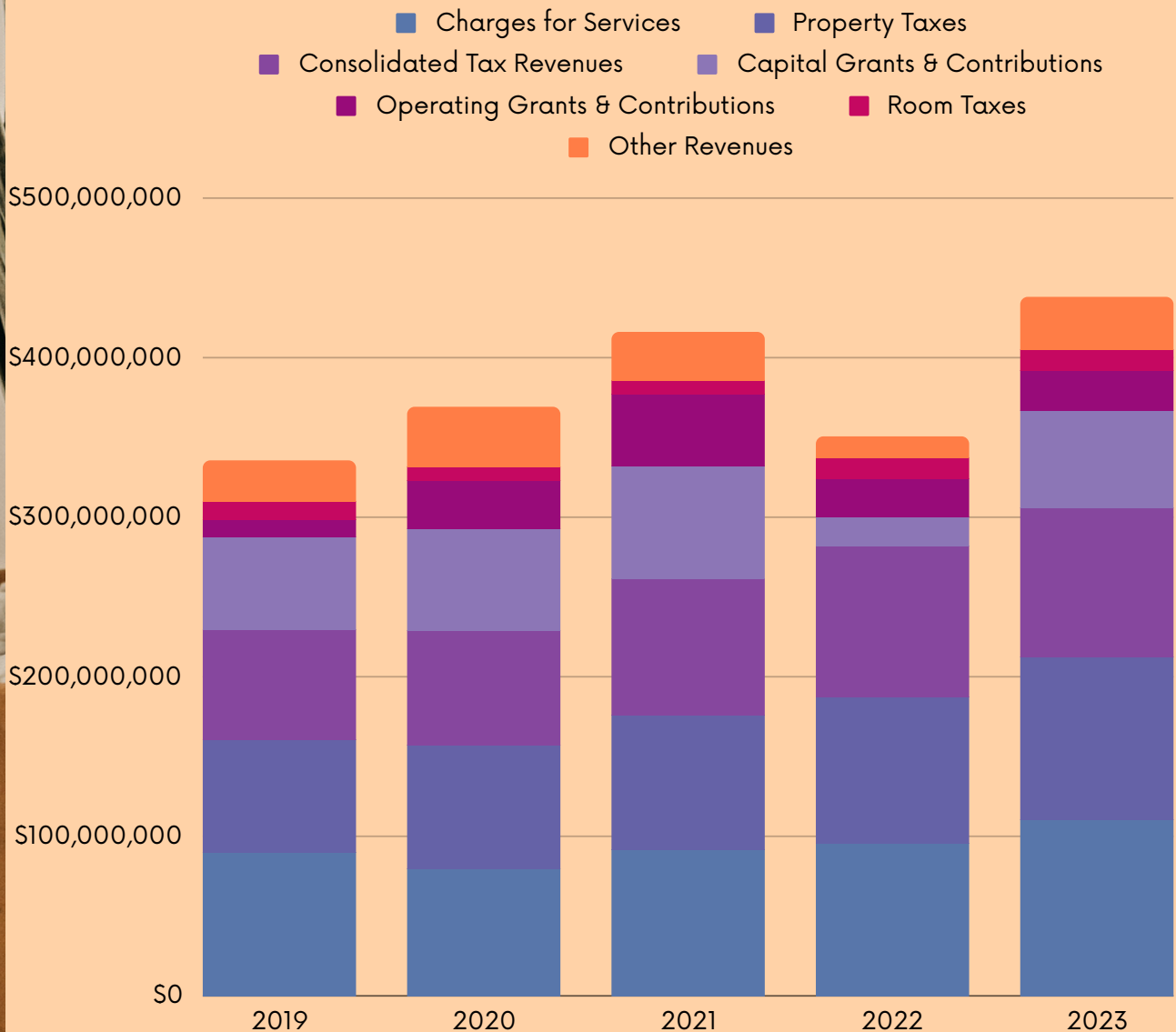
Total revenues for business-type activities remained fairly unchanged with a 5.43% increase. This increase is related to sewer user fees increasing in October 2022 by 7.1%, which is consistent with the Western Region Consumer Price Index (CPI). There was a slow down in building permits issued in the current year, which contributed to revenues remaining flat.

Operating expenses for business-type activities increased due to the same salary adjustments seen in the governmental activities. There was also an increase in the number of full-time positions to manage the increased demand in sewer and building permits that have been seen over the last three years. Building permits are now fully staffed and able to complete building requests quickly.

GOVERNMENTAL ACTIVITIES - REVENUES

City revenues continue to trend upwards over the past five years. The largest categories that continue to increase are charges for services, property taxes, and consolidated taxes. The Reno area has seen a large population increase since the pandemic due to people moving to the area from California to take advantage of the low cost of living and taxes. This has resulted in increased business licenses and related charges for services. Property values continue to increase in the Reno area and construction continues to add more residential units. Consolidated taxes are mainly made up of sales taxes collected from sales in the area and distributed through the State of Nevada. Since the price of items has increased dramatically over the past three years, the City has seen the corresponding increase in revenues collected.

The City received \$52M in Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds between fiscal years 2020 and 2021 to address issues related to the COVID-19 pandemic. The SLFRF funds will continue to be spent on projects through the grant period of December 2027 and revenues will be recognized as funds are spent.



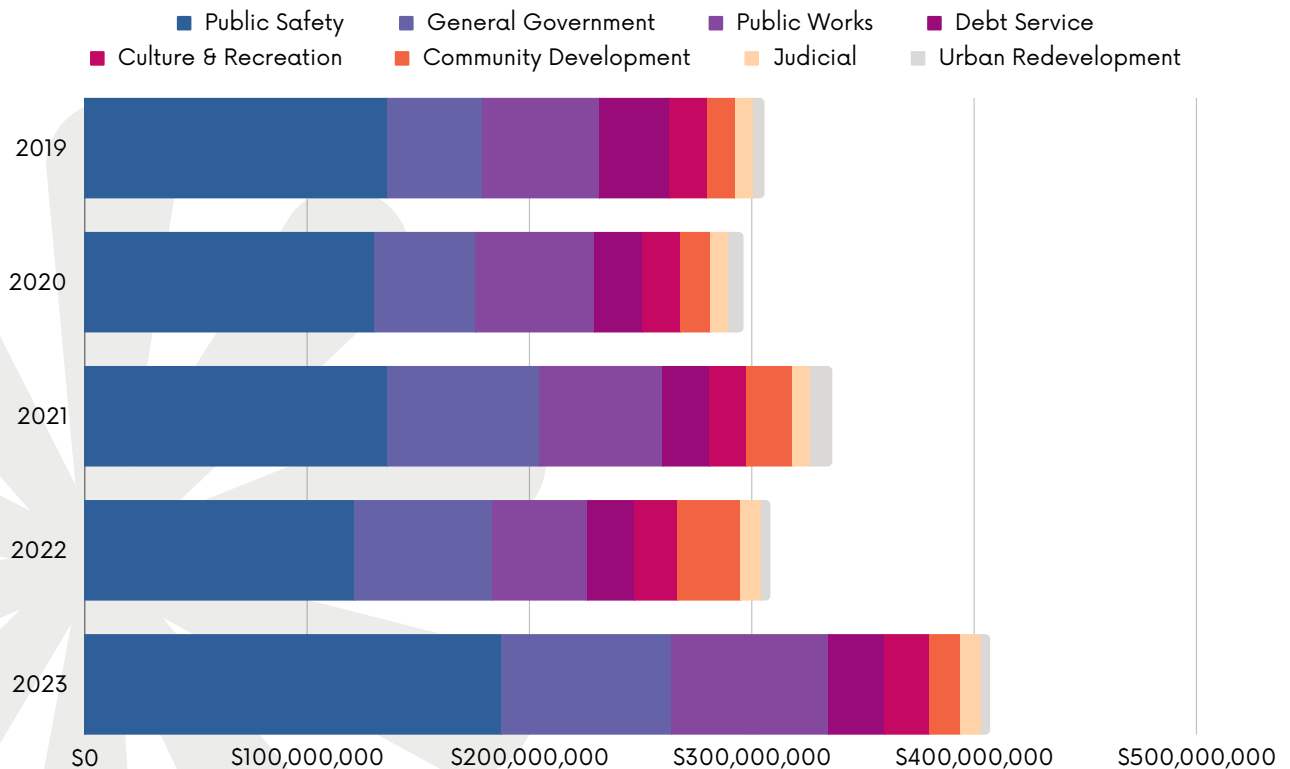
GOVERNMENTAL ACTIVITIES - EXPENSES

Governmental activity expenses have fluctuated over the past 5 years due to the various funding the City has received. CARES act funds were received in 2020 and 2021 which increased expenses in fiscal years 2021 and 2022. The City also received SLFRF funds in 2021 which will be spent over the life of the grant through December 2027.

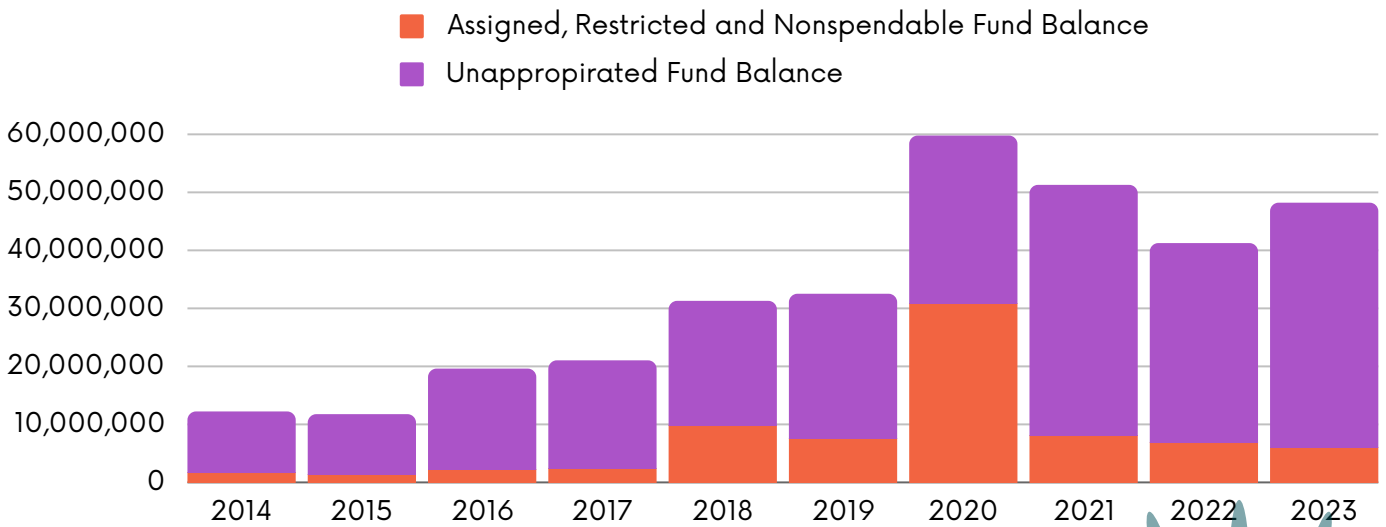
The City has also seen a steep increase in the cost of living over the past five years and has reacted by increasing salary rates and benefits throughout the organization to remain competitive and retain employees. The largest increases are seen in public safety. This is because public safety is the City's largest functional area and the Reno City Council has placed an emphasis on increasing the number of full time positions to serve the community. There have also been legislative changes requiring police officers to wear body cameras which have increased operating costs between 2019 and 2023. In 2023, the City purchased \$11 million of police equipment which increased expenses.

General government and public works are the next largest functions of the City. Both areas have seen an increase in the number of employees and in salaries and benefits. General government has also seen an increase due to spending grant funds for many programs throughout the City.

All functions increased due to the amount of PERS and OPEB expenses allocated to the City's governmental activities. The current year had a significant increase to the PERS liability due to the actuarial valuation being updated. This is a result of the additional City employees as well as increased salaries and benefits.

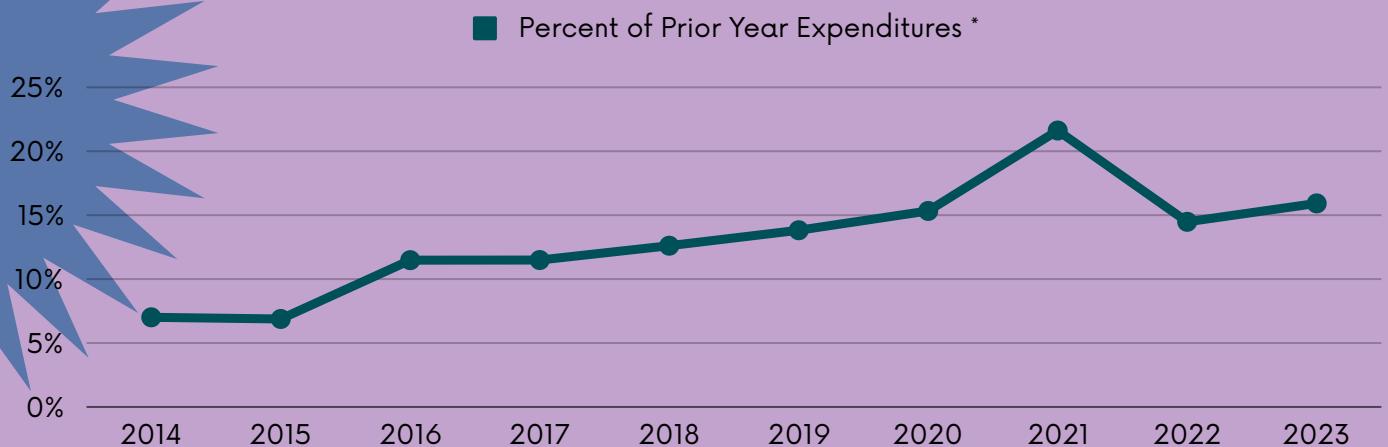
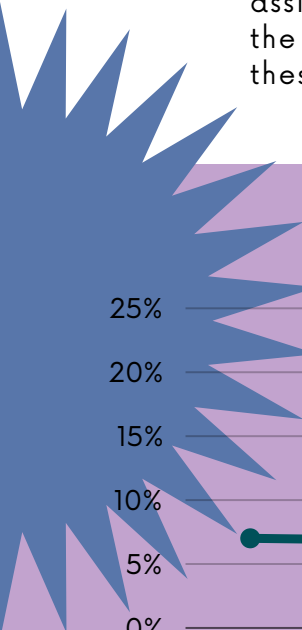
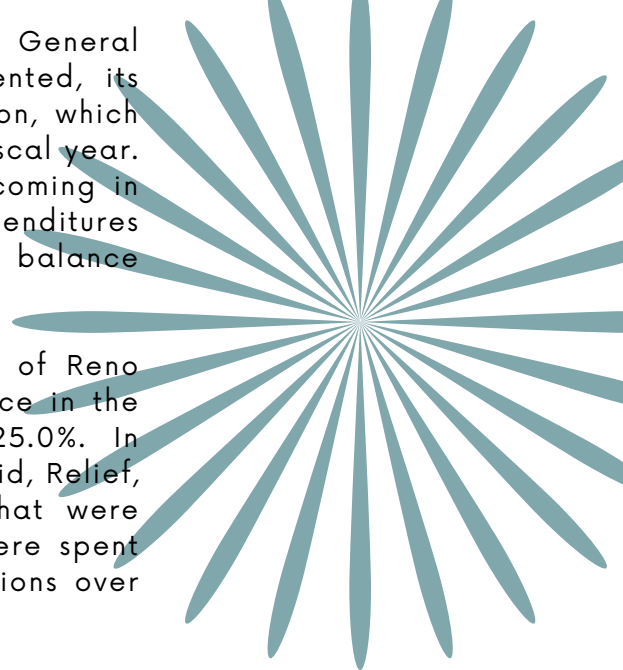


GENERAL FUND HISTORICAL FUND BALANCE AND % OF FUND BALANCE



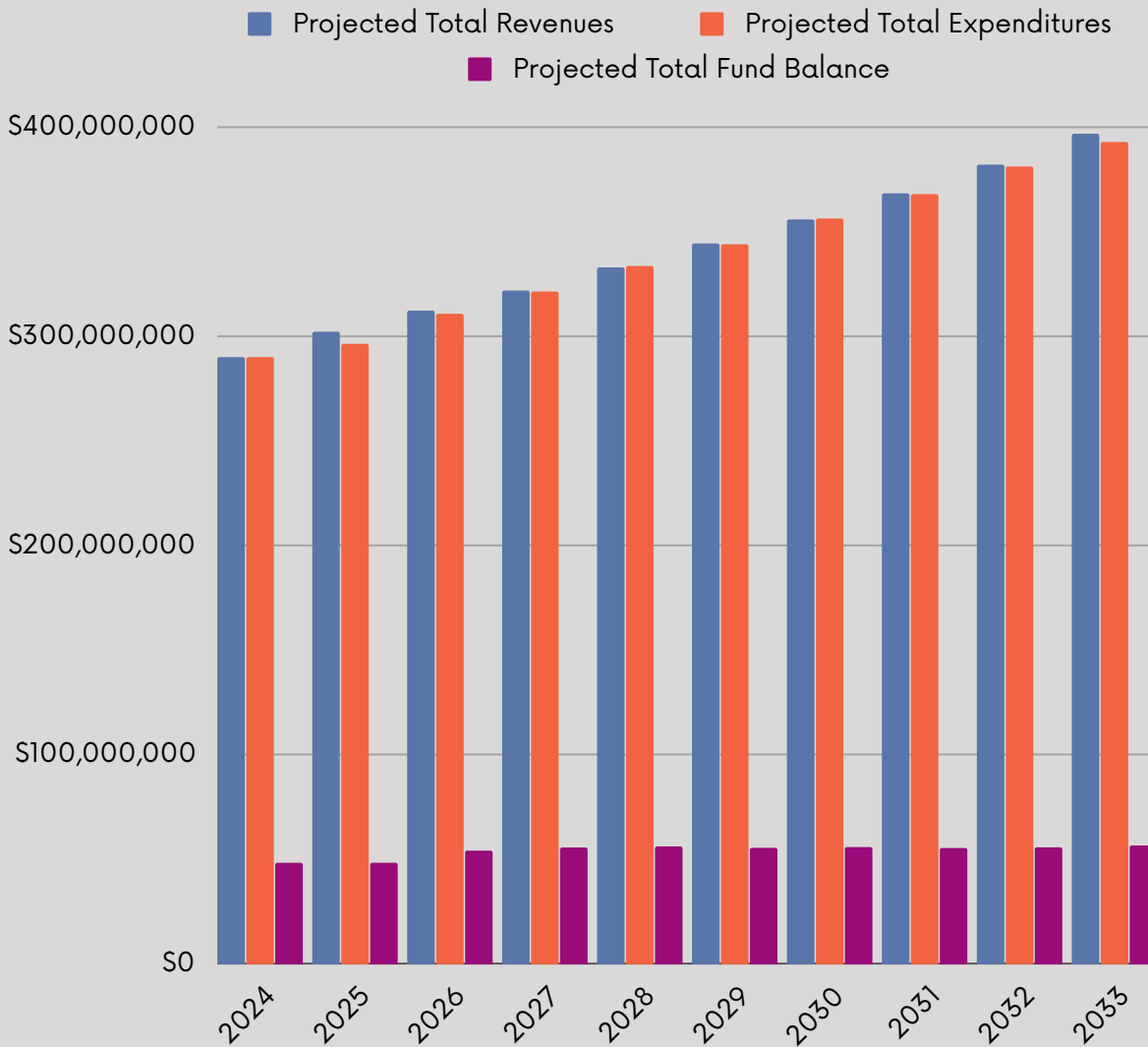
The primary operating fund of the City is the General Fund. At the end of the fiscal year presented, its unappropriated fund balance was \$42.5 million, which was an increase of 22.63% over the previous fiscal year. The higher fund balance is due to revenues coming in slightly higher than budgeted and realized expenditures savings. As a result, the ending % of fund balance increased to 15.92%.

Since the Great Recession in 2008, the City of Reno continues to grow unappropriated fund balance in the General Fund each year with a goal of 8.3 - 25.0%. In 2020, the City of Reno received Coronavirus Aid, Relief, and Economic Security (CARES Act) funds that were assigned for future spending. These funds were spent the following year which created the fluctuations over these years.



- Percent of Prior Year Expenditures is calculated as percentage of Unappropriated Fund Balance compared to prior year actual expenses adjusted for Debt and Capital Outlay

GENERAL FUND 10-YEAR FORECAST



As part of a resilient budget strategy, two key financial planning tools have been developed. A ten-year financial forecast is maintained to better project future resource needs, identify areas of concern and adjust operating programs to meet available resources. Second, a 20+ year history is maintained that tracks significant data points that assist with future projections.

Although revenues have increased over the past four years, the future is still uncertain. The influx of federal stimulus funds has bolstered revenues. High inflation and market uncertainty are major concerns and the full impact is difficult to predict. Long-term planning that incorporates resilient budget practices is critical during uncertain economic times.

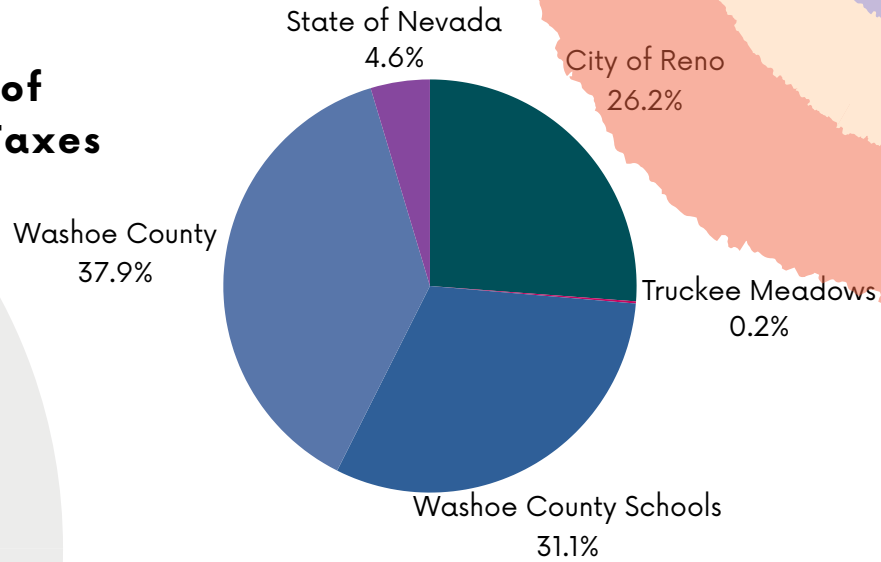
The City's Finance Department is continually reviewing current year activity to make adjustments throughout the year. This process makes the City's budget a living document that is continuously monitored and adjusted throughout the year.



GENERAL FUND REVENUES

Consolidated Tax, or CTAX, and property taxes make up 59% of the revenues received in the general fund for fiscal year 2023. CTAX revenues include sales and use taxes, cigarette and liquor taxes, governmental services tax, and real property transfer taxes. These taxes are collected by the State, consolidated, and then distributed to the various governmental agencies based on a series of formulas developed by the Nevada Department of Taxation. Population, assessed value, and growth rates are factors used in the distribution formula.

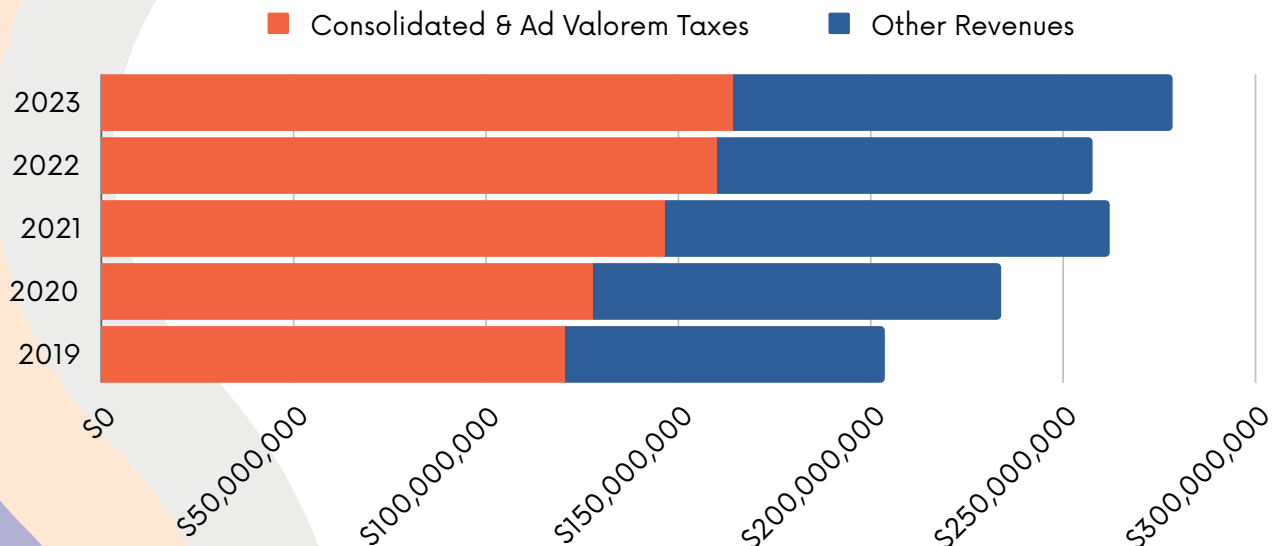
Allocation of Ad Valorem Taxes



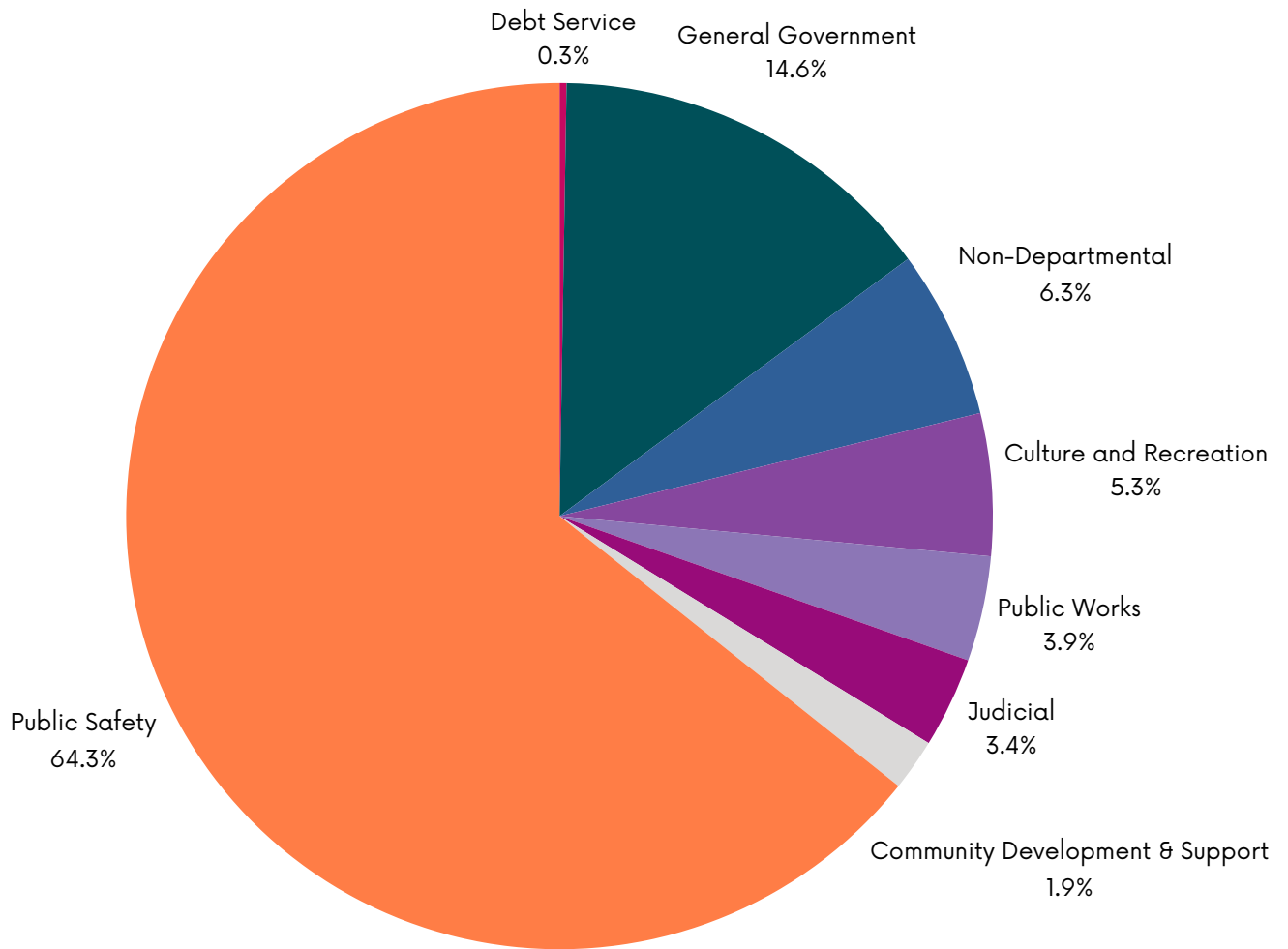
Property Tax, or Ad Valorem, is calculated as the maximum total overlapping tax rate. For the City of Reno, it is \$3.66 per \$100 of assessed valuation. By state law, real property is assessed at 35% of taxable value. The taxable value equals the replacement value of improvements, less depreciation, plus the value of the land.

A portion of Ad Valorem also goes to the Street Fund, a special revenue fund, for neighborhood street maintenance as approved by the voters in 1994.

General Fund



GENERAL FUND EXPENSES



The City provides a full range of municipal services as established by statute and/or the City's charter. These services include public safety (police, fire, dispatch, code enforcement, and building inspection), public works, public improvements, planning and zoning, community development, parks and recreation, and general administrative services. General administrative services (general government) include City Council, City Manager, City Clerk, City Attorney, Finance, Human Resources, Information Technology, and other administrative services necessary to keep the City operational. The largest general fund share of services provided is police, fire and other public safety services.



ENTERPRISE FUNDS

| | <u>Sanitary Sewer</u> | | <u>Building Permits</u> | |
|----------------------------------|-----------------------|-------------------|-------------------------|-------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Operating Revenues | \$ 81,391,470 | \$ 76,224,743 | \$ 10,598,923 | \$ 12,876,889 |
| Operating Expenses | <u>58,842,209</u> | <u>54,234,693</u> | <u>13,362,193</u> | <u>11,423,430</u> |
| Operating Income | 22,549,261 | 21,990,050 | (2,763,270) | 1,453,459 |
| Nonoperating Revenues (Expenses) | (1,223,965) | (10,465,358) | 508,615 | (961,655) |
| Capital Contributions | 13,156,421 | 13,542,292 | - | - |
| Transfers | <u>—(112,000)</u> | <u>—(112,000)</u> | <u>—</u> | <u>—</u> |
| Change in Net Position | \$ 34,369,717 | \$ 24,954,984 | (\$ 2,254,655) | \$ 491,804 |

Sanitary Sewer Fund

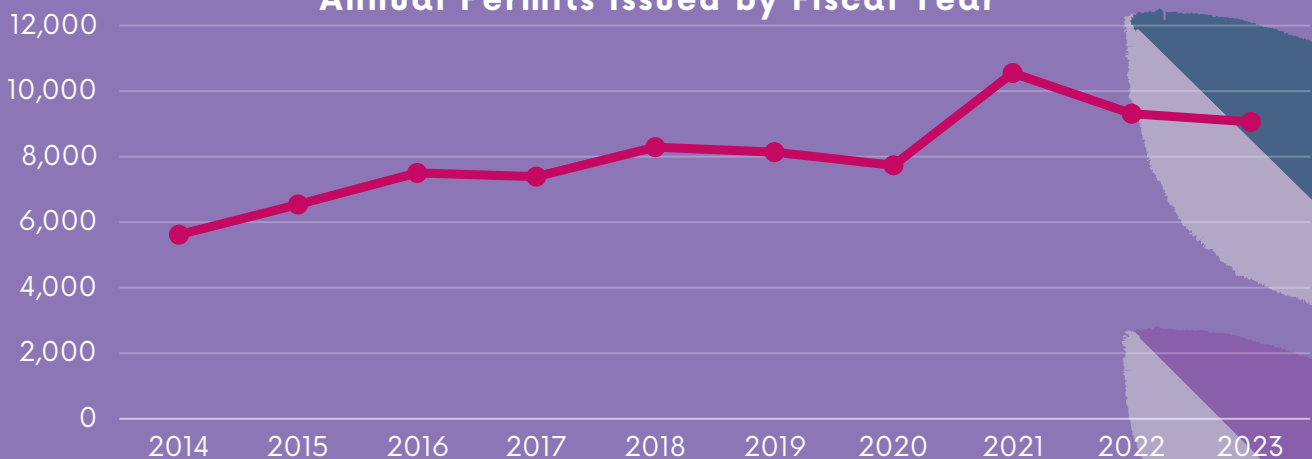
The sanitary sewer function is self-supporting, with program revenues exceeding operating expenses. This allowed the function to continue funding its capital needs without issuing any new debt in fiscal year 2023. Sewer connection fee revenue decreased 11.4%, which is mainly due to connection fees being waived to promote low income housing. Charges for services increased by 7.3% which contributed to the increase in net position. Sewer user fees increased during the current fiscal year due to a fee increase which went into effect on October 1st as well as additional new homes being built in the area.

Building Permit Fund

The building permit function realized a 2.7% decrease in the overall number of building permits issued when compared to fiscal year 2022. This translated into a 17.7% decrease in charges for service in the Building Permit Fund. The decrease in charges for services also relates to waived fees to promote low income housing. Expenses were 17.0% higher than the previous year due to additional staffing to manage workloads and low vacancy levels.

The City uses the number of building permits as a leading indicator to project future revenues. Building permits are a direct reflection of local economic trends.

Annual Permits Issued by Fiscal Year



CITY OF RENO DEBT

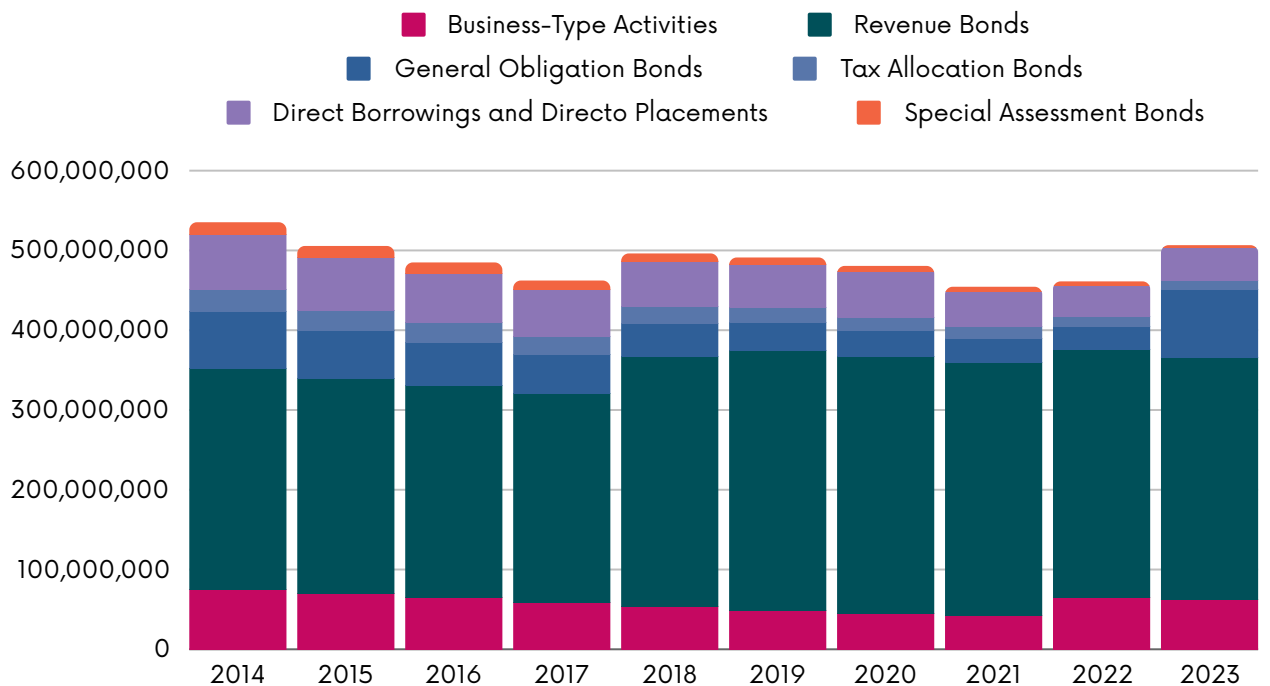
| | Total Outstanding at June 30, 2023 | Due Within On Year |
|---------------------------------------|---------------------------------------|-----------------------|
| Governmental Activities | | |
| Tax Allocation Bonds | \$ 10,110,000 | \$ 2,335,000 |
| General Obligation Bonds | 86,135,000 | 3,105,000 |
| Revenue Bonds | 302,915,964 | 3,225,000 |
| Special Assessment Bonds | 3,360,000 | 1,320,000 |
| Direct Borrowing and Direct Placement | <u>41,550,250</u> | <u>5,483,371</u> |
| Total Governmental Activities | 444,071,214 | 15,468,371 |
| Business-Type Activities | | |
| Direct Borrowing and Direct Placement | <u>62,537,214</u> | <u>8,321,724</u> |
| Outstanding Debt | 506,608,428 | 23,790,095 |
| Unamortized premiums and discounts | <u>11,716,865</u> | <u>-</u> |
| Total Outstanding Debt | \$ 518,325,293 | \$ 23,790,095 |

Bonds and notes payable outstanding at June 30, 2023, totaled \$518.3 million, net of premiums and discounts, a 10.1% increase when compared to the prior year. Debt for governmental activities represents 87.7% of total debt outstanding, with debt related to business type activities accounting for 12.3% of the total debt outstanding.

In the current fiscal year, the City is issued \$60 million in bonds to fund three major projects. The funds will be used along with grants, donations, and cash savings the City has built up over previous years to finish construction of the Moana Springs Aquatics and Fitness Center, and the new Public Safety Center. A design for a new Fire Headquarters is being done with \$2 million of the bond proceeds as well.

On June 30, 2023, the City had \$148.7 million of general obligation debt outstanding that is subject to the legal debt limit of \$2,079 million.

The City maintains an A1 rating from Moody's and an AA- rating from Standard and Poor's for its non-Sewer related general obligation bonds. These ratings indicate low credit risk from the City's debt portfolio.





CITY OF RENO, NEVADA

Popular Annual Financial Report
Fiscal Year Ended
June 30, 2023

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at [Reno.gov](https://www.reno.gov)