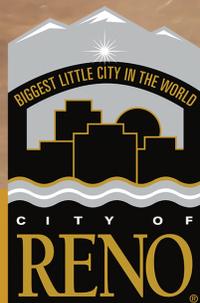
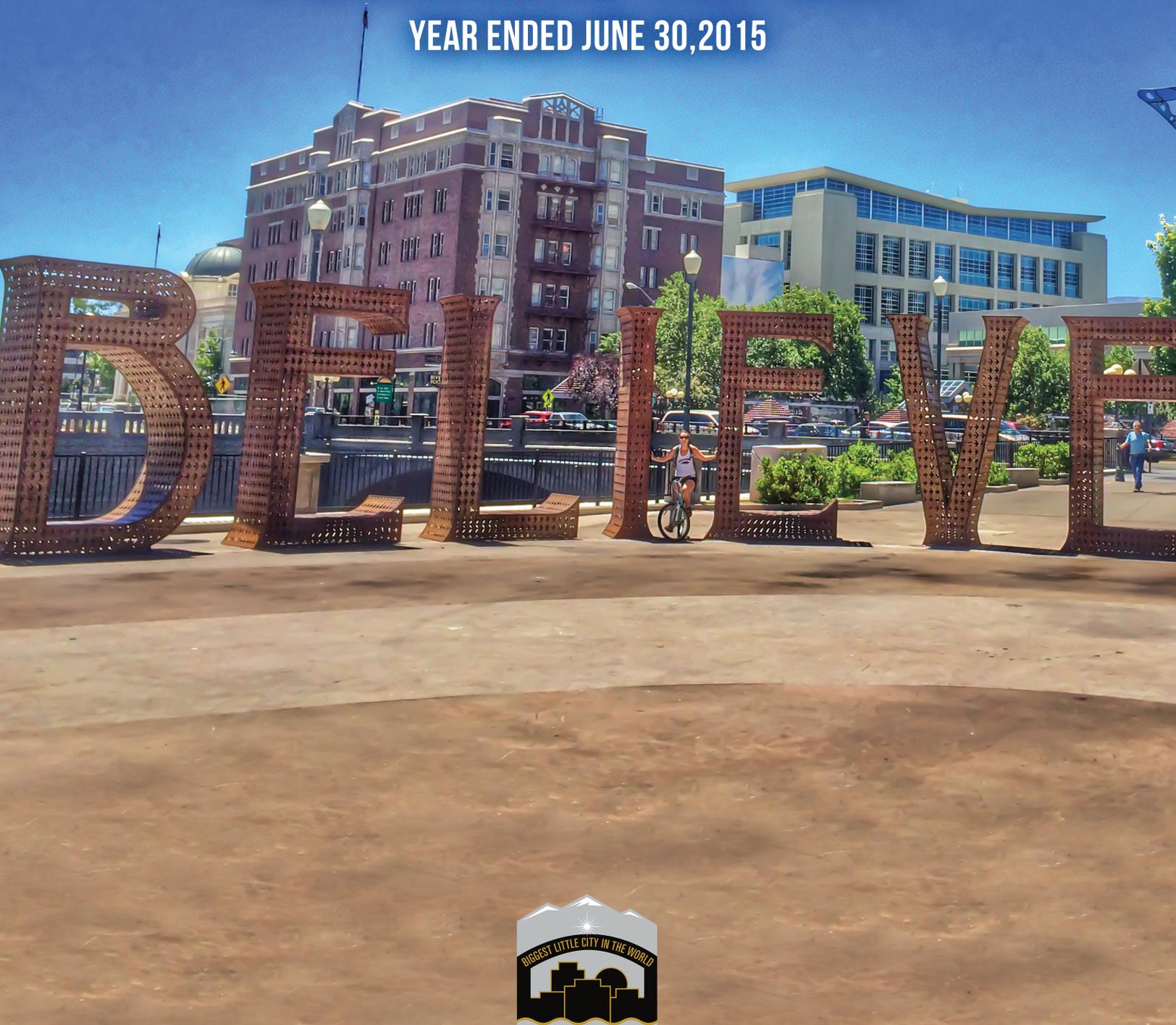


*City of Reno*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015





**CITY OF RENO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**STATE OF NEVADA**

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



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

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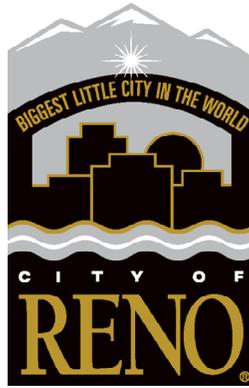
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# **INTRODUCTORY SECTION**





November 27, 2015

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, 2015 is hereby submitted. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

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

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

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

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

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

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

## **Local Economic Conditions**

Reno and the Washoe County continue to be affected by the most recent global recession, although there are some small signs of recovery. In the Reno-Sparks region, August’s unemployment count stood at 6.1%, which is down from the August 2014 rate of 7.0%. Nevada has an unemployment rate of 6.8%, exceeding the national average by 1.7% in August 2015. Foreclosures decreased overall in Washoe County and Reno with a 44.3% decrease in the filings from October 2014 to October 2015. This appears to be a continuing result of the impact of Nevada’s new Homeowner’s Bill of Rights. These declines show that the law passed by the 2013 Nevada Legislature is slowing down the process.

The median price of residential properties sold in Washoe County increased during 2015. Washoe County home values have gone up 17% over the past year, with the current median home value at \$288,990.

Because of the volatility in the market, the Washoe County Assessor’s Office moved to an annual appraisal cycle. In fiscal year 2014/15, property taxes increased 4.0%. For fiscal year 2015/16, the City budgeted for property taxes to increase 3%. The Washoe County Assessor anticipates property taxes will begin to rise again, though at a modest pace, and the City will

most likely be consistent with the Washoe County Assessor's assumption.

After two years of declines in consolidated tax (CTAX) revenues of (15.0%) and (10.8%) in fiscal years 2008/09 and 2009/10, respectively, fiscal years 2010/11 through 2014/15 saw steady increases in CTAX, the smallest being 1.2% in FY 2010/11 and the largest being 8.5% in FY 2013/14. The City is hopeful this major revenue source has now stabilized and will not experience such sharp declines going forward. For fiscal year 2014/15, the City has budgeted a 7.0% increase over the prior fiscal year actual amount. Fiscal year 2014/15 also saw increases in other revenue categories, particularly in gas, electric and sanitation franchise fees.

The State of Nevada, Washoe County and the City continue to focus efforts in diversifying the economy. In fiscal year 2012, Apple announced its plans to build a data center in Washoe County and has made a commitment to invest \$400 million over the next four years, and \$1 billion over 10 years. The data center is estimated to generate up to 41 jobs, 200 long-term contractors and 580 direct construction jobs. In 2015, Amazon moved its warehouse from the City of Fernley to Reno. The warehouse employs 4,000 during the holiday season and 600 to 900 during the remainder of the year. In addition, the Economic Development Authority of Western Nevada (EDAWN) reported assisting several companies to relocate to or expand in Washoe County, creating over 3,500 new jobs in 2015. This is a 41% increase in assisted jobs announced last year.

For future fiscal years, there are three major business expansions into the Reno area. Ashima Devices, a manufacturer of unmanned aerial vehicles (drones), will move its headquarters to Reno. Approximately 400 jobs are expected by 2018. In addition, Tesla Motors is building a \$5 billion gigafactory east of Reno. The project will produce 3,000 construction jobs in the near term and 6,500 employees after completion in 2017.

The State Business Tax Climate Index for 2015, which is published by the Tax Foundation, ranked Nevada as third in the nation for its business friendly tax climate. The Reno Aces AAA baseball team, as well as the myriad of year-round outdoor activities from alpine skiing to hiking to kayaking, still makes Reno an attractive location. Washoe County is reporting an increase in visitor volume of 1.3% for fiscal year 2014/15 compared to a year earlier.

The area climate offers four distinct seasons with few extremes. Average temperatures range from winter lows in the 20's to summer highs in the 90's. Low humidity characterizes the high-desert climate, making cold days seem not so cold and warm days not too hot. Cloudy days and rain are scarce with more than 300 days of sunshine each year and snow is a certainty, though it tends to melt by late afternoon in the valleys. All of this makes the area spectacular for enjoying the outdoors, including hunting, fishing, biking, hiking, skiing and many other activities. All of these factors contributed to the area being ranked number one in outdoor recreation in U.S. Rand McNally and Reno being ranked as the fourth best city for active lifestyle by WalletHub.

City management continues to take a very aggressive stance on controlling expenses given uncertainty regarding future revenues. Since 2009, the City has reduced full-time equivalent positions by 524. Non-represented employees have continued a 7.5% pay cut for fiscal year 2013/14, and bargaining units are negotiating salary reductions in addition to other concessions. The City has continued the freeze on non-essential spending. Restructuring has also occurred at all levels in the organization to promote efficiencies in operations and service delivery, and additional opportunities are constantly being identified and analyzed.

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

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

In order to position the City to successfully weather a long-term economic downturn while capitalizing on opportunities that can be developed under the current conditions, staff continues developing a number of financial planning tools. In addition to the austerity measures mentioned above, staff is overhauling the strategic planning and deployment systems to

best align the City's scarce resources with Council objectives.

Furthermore, the City is collaborating with other local agencies on analyzing opportunities for shared service and consolidation, as well as creating a regional approach to economic development. Partner organizations include Washoe County, the City of Sparks, University of Nevada – Reno, EDAWN, the Reno-Sparks Convention and Visitors Authority, the Regional Transportation Commission, Washoe County School District, and many others, both formally and informally. The community has a long history of successfully collaborating on regional approaches to issues, with over 60 services provided through joint agreements or as shared services.

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

### **Relevant Financial Policies**

*Rainy Day Reserves* — In compliance with state law, the General Fund Financial Policy requires budgeted, unreserved fund balance to be established at 4% of prior year expenditures, which is included in the fiscal year 2014/15 budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 7.0% for fiscal year 2015/16. In fiscal year 2014/15, the City committed \$2.1 million of consolidated tax revenues to begin funding a Stabilization Special Revenue Fund. The goal is to reach \$18 million in stabilization reserves. In addition, the City has funded a Contingency Account in the General Fund, in the amount of \$600,000 for fiscal year 2015/16, to further fund unavoidable circumstances. 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.

*OPEB Funding* — The City's decision to fund only pay-as-you-go costs rather than the full annual other post-employment benefit (OPEB) costs will result in continued growth in the City's unfunded actuarial accrued liability, as well as an increasing OPEB liability of approximately \$18-19 million each year, as presented in the government-wide financial statements and proprietary fund statements. However, given the current economic environment, the City does not have the resources at this time needed to fully fund the annual OPEB cost but has created an OPEB trust so amounts may be put aside to fund this growing liability. Through the adoption of the Budget Guiding Principles, Council has begun a funding program through the allocation of a portion of excess property taxes to the OPEB trust.

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

### **Major Initiatives**

Most of the efforts during fiscal year 2014/15 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, Finance, and budget staff spent a great deal of time ensuring that the City's finances met all applicable standards and corrective actions were taken to ensure that all funds were brought into alignment with Council policy, state law, governmental accounting standards, and GAAP. A great deal of attention was also given to managing the City's debt portfolio given the weakness in pledged revenues. A key emphasis was on making changes that would support long-term stability.

Each year, the Reno City Council revisits Reno's purpose, vision and mission; from that, Council identifies priorities which establish the programs and services funded for current and future fiscal years. Fiscal year 2014/15 was a year in which Council continued a re-visioning of Reno, focusing on long-term fiscal planning and performance management strategies to determine what services our residents will need and want and obtain resources for those services.

ThinkReno is a process and a cultural change, which includes the City's Strategic Plan, representing a significant shift in order to make Reno the type of community the City wishes to provide for its residents and visitors. The Council Priorities for fiscal year 2015/16 are Vibrant Downtown, Safe and Healthy Neighborhoods, Planning for Growth, Fiscal Stability

and Sustainable Services, and an Efficient Business Environment. The goals and objectives for each of these priorities are found in the Strategic Plan. The City has implemented a transparent initiative by posting all employee salaries, expenses and revenues on [reno.gov](http://reno.gov). These cash receipts and disbursements are presented in a detailed format to allow the public to review itemized transactions. Information is updated regularly so the citizens of Reno have the ability to see where their money is being spent.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014.

This was the 32nd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Robert Chisel  
Director of Finance and Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Reno  
Nevada**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

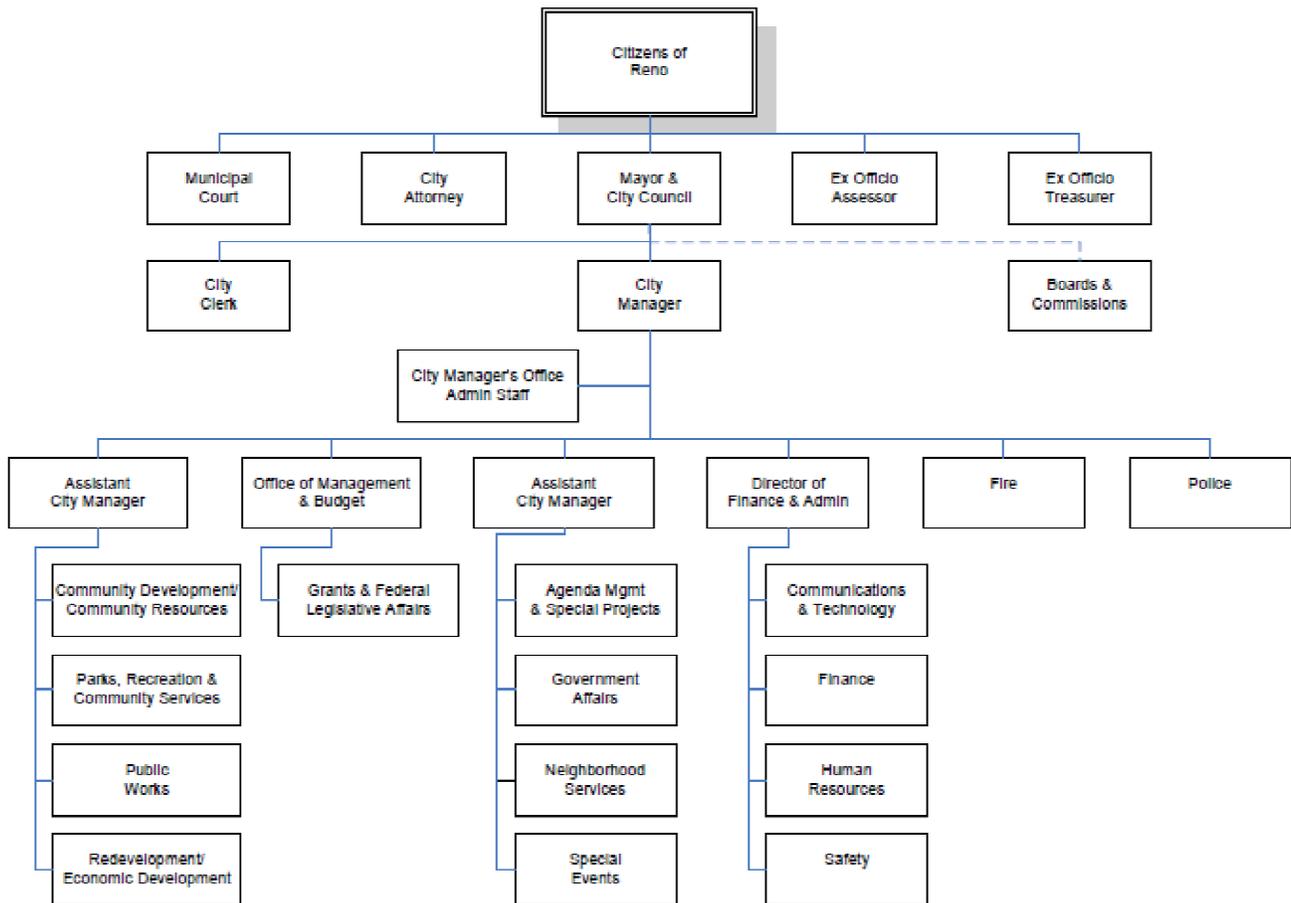
Executive Director/CEO

# CITY OF RENO

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2015

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# **CITY OF RENO**

## **CITY OFFICIALS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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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**

Andrew Clinger

### **OTHER ELECTED OFFICIALS**

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

### **CITY CLERK**

(Appointed by the City Council)

Ashley Turney

### **CITY MANAGEMENT**

(Appointed by the City Manager)

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

# **FINANCIAL SECTION**



P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

## 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, 2015, 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, 2015, 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

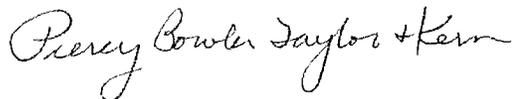
required pension contribution information and budgetary comparison information on pages 11-23 and 89-98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada  
November 30, 2015

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

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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**

The City's net position increased by \$10 million or 1.55%, over the prior year balance.

The City's statement of net position reflects a \$103 million net postemployment benefit obligation as a result of the City not fully funding its annual required contribution *via* a trust.

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 53, the City is reporting the fair value of its hedging derivative instruments of \$39.5 million, which affects both deferred outflows of resources and long-term liabilities and is higher than the \$34.9 million deferred outflow of resources and long-term liability reported in the prior year.

In compliance with GASB Statement Nos. 68 and 71, the City's statement of net position reflects a \$196.4 million net pension liability, which resulted in a \$222.9 million prior year adjustment reducing the City's net position.

Net capital assets decreased 2.53% after depreciation of \$59.6 million, which exceeded new capital asset additions totaling \$28.9 million.

The City did not issue any new bonds in fiscal year 2014/15. However, the City did enter into an agreement with Washoe County and the City of Sparks for the implementation of a regional business licensing system. Washoe County agreed to fund the implementation costs on behalf of the City, creating a note payable with an outstanding balance of \$0.2 million at fiscal year end. Implementation is projected to be completed in December 2015, at which time the City will owe Washoe County \$0.3 million. The City will begin quarterly payments to Washoe County in January 2016, with the last payment due in October 2020.

General fund revenues totaled \$172 million, which is up 4.32% from the prior fiscal year, excluding other financing sources. General fund expenditures increased 0.58% to \$153 million, excluding other financing uses.

Property tax collections for the governmental funds experienced a slight increase of 1.37%. Collections included current fiscal year levies as well as past due amounts from prior fiscal years. The City anticipates property tax growth in fiscal year 2015/16 as property values in Washoe County continue to rebound, although future levies will be limited by the property tax growth caps established in 2005 by Nevada's State Legislature.

Intergovernmental consolidated tax revenues rose 10.86% reflecting the continuing economic recovery occurring in Washoe County. This increase follows a substantial 8.45% growth in fiscal year 2013/14. Fiscal year 2014/15 intergovernmental consolidated tax revenue for the City are slightly below the level experienced in fiscal year 2004/05.

Licensing and permits income in the general fund increased 15.56%. Franchise fee revenue increased 4.40%, with an increase experienced in all categories except telephone and electricity. The largest increase at 30.0% was experienced in sanitation fees, partially due to a new agreement negotiated with the franchise holder.

In fiscal year 2013/14, water toll fee revenues were moved to the street special revenue fund, which eliminated the need for the general fund transfers to the streets special revenue fund.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Cash and investments at the governmental funds level rose by 23.19%, while cash and investments in the general fund declined by 67.73% as City Council reallocated money to other governmental funds for certain deferred projects and to pay off four bond obligations.

### **Financial Overview**

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

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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The City maintains 24 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 five funds because they qualify as major funds as defined by GASB Statement No. 34; the general fund, street special revenue fund, City of Reno debt service fund, railroad debt service fund, and downtown events center debt service fund. Information for the remaining funds, which do not meet the definition of a major fund, is aggregated for reporting purposes.

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

### Proprietary Funds

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

### Fiduciary Funds

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

### Notes to the Basic Financial Statements

Notes to the basic financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the government-wide and fund financial statements.

### Other Information

Combining and individual fund statements and schedules are presented immediately following the notes to the basic financial statement section of this report.

### Financial Statement Analysis

#### Government-wide Financial Statement Analysis

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

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

Summary Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Assets						
Current, restricted and other	\$ 157,946,959	\$ 145,083,029	\$ 168,592,978	\$ 145,330,904	\$ 326,539,937	\$ 290,413,933
Capital	<u>959,879,415</u>	<u>993,805,452</u>	<u>315,591,361</u>	<u>314,708,143</u>	<u>1,275,470,776</u>	<u>1,308,513,595</u>
Total assets	<u>1,117,826,374</u>	<u>1,138,888,481</u>	<u>484,184,339</u>	<u>460,039,047</u>	<u>1,602,010,713</u>	<u>1,598,927,528</u>
Deferred outflows of resources	<u>96,320,206</u>	<u>92,061,672</u>	<u>2,222,852</u>	<u>2,153,570</u>	<u>98,543,058</u>	<u>94,215,242</u>
Liabilities						
Current	57,149,801	55,470,183	9,707,716	9,352,061	66,857,517	64,822,244
Long-term	<u>838,389,463</u>	<u>885,864,362</u>	<u>87,713,024</u>	<u>95,516,351</u>	<u>926,102,487</u>	<u>981,380,713</u>
Total liabilities	<u>895,539,264</u>	<u>941,334,545</u>	<u>97,420,740</u>	<u>104,868,412</u>	<u>992,960,004</u>	<u>1,046,202,957</u>
Deferred inflows of resources	<u>47,424,800</u>	<u>                    </u>	<u>3,215,004</u>	<u>                    </u>	<u>50,639,804</u>	<u>                    </u>
Net position						
Net investment in capital assets	585,575,771	595,029,822	246,425,571	240,575,536	832,001,342	835,605,358
Restricted	63,141,142	61,109,252	15,740,934	9,571,325	78,882,076	70,680,577
Unrestricted	<u>(377,534,397)</u>	<u>(366,523,466)</u>	<u>123,604,942</u>	<u>107,177,344</u>	<u>(253,929,455)</u>	<u>(259,346,122)</u>
Total net position	<u>\$ 271,182,516</u>	<u>\$ 289,615,608</u>	<u>\$ 385,771,447</u>	<u>\$ 357,324,205</u>	<u>\$ 656,953,963</u>	<u>\$ 646,939,813</u>

Assets as of June 30, 2015, net of accumulated depreciation of \$933.7 million, totaled \$1,602 million, which represents a 0.19% increase from the prior year's total assets. Current, restricted and other assets include cash/investments, receivables, prepaid items, and land held for resale. Current, restricted and other assets increased 12.44% entity-wide, with governmental activities experiencing an 8.87% increase, with larger balances in cash, cash equivalent and investment balances, accounts receivable, and due from other governments offsetting declines in receivables related to special assessments and property taxes. The 16.01% change in current, restricted and other assets in business-type activities is primarily due to an increase in cash, cash equivalents and investments while receivable balances declined. Other assets include an \$87.9 million ownership interest in Truckee Meadow Water Reclamation Facility (TMWRF).

Deferred outflows of resources represent deferred losses on debt refunding activities, as well as the accumulated decrease in the fair value of derivative instruments related to the weekly and daily remarketed 2005A Capital Improvement Revenue Refunding Bonds and the 2008A Senior Lien Sales Tax Revenue Refunding Bonds, respectively. Deferred outflows related to pensions are being reported for the first time and account for 30.29% of total deferred outflows of resources. The deferred outflow of resources for the derivative instruments are offset by liabilities as discussed below; and therefore, do not have an impact on the City's net position. Deferred inflows of resources related to pensions are being reported for the first time in the amount of \$50.6 million. Detail on information related to these deferred pension amounts can be found in note 4 to the basic financial statements.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Liabilities, which consisted primarily of long term debt, totaled \$993 million. Liabilities also include payables, unearned revenue, net pension liability, and the net other post employment benefits (OPEB) obligation. The net pension liability, recorded for the first time in fiscal year 2014/15, totaled \$196.4 million representing the City's proportionate share of the multiple-employer cost-sharing defined benefit pension plan in which the City is a participating employer. The net OPEB obligation represents the unfunded portion of the annual required contribution (ARC) for health care and other post retirement benefit costs for future retirees. The City's ARC for FY 2014/15 was approximately \$20.6 million of which \$6.3 million was funded in the form of pay as you-go costs and implicit subsidy payments. Approximately \$84.4 million of the \$103 million OPEB obligation is attributed to the public safety function due to the lifetime medical benefits, either in whole or in part, received by the police and fire bargaining units. Also included in liabilities are the hedged derivatives (swap termination values, the amount owed to the swap counterparty) related to the City's Series 2005A Capital Improvement Refunding Bonds and the Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds, which had a fair value as of June 30, 2015, of \$39.5 million. This is \$4.6 million higher than the liability reported for the prior fiscal year. However, this liability is offset by a deferred charge reported under deferred outflows of resources.

A comparison of the governmental activities assets and liabilities in the government-wide financial statements reflect a net position of \$271.2 million. This total reflects a 6.36% decrease after factoring in the prior year adjustment related to pensions as required by the implementation of GASB Statement No. 68. The impact of implementing GASB Statement No. 68 was a \$222.9 million reduction in the City's net position at July 1, 2014.

The governmental activities investment in capital assets (*e.g.*, land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) net of related debt represented 126.65% of the City's net position, which offsets the negative unrestricted net position balance resulting in a positive total net position. The major factors contributing to the governmental activities negative unrestricted net position balance of \$377.5 million are the self-insurance liabilities (\$43.5 million), net pension liability (\$183.9 million) and postemployment benefits other than pensions obligation (\$99.4 million).

Fiscal year 2014/15 activity for the governmental and and business-type activities is presented in the statement of activities and comparative summarized information is provided in the following table.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
		(Restated)		(Restated)		(Restated)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 87,763,470	\$ 77,386,117	\$ 67,346,657	\$ 64,627,936	\$ 155,110,127	\$ 142,014,053
Operating grants and contributions	6,112,837	14,509,325	12,415	17,003	6,125,252	14,526,328
Capital grants and contributions	24,379,900	25,493,658	11,870,370	11,832,463	36,250,270	37,326,121
General revenues						
Property taxes	59,584,697	57,082,120			59,584,697	57,082,120
Intergovernmental consolidated taxes	51,516,367	46,470,929			51,516,367	46,470,929
Room taxes	8,159,606	7,807,221			8,159,606	7,807,221
Sales taxes restricted for debt service	10,185,663	9,669,710			10,185,663	9,669,710
Other sales taxes	389,190	233,530			389,190	233,530
Intergovernmental SCCR (AB104) taxes	3,213,482	2,976,670			3,213,482	2,976,670
Intergovernmental gaming licenses	1,573,515	1,521,371			1,573,515	1,521,371
Investment income	1,757,244	1,948,550	184,305	95,418	1,941,549	2,043,968
Gain on disposal of capital assets	98,478	462,903			98,478	462,903
Miscellaneous	1,293,456	272,370	8,531	30,026	1,301,987	302,396
<b>Total revenues</b>	<b>256,027,905</b>	<b>245,834,474</b>	<b>79,422,278</b>	<b>76,602,846</b>	<b>335,450,183</b>	<b>322,437,320</b>
<b>Expenses</b>						
General government	34,959,761	34,595,215			34,959,761	34,595,215
Judicial	7,064,894	7,297,142			7,064,894	7,297,142
Public safety	117,967,671	117,170,198			117,967,671	117,170,198
Public works	56,800,273	59,149,082			56,800,273	59,149,082
Culture and recreation	16,203,541	15,499,368			16,203,541	15,499,368
Planning and community development	12,900,777	13,676,995			12,900,777	13,676,995
Urban development	3,377,771	2,359,947			3,377,771	2,359,947
Interest expense and fiscal charges	23,029,874	23,203,010			23,029,874	23,203,010
Administrative charges and other costs	2,717,256	3,771,130			2,717,256	3,771,130
Sanitary sewer			45,501,401	44,818,778	45,501,401	44,818,778
Building permit			4,912,814	3,663,078	4,912,814	3,663,078
<b>Total expenses</b>	<b>275,021,818</b>	<b>276,722,087</b>	<b>50,414,215</b>	<b>48,481,856</b>	<b>325,436,033</b>	<b>325,203,943</b>
Change in net position before transfers	(18,993,913)	(30,887,613)	29,008,063	28,120,990	10,014,150	(2,766,623)
Transfers	560,821	852,787	(560,821)	(852,787)		
Change in net position	(18,433,092)	(30,034,826)	28,447,242	27,268,203	10,014,150	(2,766,623)
Net position, beginning of year	289,615,608	319,650,434	357,324,205	330,056,002	646,939,813	649,706,436
Net position, end of year	<u>\$ 271,182,516</u>	<u>\$ 289,615,608</u>	<u>\$ 385,771,447</u>	<u>\$ 357,324,205</u>	<u>\$ 656,953,963</u>	<u>\$ 646,939,813</u>

Total revenues in fiscal year 2014/15 increased by 4.04% when compared to the previous year while expenses were relatively unchanged.

General revenues in the current year rose 7.31% over those collected in the prior year. Property tax revenues grew by 4.38%, indicating that property values have stabilized. Intergovernmental consolidated tax and intergovernmental SCCR tax revenues increased 10.86% and 7.96%, respectively. In fact, all general revenue sources experienced an increase with the exception of unrestricted investment and interest earnings which declined 5.01%.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

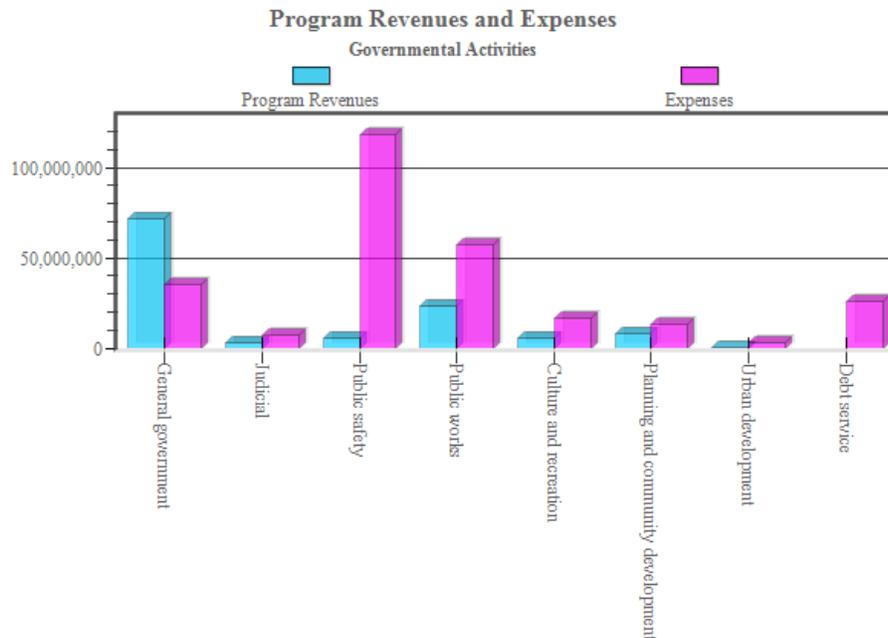
Program revenues increased 1.87% with charges in service offsetting the decrease in operating and capital grants and contributions. In fiscal year 2013/14 the City received a one-time capital contribution of \$11.3 million in the form of street rehabilitation work performed by the Regional Transportation Commission (RTC). In fiscal year 2014/15, infrastructure added from annexations and developer contributions totaled \$8.6 million, which is higher than the \$2.5 million received in fiscal year 2013/14. Operating grants and contributions declined by 57.83%, primarily due to a reduction in the public safety function related to the expiration of the Staffing for Adequate Fire and Emergency Response Grant for the fire department, which brought in \$6.3 million in FY 2013/14. Charges for services rose by 9.22%, primarily due to fluctuations in day-to-day operations.

Each function's expenses continue to be impacted by the City's decision to not fund the amount of postemployment benefits other than pensions (OPEB) beyond the pay as you go annual required contributions. The function that experienced the largest increase in OPEB related expense was public safety, at \$11.7 million compared to \$11.2 million in FY 2013/14.

While implementation of GASB Statement Nos. 68 and 71 had a major impact on the government-wide and proprietary fund financial statements by retroactively recognizing net pension liability, as a prior year adjustment. However, pension expense for fiscal year 2014/15 was reduced by \$1.9 million as a result of a decrease in the net pension liability during the year.

### 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, 2015

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Total program revenues and expenses for governmental activities amounted to \$118.3 million and \$275 million, respectively, for the 2014/15 fiscal year. As indicated in the chart, expenses exceeded program revenues for all functions except general government. This indicates that services provided within those functions by the City are funded with tax dollars and other general revenues rather than from direct charges for those services. The gap between expenses and program revenues for planning and community development is lessened due to the receipt of operating and capital grants from federal and state governments. Culture and recreation and judicial both generate a certain amount of charges for service that partially cover their operating expenses. Public works receives contributed capital from developers, which is classified as program revenues.

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

For governmental activities, charges for services continue to be the largest revenue contributor, followed by property taxes. Intergovernmental consolidated tax revenues prior to fiscal year 2008/09 was the largest or second largest source of revenue, but continued to represent the third largest revenue source in fiscal year 2014/15 at 20.12%, in spite of its fiscal year 2014/15 10.86% growth.

Planning and community development expenses dropped 5.68% as compared to a 29.24% increase in fiscal year 2013/14 due to Neighborhood Stabilization Grant and Community Development Block Grant activity that resulted in the donation of completed property rehabilitation projects to third parties.

The culture and recreation function experienced a 4.54% increase in expenses, primarily due to the donation of the Foster Drive property, with a net book value of \$597,474, to a not-for-profit organization.

Urban redevelopment experienced a 43.13% increase in expenses in fiscal year 2014/15 as the annual contribution expense to the baseball developer was charged to this function rather than treated as a transfer.

Debt service administrative and other charges saw a 27.95% reduction after a 52.01% increase in the prior fiscal year that resulted from prior year bond refunding activity and related bond issuance costs.

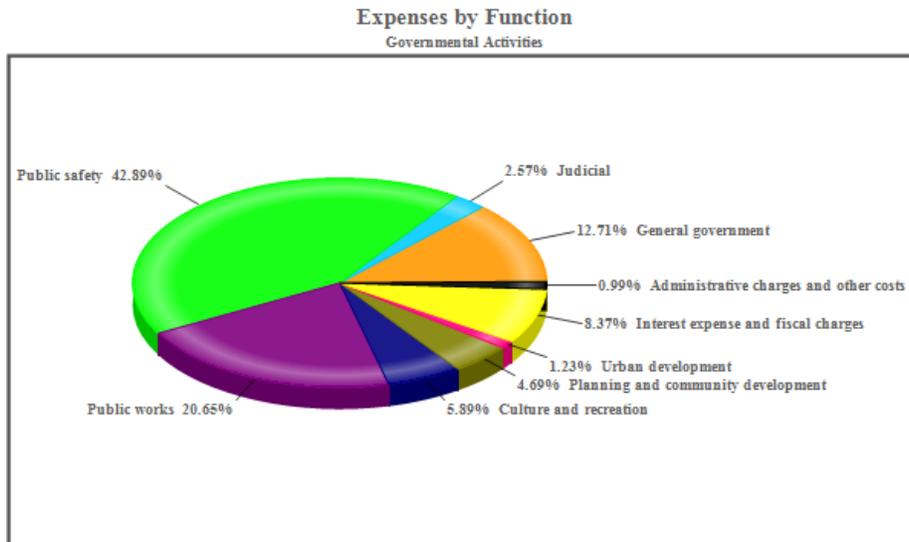
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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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



### Business-type Activities

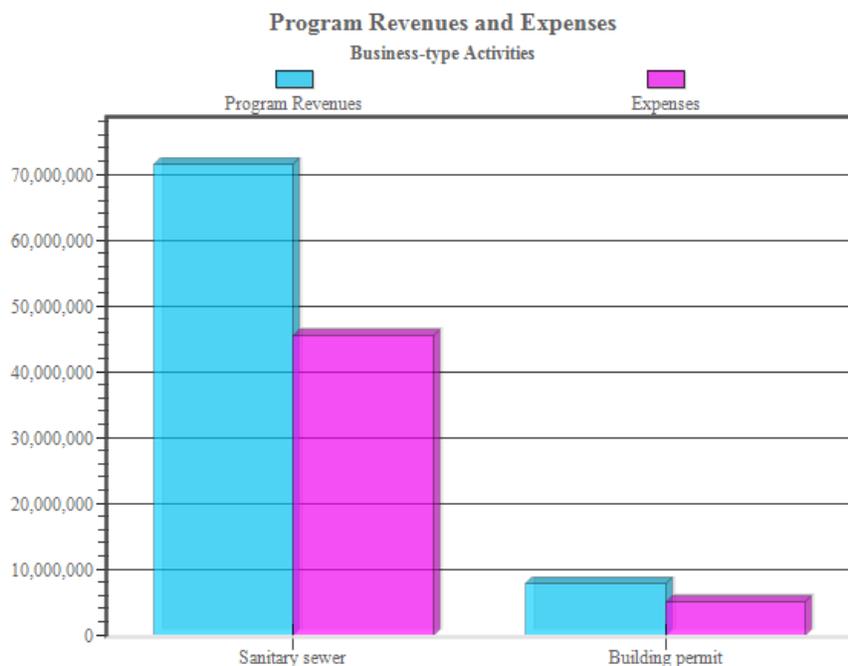
Business-type activities include sanitary sewer and building permit operations. Total program revenues and expenses were \$79.2 million and \$50.4 million, respectively, for fiscal year 2014/15. The following chart presents each activity's contribution to these totals.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015



Both the sanitary sewer and building permits programs continues to be self supporting, with program revenues exceeding operating expenses by \$26 million and \$2.8 million, respectively.

As expected, charges for services remain the major source of revenue for business-type activities. As a percentage of total program revenues, fiscal year 2014/15 charges for services at 84.8% were relatively unchanged from the 84.37% reported in fiscal year 2013/14.

Total business-type activities expenses saw an overall 3.99% increase over the prior year. In spite of the large increase in operating costs in the building permit fund, the fund's relatively small size compared to that of the sanitary sewer resulted in only a slight impact on the combined total business-type activities expense.

### **Financial Analysis of the Government's Funds**

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of governmental fund accounting is to measure inflows and outflows of current resources. Since the focus in governmental fund accounting is on current resources, the governmental funds balance sheet does not reflect long-term assets and liabilities. In particular, the governmental funds unassigned fund balance is useful in measuring resources available for spending at fiscal year end, and the proprietary fund unrestricted net position is an important measure of working capital for use in providing services to City residents.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### **Governmental Funds**

The governmental funds of the City reflected combined total assets of \$126.2 million and total liabilities and deferred inflows of resources of \$38.4 million resulting in a total combined fund balance of \$87.8 million. Of this fund balance, \$2 million is categorized as nonspendable, \$42.9 million as restricted, \$32.5 million as assigned, and \$10.4 as unassigned. The fiscal year 2014/15 fund balance is 21.66% higher than the \$72.2 million reported in the prior fiscal year.

### **Major Governmental Funds**

The primary operating fund of the City is the general fund. For the fiscal year ended June 30, 2015, unassigned fund balance in the general fund was \$10.4 million and total fund balance was \$11.8 million. This is a 3.81% decrease over the fiscal year 2013/14 total fund balance, as transfers to other funds exceeded the excess revenues over expenditures. Higher transfers were the result of the City Council's decision to set aside excess revenues to pay certain long-term debt obligations, begin funding maintenance projects that were deferred during the economic downturn and create a stabilization special revenue fund.

The streets special revenue fund utilizes property overrides, motor vehicle fuel taxes and water toll fees to maintain the arterial and neighborhood streets, as well as to perform neighborhood street rehabilitation projects. Assets in this fund total \$21.7 million, or 17.19%, of total governmental fund assets, which are primarily comprised of cash, cash equivalents and investments. Total fund balance for the streets special revenue fund is \$20.8 million, which is an increase from the fiscal year 2013/14 fund balance of \$17.3 million. The City has deferred some street rehabilitation projects in an effort to build cash reserves to eventually fund the City's match for the Virginia Street Bridge replacement project scheduled for completion in fiscal year 2015/16.

Assets in the railroad debt service fund total \$17.9 million, or 14.19%, of total governmental fund assets and are primarily comprised of cash, cash equivalents and investments and special assessment receivables. This 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 pay the debt service requirements for \$8.2 million in special assessment district bonds outstanding. The total fund balance for the railroad debt service fund was \$10.1 million, which is an increase from the fiscal year 2013/14 fund balance of \$9.1 million, primarily due to growth in sales tax revenues.

The downtown events center debt service fund accumulates money for the payment of principal and interest on outstanding revenue and special assessment district bonds used to construct two multi purpose facilities. The principal assets of the fund are cash, cash equivalents and investments and special assessment receivables, which must be used to meet debt service requirements for \$5.2 million in special assessment district bonds outstanding. Total fund balance at June 30, 2015, was \$8.2 million, all of which is restricted for debt service.

The City of Reno debt service fund is responsible for the payment of the City's general obligation bonds and certain revenue backed bonds, which are paid primarily from rents revenues and transfers from the general fund and streets special revenue fund. Assets, comprised primarily of cash, cash equivalents and investments, total \$3.5 million, or 2.73% of total governmental fund assets. However, this fund represents 9.6% of total expenditures within the governmental funds. Total fund balance at June 30, 2015, was \$0.6 million.

### **Proprietary Funds**

The enterprise funds of the City reflected a combined total amount of assets and deferred outflows of resources of \$495.8 million and liabilities and deferred inflows of resources of \$100.6 million, resulting in a total enterprise fund net position of \$395.2 million of which \$133 million is unrestricted.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Major Proprietary Fund

The sanitary sewer fund accounts for sewer services provided to the City's citizens and some residents of Washoe County. Unrestricted net position at the end of the 2014/15 fiscal year amounted to \$128.2 million. Total operating revenues rose 3.92% primarily as a result of the 8% rate hike effective October 1, 2014, the fourth of a number of annual increases that will eventually equate sewer rates to those of Washoe County, with the goal of ceasing the rate subsidy currently occurring for the City residents being served by Washoe County's South Meadows Water Reclamation Facility, as well as keeping up with the increasing costs of providing sewer services. Revenue generated by the rate increase offset the reduction in fine and forfeitures and the reduction in reimbursements and restitution, which were abnormally high in fiscal year 2013/14 due to the receipt of approximately \$2 million related to the Southeast Connector project.

Operating expenses were at the prior year's level, with lower services and supplies costs offsetting higher depreciation and joint sewer plant expenses. After accounting for the City's share of the net investment loss in the Truckee Meadows Water Reclamation Facility of \$4.4 million (primarily depreciation expense), the sanitary sewer fund reported net income before capital contributions and transfers of \$23.8 million. The amount of delinquent sewer receivables decreased by \$0.7 million, as the City has been more aggressive in transferring delinquent balances to the County for inclusion on property tax bills. The City's ability to file property liens for delinquent sewer bills partially mitigates the risk of loss related to uncollectible receivables, and the number of liens filed has grown in recent years.

### Budgetary Highlights for General Fund

Functions represent the legal level of budgetary control. The final revised budget appropriation for the general fund expenditures was \$157.6 million, excluding other financing uses, which is 5.8% higher than the original budget of \$148.9 million. Budgets for services and supplies for both the police and fire departments were increased due to the receipt of grant funds that were not originally budgeted. The budget for salaries and wages and associated employee benefits for the fire department was increased after the City identified additional funding to partially offset the loss of the SAFER grant. Most of the remaining functions in fiscal year 2014/15 appropriations are consistent with their respective appropriations on a total budget percentage basis for the prior fiscal year.

The City continues to monitor general fund costs very closely and uses a zero based program budgeting methodology, which was implemented in fiscal year 2011/12.

### Capital Assets Activity

At June 30, 2015, the City had total capital assets of \$1,275.5 million, net of depreciation and amortization of \$933.7 million. This represents a 2.53% decrease when compared to the prior year, and includes land, buildings, improvements, machinery and equipment, infrastructure, software, and works of art.

Major capital investment activities for the 2014/15 fiscal year include the addition of:

\$17.3 million in infrastructure, with over \$8 million either contributed by developers or annexed by the City,

\$8.4 million in construction in progress, with \$4.7 million related to the Virginia Street bridge project, and

\$2.1 million in contributed sewer lines, storm drains, and other sewer improvements from developers.

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

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

Bonds and notes payable outstanding at June 30, 2015, totaled \$510.2 million, net of premiums and discounts, a 5.61% decrease when compared to the prior year. Debt for governmental activities represents 86.38% with debt related to business type activities accounting for the remaining 13.62% of total debt outstanding.

At June 30, 2015, the City had \$129 million of general obligation debt outstanding that is subject to the legal debt limit of \$895.8 million.

During fiscal year 2014/15, the City used excess revenues in the general fund to pay off the 2010 medium-term Fire Refunding Bonds, 2004 Building Bonds, and the 2003A Building Bonds. The City also refunded the 2004A Golf Course Refunding Bonds since construction of the Southeast Connector, which was given authorization to proceed, rendered the Rosewood Golf Course inoperable, thus requiring the debt to be paid off per the bond covenants.

As part of an effort to implement a new regional business licensing system, Washoe County agreed to fund the implementation costs on behalf of the City, resulting in a note payable to Washoe County with an outstanding balance of \$0.2 million at fiscal year end. Implementation is projected to be completed in December 2015, at which time the City will owe Washoe County \$0.3 million and will commence making quarterly debt payments to Washoe County in January 2016, with the last payment due in October 2020.

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

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

### **Known Economic Factors**

For the first two months of fiscal year 2015/16, intergovernmental consolidated tax revenues have risen 8.20% over the first two months of fiscal year 2014/15. For June of 2015, statewide taxable sales increased 7.1% over June 2014; however, taxable sales in Washoe County increased 12.2% for the same period, further evidencing signs of economic recovery.

In June of 2015 the unemployment rate in the Reno-Sparks metropolitan statistical area (MSA) was 6.4%, which is lower than the state unemployment rate of 6.9% and higher than the national rate of 5.3%. In addition, the Reno-Sparks MSA unemployment is lower than the 7.2% reported for the same time period one year ago.

The annual job growth rate for the Reno-Sparks MSA for fiscal year 2014/15 was 2.7%, which is down from the 3.7% reported for fiscal year 2013/14.

### **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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 90,453,245	\$ 54,299,383	\$ 144,752,628
Cash, cash equivalents and investments, restricted	5,512,310	15,813,327	21,325,637
Accounts receivable, net	8,081,053	10,090,525	18,171,578
Interest receivable	124,915	92,798	217,713
Taxes receivable	1,142,225		1,142,225
Special assessments receivable	16,095,654		16,095,654
Due from other governments	23,200,629	3,217,541	26,418,170
Notes receivable, net	1,259,445	6,357,563	7,617,008
Inventories	1,008,489	191,838	1,200,327
Prepaid items	647,348	10,626	657,974
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		87,899,814	87,899,814
Internal balances	9,380,437	(9,380,437)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	9,183,235	20,215,998	29,399,233
Land	152,140,482	11,301,180	163,441,662
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	169,015,103	6,427,256	175,442,359
Improvements other than buildings	284,336,809	275,525,038	559,861,847
Infrastructure	325,973,496		325,973,496
Machinery, equipment and software	16,334,909	309,775	16,644,684
Art and historical treasures	1,770,381		1,770,381
	1,117,826,374	484,184,339	1,602,010,713
<b>Total assets</b>			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instruments, accumulated decrease in fair value	39,497,047		39,497,047
Unamortized deferred refunding charges	28,881,720	328,658	29,210,378
Unamortized amounts related to pensions	27,941,439	1,894,194	29,835,633
	96,320,206	2,222,852	98,543,058
<b>Total deferred outflows of resources</b>			

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	5,518,761	712,286	6,231,047
Accounts payable from restricted assets		63,494	63,494
Accrued salaries and benefits	6,627,129	139,098	6,766,227
Contracts payable	4,307,762	6,694,973	11,002,735
Contracts payable from restricted assets		686,249	686,249
Due to other governments	304,812	1,361,780	1,666,592
Deposits	867,152	49,836	916,988
Unearned revenue	27,138		27,138
Derivative instruments	39,497,047		39,497,047
Long-term liabilities, due within one year			
Bonds and notes payable	16,877,934	5,114,793	21,992,727
Compensated absences	11,018,672	842,016	11,860,688
Self-insurance liability	7,971,692		7,971,692
Interest payable	2,806,512	1,010,274	3,816,786
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	423,975,114	64,379,655	488,354,769
Compensated absences	8,665,778	292,112	8,957,890
Self-insurance liability	43,509,120		43,509,120
Postemployment benefits other than pensions	99,429,297	3,607,914	103,037,211
Net pension liability	183,890,865	12,466,260	196,357,125
Interest payable	40,244,479		40,244,479
<b>Total liabilities</b>	<b>895,539,264</b>	<b>97,420,740</b>	<b>992,960,004</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	(1)		(1)
Unamortized amounts related to pensions	47,424,801	3,215,004	50,639,805
<b>NET POSITION</b>			
Net investment in capital assets	585,575,771	246,425,571	832,001,342
Restricted for			
Debt service	39,639,421		39,639,421
Capital improvement projects	12,274,552	15,740,934	28,015,486
Fire, police and other public safety programs	1,332,663		1,332,663
Self-insurance liabilities	9,456,333		9,456,333
Other	438,173		438,173
Unrestricted	(377,534,397)	123,604,942	(253,929,455)
<b>Total net position</b>	<b>\$ 271,182,516</b>	<b>\$ 385,771,447</b>	<b>\$ 656,953,963</b>

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 34,959,761	\$ 71,421,341	\$ 38,820	\$	\$ 36,500,400	\$	\$ 36,500,400
Judicial	7,064,894	2,647,284	79,886	16,643	(4,321,081)		(4,321,081)
Public safety	117,967,671	4,537,818	901,778	247,442	(112,280,633)		(112,280,633)
Public works	56,800,273	3,327,406		20,091,225	(33,381,642)		(33,381,642)
Culture and recreation	16,203,541	3,861,112	210,514	1,821,106	(10,310,809)		(10,310,809)
Planning and community development	12,900,777	1,319,026	4,753,815	2,203,484	(4,624,452)		(4,624,452)
Urban development	3,377,771	649,483	128,024		(2,600,264)		(2,600,264)
Debt service							
Interest expense and fiscal charges	23,029,874				(23,029,874)		(23,029,874)
Administrative charges and other costs	2,717,256				(2,717,256)		(2,717,256)
Total governmental activities	<u>275,021,818</u>	<u>87,763,470</u>	<u>6,112,837</u>	<u>24,379,900</u>	<u>(156,765,611)</u>		<u>(156,765,611)</u>
Business-type activities							
Sanitary sewer	45,501,401	59,599,214	12,415	11,870,370		25,980,598	25,980,598
Building permit	4,912,814	7,747,443				2,834,629	2,834,629
Total business-type activities	<u>50,414,215</u>	<u>67,346,657</u>	<u>12,415</u>	<u>11,870,370</u>		<u>28,815,227</u>	<u>28,815,227</u>
Total function/program	<u>\$ 325,436,033</u>	<u>\$ 155,110,127</u>	<u>\$ 6,125,252</u>	<u>\$ 36,250,270</u>	<u>(156,765,611)</u>	<u>28,815,227</u>	<u>(127,950,384)</u>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES							
Property taxes					59,584,697		59,584,697
Intergovernmental consolidated taxes					51,516,367		51,516,367
Room taxes					8,159,606		8,159,606
Sales taxes restricted for debt service					10,185,663		10,185,663
Other sales taxes					389,190		389,190
Intergovernmental SCCR (AB104) taxes					3,213,482		3,213,482
Intergovernmental gaming licenses					1,573,515		1,573,515
Investment income					1,757,244	184,305	1,941,549
Gain on disposal of capital assets					98,478		98,478
Miscellaneous					1,293,456	8,531	1,301,987
					<u>137,771,698</u>	<u>192,836</u>	<u>137,964,534</u>
Total general revenues							
Transfers					560,821	(560,821)	
					<u>(18,433,092)</u>	<u>28,447,242</u>	<u>10,014,150</u>
CHANGE IN NET POSITION							
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED							
					494,912,569	374,905,633	869,818,202
Adjustment					(205,296,961)	(17,581,428)	(222,878,389)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED							
					<u>289,615,608</u>	<u>357,324,205</u>	<u>646,939,813</u>
NET POSITION, END OF YEAR							
					<u>\$ 271,182,516</u>	<u>\$ 385,771,447</u>	<u>\$ 656,953,963</u>

See notes to basic financial statements.

# **FUND FINANCIAL STATEMENTS**



**CITY OF RENO**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad	Downtown Events Center		
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 4,762,000	\$ 18,794,849	\$ 8,067,521	\$ 1,933,660	\$ 3,030,600	\$ 33,233,474
Cash, cash equivalents and investments, restricted				5,512,310		5,512,310
Accounts receivable	5,360,625	915,433	16		107,157	6,847,843
Interest receivable	18,607	30,491	4,100	5,039	1,275	97,869
Taxes receivable	733,454	226,311				182,460
Special assessments receivable	16,928		8,342,170	5,176,310		2,560,246
Due from other governments	12,173,633	1,144,865	1,489,363	653,559	308,028	6,997,544
Advances to other funds		171,035				440,047
Inventories	444,860	403,982				611,082
Prepaid items	137,863					12,110
Property held for sale						1,041,209
Notes receivable, net						1,259,445
<b>Total assets</b>	<b>\$ 23,647,970</b>	<b>\$ 21,686,966</b>	<b>\$ 17,903,170</b>	<b>\$ 13,280,878</b>	<b>\$ 3,447,060</b>	<b>\$ 46,229,504</b>
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 2,075,469	\$ 338,448	\$ 20,991	\$ 240,317	\$	\$ 2,202,134
Accrued salaries and benefits	6,530,620	67,068				4,857
Contracts payable	52,691	82,538				4,172,533
Due to other governments	166,444					104,000
Deposits	743,731		3,622			118,302
Unearned revenue						27,138
Advances from other funds	349,129	90,918				171,035
Interest payable					1,616,275	1,616,275
Debt obligations payable					1,140,000	1,140,000
<b>Total liabilities</b>	<b>9,918,084</b>	<b>578,972</b>	<b>24,613</b>	<b>240,317</b>	<b>2,756,275</b>	<b>6,799,999</b>

(Continued)

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds			Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad	Downtown Events Center	City of Reno		
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes	733,454	226,311				182,460	1,142,225
Unavailable revenue, special assessments	16,928		7,773,928	4,834,586		2,368,936	14,994,378
Unavailable revenue, other	<u>1,213,939</u>	<u>40,967</u>			<u>69,792</u>	<u>614,455</u>	<u>1,939,153</u>
Total deferred inflows of resources	<u>1,964,321</u>	<u>267,278</u>	<u>7,773,928</u>	<u>4,834,586</u>	<u>69,792</u>	<u>3,165,851</u>	<u>18,075,756</u>
Total liabilities and deferred inflows of resources	<u>11,882,405</u>	<u>846,250</u>	<u>7,798,541</u>	<u>5,074,903</u>	<u>2,826,067</u>	<u>9,965,850</u>	<u>38,394,016</u>
FUND BALANCES							
Nonspendable							
Inventories	444,860	403,982					848,842
Prepaid items	137,863					12,110	149,973
Land held for resale						1,041,209	1,041,209
Restricted for							
Debt service			10,104,629	8,205,975	620,993	7,775,747	26,707,344
Capital improvement projects	184,856	1,063,851				11,025,845	12,274,552
Fire, police and other public safety programs	305,089					1,027,574	1,332,663
Other	94,217					2,445,387	2,539,604
Assigned to							
Capital improvement projects		19,372,883				9,759,308	29,132,191
Fire, police and other public safety programs						506,399	506,399
Other	179,048					2,670,206	2,849,254
Unassigned	<u>10,419,632</u>					<u>(131)</u>	<u>10,419,501</u>
Total fund balances	<u>11,765,565</u>	<u>20,840,716</u>	<u>10,104,629</u>	<u>8,205,975</u>	<u>620,993</u>	<u>36,263,654</u>	<u>87,801,532</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,647,970</u>	<u>\$ 21,686,966</u>	<u>\$ 17,903,170</u>	<u>\$ 13,280,878</u>	<u>\$ 3,447,060</u>	<u>\$ 46,229,504</u>	<u>\$ 126,195,548</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, 2015

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 87,801,532
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	\$ 1,732,005,377	
Less accumulated depreciation	<u>(777,109,459)</u>	954,895,918
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>39,497,047</u>	39,497,047
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	(418,834,416)	
Unamortized premiums and discounts	(4,671,695)	
Unamortized deferred refunding charges	28,881,720	
Compensated absences payable	(19,537,796)	
Postemployment benefits other than pensions	(98,900,449)	
Installment purchase agreements	(16,206,937)	
Net pension liability	(182,399,155)	
Unamortized deferred outflows related to pensions	27,714,780	
Unamortized deferred inflows related to pensions	<u>(47,040,095)</u>	(730,994,043)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(41,434,716)	
Derivative instruments	<u>(39,497,047)</u>	(80,931,763)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	<u>18,075,757</u>	18,075,757
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	(26,542,369)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	9,607,104	
Internal service fund balance payable to business-type activities from current year activity	<u>(226,667)</u>	<u>(17,161,932)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 271,182,516</u>

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds			Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad	Downtown Events Center	City of Reno		
<b>REVENUES</b>							
Taxes	\$ 43,870,204	\$ 13,104,086	\$ 710,154	\$ 5,406,412		\$ 6,697,441	\$ 69,788,297
Business licenses, permits, franchise and other fees	46,079,644	2,938,968				37,200	49,055,812
Intergovernmental shared revenues	55,983,165	5,626,986	8,227,820		2,280,879	13,345,241	85,464,091
Charges for services	11,769,143					2,202,244	13,971,387
Fines and forfeitures	3,070,865	22,598	12,495			630,097	3,736,055
Special assessments	1,788,623		692,012	341,724		458,111	3,280,470
Miscellaneous	9,426,071	216,352	761,129	412,779	919,624	3,944,492	15,680,447
Total revenues	<u>171,987,715</u>	<u>21,908,990</u>	<u>10,403,610</u>	<u>6,160,915</u>	<u>3,200,503</u>	<u>27,314,826</u>	<u>240,976,559</u>
<b>EXPENDITURES</b>							
Current							
General government	17,348,137					485,052	17,833,189
Judicial	6,069,615					229,335	6,298,950
Public safety	101,481,555						101,481,555
Public works	5,569,956	12,130,865				924,648	18,625,469
Culture and recreation	9,304,756					430,372	9,735,128
Planning and community development	3,077,203					7,097,029	10,174,232
Urban redevelopment						755,744	755,744
Other	8,789,937						8,789,937
Total current	<u>151,641,159</u>	<u>12,130,865</u>				<u>9,922,180</u>	<u>173,694,204</u>
Capital outlay							
General government	12,591					30,000	42,591
Public safety	852,404						852,404
Public works		112,040				7,512,155	7,624,195
Culture and recreation						3,700	3,700
Other	45,257						45,257
Total capital outlay	<u>910,252</u>	<u>112,040</u>				<u>7,545,855</u>	<u>8,568,147</u>

(Continued)

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds		Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Streets	Railroad	Downtown Events Center		
Debt service						
Principal payments	489,239		2,785,000	2,040,000	17,754,000	2,504,910
Interest expense and fiscal charges	1,906		5,493,491	4,461,495	3,988,400	1,633,644
Administrative and other costs			<u>1,168,402</u>	<u>1,232,116</u>	<u>52,485</u>	<u>264,253</u>
Total debt service	<u>491,145</u>		<u>9,446,893</u>	<u>7,733,611</u>	<u>21,794,885</u>	<u>4,402,807</u>
Total expenditures	<u>153,042,556</u>	<u>12,242,905</u>	<u>9,446,893</u>	<u>7,733,611</u>	<u>21,794,885</u>	<u>21,870,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,945,159</u>	<u>9,666,085</u>	<u>956,717</u>	<u>(1,572,696)</u>	<u>(18,594,382)</u>	<u>5,443,984</u>
OTHER FINANCING SOURCES (USES)						
Debt issuance proceeds	187,512					
Proceeds from capital asset disposal	109,437			78,000		
Transfers in	2,186,077	275,065	44,526	1,850,000	18,052,572	9,489,955
Transfers out	<u>(21,893,681)</u>	<u>(6,391,000)</u>				<u>(3,201,514)</u>
Total other financing sources (uses)	<u>(19,410,655)</u>	<u>(6,115,935)</u>	<u>44,526</u>	<u>1,928,000</u>	<u>18,052,572</u>	<u>6,288,441</u>
CHANGE IN FUND BALANCE	(465,496)	3,550,150	1,001,243	355,304	(541,810)	11,732,425
FUND BALANCE, BEGINNING OF YEAR	<u>12,231,061</u>	<u>17,290,566</u>	<u>9,103,386</u>	<u>7,850,671</u>	<u>1,162,803</u>	<u>24,531,229</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,765,565</u>	<u>\$ 20,840,716</u>	<u>\$ 10,104,629</u>	<u>\$ 8,205,975</u>	<u>\$ 620,993</u>	<u>\$ 36,263,654</u>
						<u>\$ 87,801,532</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, 2015

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ 15,631,816
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	\$ 8,568,147	
Less current year depreciation	(48,622,460)	
Disposition of capital assets	<u>(2,149,798)</u>	(42,204,111)
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	(1,476,629)	
Capital asset contributions	<u>8,619,913</u>	7,143,284
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	(187,512)	
Payment to refunded debt escrow agent	9,280,000	
Debt principal repayments	<u>16,293,149</u>	25,385,637
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	(13,212,494)	
Change in compensated absences payable	(421,281)	
Change in net pension liability	1,907,138	
Change in accrued interest	<u>(7,450,938)</u>	(19,177,575)
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	(4,985,476)	
The internal service funds change in net position related to business-type activities	<u>(226,667)</u>	(5,212,143)
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ (18,433,092)</u>

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

ASSETS	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
Current assets				
Cash, cash equivalents and investments	\$ 44,044,427	\$ 10,254,956	\$ 54,299,383	\$ 20,631,141
Accounts receivable	10,090,525		10,090,525	1,233,210
Interest receivable	78,876	13,922	92,798	27,046
Due from other governments	3,217,541		3,217,541	433,637
Inventories	191,838		191,838	159,647
Prepaid items	10,626		10,626	497,375
Restricted assets				
Cash, cash equivalents and investments	<u>15,813,327</u>		<u>15,813,327</u>	
Total current assets	<u>73,447,160</u>	<u>10,268,878</u>	<u>83,716,038</u>	<u>22,982,056</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	20,215,998		20,215,998	
Land	11,301,180		11,301,180	
Water rights	1,812,114		1,812,114	
Buildings and building improvements	6,427,256		6,427,256	
Improvements other than buildings	275,525,038		275,525,038	
Machinery, equipment and software	295,410	14,365	309,775	4,983,497
Total capital assets, net of accumulated depreciation and amortization	<u>315,576,996</u>	<u>14,365</u>	<u>315,591,361</u>	<u>4,983,497</u>
Other assets				
Due from other governments	6,357,563		6,357,563	
Truckee Meadows Water Reclamation Facility	87,899,814		87,899,814	
Total other assets	<u>94,257,377</u>		<u>94,257,377</u>	
Total noncurrent assets	<u>409,834,373</u>	<u>14,365</u>	<u>409,848,738</u>	<u>4,983,497</u>
Total assets	<u>483,281,533</u>	<u>10,283,243</u>	<u>493,564,776</u>	<u>27,965,553</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred refunding charges	328,658		328,658	
Unamortized amounts related to pensions	1,355,241	538,953	1,894,194	226,659
Total deferred outflows of resources	<u>1,683,899</u>	<u>538,953</u>	<u>2,222,852</u>	<u>226,659</u>
LIABILITIES				
Current liabilities				
Accounts payable and other accrued liabilities	660,642	51,644	712,286	642,899
Other accrued liabilities payable from restricted assets	63,494		63,494	
Accrued salaries and benefits	97,558	41,540	139,098	24,584
Contracts payable	6,694,973		6,694,973	
Contracts payable from restricted assets	686,249		686,249	
Due to other governments	1,361,088	692	1,361,780	34,368
Deposits	49,836		49,836	
Interest payable	1,010,274		1,010,274	
Debt obligations payable	5,114,793		5,114,793	
Compensated absences	570,091	271,925	842,016	94,398
Self-insurance liability				7,971,692
Total current liabilities	<u>16,308,998</u>	<u>365,801</u>	<u>16,674,799</u>	<u>8,767,941</u>

(Continued)

**CITY OF RENO**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2015**

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Non-major Enterprise		Internal Service Funds
		Funds	Total Enterprise Funds	
Noncurrent liabilities				
Debt obligations payable	64,379,655		64,379,655	
Compensated absences	180,463	111,649	292,112	52,256
Postemployment benefits other than pensions	2,557,434	1,050,480	3,607,914	528,848
Self-insurance liability				43,509,120
Net pension liability	<u>8,919,246</u>	<u>3,547,014</u>	<u>12,466,260</u>	<u>1,491,710</u>
Total noncurrent liabilities	<u>76,036,798</u>	<u>4,709,143</u>	<u>80,745,941</u>	<u>45,581,934</u>
Total liabilities	<u>92,345,796</u>	<u>5,074,944</u>	<u>97,420,740</u>	<u>54,349,875</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized amounts related to pensions	<u>2,300,242</u>	<u>914,762</u>	<u>3,215,004</u>	<u>384,706</u>
NET POSITION				
Net investment in capital assets	246,411,206	14,365	246,425,571	4,983,497
Restricted				
Capital improvement projects	15,740,934		15,740,934	
Self-insurance liabilities				9,456,333
Unrestricted	<u>128,167,254</u>	<u>4,818,125</u>	<u>132,985,379</u>	<u>(40,982,199)</u>
Total net position	<u>\$ 390,319,394</u>	<u>\$ 4,832,490</u>	395,151,884	<u>\$ (26,542,369)</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>(9,380,437)</u>	
Net position of business-type activities			<u>\$ 385,771,447</u>	

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities			Governmental Activities
	Non-major Enterprise		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Funds		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 57,487,673	\$ 7,723,971	\$ 65,211,644	\$ 37,259,699
Licenses and permits	308,328		308,328	
Fines and forfeitures	1,705,183		1,705,183	
Miscellaneous	118,544	23,472	142,016	1,523,338
Total operating revenues	<u>59,619,728</u>	<u>7,747,443</u>	<u>67,367,171</u>	<u>38,783,037</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,176,285	2,157,367	7,333,652	871,821
Employee benefits	2,855,647	1,050,371	3,906,018	481,240
Services and supplies	9,712,116	1,701,590	11,413,706	41,061,136
Joint sewer plant	12,834,120		12,834,120	
Depreciation and amortization	9,445,388	3,486	9,448,874	1,571,768
Total operating expenses	<u>40,023,556</u>	<u>4,912,814</u>	<u>44,936,370</u>	<u>43,985,965</u>
Operating income (loss)	<u>19,596,172</u>	<u>2,834,629</u>	<u>22,430,801</u>	<u>(5,202,928)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	644,441		644,441	
Sewer connection charges	9,097,370		9,097,370	
Investment income	157,223	27,082	184,305	72,010
Interest and fiscal charges	(1,353,443)		(1,353,443)	
Gain (loss) on capital asset disposition	(41,475)	(107,346)	(148,821)	38,096
Truckee Meadows Water Reclamation Facility	(4,351,069)		(4,351,069)	
Total nonoperating revenues (expenses)	<u>4,153,047</u>	<u>(80,264)</u>	<u>4,072,783</u>	<u>110,106</u>
Income (loss) before capital contributions and transfers	<u>23,749,219</u>	<u>2,754,365</u>	<u>26,503,584</u>	<u>(5,092,822)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions	<u>2,128,991</u>		<u>2,128,991</u>	<u>107,346</u>
<b>TRANSFERS</b>				
Transfers out	<u>(112,000)</u>	<u>(300,000)</u>	<u>(412,000)</u>	
CHANGE IN NET POSITION	<u>25,766,210</u>	<u>2,454,365</u>	<u>28,220,575</u>	<u>(4,985,476)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>				
Adjustment	<u>(13,621,518)</u>	<u>(3,959,910)</u>		<u>(19,891,539)</u>
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>364,553,184</u>	<u>2,378,125</u>		<u>(21,556,893)</u>
NET POSITION, END OF YEAR	<u>\$ 390,319,394</u>	<u>\$ 4,832,490</u>		<u>\$ (26,542,369)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>226,667</u>	
CHANGE IN NET POSITION, BUSINESS-TYPE ACTIVITIES			<u>\$ 28,447,242</u>	

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 60,073,784	\$ 7,723,971	\$ 67,797,755	\$ 36,861,636
Cash received from interfund services				105,910
Cash received from other sources	1,244,704	23,472	1,268,176	1,225,270
Cash payments for goods and services	(20,486,234)	(636,464)	(21,122,698)	(35,245,024)
Cash payments for employee services	(6,657,119)	(1,054,351)	(7,711,470)	(559,829)
Cash payments for interfund good and services	(1,804,307)	(2,754,594)	(4,558,901)	(1,157,876)
Cash payments for interfund employee benefits	(1,064,990)	(355,040)	(1,420,030)	(175,404)
Net cash provided by operating activities	<u>31,305,838</u>	<u>2,946,994</u>	<u>34,252,832</u>	<u>1,054,683</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(112,000)	(300,000)	(412,000)	
Repayments of advances from other funds	644,686		644,686	
Cash received from grants	644,441		644,441	
Net cash provided by (used in) noncapital financing activities	<u>1,177,127</u>	<u>(300,000)</u>	<u>877,127</u>	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(8,244,576)	(107,346)	(8,351,922)	(1,258,135)
Proceeds received from disposal of capital assets				173,648
Principal payments on debt	(4,977,257)		(4,977,257)	
Interest payments on debt	(1,410,571)		(1,410,571)	
Connection charges	9,097,370		9,097,370	
Truckee Meadows Water Reclamation Facility	(14,572,807)		(14,572,807)	
Net cash used in capital financing activities	<u>(20,107,841)</u>	<u>(107,346)</u>	<u>(20,215,187)</u>	<u>(1,084,487)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	<u>143,574</u>	<u>23,765</u>	<u>167,339</u>	<u>73,518</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,518,698	2,563,413	15,082,111	43,714
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>47,339,056</u>	<u>7,691,543</u>	<u>55,030,599</u>	<u>20,587,427</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 59,857,754</u>	<u>\$ 10,254,956</u>	<u>\$ 70,112,710</u>	<u>\$ 20,631,141</u>

(Continued)

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 19,596,172	\$ 2,834,629	\$ 22,430,801	\$ (5,202,928)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	9,445,388	3,486	9,448,874	1,571,768
(Increase) decrease in operating assets				
Accounts receivable	559,803		559,803	(292,153)
Due from other governments	1,126,160		1,126,160	(298,068)
Inventories	(45,726)		(45,726)	18,657
Prepaid items	485		485	(416,257)
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	(6,369)	10,083	3,714	500,895
Accrued salaries and benefits	18,621	12,526	31,147	9,838
Contracts and retention payable	238,657		238,657	
Due to other governments	68,648	692	69,340	34,368
Deposits	12,797		12,797	
Compensated absences	49,439	(9,041)	40,398	(28,923)
Self-insurance liability				5,118,620
Postemployment benefits other than pensions	335,021	131,706	466,727	54,463
Net pension liability	(93,258)	(37,087)	(130,345)	(15,597)
Total adjustments	<u>11,709,666</u>	<u>112,365</u>	<u>11,822,031</u>	<u>6,257,611</u>
Net cash provided by operating activities	<u>\$ 31,305,838</u>	<u>\$ 2,946,994</u>	<u>\$ 34,252,832</u>	<u>\$ 1,054,683</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	<u>\$ 2,128,991</u>	<u>\$</u>	<u>\$ 2,128,991</u>	<u>\$ 107,346</u>

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 8,274,412
Accounts receivable	581
Interest receivable	4,434
Special assessments receivable	1,154,985
Due from other governments	<u>38,872</u>
Total assets	<u>9,473,284</u>
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	37,761
Due to other governments	547
Deposits	3,248,181
Due to developers, employees and others	<u>6,186,795</u>
Total liabilities	<u>9,473,284</u>
<b>NET POSITION</b>	<u><u>\$</u></u>

**NOTES TO BASIC  
FINANCIAL STATEMENTS**



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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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.

#### **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.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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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, 2015

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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 resources restricted for street improvement expenditures.

City of Reno Debt Service Fund - 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.

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.

Downtown Events Center Debt Service Fund - 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.

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

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

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

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

### Proprietary Fund Financial Statements

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

The City reports the following major proprietary fund:

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

The City reports the following non-major proprietary fund:

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

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

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

### Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund type:

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

### **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, 2015, accounts and notes receivable are shown net of an allowance for uncollectible amounts totaling \$42,787,230.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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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.

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

### Inventories and Prepaid Items

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

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

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

### Restricted Assets

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

### Property Held for Resale

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

### Capital Assets

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

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

### Long-term Liabilities

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

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

### Compensated Absences

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

### Deferred Compensation Plan

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

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Postemployment Benefits Other Than Pensions (OPEB)

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

### Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

### Deferred Outflows and Inflows of Resources

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

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

### Stabilization Arrangements

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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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.

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

## **Note 2. Stewardship and Accountability**

### **Budgets and Budgetary Accounting**

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

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

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

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

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

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

All unencumbered appropriations lapse at the fiscal year end.

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

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

For the year ended June 30, 2015, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General Fund, Intergovernmental Function	\$	(177,698)
Drainage Facility Impact Fee Special Revenue Fund, Community Development Function		(142,265)
City Capital Projects Fund, Public Works Function		(1,813,637)

For the year ended June 30, 2015, total expenditures exceeded appropriations for the following funds and/or functions, which are exempt from the provisions of NRS 354.626:

Redevelopment Agency Debt Service Fund, Debt Service Function	\$	(70,387)
Self-funded Medical Plans Internal Service Fund		(1,272,223)
Self-funded Workers Compensation Internal Service Fund		(5,142,037)

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, 2015

### **Prior Period Adjustment**

Net position or fund balance as of July 1, 2014, has been retroactively adjusted as follows:

	Sanitary Sewer Enterprise Fund	Non-major Enterprise Funds	Internal Service Funds	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ 378,174,702	\$ 6,338,035	\$ (19,891,539)	\$ 494,912,569	\$ 374,905,633
Adjustment					
Cumulative effect of adopting GASB Statement Nos. 68 and 71 related to the City's multiple-employer cost-sharing defined benefit pension plan	(13,621,518)	(3,959,910)	(1,665,354)	(205,296,961)	(17,581,428)
Net position or fund balance, as adjusted	\$ 364,553,184	\$ 2,378,125	\$ (21,556,893)	\$ 289,615,608	\$ 357,324,205

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

At June 30, 2015, the Drainage Facility Impact Fee Special Revenue Fund had a fund balance deficit of \$131 due to investment earnings not being sufficient to make up the deficit fund balance in the prior year due to a change in fair market value.

At June 30, 2015, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of \$43,068,528. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung liability issue.

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

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. The objective of this statement is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Management will work with the State of Nevada Public Employees' Retirement System to assess this statement and determine whether it will not have a material effect the City's net position, results of operations, or cash flows.

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for financial statements for periods beginning after June 15, 2015. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

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

### Note 3. Detailed Notes on all Funds

#### Cash, Cash Equivalents and Investments

At June 30, 2015, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 12,805,703
Cash equivalents	25,055,301
Investments	118,741,434
Total pooled cash, cash equivalents and investments	<u>156,602,438</u>
Non-pooled cash, cash equivalents and investments	
Cash on hand	20,941
Cash in bank	6,092,334
Cash equivalents	11,636,964
Total non-pooled cash, cash equivalents and investments	<u>17,750,239</u>
Total cash, cash equivalents and investments	\$ <u>174,352,677</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

At June 30, 2015, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

Governmental activities	\$ 95,965,555
Business-type activities	70,112,710
Fiduciary funds	<u>8,274,412</u>
 Total cash, cash equivalents and investments	 <u>\$ 174,352,677</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 \$18,893,415 and the bank balance was \$18,466,472. As of year end, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized in accordance with the NRS as discussed in the following paragraph.

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	5%	A-1	P-1
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	5 years	None	None	N/A	N/A
Repurchase agreements	90 days	None	10%	N/A	N/A
U.S. Treasury obligations	10 years	None	None	N/A	N/A
U.S. Agency securities					
Federal National Mortgage	10 years	None	None	N/A	N/A
Federal Agricultural Mortgage Corporation	10 years	None	None	N/A	N/A
Federal Farm Credit Bank	10 years	None	None	N/A	N/A
Federal Home Loan Bank	10 years	None	None	N/A	N/A
Federal Home Loan Mortgage Corporation	10 years	None	None	N/A	N/A
Government National Mortgage Association	10 years	None	None	N/A	N/A
Local government investment pool	None	None	None	N/A	N/A

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

At June 30, 2015, 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	0.25% to 5.125%	08/15/2015 to 01/31/2017	\$ 88,900,000	\$ 89,509,569	\$ 89,147,201	1.34
Commercial paper	.22%	11/2/2015	5,075,000	5,075,000	5,075,000	0.34
U.S. Agency securities						
Federal National Mortgage Association	1.25% to 1.63%	10-26-2015 to 01-30-2017	14,300,000	14,585,540	14,456,233	1.27
Federal Home Loan Mortgage Corporation	1%	03-8-2017	10,000,000	10,078,600	10,063,000	1.67
Local government investment pool	Variable	On demand	<u>                    </u>	25,055,301	25,055,301	N/A
Total pooled cash equivalents and investments			<u>118,275,000</u>	<u>144,304,010</u>	<u>143,796,735</u>	
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	<u>                    </u>	8,161,675	8,161,675	N/A
Other	Variable	On demand	<u>                    </u>	3,475,289	3,475,289	N/A
Total cash equivalents and investments			<u>\$ 118,275,000</u>	<u>\$ 155,940,974</u>	<u>\$ 155,433,699</u>	

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

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

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

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

	Standard & Poor's	Moody's	Percentage of Investment Pool
Pooled investments			
U.S. Treasury Notes	*	*	62.00 %
Commercial paper	A1+	P1	3.50 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	10.10 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	7.00 %

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

	Standard & Poor's	Moody's	Percentage of Investment Pool
Local government investment pool	N/A	N/A	17.40 %
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.

Investments in any one issuer that represent 5% or more of total investments at June 30, 2015, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	58.70 %
U.S. Agency securities	
Federal National Mortgage Association	9.50 %
Federal Home Loan Mortgage Corporation	6.60 %
Local government investment pool	16.50 %

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, 2015, the City owned two hedging derivative instruments with reported fair values and changes in fair values as follows:

	Notional	Classification	Change in Fair Value		Fair value at June 30, 2015	
			Dr (Cr) Amount	Dr (Cr) Amount	Classification	Dr (Cr) Amount
Derivative instrument # 1 (fixed interest rate swap)	\$ 66,600,000	Deferral	\$ (493,014)	Derivatives	\$ (10,998,924)	
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)						

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Notional	Classification	Change in Fair Value		Fair value at June 30, 2015	
			Dr (Cr) Amount	Classification	Dr (Cr) Amount	
Derivative instrument # 2 (fixed interest rate swap) Objective – To hedge against changes in cash flows on the 2008A Series variable rate bonds Effective date – March 4, 2008 Maturity date – June 1, 2042 Pay fixed – 3.32% Receive – 67% of 1-month LIBOR	\$ 133,340,000	Deferral	\$ (4,153,783)	Derivatives	\$ (28,498,123)	

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

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

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

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

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

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

The City is exposed to basis risk because the payments received from the counterparty to the interest rate swaps are based on rates or indexes other than the interest rates the City pays on its hedged, variable rate demand obligation bonds which are remarketed on a daily basis. For the month of June 2015, the average interest rate on the City's hedged 2005A variable-rate debt was 0.097667%, whereas the average rate on the payment received from the counterparty was 0.1875%. For the month of June 2015, the average rate for the hedged 2008A variable-rate debt was 0.062333%, whereas the average rate on the payment received from the counterparty was 0.12409%.

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

At June 30, 2015, aggregate debt service requirements of the City's debt (fixed-rate and variable-rate) and net receipts and payments on associated hedging derivative instruments are presented in the following table. The amounts were based on forward rates calculated using swap curves as of June 30, 2015. 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>
2016	\$ 3,960,000	\$ 657,082	\$ 6,127,769	\$ 10,744,851
2017	4,300,000	1,705,403	4,943,599	10,949,002
2018	4,665,000	2,502,918	3,997,270	11,165,188
2019	5,050,000	2,866,991	3,472,421	11,389,412
2020	5,415,000	3,244,937	2,919,002	11,578,939
2021 - 2025	33,780,000	16,995,813	10,712,259	61,488,072
2026 - 2030	46,940,000	13,521,268	7,479,216	67,940,484
2031 - 2035	41,270,000	8,002,611	4,604,463	53,877,074
2036 - 2040	37,040,000	4,072,913	2,565,990	43,678,903
2041 - 2045	17,520,000	504,097	333,196	18,357,293
	<u>\$ 199,940,000</u>	<u>\$ 54,074,033</u>	<u>\$ 47,155,185</u>	<u>\$ 301,169,218</u>

### Capital Assets

For the year ended June 30, 2015, capital asset activity was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers*</u>	<u>Balance June 30, 2015</u>
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 4,862,457	\$ 8,369,349	\$ (376,230)	\$ (3,672,343)	\$ 9,183,235
Land	152,362,008	173,692	(395,218)		152,140,482
Water rights	1,125,000				1,125,000
Total capital assets not being depreciated or amortized	<u>158,349,465</u>	<u>8,543,041</u>	<u>(771,448)</u>	<u>(3,672,343)</u>	<u>162,448,717</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	232,560,529		(1,463,936)	2,773,999	233,870,592
Improvements other than buildings	365,469,556		(701,515)	843,477	365,611,517
Infrastructure	923,909,390	8,404,746	(2,661,988)	41,475	929,693,623
Machinery, equipment and software	61,300,460	1,525,754	(784,928)	13,392	62,054,678
Art and historical treasures	2,390,320	80,000			2,470,320
Total capital assets being depreciated or amortized	<u>1,585,630,255</u>	<u>10,010,500</u>	<u>(5,612,367)</u>	<u>3,672,343</u>	<u>1,593,700,730</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Increases	Decreases	Transfers*	Balance June 30, 2015
Accumulated depreciation and amortization					
Buildings and building improvements	\$ (59,162,011)	\$ (5,779,064)	\$ 85,586	\$	\$ (64,855,489)
Improvements other than buildings	(74,687,522)	(7,288,700)	701,515		(81,274,708)
Infrastructure	(572,841,754)	(33,540,361)	2,661,988		(603,720,127)
Machinery, equipment and software	(42,829,417)	(3,539,727)	649,375		(45,719,769)
Art and historical treasures	(653,564)	(46,375)	_____	_____	(699,939)
 Total accumulated depreciation and amortization	<u>(750,174,268)</u>	<u>(50,194,227)</u>	<u>4,098,464</u>	<u>_____</u>	<u>(796,270,032)</u>
 Total capital assets being depreciated or amortized, net	<u>835,455,987</u>	<u>(40,183,727)</u>	<u>(1,513,903)</u>	<u>3,672,343</u>	<u>797,430,698</u>
 Total governmental activities	<u>\$ 993,805,452</u>	<u>\$ (31,640,686)</u>	<u>\$ (2,285,351)</u>	<u>\$ _____</u>	<u>\$ 959,879,415</u>

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

	Balance July 1, 2014	Increases	Transfers*	Balance June 30, 2015
Business-type activities				
Capital assets not being depreciated or amortized				
Construction in progress	\$ 20,778,774	\$ 8,203,102	\$ (8,765,876)	\$ 20,215,998
Land	11,301,180			11,301,180
Water rights	1,812,114	_____	_____	1,812,114
Total capital assets not being depreciated or amortized	<u>33,892,068</u>	<u>8,203,102</u>	<u>(8,765,876)</u>	<u>33,329,292</u>
Capital assets being depreciated or amortized				
Buildings and building improvements	12,304,507			12,304,507
Improvements other than buildings	395,201,162	2,128,990	8,601,153	405,931,306
Machinery, equipment and software	1,262,675	_____	164,723	1,427,399
Total capital assets being depreciated or amortized	<u>408,768,344</u>	<u>2,128,990</u>	<u>8,765,876</u>	<u>419,663,212</u>
Accumulated depreciation and amortization				
Buildings and building improvements	(5,569,475)	(307,775)		(5,877,251)
Improvements other than buildings	(121,319,614)	(9,086,654)		(130,406,268)
Machinery, equipment and software	(1,063,180)	(54,445)	_____	(1,117,624)
Total accumulated depreciation and amortization	<u>(127,952,269)</u>	<u>(9,448,874)</u>	<u>_____</u>	<u>(137,401,143)</u>
Total capital assets being depreciated or amortized, net	<u>280,816,075</u>	<u>(7,319,884)</u>	<u>8,765,876</u>	<u>282,262,069</u>
 Total business-type activities	<u>\$ 314,708,143</u>	<u>\$ 883,218</u>	<u>\$ _____</u>	<u>\$ 315,591,361</u>

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

(Continued)

**CITY OF RENO**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,253,926
Judicial	476,937
Public safety	1,787,681
Public works	37,978,528
Culture and recreation	5,306,328
Planning and community development	436,222
Urban development	1,382,837
Internal service fund depreciation expense is charged to specific functions based on asset usage	<u>1,571,768</u>
Total depreciation expense, governmental activities	<u>\$ 50,194,227</u>
Business-type activities	
Sanitary sewer	\$ 9,445,388
Building permit	<u>3,486</u>
Total depreciation expense, business-type activities	<u>\$ 9,448,874</u>

**Advances To and From Other Funds**

At June 30, 2015, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
General Fund	\$	\$ 349,129
Streets Special Revenue Fund	171,035	90,918
Non-major Governmental Funds	<u>440,047</u>	<u>171,035</u>
	<u>\$ 611,082</u>	<u>\$ 611,082</u>

Annual debt service requirements for advances to and from other funds as of June 30, 2015, were as follows:

For the Year Ended June 30,	2013 No. 1 Special Assessment		Property Tax Settlement	
	Principal	Interest	Principal	Interest
2016	\$ 14,828	\$ 10,043	\$ 145,000	\$
2017	15,732	9,140	145,000	
2018	16,690	8,182	150,047	
2019	17,706	7,165		
2020	18,784	6,087		
2021 - 2025	<u>87,295</u>	<u>12,191</u>		
	<u>\$ 171,035</u>	<u>\$ 52,808</u>	<u>\$ 440,047</u>	<u>\$</u>

**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, 2015, non-capital asset related interfund transfers were as follows:

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Streets Special Revenue Fund	\$ 148,000
	Non-major Governmental Funds	2,038,077
Streets Special Revenue Fund	Non-major Governmental Funds	275,065
Railroad Debt Service Fund	Non-major Governmental Funds	44,526
Downtown Events Center Debt Service Fund	General Fund	1,850,000
City of Reno Debt Service Fund	General Fund	11,105,014
	Streets Special Revenue Fund	6,243,000
	Non-major Governmental Funds	592,558
	Sanitary Sewer Enterprise Fund	112,000
Non-major Governmental Funds	General Fund	8,938,667
	Non-major Governmental Funds	251,288
	Non-major Enterprise Funds	300,000
		\$ 31,898,195

### **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, 2015

Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues	
Total revenue bond principal and interest remaining to be paid at June 30, 2015	\$ 235,585,478
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 6,076,064
Total pledged revenue for the year ended June 30, 2015	\$ 7,727,455
Revenue bonds issued and revenue pledge maturity	
2004 General Obligation Building Bonds <sup>1</sup>	June 1, 2024
2003A Building Bonds <sup>5</sup>	June 1, 2018
2005A Capital Improvement Revenue Refunding Bonds <sup>2</sup>	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds <sup>2</sup>	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds <sup>2</sup>	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds <sup>3</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.
2. These bonds are also secured by room taxes, which was the primary bond repayment source for the fiscal year.
3. 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.
4. This bond was fully redeemed on June 30, 2015
5. This bond was fully redeemed on October 28, 2014.

Pledged revenue – Court administrative assessment revenues	
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 275,448
Total pledged revenue for the year ended June 30, 2015	\$ 170,000
Revenue bond issued and revenue pledge maturity	
2004 General Obligation Building Bonds <sup>1</sup>	June 1, 2024

1. This bond was fully redeemed on June 30, 2015.

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, 2015	\$ 13,224,000
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 631,820
Total pledged revenue for the year ended June 30, 2015	\$ 710,154
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, 2015	\$ 235,585,478
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 6,713,713
Total pledged revenue for the year ended June 30, 2015	\$ 5,406,411
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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

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, 2015	\$ 44,063,338
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 1,338,613
Total pledged revenue for the year ended June 30, 2015	\$ 1,957,843
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 \$2,756,275.

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, 2015	\$ 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 2015, 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, 2015	\$ 588,640,654
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 7,155,447
Total pledged revenue for the year ended June 30, 2015	\$ 8,227,820
Revenue bonds issued and revenue pledge maturity	
2008A Sr. Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds <sup>1</sup>	June 1, 2051

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

Pledged revenue – Future gross revenues derived from the City's golf course facilities

Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 257,475
Revenue bond issued and revenue pledge maturity	
2004A General Obligation Golf Course Refunding Bonds <sup>1</sup>	July 1, 2019

1. Intended to be repaid solely from golf course operations 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
2. This bond was fully redeemed on July 7, 2014.

Pledged revenue – Lease revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2015	\$ 8,672,030
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 610,871
Total pledged revenue for the year ended June 30, 2015	\$ 864,294
Revenue bonds issued and revenue pledge maturity	
2014 Taxable Lease Revenue Refunding Bond <sup>1</sup>	July 1, 2024

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

#### 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, 2015	\$ 89,005,582
Total revenue bond principal and interest paid during the year ended June 30, 2015	\$ 7,229,116
Total pledged revenue for the year ended June 30, 2015	\$ 38,940,594
Revenue bonds issued and revenue pledge maturity	
2004 Sewer General Obligation Revenue Bonds <sup>1</sup>	July 1, 2024
2005 Sewer General Obligation Revenue Bonds <sup>1</sup>	July 1, 2025
2010 Sewer General Obligation Sewer Refunding Bonds <sup>1</sup>	August 1, 2040

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

#### Special Assessment Bonds

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

#### 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, 2015, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
Governmental activities				
General obligations bonds				
2004 Building Bonds	June 1, 2006 - June 1, 2024	4.00% - 5.00%	\$ 3,500,000	\$
2004A Golf Course Refunding Bonds	July 1, 2004 - July 1, 2019	2.25% - 4.00%	3,505,000	
2005 Medium-term (Limited Tax) Bonds	December 1, 2006 - December 1, 2014	4.00%	3,275,000	
2010 Medium-term Fire Refunding Bonds	July 1, 2011 - July 1, 2020	3.74%	3,970,000	
2013A Capital Improvement Refunding Bonds	June 1, 2018 - June 1, 2032	4.00% - 5.00%	36,115,000	36,115,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
2013B Medium-Term Various Purpose Bonds	June 1, 2014 - June 1, 2023	2.00% - 5.00%	\$ <u>32,995,000</u>	\$ <u>23,460,000</u>
Total general obligations bonds			<u>83,360,000</u>	<u>59,575,000</u>
Tax allocation bonds				
1998F Downtown Redevelopment Project Bonds	September 1, 2000 - September 1, 2017	4.45% -5.25%	22,685,000	4,370,000
2007A Tax Increment Senior Lien (Taxable)	June 1, 2018 - June 1, 2023	6.10%	4,000,000	4,000,000
2007B Tax Increment Senior Lien	June 1, 2019 - June 1, 2027	5.00%	4,000,000	4,000,000
2007C Tax Increment Subordinate Lien	June 1, 2019 - June 1, 2027	5.40%	12,690,000	12,690,000
2008 Tax Increment Bonds - RDA #2	June 29, 2009 - June 29, 2027	6.50%	<u>850,000</u>	<u>655,000</u>
Total tax allocation bonds			<u>44,225,000</u>	<u>25,715,000</u>
Revenue bonds				
2003A Building Bonds	June 1, 2012 - June 1, 2018	1.31%	6,100,000	
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	66,600,000
2005B Capital Improvement Bonds	June 1, 2037 - June 1, 2040	5.42% - 5.48%	6,445,154	6,445,154
2005C Capital Improvement Bonds	June 1, 2033 - June 1, 2037	5.78%	9,192,402	9,192,402
2006C Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	8,720,000	7,465,000
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020		10,000,000	9,567,473
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	14,270,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	16,310,000
2008A Senior Lien ReTRAC Refunding Bonds	June 1, 2009 - June 1, 2042	Variable	143,210,000	133,340,000
2008B Subordinate ReTRAC Refunding Bonds	June 1, 2014 - June 1, 2051	6.75% - 7.875%	47,416,227	47,416,227

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
2014 Taxable Lease Refunding Bonds	June 1, 2014 - June 1, 2024	Variable	\$ <u>9,188,000</u>	\$ <u>8,384,000</u>
Total revenue bonds			<u>348,421,783</u>	<u>318,990,256</u>
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	595,000
1999 Special Improvement District No. 2	June 1, 2007 - June 1, 2025	6.08% - 7.28%	13,905,000	8,210,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	355,000
2002 Special Improvement District No. 5	December 1, 2006 -December 1, 2025	5.70% - 7.25%	7,500,000	5,200,000
2008A NV Tax-exempt Local Improvement	May 1, 2009 - May 1, 2018	4.167%	430,000	63,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	383,000
2010 Special Assessment District No. 2	November 1, 2012 -November 1, 2041	4.00%	<u>939,800</u>	<u>888,160</u>
Total special assessment bonds			<u>28,123,528</u>	<u>15,694,160</u>
Notes payable				
HUD Section 108 Loan Program	August 1, 2012 - August 1, 2020	0.31% - 2.45%	600,000	204,000
RDA Nevada Land LLC	September 1, 2008 - June 1, 2018	4.46%	6,000,000	2,250,000
Automated Data Process, Inc.	January 31, 2014 - December 31, 2018		1,251,307	875,915
Washoe County (Accela)	January 31, 2016 - October 31, 2020		<u>300,221</u>	<u>187,511</u>
Total notes payable			<u>8,151,528</u>	<u>3,517,426</u>
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 -December 15, 2023	1.00%	2,340,000	1,404,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	\$ 2,261,000	\$ 1,693,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000	9,312,000
US Bank Equipment Purchase	August 31, 2012 - July 31, 2014	7.72%	171,412	
IPS Group, Inc	March 1, 2014 - February 1, 2019		<u>391,409</u>	<u>280,510</u>
Total installment purchase agreements			<u>16,023,821</u>	<u>12,689,510</u>
Total governmental activities			<u>528,305,660</u>	<u>436,181,352</u>
Business-type activities				
General obligations bonds				
2004 Sewer Revenue Bonds	July 1, 2006 - July 1, 2024	2.76% - 3.11%	73,133,162	42,931,481
2005 Sewer Revenue Bonds	July 1, 2008 - July 1, 2025	2.65%	8,033,095	5,255,309
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.00% - 4.125%	<u>21,750,000</u>	<u>21,240,000</u>
Total general obligations bonds			<u>102,916,257</u>	<u>69,426,790</u>
Total business-type activities			<u>102,916,257</u>	<u>69,426,790</u>
Total long-term debt obligations			<u>\$ 631,221,917</u>	<u>\$ 505,608,142</u>

At June 30, 2015, 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		
2016	\$ 5,245,000	\$ 2,864,663
2017	5,560,000	2,654,863
2018	6,990,000	2,376,863
2019	7,640,000	2,037,713
2020	1,560,000	1,655,713
2021 - 2025	10,095,000	6,952,063
2026 - 2030	14,820,000	4,100,150
2031 - 2035	<u>7,665,000</u>	<u>582,000</u>
Total general obligations bonds	<u>59,575,000</u>	<u>23,224,028</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

For the Year Ended June 30,	Principal	Interest
Tax allocation bonds		
2016	\$ 1,630,000	\$ 1,349,935
2017	1,715,000	1,265,710
2018	1,770,000	1,193,610
2019	1,825,000	1,125,260
2020	1,930,000	1,022,088
2021 - 2025	11,385,000	3,356,743
2026 - 2030	5,460,000	434,325
Total tax allocation bonds	25,715,000	9,747,671
Revenue bonds		
2016	5,896,000	8,884,497
2017	6,436,000	8,673,226
2018	7,018,000	8,441,277
2019	20,134,000	13,111,668
2020	19,047,927	9,744,921
2021 - 2025	58,128,911	47,543,683
2026 - 2030	66,000,962	44,011,969
2031 - 2035	55,493,475	69,230,192
2036 - 2040	51,410,558	92,723,289
2041 - 2045	23,050,233	81,210,899
2046 - 2050	5,434,086	115,436,225
2051 - 2055	940,104	25,459,896
Total revenue bonds	318,990,256	524,471,742
Special assessment bonds		
2016	1,144,640	1,071,539
2017	1,182,400	995,672
2018	1,228,190	913,106
2019	1,304,010	826,744
2020	1,385,870	734,525
2021 - 2025	8,104,490	2,071,816
2026 - 2030	831,850	143,675
2031 - 2035	184,250	84,707
2036 - 2040	225,050	43,907
2041 - 2045	103,410	4,178
Total special assessment bonds	15,694,160	6,889,869
Notes payable		
2016	902,012	51,781
2017	920,764	39,266
2018	920,764	24,763
2019	645,633	8,512
2020	70,502	2,133
2021 - 2025	57,751	618
Total notes payable	3,517,426	127,073

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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<u>For the Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
Installment purchase agreements		
2016	\$ 780,282	\$ 723,863
2017	831,282	687,086
2018	885,282	647,019
2019	908,664	603,470
2020	921,000	556,308
2021 - 2025	5,601,000	1,934,411
2026 - 2030	<u>2,762,000</u>	<u>270,191</u>
Total installment purchase agreements	<u>12,689,510</u>	<u>5,422,348</u>
Total governmental activities	<u>\$ 436,181,352</u>	<u>\$ 569,882,731</u>
Business-type activities		
General obligation/pledged revenue bonds		
2016	\$ 5,114,793	\$ 2,113,754
2017	5,255,978	1,972,068
2018	5,405,920	1,825,014
2019	5,559,725	1,672,397
2020	5,717,503	1,511,118
2021 - 2025	26,778,316	4,971,455
2026 - 2030	4,064,555	2,726,699
2031 - 2035	4,610,000	1,896,350
2036 - 2040	5,645,000	863,641
2041 - 2045	<u>1,275,000</u>	<u>26,297</u>
Total general obligation/pledged revenue bonds	<u>69,426,790</u>	<u>19,578,793</u>
Total business-type activities	<u>\$ 69,426,790</u>	<u>\$ 19,578,793</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

Long-term liabilities activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities					
General obligations bonds					
2004 Building Bonds	\$ 2,235,000		\$ (2,235,000)		\$
2004A Golf Course Refunding Bonds	1,480,000		(1,480,000)		
2005 Medium-term (Limited Tax) Bonds	375,000		(375,000)		
2010 Medium-term Fire Refunding Bonds	2,645,000		(2,645,000)		
2013A Capital Improvement Refunding Bonds	36,115,000			36,115,000	
2013B Medium-Term Various Purpose Bonds	<u>28,450,000</u>		<u>(4,990,000)</u>	<u>23,460,000</u>	<u>5,245,000</u>
Total general obligations bonds	<u>71,300,000</u>		<u>(11,725,000)</u>	<u>59,575,000</u>	<u>5,245,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	5,890,000		(1,520,000)	4,370,000	1,590,000
2007A Tax Increment Senior Lien (Taxable)	4,000,000			4,000,000	
2007B Tax Increment Senior Lien	4,000,000			4,000,000	
2007C Tax Increment Subordinate Lien	12,690,000			12,690,000	
2008 Tax Increment Bonds - RDA #2	<u>690,000</u>		<u>(35,000)</u>	<u>655,000</u>	<u>40,000</u>
Total tax allocation bonds	<u>27,270,000</u>		<u>(1,555,000)</u>	<u>25,715,000</u>	<u>1,630,000</u>
Revenue bonds					
2003A Building Bonds	3,675,000		(3,675,000)		
2005A Capital Improvement Refunding Bonds	68,325,000		(1,725,000)	66,600,000	1,900,000
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	7,645,000		(180,000)	7,465,000	190,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2007A Sales Tax Increment Bonds (Cabela's)	14,545,000		(275,000)	14,270,000	1,245,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
2007B Sales Tax Increment Bonds (Cabela's)	\$ 16,545,000	\$	\$ (235,000)	\$ 16,310,000	\$ 1,175,000
2008A Senior Lien ReTRAC Refunding Bonds	135,255,000		(1,915,000)	133,340,000	2,060,000
2008B Subordinate ReTRAC Refunding Bonds	47,416,227			47,416,227	
2014 Taxable Lease Refunding Bonds	<u>8,944,000</u>		<u>(560,000)</u>	<u>8,384,000</u>	<u>606,000</u>
Total revenue bonds	<u>327,555,256</u>		<u>(8,565,000)</u>	<u>318,990,256</u>	<u>7,176,000</u>
Special assessment bonds					
1999 Special Assessment District No. 3	685,000		(90,000)	595,000	85,000
1999 Special Improvement District No. 2	8,900,000		(690,000)	8,210,000	585,000
2001 Stead Special Improvement District No. 2	390,000		(35,000)	355,000	40,000
2002 Special Improvement District No. 5	5,515,000		(315,000)	5,200,000	335,000
2008A NV Tax-exempt Local Improvement	102,000		(39,000)	63,000	28,000
2008B NV Taxable Local Improvement	518,000		(135,000)	383,000	53,000
2010 Special Assessment District No. 2	<u>906,070</u>		<u>(17,910)</u>	<u>888,160</u>	<u>18,640</u>
Total special assessment bonds	<u>17,016,070</u>		<u>(1,321,910)</u>	<u>15,694,160</u>	<u>1,144,640</u>
Notes payable					
HUD Section 108 Loan Program	237,000		(33,000)	204,000	33,000
RDA Nevada Land LLC	2,850,000		(600,000)	2,250,000	600,000
Automated Data Processing, Inc.	1,126,176		(250,261)	875,915	250,261
Washoe County (Accela)		<u>187,512</u>		<u>187,512</u>	<u>18,751</u>
Total notes payable	<u>4,213,176</u>	<u>187,512</u>	<u>(883,261)</u>	<u>3,517,427</u>	<u>902,012</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,560,000		(156,000)	1,404,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	1,840,000		(147,000)	1,693,000	151,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	9,663,000		(351,000)	9,312,000	395,000
2012 USB Bank Equipment Finance	7,681		(7,681)		

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
IPS Group, Inc	\$ 358,792	\$	\$ (78,282)	\$ 280,510	\$ 78,282
Total installment purchase agreements	<u>13,429,473</u>	<u></u>	<u>(739,963)</u>	<u>12,689,510</u>	<u>780,282</u>
Capital lease					
2012 PNC Equipment Finance	<u>153,015</u>	<u></u>	<u>(153,015)</u>	<u></u>	<u></u>
Unamortized bond premiums and discounts, net	5,079,122		(407,428)	4,671,694	
Net pension liability	232,022,472	24,364,611	(72,496,218)	183,890,865	
Compensated absences	19,292,092	11,592,837	(11,200,479)	19,684,450	
Postemployment benefits other than pensions	86,162,339	13,266,958		99,429,297	
Self-insurance liability	<u>46,362,192</u>	<u>34,780,990</u>	<u>(29,662,370)</u>	<u>51,480,812</u>	<u>7,971,692</u>
Total governmental activities	<u>849,855,207</u>	<u>84,192,908</u>	<u>(138,709,644)</u>	<u>795,338,471</u>	<u>24,849,626</u>
Business-type activities					
General obligation/pledged revenue bonds					
2004 Sewer Revenue Bonds	46,969,895		(4,038,414)	42,931,481	4,154,510
2005 Sewer Revenue Bonds	5,684,152		(428,843)	5,255,309	440,283
2010 Sewer (Limited Tax) Refunding Bonds	<u>21,750,000</u>	<u></u>	<u>(510,000)</u>	<u>21,240,000</u>	<u>520,000</u>
Total general obligation/pledged revenue bonds	<u>74,404,047</u>	<u></u>	<u>(4,977,257)</u>	<u>69,426,790</u>	<u>5,114,793</u>
Unamortized bond premiums and discounts, net	70,365		(2,707)	67,658	
Net pension liability	15,729,180	1,651,716	(4,914,636)	12,466,260	
Compensated absences	1,093,730	865,682	(825,284)	1,134,128	
Postemployment benefits other than pensions	<u>3,141,187</u>	<u>466,727</u>	<u></u>	<u>3,607,914</u>	<u></u>
Total business-type activities	<u>94,438,509</u>	<u>2,984,125</u>	<u>(10,719,884)</u>	<u>86,702,750</u>	<u>5,114,793</u>
Total long-term liabilities	<u>\$ 944,293,716</u>	<u>\$ 87,177,033</u>	<u>\$ (149,429,528)</u>	<u>\$ 882,041,221</u>	<u>\$ 29,964,419</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

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

### Unamortized deferred refunding charges

Pursuant to GASB 65, for current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred inflow or outflow of resources, and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prior to the adoption of GASB 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2015, activity related to the City’s unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2014	\$ 30,485,912	\$ 341,805	\$ 30,827,717
Reductions	(1,604,192)	(13,147)	(1,617,339)
Balance June 30, 2015	\$ 28,881,720	\$ 328,658	\$ 29,210,378

### Variable Rate and Demand Bonds

At June 30, 2015, debt obligations that include demand clauses and/or variable interest rates were as follows:

#### Series 2005A Tax-exempt Capital Improvement Revenue Refunding Bonds

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

#### Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds

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

#### Series 2014 Taxable Lease Refunding Bonds

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

#### RDA-Nevada Land, LLC Note Payable

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

### Letters of Credit

The City has an irrevocable direct-pay letter of credit issued by The Bank of New York Mellon, N.A. which secures payment of principal and interest on the Series 2008A Senior Lien Sales Tax Revenue Refunding Bonds in the event the bonds are not successfully remarketed on a daily basis. The letter of the credit would allow the trustee to draw up to an amount equal to the principal amount of the outstanding bonds plus interest at a maximum rate of 15% for a period of 39 days. The letter of credit reimbursement agreement was issued on March 1, 2008, with an original termination date of March 4, 2011. The letter of credit has been extended over the years and is now scheduled to terminate June 2, 2018. The City pays a quarterly letter of credit fee of 60 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2015, no draws are outstanding on this letter of credit.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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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 August 30, 2016. The City pays a quarterly letter of credit fee of 130 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2015, no draws are outstanding on this letter of credit.

### Debt Covenants and Legal Debt Margin

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

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

### Debt Defeasance

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of June 30, 2015, none of the previously defeased debt remained outstanding.

### New Debt Issued

On June 25, 2014, the City of Reno finalized a medium-term obligation with Washoe County in the amount of \$300,221.63. Proceeds were used to finance implementation of the regional Accela business licensing software. This debt is payable in quarterly installments of \$15,011.08 principal plus interest at a rate of 1.99% beginning January 30, 2016, with the last installment due October 30, 2020.

### Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. 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.

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

### Conduit Debt

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

Outstanding conduit debt obligations at June 30, 2015, were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
Dignity Health (previously known as, Catholic Healthcare West)	2007A	April 6, 2008	\$ 94,030,000	\$ 51,945,000
Renown Regional Medical Center (previously known as Washoe Medical Center, Inc.)	2004A/2004C	June 29, 2004	134,350,000	108,460,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2005A/2005B	February 10, 2005	96,025,000	85,900,000
Renown Regional Medical Center	2007A	April 11, 2007	120,000,000	4,275,000
Renown Regional Medical Center	2008A/2008B	June 26, 2008	86,800,000	80,350,000
Renown Regional Medical Center	2009A/2009B	January 15, 2009	<u>63,600,000</u>	<u>61,460,000</u>
			<u>\$ 594,805,000</u>	<u>\$ 392,390,000</u>

### Special Assessment Debt

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2015, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
2000 Special Assessment District No. 2 Bonds (Sierra Corporate Center Project)	February 1, 2003 - February 1, 2022	3.75% - 6.80%	\$ 4,135,622	\$ 1,350,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2014 - December 1, 2022	2.00% - 4.20%	5,535,000	4,925,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 - December 1, 2023	2.00% - 6.10%	<u>7,100,000</u>	<u>2,785,000</u>
			<u>\$ 16,770,622</u>	<u>\$ 9,060,000</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 is presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

#### **Note 4. Other Information**

##### Operating Lease Commitments

The City has entered into various noncancelable leases, primarily for copier equipment and office buildings. Such leases expire at various times through June 2051. For the year ended June 30, 2015, rent expense totaled \$477,748. At year end, the City's future minimum lease payments under these non-cancelable operating leases were as follows:

<u>For the Year Ended June 30,</u>				
2016		\$		455,086
2017				458,736
2018				417,532
2019				303,522
2020				307,758
2021 - 2025				808,070
2026 - 2030				808,070
2031 - 2035				808,070
2036 - 2040				808,070
2041 - 2045				808,070
2046 - 2050				808,070
2051 - 2055				<u>161,614</u>
		\$		<u>6,952,668</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### **Other Commitments**

Commitments outstanding for construction and construction-related services at June 30, 2015, for the City totaled approximately \$33.4 million. Commitments were \$1.0 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2015, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plant improvements. Of the above amount, outstanding construction-related commitments total \$10.4 million for City of Reno enterprise fund projects. In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled \$21.8 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is \$15.1 million.

### **Litigation**

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

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

### **Risk Management**

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

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

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

Over the last few years, the United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, as well as weakness in the commercial and investment banking systems, which has had far-reaching effects on the economic activity in the country. In fiscal years 2014 and 2015, the economy has begun to stabilize and has helped to stabilize the City's current operations as well. However, the long-term impact of these factors on the Nevada economy and the City's future operations cannot be predicted at this time, but may be substantial.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

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

### **Risk Retention and Self-funded Workers Compensation Internal Service Funds**

All City funds participate in and make payments to the risk retention and self-funded workers compensation internal service funds based on actuarial estimates of the amounts need to pay documented claims and establish a reserve for unknown claims. At June 30, 2015, the risk retention internal service fund had a reserve for unknown claims of \$1,383,761 and \$16,793,539 of reserves in the self-funded workers compensation internal service fund.

For the fiscal years ended June 30, 2015, 2014 and 2013, changes in unknown claims liability amounts and claims liability at June 30, 2015, included in self-insurance liability were as follows:

	Risk Retention Internal Service Fund	Self-funded Workers Compensation Fund
Claims liability, June 30, 2013	\$ 5,105,465	\$ 39,188,069
Claims incurred and changes in estimate	(1,779,566)	5,024,326
Claims paid	(83,272)	(3,823,571)
Claims liability, June 30, 2014	3,242,627	40,388,824
Claims incurred and changes in estimate	68,874	10,440,239
Claims paid	(120,920)	(5,439,890)
Claims liability, June 30, 2015	\$ 3,190,581	\$ 45,389,173
Claims liability, due within one year	\$ 466,286	\$ 5,310,753
Claims liability, due in more than one year	\$ 2,724,295	\$ 40,078,420

### **Self-funded Medical Plan Internal Service Fund**

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

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

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

For the fiscal years ended June 30, 2015, 2014 and 2013, changes in claims liability amounts and claims liability at June 30, 2015, included in self-insurance liability were as follows:

	Self-funded Medical Plan Fund
Claims liability, June 30, 2013	\$ 2,705,258
Claims incurred and changes in estimate	22,398,099
Claims paid	<u>(22,372,616)</u>
Claims liability, June 30, 2014	2,730,741
Claims incurred and changes in estimate	24,271,877
Claims paid	<u>(24,101,560)</u>
Claims liability, June 30, 2015	<u>\$ 2,901,058</u>
Claims liability, due within one year	<u>\$ 2,194,653</u>
Claims liability, due in more than one year	<u>\$ 706,405</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 City Councils of Reno and Sparks on matters relating to TMWRF. The Cities have joint control in approving budgets for TMWRF and providing financing for the operations thereof and as of June 30, 2015, approximately 68.63% of TMWRF's capacity was owned by the City of Reno and 31.37% by the City of Sparks.

The City of Sparks is responsible for administration and daily operations of TMWRF. 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 accumulated deficit.

During the year ended June 30, 2015, the City of Reno's share of TMWRF's gain after contributions as recorded in the sanitary sewer enterprise fund, was \$4,351,069. The City of Reno uses the equity method to account for its investment in TMWRF in the Sewer Operations Enterprise Fund, which, as of June 30, 2015, is \$87,899,814.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2015, the City of Reno has recorded \$7,058,668 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, 2015 totaled approximately \$21.8 million. These commitments will be shared by the City of Reno and the City of Sparks at their respective shares.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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In March 2013, during excavation activities related to the Southeast Connector roadway construction, solid waste and impacted soil was discovered on TMWRF property. A third party environmental investigation firm was retained to provide the necessary analysis and coordination of waste and soil removal from the site, as well as to prepare a report for submittal to the Washoe County Health Department and Nevada Department of Environmental Protection to determine if further remediation is necessary. It was determined that approximately 2800 cubic yards of impacted material needed to be removed from the site and disposed of at a local landfill. All contaminated soil from the abandoned dumpsite has been properly disposed of at the regional landfill. The final Total Petroleum Hydrocarbon concentrations were low enough to have the waste accepted as regular trash. The soil remediation report indicates that the extent of the impacted area was well defined and no additional waste material is present. Washoe County District Health Department has requested that the NDEP Bureau of Corrective Actions issue a No Further Action Determination. The Facility received the determination letter from NDEP Bureau of Corrective Actions on November 14, 2014, and considers the matter closed.

In fiscal year 2012/13, in order to comply with Washoe County District Health Department (WCDHD) Air Quality Regulations, as well as the EPA Clean Air Act (CAA) National Ambient Air Quality Standards (NAAQS), TMWRF was requested by the WCDHD Air Quality Management Division to perform facility emissions sampling/testing in order to create an emissions model for TMWRF. TMWRF has performed the emissions sampling and testing required by the USEPA and WCDHD. This sampling indicated that TMWRF was a minor source of pollutants and must install appropriate pollution control equipment to minimize the pollution by December 31, 2014. A permit granting the Authority to Construct for the digester gas conditioning system was issued by WCDHD in July of 2013. Construction of the Digester Gas Conditioning System was completed in fiscal year 2015. This \$5.2 million project re-established the Facility's ability to properly treat the digester gas prior to flaring. Consequently, the Facility should have the ability to be in compliance with all applicable air quality regulations. Regular, bi-monthly progress reports are submitted to both the Washoe County District Health Department – Air Quality Management Division and US EPA Region 9 and have shown the Facility to be in compliance.

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

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

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

The TRWQSA settled and dismissed pending litigation by the TRIBE filed in 1998 relating to the expansion of the Facility, which is operated by the Cities. It allows the Cities to use the Facility's full capacity in exchange for the purchase of \$24,000,000 of water rights (\$12,000,000 by DOI and \$12,000,000 by the Joint Venture Participants). The purchase of the remaining water rights was financed by Washoe County under the State of Nevada Water Pollution Control Revolving Fund. Proceeds received from the resale of land acquired incidentally, or from the retirement of challenged water rights have been netted against expenditures when received. As of June 30, 2014, the joint venture fulfilled its spending requirements, with net program expenditures of \$12,033,002.

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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Pursuant to the agreement, the City began transferring a portion of the sewer connection fees to pay its share of the financing. The City fully paid its share of the purchase and ceased remitting fees to Washoe County in fiscal year 2007.

Washoe County is responsible for administration of the joint venture. Water rights are jointly managed by Washoe County, Sparks, and DOI. This arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. All equity is reserved for purchase of water rights and repayment of debt and is therefore unavailable to the entities.

This arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist and all equity is reserved for purchase of water rights and repayment of debt; and is therefore unavailable to the entities. Washoe County is responsible for administration of the joint venture. Each Joint Venture Participant owns an undivided and equal interest in the property and water rights purchased and the amount attributable to the City at June 30, 2015, is \$3,970,718.

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

#### Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority) 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). The Authority was formed in order to purchase the water assets, to undertake the water utility operations of Sierra Pacific Power Company (SPPCo), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority and SPPCo entered into an Asset Purchase Agreement dated January 15, 2001, in order to establish the terms and conditions of the Authority's purchase of the water system. The Authority has issued bonds that do not constitute an obligation of the Participants or of the State of Nevada.

The Authority is considered a joint venture because the Agreement results in a contractual entity, joint control exists in a seven member governing body with three directors appointed by the City of Reno, two directors appointed by the City of Sparks, one director appointed by Washoe County and one at-large director, who shall be an elected official from the governing body of a member, and there is an ongoing financial responsibility on the part of the Participants. The arrangement is considered a joint venture with no equity interest recorded on the City's balance sheet as of June 30, 2015, because no explicit and measurable equity interest is deemed to exist.

The City entered into a cancelable administrative services agreement with the Authority on June 7, 2001, the term of which was for three years, automatically renewing on an annual basis until cancelled by either party. Under the original agreement, the City provided a variety of services including, but not limited to, accounting, purchasing, investing and other financial services, budgeting, human resources, administration of payroll and employee benefits, development and maintenance of information systems, and property management. The agreement has been modified over the years with the most recent amendment dated June 27, 2012, to address the services performed by the City, primarily certain human resources-related tasks, payroll and employee benefit administration. The fee for such services was reduced to \$4,806 per month for fiscal year 2015. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$337,606 during the year ended June 30, 2015 for vehicle maintenance.

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

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# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

### **Multiple-Employer Cost-Sharing Defined Benefit Pension Plan**

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

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

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

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

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

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

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

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

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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 years ended June 30, 2014 and 2015, the required employer/employee matching rate was 13.25% for regular and 20.75% for police/fire members. The EPC rate was 25.75% for regular and 40.50% for police/fire members.

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

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

PERS collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2014
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

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

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

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

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

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

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

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

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 following target asset allocation policy was adopted as of June 30, 2014:

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

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

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and 2013. 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, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

The City's proportionate share of the net pension liability at June 30, 2014, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current discount rate, was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 305,356,802	\$ 196,357,125	\$ 105,750,639

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 proportionate share (amount) of the collective net pension liability was \$196,357,125, which represents 1.88407% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2014, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

For the period ended June 30, 2015, the City's pension expense was \$26,016,328 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2015, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 9,396,770
Net difference between projected and actual earnings on investments		41,243,036
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,766,226	
Contributions made subsequent to the measurement date	28,069,408	

At June 30, 2014, the average expected remaining service life is 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$28,069,408 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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,			
2016	\$	(11,542,196)	
2017		(11,542,196)	
2018		(11,542,196)	
2019		(11,542,196)	
2020		(1,591,057)	
Thereafter		(1,113,740)	

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

Net pension liability, beginning of year	\$	247,751,652	
Pension expense		26,016,327	
Employer contributions		(28,537,275)	
Net new deferred inflows and outflows of resources		(48,873,580)	
Net pension liability, end of year	\$	196,357,125	

At June 30, 2015, \$3,235,477 payable to PERS, equal to the June 2015 required contribution, was included in accrued salaries and benefits.

### **Postemployment Benefits Other Than Pensions (OPEB)**

#### **Plan Information**

In accordance with NRS, the City provides other postemployment benefits to retirees. Eligible retirees receive coverage through a plan offered by the City, which offers three plan options: the City of Reno Group Health Plan, the City of Reno High Deductible Plan, or Hometown Health Plan. In addition to the City Plan, eligible retirees may receive coverage through the Public Employee Benefit Plan (PEBP).

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2015**

The City Plan offers its retirees healthcare, dental, vision and life insurance benefits. Eligibility and subsidy requirements are dependent upon the applicable bargaining unit contract. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life. A separate, audited post-employment benefit plan report for the City plan has not been prepared.

PEBP is an agent multiple-employer defined benefit plan administered by a nine member governing board that provides medical, prescription, dental and vision benefits to retirees. 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 September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

### Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In fiscal year 2015, this subsidy ranged from \$116 to \$636 per retiree, per month.

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

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

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

	Public Employee Benefit Program	City of Reno Plan	Total
Annual required contribution (ARC)	\$ 222,759	\$ 20,362,501	\$ 20,585,260
Interest on net OPEB obligation	(1,050)	3,573,192	3,572,142
Adjustment to ARC	1,681	(4,162,838)	(4,161,157)
Annual OPEB cost	223,390	19,772,855	19,996,245
OPEB contributions made	(216,039)	(6,046,521)	(6,262,560)
Increase in net OPEB obligation	7,351	13,726,334	13,733,685
Net OPEB obligation (prepayment), beginning of year	(26,262)	89,329,788	89,303,526
Net OPEB obligation (prepayment), end of year	\$ (18,911)	\$ 103,056,122	\$ 103,037,211

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2015

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2015, 2014 and 2013 were as follows:

<u>For the Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions Made</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Prepayment)</u>
Public Employee Benefit Program				
2013	\$ 270,377	\$ 275,679	102.0 %	\$ 6,333
2014	222,737	255,332	114.6 %	(26,262)
2015	223,390	216,039	96.7 %	(18,911)
City of Reno Plan				
2013	18,276,215	5,541,902	30.3 %	76,236,058
2014	18,687,375	5,593,645	29.9 %	89,329,788
2015	19,772,855	6,046,521	30.6 %	103,056,122

#### Funded Status and Funding Progress

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
Public Employee Benefit Program						
July 1, 2013	N/A <sup>1</sup>	\$ 3,562,240	\$ 3,562,240	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
City of Reno Plan						
July 1, 2013	N/A <sup>1</sup>	222,585,555	222,585,555	0.0 %	75,939,771	293.1 %

1. No assets have been placed in trust.

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

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

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

#### Actuarial Methods and Assumptions

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

(Continued)

**CITY OF RENO**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>Public Employee Benefit Program</u>	<u>City of Reno Plan</u>
Actuarial valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level percent of projected payroll, closed
Amortization period	26 years	26 years
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions		
Average retiree age	68.0	61.0
Investment rate of return	4%	4%
Projected salary increases	N/A <sup>1</sup>	4%
Inflation rate	3%	3%
Number of retirees	156	681
Subsidy trend rate	8% for 2015 downgrading 0.5% per year to 5% in 2021	8% for 2015 downgrading 0.5% per year to 5% in 2021

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

**Special Ad Valorem Capital Projects Fund**

For the year ended June 30, 2015, \$490,064 was expended, pursuant to NRS 354.598155, on the following projects:

Public Works capital projects	\$ 166
Parks maintenance/capital projects	12,989
ADA compliance projects	334
Machinery and equipment	<u>476,575</u>
	<u>\$ 490,064</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**



## CITY OF RENO

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2015

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program						
July 1, 2009	N/A <sup>1</sup> \$	11,273,820 \$	11,273,820	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
July 1, 2011	N/A <sup>1</sup>	4,548,123	4,548,123	0.0 %	\$ N/A <sup>2</sup>	N/A <sup>2</sup>
July 1, 2013	N/A <sup>1</sup>	3,562,240	3,562,240	0.0 %	N/A <sup>2</sup>	N/A <sup>2</sup>
City of Reno Plan						
July 1, 2009	N/A <sup>1</sup>	225,418,530	225,418,530	0.0 %	97,817,676	230.4 %
July 1, 2011	N/A <sup>1</sup>	205,728,845	205,728,845	0.0 %	71,197,904	289.0 %
July 1, 2013	N/A <sup>1</sup>	222,585,555	222,585,555	0.0 %	75,939,771	293.1 %

1. No assets have been placed in trust.

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

**CITY OF RENO**

**MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN  
 PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2014 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 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As 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, 2015 AND LAST NINE FISCAL YEARS<sup>1</sup>**

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

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

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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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 42,321,414	\$ 44,723,523	\$ 43,870,204	\$ (853,319)
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Business licenses	12,807,575	16,058,078	15,458,489	(599,589)
City gaming licenses	1,972,027	1,991,816	1,917,251	(74,565)
Liquor licenses	1,543,416	1,596,596	1,642,761	46,165
Excavation and encroachment permits			276	276
Franchise fees				
Electricity	11,336,552	11,369,086	11,330,372	(38,714)
Telephone	3,230,640	2,913,613	2,993,460	79,847
Natural gas	2,662,339	3,993,677	4,068,093	74,416
Sanitation	2,200,000	3,167,328	3,205,038	37,710
Sewer	3,026,911	3,026,911	3,053,773	26,862
Cable television	1,961,836	2,512,960	2,407,101	(105,859)
Non-business licenses and permits		3,153	3,030	(123)
Intergovernmental shared revenues				
Federal grants	45,000	1,026,792	1,247,332	220,540
State grants		681,581	47,893	(633,688)
State shared revenues				
Consolidated taxes	47,696,339	50,250,950	49,416,367	(834,583)
Dedicated sales taxes	271,025	233,725	389,190	155,465
Local government shared revenues				
County gaming licenses	1,489,815	1,573,082	1,573,515	433
SCCR (AB104) taxes	2,781,495	3,197,664	3,213,482	15,818
Other		96,286	95,386	(900)
Charges for services				
General government				
Administrative fees	600,000	660,792	764,702	103,910
TMWA contract payment		56,698	43,258	(13,440)
Indirect cost allocations	3,405,627	3,386,950	3,352,651	(34,299)
Internal charges for services			239,310	239,310
Judicial				
Municipal court charges	166,843	160,377	141,308	(19,069)
Public safety				
Police service charges	530,897	488,613	573,701	85,088
Dispatch charges	290,000	191,243	190,000	(1,243)
Work permits	40,000	27,015	28,549	1,534
Fire service charges	405,000	2,023,461	552,119	(1,471,342)
Strike team reimbursements			858,615	858,615
Culture and recreation				
Swimming pool fees	339,146	267,500	369,028	101,528
Culture and recreation fees		3,227,439	3,262,540	35,101
Parks & recreation fees	3,198,107			
Public works				
Engineering fees	143,938	223,938		(223,938)
Parking receipts	480,000	657,946	706,034	48,088
Community development and support				
Planning fees	84,150	100,522	102,704	2,182
Planning application fees	400,000	597,747	561,899	(35,848)
Other			22,725	22,725
Fines and forfeits				
Court and administrative fees	2,447,812	2,290,861	2,434,142	143,281
Delinquent license penalties	475,000	752,304	636,723	(115,581)
Special assessments				
Downtown police district	1,400,000	1,580,282	1,569,363	(10,919)
Tax maintenance district	225,000	229,315	219,260	(10,055)
Miscellaneous				
Investment income	60,000	25,918	96,602	70,684
Rents and royalties	468,872	524,357	522,567	(1,790)

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Reimbursements and restitutions	7,801,000	8,161,397	8,627,465	466,068
Private grants and contributions	15,750	286,571	70,921	(215,650)
Other	<u>111,857</u>	<u>33,620</u>	<u>108,516</u>	<u>74,896</u>
Total revenues	<u>158,435,383</u>	<u>174,371,687</u>	<u>171,987,715</u>	<u>(2,383,972)</u>
EXPENDITURES				
General government				
City manager				
Salaries and wages	2,668,445	2,666,542	2,475,064	191,478
Employee benefits	1,051,904	1,046,459	970,442	76,017
Services and supplies	<u>1,128,623</u>	<u>1,293,884</u>	<u>1,177,964</u>	<u>115,920</u>
Total city manager	<u>4,848,972</u>	<u>5,006,885</u>	<u>4,623,470</u>	<u>383,415</u>
Finance				
Salaries and wages	757,366	729,366	719,395	9,971
Employee benefits	360,738	360,738	354,966	5,772
Services and supplies	208,355	234,162	162,834	71,328
Capital outlay			<u>12,591</u>	<u>(12,591)</u>
Total finance	<u>1,326,459</u>	<u>1,324,266</u>	<u>1,249,786</u>	<u>74,480</u>
City attorney				
Salaries and wages	2,158,809	2,110,475	2,073,692	36,783
Employee benefits	994,632	983,779	921,926	61,853
Services and supplies	<u>337,474</u>	<u>502,327</u>	<u>302,415</u>	<u>199,912</u>
Total city attorney	<u>3,490,915</u>	<u>3,596,581</u>	<u>3,298,033</u>	<u>298,548</u>
Human resources				
Salaries and wages	546,730	519,164	522,862	(3,698)
Employee benefits	620,701	606,943	359,981	246,962
Services and supplies	<u>661,299</u>	<u>363,195</u>	<u>307,229</u>	<u>55,966</u>
Total human resources	<u>1,828,730</u>	<u>1,489,302</u>	<u>1,190,072</u>	<u>299,230</u>
Civil service				
Salaries and wages	182,475	212,027	198,230	13,797
Employee benefits	77,154	77,154	72,260	4,894
Services and supplies	<u>25,862</u>	<u>46,864</u>	<u>45,442</u>	<u>1,422</u>
Total civil service	<u>285,491</u>	<u>336,045</u>	<u>315,932</u>	<u>20,113</u>
Communications and technology				
Salaries and wages	1,601,434	1,601,434	1,572,328	29,106
Employee benefits	730,726	730,726	720,392	10,334
Services and supplies	<u>2,140,013</u>	<u>2,421,456</u>	<u>2,336,382</u>	<u>85,074</u>
Total communications and technology	<u>4,472,173</u>	<u>4,753,616</u>	<u>4,629,102</u>	<u>124,514</u>
City council				
Salaries and wages	490,653	490,653	488,577	2,076
Employee benefits	349,749	339,950	313,384	26,566
Services and supplies	<u>491,910</u>	<u>387,010</u>	<u>371,519</u>	<u>15,491</u>
Total city council	<u>1,332,312</u>	<u>1,217,613</u>	<u>1,173,480</u>	<u>44,133</u>
City clerk				
Salaries and wages	460,194	460,194	478,413	(18,219)
Employee benefits	231,296	235,608	211,300	24,308
Services and supplies	<u>178,074</u>	<u>179,544</u>	<u>191,140</u>	<u>(11,596)</u>
Total city clerk	<u>869,564</u>	<u>875,346</u>	<u>880,853</u>	<u>(5,507)</u>
Total general government	<u>18,454,616</u>	<u>18,599,654</u>	<u>17,360,728</u>	<u>1,238,926</u>
Judicial				

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Municipal court				
Salaries and wages	3,400,496	3,326,313	3,343,830	(17,517)
Employee benefits	1,875,688	1,868,553	1,818,306	50,247
Services and supplies	<u>829,562</u>	<u>939,643</u>	<u>907,479</u>	<u>32,164</u>
Total judicial	<u>6,105,746</u>	<u>6,134,509</u>	<u>6,069,615</u>	<u>64,894</u>
Public safety				
Police				
Salaries and wages	33,447,998	33,347,594	33,043,432	304,162
Employee benefits	18,340,530	18,229,988	17,827,548	402,440
Services and supplies	4,341,961	6,628,759	5,724,309	904,450
Capital outlay			17,528	(17,528)
Total police	<u>56,130,489</u>	<u>58,206,341</u>	<u>56,612,817</u>	<u>1,593,524</u>
Fire				
Salaries and wages	20,324,890	23,728,232	23,652,076	76,156
Employee benefits	12,226,116	13,286,432	13,464,926	(178,494)
Services and supplies	2,260,695	3,152,337	2,660,820	491,517
Capital outlay	230,000	904,980	834,876	70,104
Total fire	<u>35,041,701</u>	<u>41,071,981</u>	<u>40,612,698</u>	<u>459,283</u>
Dispatch				
Salaries and wages	3,740,981	3,651,131	3,428,899	222,232
Employee benefits	1,726,170	1,682,911	1,495,131	187,780
Services and supplies	250,605	163,610	184,414	(20,804)
Total dispatch	<u>5,717,756</u>	<u>5,497,652</u>	<u>5,108,444</u>	<u>389,208</u>
Total public safety	<u>96,889,946</u>	<u>104,775,974</u>	<u>102,333,959</u>	<u>2,442,015</u>
Public works				
Various				
Salaries and wages	2,575,673	2,598,465	2,502,948	95,517
Employee benefits	1,261,214	1,268,742	1,206,259	62,483
Services and supplies	1,881,508	1,899,886	1,860,749	39,137
Capital outlay	21,000	21,000		21,000
Total public works	<u>5,739,395</u>	<u>5,788,093</u>	<u>5,569,956</u>	<u>218,137</u>
Culture and recreation				
Parks and recreation				
Salaries and wages	5,639,847	5,567,443	5,460,925	106,518
Employee benefits	2,306,517	2,283,514	1,894,637	388,877
Services and supplies	<u>1,881,924</u>	<u>2,093,557</u>	<u>1,949,194</u>	<u>144,363</u>
Total culture and recreation	<u>9,828,288</u>	<u>9,944,514</u>	<u>9,304,756</u>	<u>639,758</u>
Planning and community development				
Various				
Salaries and wages	1,541,370	1,556,251	1,524,692	31,559
Employee benefits	765,204	771,288	696,387	74,901
Services and supplies	<u>626,978</u>	<u>887,332</u>	<u>856,124</u>	<u>31,208</u>
Total planning and community development	<u>2,933,552</u>	<u>3,214,871</u>	<u>3,077,203</u>	<u>137,668</u>
Other				
Retired employees trust				
Employee benefits	<u>4,300,000</u>	<u>4,330,000</u>	<u>4,361,773</u>	<u>(31,773)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Various				
Services and supplies	4,186,294	4,282,239	4,428,164	(145,925)
Capital outlay		45,257	45,257	
Total various	<u>4,186,294</u>	<u>4,327,496</u>	<u>4,473,421</u>	<u>(145,925)</u>
Total other	<u>8,486,294</u>	<u>8,657,496</u>	<u>8,835,194</u>	<u>(177,698)</u>
Debt service				
Principal payments	494,991	494,990	489,239	5,751
Interest expense and fiscal charges	579	1,928	1,906	22
Total debt service	<u>495,570</u>	<u>496,918</u>	<u>491,145</u>	<u>5,773</u>
Total expenditures	<u>148,933,407</u>	<u>157,612,029</u>	<u>153,042,556</u>	<u>4,569,473</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>9,501,976</u>	<u>16,759,658</u>	<u>18,945,159</u>	<u>2,185,501</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance proceeds		169,804	187,512	17,708
Proceeds from capital asset disposal		94,006	109,437	15,431
Transfers in	1,514,377	2,186,077	2,186,077	
Transfers out	(10,446,959)	(24,016,880)	(21,893,681)	2,123,199
Contingencies	(2,110,000)			
Total other financing sources (uses)	<u>(11,042,582)</u>	<u>(21,566,993)</u>	<u>(19,410,655)</u>	<u>2,156,338</u>
CHANGE IN FUND BALANCE	(1,540,606)	(4,807,335)	(465,496)	4,341,839
FUND BALANCE, BEGINNING OF YEAR	<u>10,814,969</u>	<u>12,231,063</u>	<u>12,231,061</u>	<u>(2)</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,274,363</u>	<u>\$ 7,423,728</u>	<u>\$ 11,765,565</u>	<u>\$ 4,341,837</u>

# **CITY OF RENO**

## **MAJOR SPECIAL REVENUE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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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 resources 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 13,304,692	\$ 13,304,692	\$ 13,104,086	\$ (200,606)
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Excavation and encroachment permits	100,000	190,200	211,395	21,195
Franchise fees				
Water	1,900,000	2,000,000	2,725,873	725,873
Non-business licenses and permits			1,700	1,700
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	3,265,109	5,400,000	5,548,278	148,278
Other		80,000	78,708	(1,292)
Fines and forfeits				
Street patching penalties	5,000	25,000	22,598	(2,402)
Miscellaneous				
Investment income	10,000	28,394	81,661	53,267
Reimbursements and restitutions			59,038	59,038
Other		98,000	75,653	(22,347)
<b>Total revenues</b>	<u>18,584,801</u>	<u>21,126,286</u>	<u>21,908,990</u>	<u>782,704</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Salaries and wages	4,313,796	4,349,796	3,884,776	465,020
Employee benefits	2,400,424	2,400,424	1,984,073	416,351
Services and supplies	5,725,164	5,993,005	6,262,016	(269,011)
Capital outlay	5,220,000	3,819,394	112,040	3,707,354
<b>Total expenditures</b>	<u>17,659,384</u>	<u>16,562,619</u>	<u>12,242,905</u>	<u>4,319,714</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>925,417</u>	<u>4,563,667</u>	<u>9,666,085</u>	<u>5,102,418</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		325,065	275,065	(50,000)
Transfers out	(6,391,900)	(6,391,000)	(6,391,000)	
<b>Total other financing sources (uses)</b>	<u>(6,391,900)</u>	<u>(6,065,935)</u>	<u>(6,115,935)</u>	<u>(50,000)</u>
<b>CHANGE IN FUND BALANCE</b>	(5,466,483)	(1,502,268)	3,550,150	5,052,418
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,897,483</u>	<u>17,290,567</u>	<u>17,290,566</u>	<u>(1)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,431,000</u>	<u>\$ 15,788,299</u>	<u>\$ 20,840,716</u>	<u>\$ 5,052,417</u>

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

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

For the year ended June 30, 2015, no significant events occurred that would have affected and, therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2013, July 1, 2011 and July 1, 2009.

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

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

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

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

The actuarial valuation report dated June 30, 2014, is 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 Note \_\_ to the basic financial statements.

### **Note 3. Budget Information**

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

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

**OTHER SUPPLEMENTARY  
INFORMATION**



# **MAJOR GOVERNMENTAL FUNDS**



# **DEBT SERVICE FUNDS**



# CITY OF RENO

## MAJOR DEBT SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

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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.

### 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

## RAILROAD DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 650,000	\$ 700,000	\$ 710,154	\$ 10,154
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	6,800,000	7,700,000	8,227,820	527,820
Fines and forfeits				
SAD penalties		12,500	12,495	(5)
Special assessments				
ReTRAC	600,000	720,000	692,012	(27,988)
Miscellaneous				
Investment income	800,000	750,000	758,178	8,178
Other		2,790	2,951	161
Total revenues	<u>8,850,000</u>	<u>9,885,290</u>	<u>10,403,610</u>	<u>518,320</u>
EXPENDITURES				
Debt service				
Principal payments	2,655,000	2,775,000	2,785,000	(10,000)
Interest expense and fiscal charges	5,585,702	5,585,702	5,493,491	92,211
Administrative and other costs	<u>1,083,500</u>	<u>1,321,500</u>	<u>1,168,402</u>	<u>153,098</u>
Total expenditures	<u>9,324,202</u>	<u>9,682,202</u>	<u>9,446,893</u>	<u>235,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(474,202)</u>	<u>203,088</u>	<u>956,717</u>	<u>753,629</u>
OTHER FINANCING SOURCES				
Transfers in		<u>44,526</u>	<u>44,526</u>	
CHANGE IN FUND BALANCE	(474,202)	247,614	1,001,243	753,629
FUND BALANCE, BEGINNING OF YEAR	<u>8,104,122</u>	<u>9,103,387</u>	<u>9,103,386</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,629,920</u>	<u>\$ 9,351,001</u>	<u>\$ 10,104,629</u>	<u>\$ 753,628</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 5,250,000	\$ 5,170,000	\$ 5,406,412	\$ 236,412
Special assessments				
Downtown event center	260,000	320,000	341,724	21,724
Miscellaneous				
Investment income	<u>390,000</u>	<u>400,400</u>	<u>412,779</u>	<u>12,379</u>
Total revenues	<u>5,900,000</u>	<u>5,890,400</u>	<u>6,160,915</u>	<u>270,515</u>
EXPENDITURES				
Debt service				
Principal payments	2,040,000	2,040,000	2,040,000	
Interest expense and fiscal charges	4,541,864	4,499,587	4,461,495	38,092
Administrative and other costs	<u>1,372,217</u>	<u>1,323,745</u>	<u>1,232,116</u>	<u>91,629</u>
Total expenditures	<u>7,954,081</u>	<u>7,863,332</u>	<u>7,733,611</u>	<u>129,721</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,054,081)</u>	<u>(1,972,932)</u>	<u>(1,572,696)</u>	<u>400,236</u>
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal			78,000	78,000
Transfers in	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	
Total other financing sources	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,928,000</u>	<u>78,000</u>
CHANGE IN FUND BALANCE	(204,081)	(122,932)	355,304	478,236
FUND BALANCE, BEGINNING OF YEAR	<u>2,274,112</u>	<u>7,850,671</u>	<u>7,850,671</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,070,031</u>	<u>\$ 7,727,739</u>	<u>\$ 8,205,975</u>	<u>\$ 478,236</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, 2015

	<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	\$ 1,875,000	\$ 1,986,120	\$ 1,957,843	\$ (28,277)
Other	282,000	330,325	323,036	(7,289)
Miscellaneous				
Investment income			11,627	11,627
Rents and royalties	910,000	910,000	889,379	(20,621)
Reimbursements and restitutions	20,000	20,000	18,618	(1,382)
Other	<u>2,222,888</u>	<u>1,399,701</u>		<u>(1,399,701)</u>
Total revenues	<u>5,309,888</u>	<u>4,646,146</u>	<u>3,200,503</u>	<u>(1,445,643)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	13,926,395	17,874,000	17,754,000	120,000
Interest expense and fiscal charges	4,820,886	4,053,750	3,988,400	65,350
Administrative and other costs	<u>18,400</u>	<u>65,720</u>	<u>52,485</u>	<u>13,235</u>
Total expenditures	<u>18,765,681</u>	<u>21,993,470</u>	<u>21,794,885</u>	<u>198,585</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(13,455,793)</u>	<u>(17,347,324)</u>	<u>(18,594,382)</u>	<u>(1,247,058)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,756,152	18,078,672	18,052,572	(26,100)
Transfers out		<u>(2,000)</u>		<u>2,000</u>
Total other financing sources (uses)	<u>13,756,152</u>	<u>18,076,672</u>	<u>18,052,572</u>	<u>(24,100)</u>
CHANGE IN FUND BALANCE	300,359	729,348	(541,810)	(1,271,158)
FUND BALANCE, BEGINNING OF YEAR	<u>1,859,031</u>	<u>1,162,802</u>	<u>1,162,803</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,159,390</u>	<u>\$ 1,892,150</u>	<u>\$ 620,993</u>	<u>\$ (1,271,157)</u>



**NON-MAJOR  
GOVERNMENTAL FUNDS**



# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 6,983,624	\$ 5,658,781	\$ 20,591,069	\$ 33,233,474
Accounts receivable	271,496	744	192,372	464,612
Interest receivable	4,891	8,219	25,247	38,357
Taxes receivable	25,973	156,487		182,460
Special assessments receivable		2,560,246		2,560,246
Due from other governments	1,043,035	2,146,006	3,808,503	6,997,544
Advances to other funds		440,047		440,047
Prepaid items	12,110			12,110
Property held for sale	1,041,209			1,041,209
Notes receivable, net			1,259,445	1,259,445
	<u>\$ 9,382,338</u>	<u>\$ 10,970,530</u>	<u>\$ 25,876,636</u>	<u>\$ 46,229,504</u>
<b>Total assets</b>	<b>\$ 9,382,338</b>	<b>\$ 10,970,530</b>	<b>\$ 25,876,636</b>	<b>\$ 46,229,504</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 1,335,398	\$ 4,956	\$ 861,780	\$ 2,202,134
Accrued salaries and benefits	4,857			4,857
Contracts payable	88,464		4,084,069	4,172,533
Due to other governments	71,009	32,991		104,000
Deposits	94,972	20,330	3,000	118,302
Unearned revenue	27,138			27,138
Advances from other funds		171,035		171,035
	<u>1,621,838</u>	<u>229,312</u>	<u>4,948,849</u>	<u>6,799,999</u>
<b>Total liabilities</b>	<b>1,621,838</b>	<b>229,312</b>	<b>4,948,849</b>	<b>6,799,999</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes	25,973	156,487		182,460
Unavailable revenue, special assessments		2,368,936		2,368,936
Unavailable revenue, other	450	440,048	173,957	614,455
	<u>26,423</u>	<u>2,965,471</u>	<u>173,957</u>	<u>3,165,851</u>
<b>Total deferred inflows of resources</b>	<b>26,423</b>	<b>2,965,471</b>	<b>173,957</b>	<b>3,165,851</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,648,261</b>	<b>3,194,783</b>	<b>5,122,806</b>	<b>9,965,850</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	12,110			12,110
Land held for resale	1,041,209			1,041,209
Restricted for				
Debt service		7,775,747		7,775,747
Capital improvement projects	31,323		10,994,522	11,025,845
Fire, police and other public safety programs	1,027,574			1,027,574
Other	2,445,387			2,445,387
Assigned to				
Capital improvement projects			9,759,308	9,759,308
Fire, police and other public safety programs	506,399			506,399
Other	2,670,206			2,670,206
Unassigned	(131)			(131)
	<u>7,734,077</u>	<u>7,775,747</u>	<u>20,753,830</u>	<u>36,263,654</u>
<b>Total fund balances</b>	<b>7,734,077</b>	<b>7,775,747</b>	<b>20,753,830</b>	<b>36,263,654</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,382,338</b>	<b>\$ 10,970,530</b>	<b>\$ 25,876,636</b>	<b>\$ 46,229,504</b>

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,043,040	\$ 2,833,295	\$ 1,821,106	\$ 6,697,441
Business licenses, permits, franchise and other fees			37,200	37,200
Intergovernmental shared revenues	7,985,448		5,359,793	13,345,241
Charges for services	236,954		1,965,290	2,202,244
Fines and forfeitures	608,257	21,840		630,097
Special assessments		458,111		458,111
Miscellaneous	2,623,125	1,063,627	257,740	3,944,492
Total revenues	<u>13,496,824</u>	<u>4,376,873</u>	<u>9,441,129</u>	<u>27,314,826</u>
<b>EXPENDITURES</b>				
Current				
General government	485,052			485,052
Judicial	229,335			229,335
Public works			924,648	924,648
Culture and recreation			430,372	430,372
Planning and community development	7,097,029			7,097,029
Urban redevelopment	755,744			755,744
Total current	<u>8,567,160</u>		<u>1,355,020</u>	<u>9,922,180</u>
Capital outlay				
General government	30,000			30,000
Public works			7,512,155	7,512,155
Culture and recreation			3,700	3,700
Total capital outlay	<u>30,000</u>		<u>7,515,855</u>	<u>7,545,855</u>
Debt service				
Principal payments	33,000	2,471,910		2,504,910
Interest expense and fiscal charges	3,544	1,623,654	6,446	1,633,644
Administrative and other costs		264,253		264,253
Total debt service	<u>36,544</u>	<u>4,359,817</u>	<u>6,446</u>	<u>4,402,807</u>
Total expenditures	<u>8,633,704</u>	<u>4,359,817</u>	<u>8,877,321</u>	<u>21,870,842</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,863,120</u>	<u>17,056</u>	<u>563,808</u>	<u>5,443,984</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	270,000	153,877	9,066,078	9,489,955
Transfers out	(2,752,754)	(346,765)	(101,995)	(3,201,514)
Total other financing sources (uses)	<u>(2,482,754)</u>	<u>(192,888)</u>	<u>8,964,083</u>	<u>6,288,441</u>
CHANGE IN FUND BALANCE	2,380,366	(175,832)	9,527,891	11,732,425
FUND BALANCE, BEGINNING OF YEAR	<u>5,353,711</u>	<u>7,951,579</u>	<u>11,225,939</u>	<u>24,531,229</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,734,077</u>	<u>\$ 7,775,747</u>	<u>\$ 20,753,830</u>	<u>\$ 36,263,654</u>

# **SPECIAL REVENUE FUNDS**



# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

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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 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, 2015**

	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	\$ 573,313	\$ 961,392	\$ 2,100,000	\$ 497,212	\$ 486,658	\$ 1,531,959	\$ 596,592	\$ 236,498	\$ 6,983,624
Accounts receivable	551	6,091			538		264,316		271,496
Interest receivable	405			672	655	2,014	820	325	4,891
Taxes receivable							25,973		25,973
Due from other governments	617,029	220,399		182,940	1,330		21,337		1,043,035
Prepaid items							12,110		12,110
Property held for sale							1,041,209		1,041,209
<b>Total assets</b>	<b>\$ 1,191,298</b>	<b>\$ 1,187,882</b>	<b>\$ 2,100,000</b>	<b>\$ 680,824</b>	<b>\$ 489,181</b>	<b>\$ 1,533,973</b>	<b>\$ 1,962,357</b>	<b>\$ 236,823</b>	<b>\$ 9,382,338</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 783,321	\$ 215,148		\$ 74,048	\$ 21,120		\$ 4,807	\$ 236,954	\$ 1,335,398
Accrued salaries and benefits	4,126	731							4,857
Contracts payable	58,464			30,000					88,464
Due to other governments					71,009				71,009
Deposits					51		94,921		94,972
Unearned revenue		27,138							27,138
<b>Total liabilities</b>	<b>845,911</b>	<b>243,017</b>		<b>104,048</b>	<b>92,180</b>		<b>99,728</b>	<b>236,954</b>	<b>1,621,838</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, property taxes							25,973		25,973
Unavailable revenue, other							450		450
<b>Total deferred inflows of resources</b>							<b>26,423</b>		<b>26,423</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>845,911</b>	<b>243,017</b>		<b>104,048</b>	<b>92,180</b>		<b>126,151</b>	<b>236,954</b>	<b>1,648,261</b>

(Continued)

**CITY OF RENO**

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2015**

	<u>HUD and State Housing Grants</u>	<u>Community Assistance Center</u>	<u>Stabilization</u>	<u>Room Tax</u>	<u>Courts</u>	<u>Drug Forfeiture</u>	<u>Redevelopment Agency</u>	<u>Drainage Facility Impact Fee</u>	<u>Total Special Revenue Funds</u>
FUND BALANCES									
Nonspendable									
Prepaid items							12,110		12,110
Land held for resale							1,041,209		1,041,209
Restricted for									
Capital improvement projects					31,323				31,323
Fire, police and other public safety programs						1,027,574			1,027,574
Other	345,387		2,100,000						2,445,387
Assigned to									
Fire, police and other public safety programs						506,399			506,399
Other		944,865		576,776	365,678		782,887		2,670,206
Unassigned								(131)	(131)
Total fund balances	<u>345,387</u>	<u>944,865</u>	<u>2,100,000</u>	<u>576,776</u>	<u>397,001</u>	<u>1,533,973</u>	<u>1,836,206</u>	<u>(131)</u>	<u>7,734,077</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,191,298</u>	<u>\$ 1,187,882</u>	<u>\$ 2,100,000</u>	<u>\$ 680,824</u>	<u>\$ 489,181</u>	<u>\$ 1,533,973</u>	<u>\$ 1,962,357</u>	<u>\$ 236,823</u>	<u>\$ 9,382,338</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, 2015

	<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>
<b>REVENUES</b>									
Taxes	\$			\$ 2,043,040					\$ 2,043,040
Intergovernmental shared revenues	4,007,787	1,749,637	2,100,000				128,024		7,985,448
Charges for services								236,954	236,954
Fines and forfeitures						608,257			608,257
Miscellaneous	<u>1,190,341</u>	<u>349,209</u>		<u>7,060</u>	<u>419,172</u>	<u>5,830</u>	<u>651,333</u>	<u>180</u>	<u>2,623,125</u>
Total revenues	<u>5,198,128</u>	<u>2,098,846</u>	<u>2,100,000</u>	<u>2,050,100</u>	<u>419,172</u>	<u>614,087</u>	<u>779,357</u>	<u>237,134</u>	<u>13,496,824</u>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government				485,052					485,052
Judicial					229,335				229,335
Planning and community development	4,807,136	2,052,939						236,954	7,097,029
Urban redevelopment							755,744		755,744
Total current	<u>4,807,136</u>	<u>2,052,939</u>		<u>485,052</u>	<u>229,335</u>		<u>755,744</u>	<u>236,954</u>	<u>8,567,160</u>
<b>Capital outlay</b>									
General government				30,000					30,000
<b>Debt service</b>									
Principal payments	33,000								33,000
Interest expense and fiscal charges	3,544								3,544
Total debt service	<u>36,544</u>								<u>36,544</u>
Total expenditures	<u>4,843,680</u>	<u>2,052,939</u>		<u>515,052</u>	<u>229,335</u>		<u>755,744</u>	<u>236,954</u>	<u>8,633,704</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>									
	<u>354,448</u>	<u>45,907</u>	<u>2,100,000</u>	<u>1,535,048</u>	<u>189,837</u>	<u>614,087</u>	<u>23,613</u>	<u>180</u>	<u>4,863,120</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in		270,000							270,000
Transfers out	(402,500)			(1,426,377)	(220,000)	(550,000)	(153,877)		(2,752,754)
Total other financing sources (uses)	<u>(402,500)</u>	<u>270,000</u>		<u>(1,426,377)</u>	<u>(220,000)</u>	<u>(550,000)</u>	<u>(153,877)</u>		<u>(2,482,754)</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, 2015**

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	<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>
CHANGE IN FUND BALANCE	(48,052)	315,907	2,100,000	108,671	(30,163)	64,087	(130,264)	180	2,380,366
FUND BALANCE, BEGINNING OF YEAR	<u>393,439</u>	<u>628,958</u>		<u>468,105</u>	<u>427,164</u>	<u>1,469,886</u>	<u>1,966,470</u>	<u>(311)</u>	<u>5,353,711</u>
FUND BALANCE, END OF YEAR	<u>\$ 345,387</u>	<u>\$ 944,865</u>	<u>\$ 2,100,000</u>	<u>\$ 576,776</u>	<u>\$ 397,001</u>	<u>\$ 1,533,973</u>	<u>\$ 1,836,206</u>	<u>\$ (131)</u>	<u>\$ 7,734,077</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
Federal grants	\$ 3,000,336	\$ 6,825,058	\$ 3,638,088	\$ (3,186,970)
State grants		115,772	369,699	253,927
Miscellaneous				
Investment income			1,972	1,972
Loan payments	255,000	809,827	1,188,369	378,542
		<u>12,955</u>		<u>(12,955)</u>
Total revenues	<u>3,255,336</u>	<u>7,763,612</u>	<u>5,198,128</u>	<u>(2,565,484)</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages	216,875	216,875	228,732	(11,857)
Employee benefits	140,140	140,140	116,624	23,516
Services and supplies	<u>2,515,821</u>	<u>6,948,942</u>	<u>4,461,780</u>	<u>2,487,162</u>
Total planning and community development	<u>2,872,836</u>	<u>7,305,957</u>	<u>4,807,136</u>	<u>2,498,821</u>
Debt service				
Principal payments	33,000	33,000	33,000	
Interest expense and fiscal charges	<u>3,544</u>	<u>3,544</u>	<u>3,544</u>	
Total debt service	<u>36,544</u>	<u>36,544</u>	<u>36,544</u>	
Total expenditures	<u>2,909,380</u>	<u>7,342,501</u>	<u>4,843,680</u>	<u>2,498,821</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>345,956</u>	<u>421,111</u>	<u>354,448</u>	<u>(66,663)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		50		(50)
Transfers out	<u>(382,500)</u>	<u>(402,550)</u>	<u>(402,500)</u>	<u>50</u>
Total other financing sources (uses)	<u>(382,500)</u>	<u>(402,500)</u>	<u>(402,500)</u>	
CHANGE IN FUND BALANCE	(36,544)	18,611	(48,052)	(66,663)
FUND BALANCE, BEGINNING OF YEAR	<u>160,206</u>	<u>393,438</u>	<u>393,439</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 123,662</u>	<u>\$ 412,049</u>	<u>\$ 345,387</u>	<u>\$ (66,662)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental shared revenues				
Federal grants	\$ 1,052,380	\$ 795,880	\$ 352,224	\$ (443,656)
Other	1,330,860	1,330,860	1,397,413	66,553
Miscellaneous				
Rents and royalties	20,009	30,009	29,044	(965)
Reimbursements and restitutions	50,000	275,000	320,165	45,165
Private grants and contributions	<u>55,000</u>			
Total revenues	<u>2,508,249</u>	<u>2,431,749</u>	<u>2,098,846</u>	<u>(332,903)</u>
<b>EXPENDITURES</b>				
Planning and community development				
Various				
Salaries and wages	31,772	65,922	46,036	19,886
Employee benefits	22,080	22,619	20,106	2,513
Services and supplies	2,434,397	2,704,397	1,986,797	717,600
Capital outlay	<u>50,000</u>	<u>50,000</u>		<u>50,000</u>
Total expenditures	<u>2,538,249</u>	<u>2,842,938</u>	<u>2,052,939</u>	<u>789,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,000)</u>	<u>(411,189)</u>	<u>45,907</u>	<u>457,096</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in		<u>270,000</u>	<u>270,000</u>	
CHANGE IN FUND BALANCE	(30,000)	(141,189)	315,907	457,096
FUND BALANCE, BEGINNING OF YEAR	<u>77,038</u>	<u>628,958</u>	<u>628,958</u>	
FUND BALANCE, END OF YEAR	<u>\$ 47,038</u>	<u>\$ 487,769</u>	<u>\$ 944,865</u>	<u>\$ 457,096</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, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental shared revenues				
State shared revenues				
Consolidated taxes	\$ _____	\$ 2,100,000	\$ 2,100,000	\$ _____
CHANGE IN FUND BALANCE		2,100,000	2,100,000	
FUND BALANCE, BEGINNING OF YEAR	_____	_____	_____	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ 2,100,000	\$ 2,100,000	\$ _____

# 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 1,800,000	\$ 1,860,000	\$ 2,043,040	\$ 183,040
Miscellaneous				
Investment income		500	2,003	1,503
Private grants and contributions			5,057	5,057
Other		4,200		(4,200)
Total revenues	<u>1,800,000</u>	<u>1,864,700</u>	<u>2,050,100</u>	<u>185,400</u>
EXPENDITURES				
General government				
City manager				
Services and supplies	433,623	906,428	485,052	421,376
Capital outlay			30,000	(30,000)
Total expenditures	<u>433,623</u>	<u>906,428</u>	<u>515,052</u>	<u>391,376</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,366,377</u>	<u>958,272</u>	<u>1,535,048</u>	<u>576,776</u>
OTHER FINANCING USES				
Transfers out	<u>(1,366,377)</u>	<u>(1,426,377)</u>	<u>(1,426,377)</u>	
CHANGE IN FUND BALANCE		(468,105)	108,671	576,776
FUND BALANCE, BEGINNING OF YEAR		<u>468,105</u>	<u>468,105</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 576,776</u>	<u>\$ 576,776</u>

# CITY OF RENO

## COURTS SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous				
Investment income	\$ 550	\$	\$ 1,801	\$ 1,801
Reimbursements and restitutions		1,361	6,898	5,537
Court administrative charges	138,970	138,970	109,754	(29,216)
Court Construction fees	165,850	165,850	145,624	(20,226)
Collection charges	36,579	44,335	45,025	690
Other	<u>79,020</u>	<u>112,244</u>	<u>110,070</u>	<u>(2,174)</u>
Total revenues	<u>420,969</u>	<u>462,760</u>	<u>419,172</u>	<u>(43,588)</u>
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	<u>282,799</u>	<u>286,013</u>	<u>229,335</u>	<u>56,678</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>138,170</u>	<u>176,747</u>	<u>189,837</u>	<u>13,090</u>
OTHER FINANCING USES				
Transfers out	<u>(170,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	
CHANGE IN FUND BALANCE	(31,830)	(43,253)	(30,163)	13,090
FUND BALANCE, BEGINNING OF YEAR	<u>396,300</u>	<u>427,164</u>	<u>427,164</u>	
FUND BALANCE, END OF YEAR	<u>\$ 364,470</u>	<u>\$ 383,911</u>	<u>\$ 397,001</u>	<u>\$ 13,090</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
Drug forfeitures	\$ 43,000	\$ 471,131	\$ 608,257	\$ 137,126
Miscellaneous			5,830	5,830
Investment income				
Total revenues	<u>43,000</u>	<u>471,131</u>	<u>614,087</u>	<u>142,956</u>
EXPENDITURES				
General government				
City manager				
Services and supplies	<u>500,000</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(457,000)</u>	<u>471,131</u>	<u>614,087</u>	<u>142,956</u>
OTHER FINANCING USES				
Transfers out		<u>(550,000)</u>	<u>(550,000)</u>	
CHANGE IN FUND BALANCE	(457,000)	(78,869)	64,087	142,956
FUND BALANCE, BEGINNING OF YEAR	<u>1,255,915</u>	<u>1,469,886</u>	<u>1,469,886</u>	
FUND BALANCE, END OF YEAR	<u>\$ 798,915</u>	<u>\$ 1,391,017</u>	<u>\$ 1,533,973</u>	<u>\$ 142,956</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	\$ 128,024	\$ 128,024	\$ 128,024	\$
Miscellaneous				
Investment income	600	600	2,300	1,700
Rents and royalties	<u>608,500</u>	<u>608,500</u>	<u>649,033</u>	<u>40,533</u>
Total revenues	<u>737,124</u>	<u>737,124</u>	<u>779,357</u>	<u>42,233</u>
EXPENDITURES				
Urban redevelopment				
Various				
Services and supplies	<u>870,300</u>	<u>870,300</u>	<u>755,744</u>	<u>114,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(133,176)</u>	<u>(133,176)</u>	<u>23,613</u>	<u>156,789</u>
OTHER FINANCING USES				
Transfers out			<u>(153,877)</u>	<u>(153,877)</u>
CHANGE IN FUND BALANCE	(133,176)	(133,176)	(130,264)	2,912
FUND BALANCE, BEGINNING OF YEAR	<u>1,682,093</u>	<u>1,682,093</u>	<u>1,966,470</u>	<u>284,377</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,548,917</u>	<u>\$ 1,548,917</u>	<u>\$ 1,836,206</u>	<u>\$ 287,289</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Public works				
Engineering fees	\$ 95,000	\$ 95,000	\$ 236,954	\$ 141,954
Miscellaneous				
Investment income			180	180
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>237,134</u>	<u>142,134</u>
EXPENDITURES				
General government				
City manager				
Services and supplies		94,689		94,689
Planning and community development				
Various				
Services and supplies	95,000		236,954	(236,954)
Total expenditures	<u>95,000</u>	<u>94,689</u>	<u>236,954</u>	<u>(142,265)</u>
CHANGE IN FUND BALANCE		311	180	(131)
FUND BALANCE, BEGINNING OF YEAR			(311)	(311)
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 311</u>	<u>\$ (131)</u>	<u>\$ (442)</u>

# **DEBT SERVICE FUNDS**



# **CITY OF RENO**

## **NON-MAJOR DEBT SERVICE FUNDS FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Redevelopment Agency**

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



# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	Special Assessment Districts	Redevelopment Agency	Total Debt Service Funds
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 2,312,194	\$ 3,346,587	\$ 5,658,781
Accounts receivable	744		744
Interest receivable	8,178	41	8,219
Taxes receivable		156,487	156,487
Special assessments receivable	2,560,246		2,560,246
Due from other governments		2,146,006	2,146,006
Advances to other funds		440,047	440,047
	<u>4,881,362</u>	<u>6,089,168</u>	<u>10,970,530</u>
Total assets	<u>\$ 4,881,362</u>	<u>\$ 6,089,168</u>	<u>\$ 10,970,530</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 4,956	\$	\$ 4,956
Due to other governments	48	32,943	32,991
Deposits	20,330		20,330
Advances from other funds	171,035		171,035
	<u>196,369</u>	<u>32,943</u>	<u>229,312</u>
Total liabilities	<u>196,369</u>	<u>32,943</u>	<u>229,312</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue, property taxes		156,487	156,487
Unavailable revenue, special assessments	2,368,936		2,368,936
Unavailable revenue, other		440,048	440,048
	<u>2,368,936</u>	<u>596,535</u>	<u>2,965,471</u>
Total deferred inflows of resources	<u>2,368,936</u>	<u>596,535</u>	<u>2,965,471</u>
Total liabilities and deferred inflows of resources	<u>2,565,305</u>	<u>629,478</u>	<u>3,194,783</u>
<b>FUND BALANCES</b>			
Restricted for			
Debt service	2,316,057	5,459,690	7,775,747
	<u>2,316,057</u>	<u>5,459,690</u>	<u>7,775,747</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,881,362</u>	<u>\$ 6,089,168</u>	<u>\$ 10,970,530</u>

# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	<u>Special Assessment Districts</u>	<u>Redevelopment Agency</u>	<u>Total Debt Service Funds</u>
REVENUES			
Taxes	\$	\$ 2,833,295	\$ 2,833,295
Fines and forfeitures	21,840		21,840
Special assessments	458,111		458,111
Miscellaneous	214,518	849,109	1,063,627
Total revenues	<u>694,469</u>	<u>3,682,404</u>	<u>4,376,873</u>
EXPENDITURES			
Debt service			
Principal payments	316,910	2,155,000	2,471,910
Interest expense and fiscal charges	139,426	1,484,228	1,623,654
Administrative and other costs	56,721	207,532	264,253
Total expenditures	<u>513,057</u>	<u>3,846,760</u>	<u>4,359,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>181,412</u>	<u>(164,356)</u>	<u>17,056</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		153,877	153,877
Transfers out	(346,765)		(346,765)
Total other financing sources (uses)	<u>(346,765)</u>	<u>153,877</u>	<u>(192,888)</u>
CHANGE IN FUND BALANCE	(165,353)	(10,479)	(175,832)
FUND BALANCE, BEGINNING OF YEAR	<u>2,481,410</u>	<u>5,470,169</u>	<u>7,951,579</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,316,057</u>	<u>\$ 5,459,690</u>	<u>\$ 7,775,747</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeits				
SAD penalties	\$	\$ 19,220	\$ 21,840	\$ 2,620
Special assessments				
Special assessments districts	382,500	554,250	458,111	(96,139)
Miscellaneous				
Investment income	158,550	185,050	193,035	7,985
Other	<u>20,293</u>	<u>20,293</u>	<u>21,483</u>	<u>1,190</u>
Total revenues	<u>541,050</u>	<u>778,813</u>	<u>694,469</u>	<u>(84,344)</u>
EXPENDITURES				
Debt service				
Principal payments	242,910	335,669	316,910	18,759
Interest expense and fiscal charges	129,976	137,767	139,426	(1,659)
Administrative and other costs	<u>620,750</u>	<u>589,929</u>	<u>56,721</u>	<u>533,208</u>
Total expenditures	<u>993,636</u>	<u>1,063,365</u>	<u>513,057</u>	<u>550,308</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(452,586)</u>	<u>(284,552)</u>	<u>181,412</u>	<u>465,964</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		20,280		(20,280)
Transfers out		<u>(367,046)</u>	<u>(346,765)</u>	<u>20,281</u>
Total other financing sources (uses)		<u>(346,766)</u>	<u>(346,765)</u>	<u>1</u>
CHANGE IN FUND BALANCE	(452,586)	(631,318)	(165,353)	465,965
FUND BALANCE, BEGINNING OF YEAR	<u>2,286,918</u>	<u>2,481,407</u>	<u>2,481,410</u>	<u>3</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,834,332</u>	<u>\$ 1,850,089</u>	<u>\$ 2,316,057</u>	<u>\$ 465,968</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property taxes	\$ 1,666,053	\$ 1,666,553	\$ 2,833,295	\$ 1,166,742
Miscellaneous				
Investment income	3,000		(891)	(891)
Other			850,000	850,000
Total revenues	<u>1,669,053</u>	<u>1,666,553</u>	<u>3,682,404</u>	<u>2,015,851</u>
EXPENDITURES				
Debt service				
Principal payments	2,225,000	2,085,000	2,155,000	(70,000)
Interest expense and fiscal charges	1,422,373	1,500,123	1,484,228	15,895
Administrative and other costs	192,000	191,250	207,532	(16,282)
Total expenditures	<u>3,839,373</u>	<u>3,776,373</u>	<u>3,846,760</u>	<u>(70,387)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,170,320)</u>	<u>(2,109,820)</u>	<u>(164,356)</u>	<u>1,945,464</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,003,877</u>	<u>1,003,876</u>	<u>153,877</u>	<u>(849,999)</u>
CHANGE IN FUND BALANCE	(1,166,443)	(1,105,944)	(10,479)	1,095,465
FUND BALANCE, BEGINNING OF YEAR	<u>4,780,427</u>	<u>5,470,169</u>	<u>5,470,169</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,613,984</u>	<u>\$ 4,364,225</u>	<u>\$ 5,459,690</u>	<u>\$ 1,095,465</u>

# **CAPITAL PROJECTS FUNDS**



# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

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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.

Railroad

Accounts for the acquisition and construction of railroad grade projects.

Downtown Events Center

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

Community Assistance Center

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.

City Bonds

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

Parks

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

Special Ad Valorem

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

Room Tax Surcharge

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

Streets

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



# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	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	\$ 9,507,551	\$ 501,454	\$ 304,096	\$ 6,662,638	\$ 972,461	\$ 1,849,676	\$ 793,193	\$ 20,591,069
Accounts receivable	192,372							192,372
Interest receivable	10,118	689	418	9,209	1,551	2,417	845	25,247
Due from other governments	3,615,342				9,159	184,002		3,808,503
Notes receivable, net	1,259,445							1,259,445
<b>Total assets</b>	<b>\$ 14,584,828</b>	<b>\$ 502,143</b>	<b>\$ 304,514</b>	<b>\$ 6,671,847</b>	<b>\$ 983,171</b>	<b>\$ 2,036,095</b>	<b>\$ 794,038</b>	<b>\$ 25,876,636</b>
<b>LIABILITIES</b>								
Accounts payable and other accrued liabilities	\$ 62,407			\$ 3,700	\$ 468	\$ 1,609	\$ 793,596	\$ 861,780
Contracts payable	4,084,069							4,084,069
Deposits					3,000			3,000
<b>Total liabilities</b>	<b>4,146,476</b>			<b>3,700</b>	<b>3,468</b>	<b>1,609</b>	<b>793,596</b>	<b>4,948,849</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue, other	173,957							173,957
<b>FUND BALANCES</b>								
Restricted for								
Capital improvement projects	505,529	502,143	304,514	6,668,147	979,703	2,034,486		10,994,522
Assigned to								
Capital improvement projects	9,758,866						442	9,759,308
<b>Total fund balances</b>	<b>10,264,395</b>	<b>502,143</b>	<b>304,514</b>	<b>6,668,147</b>	<b>979,703</b>	<b>2,034,486</b>	<b>442</b>	<b>20,753,830</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 14,584,828</b>	<b>\$ 502,143</b>	<b>\$ 304,514</b>	<b>\$ 6,671,847</b>	<b>\$ 983,171</b>	<b>\$ 2,036,095</b>	<b>\$ 794,038</b>	<b>\$ 25,876,636</b>

## CITY OF RENO

### NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	<u>City of Reno</u>	<u>Railroad</u>	<u>Downtown Events Center</u>	<u>Community Assistance Center</u>	<u>City Bonds</u>
REVENUES					
Business licenses, permits, franchise and other fees	\$ 37,200	\$	\$	\$	\$
Intergovernmental shared revenues	4,867,997				
Charges for services					
Miscellaneous	<u>228,286</u>		<u>1,699</u>		<u>1,134</u>
Total revenues	<u>5,133,483</u>		<u>1,699</u>		<u>1,134</u>
EXPENDITURES					
Current					
Public works	384,019				50,299
Culture and recreation					
Total current	<u>384,019</u>				<u>50,299</u>
Capital outlay					
Public works	6,845,636				
Culture and recreation					
Total capital outlay	<u>6,845,636</u>				
Debt service					
Interest expense and fiscal charges				6,446	
Total expenditures	<u>7,229,655</u>			<u>6,446</u>	<u>50,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,096,172)</u>		<u>1,699</u>	<u>(6,446)</u>	<u>(49,165)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	8,403,546			645,121	
Transfers out	<u>(57,425)</u>	<u>(44,526)</u>			
Total other financing sources (uses)	<u>8,346,121</u>	<u>(44,526)</u>		<u>645,121</u>	
CHANGE IN FUND BALANCE	6,249,949	(44,526)	1,699	638,675	(49,165)
FUND BALANCE, BEGINNING OF YEAR	<u>4,014,446</u>	<u>44,526</u>	<u>500,444</u>	<u>(638,675)</u>	<u>353,679</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,264,395</u>	<u>\$</u>	<u>\$ 502,143</u>	<u>\$</u>	<u>\$ 304,514</u>

(Continued)

# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

	<u>Parks</u>	<u>Special Ad Valorem</u>	<u>Room Tax Surcharge</u>	<u>Streets</u>	<u>Total Capital Projects Funds</u>
REVENUES					
Business licenses, permits, franchise and other fees	\$	\$	\$	\$	\$ 37,200
Intergovernmental shared revenues		491,796			5,359,793
Charges for services			1,965,290		1,965,290
Miscellaneous	18,899	4,541	2,988	193	257,740
Total revenues	<u>1,840,005</u>	<u>496,337</u>	<u>1,968,278</u>	<u>193</u>	<u>9,441,129</u>
EXPENDITURES					
Current					
Public works		484,718	5,459	153	924,648
Culture and recreation	430,372				430,372
Total current	<u>430,372</u>	<u>484,718</u>	<u>5,459</u>	<u>153</u>	<u>1,355,020</u>
Capital outlay					
Public works		5,346	661,173		7,512,155
Culture and recreation	3,700				3,700
Total capital outlay	<u>3,700</u>	<u>5,346</u>	<u>661,173</u>		<u>7,515,855</u>
Debt service					
Interest expense and fiscal charges					6,446
Total expenditures	<u>434,072</u>	<u>490,064</u>	<u>666,632</u>	<u>153</u>	<u>8,877,321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,405,933</u>	<u>6,273</u>	<u>1,301,646</u>	<u>40</u>	<u>563,808</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		17,411			9,066,078
Transfers out				(44)	(101,995)
Total other financing sources (uses)		<u>17,411</u>		<u>(44)</u>	<u>8,964,083</u>
CHANGE IN FUND BALANCE	1,405,933	23,684	1,301,646	(4)	9,527,891
FUND BALANCE, BEGINNING OF YEAR	<u>5,262,214</u>	<u>956,019</u>	<u>732,840</u>	<u>446</u>	<u>11,225,939</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,668,147</u>	<u>\$ 979,703</u>	<u>\$ 2,034,486</u>	<u>\$ 442</u>	<u>\$ 20,753,830</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Business licenses, permits, franchise and other fees				
Non-business licenses and permits	\$	\$ 37,200	\$ 37,200	\$
Intergovernmental shared revenues				
Federal grants		50,000	3,702,566	3,652,566
State grants		1,207,000	292,516	(914,484)
Other			872,915	872,915
Miscellaneous				
Investment income	2,150		58,164	58,164
Private grants and contributions		24,000	28,120	4,120
Other		210,000	142,002	(67,998)
<b>Total revenues</b>	<u>2,150</u>	<u>1,528,200</u>	<u>5,133,483</u>	<u>3,605,283</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Services and supplies	273,374	273,224	384,019	(110,795)
Capital outlay	1,681,500	5,142,794	6,845,636	(1,702,842)
<b>Total expenditures</b>	<u>1,954,874</u>	<u>5,416,018</u>	<u>7,229,655</u>	<u>(1,813,637)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,952,724)</u>	<u>(3,887,818)</u>	<u>(2,096,172)</u>	<u>1,791,646</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,530,000	8,403,560	8,403,546	(14)
Transfers out		(57,439)	(57,425)	14
<b>Total other financing sources (uses)</b>	<u>1,530,000</u>	<u>8,346,121</u>	<u>8,346,121</u>	<u></u>
<b>CHANGE IN FUND BALANCE</b>	(422,724)	4,458,303	6,249,949	1,791,646
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,827,826</u>	<u>4,014,446</u>	<u>4,014,446</u>	<u></u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,405,102</u>	<u>\$ 8,472,749</u>	<u>\$ 10,264,395</u>	<u>\$ 1,791,646</u>

# CITY OF RENO

## RAILROAD CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING USES				
Transfers out	\$ _____	\$ (44,526)	\$ (44,526)	\$ _____
CHANGE IN FUND BALANCE		(44,526)	(44,526)	
FUND BALANCE, BEGINNING OF YEAR	_____	44,526	44,526	_____
FUND BALANCE, END OF YEAR	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</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, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ 500	\$	\$ 1,699	\$ 1,699
EXPENDITURES				
Public works				
Various				
Services and supplies	500			
CHANGE IN FUND BALANCE			1,699	1,699
FUND BALANCE, BEGINNING OF YEAR		500,444	500,444	
FUND BALANCE, END OF YEAR	\$	\$ 500,444	\$ 502,143	\$ 1,699

# CITY OF RENO

## COMMUNITY ASSISTANCE CENTER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Debt service				
Interest expense and fiscal charges	\$ _____	\$ 6,447	\$ 6,446	\$ 1
DEFICIENCY OF REVENUES UNDER EXPENDITURES	_____	(6,447)	(6,446)	1
OTHER FINANCING SOURCES				
Transfers in	219,207	645,121	645,121	_____
CHANGE IN FUND BALANCE	219,207	638,674	638,675	1
FUND BALANCE, BEGINNING OF YEAR	(629,469)	(638,674)	(638,675)	(1)
FUND BALANCE, END OF YEAR	\$ (410,262)	\$ _____	\$ _____	\$ _____

# 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, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____	\$ 1,134	\$ 1,134
EXPENDITURES				
Public works				
Various				
Services and supplies			50,299	(50,299)
Capital outlay		353,679	_____	353,679
Total expenditures	_____	353,679	50,299	303,380
CHANGE IN FUND BALANCE		(353,679)	(49,165)	304,514
FUND BALANCE, BEGINNING OF YEAR	_____	353,679	353,679	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ 304,514	\$ 304,514

# 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Room and construction taxes	\$ 445,000	\$ 1,430,000	\$ 1,821,106	\$ 391,106
Intergovernmental shared revenues				
Federal grants	147,500			
State grants		147,500		(147,500)
Miscellaneous				
Investment income	<u>5,363</u>		<u>18,899</u>	<u>18,899</u>
Total revenues	<u>597,863</u>	<u>1,577,500</u>	<u>1,840,005</u>	<u>262,505</u>
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies		100,000	430,372	(330,372)
Capital outlay	<u>537,500</u>	<u>1,865,976</u>	<u>3,700</u>	<u>1,862,276</u>
Total expenditures	<u>537,500</u>	<u>1,965,976</u>	<u>434,072</u>	<u>1,531,904</u>
CHANGE IN FUND BALANCE	60,363	(388,476)	1,405,933	1,794,409
FUND BALANCE, BEGINNING OF YEAR	<u>4,726,467</u>	<u>5,262,215</u>	<u>5,262,214</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,786,830</u>	<u>\$ 4,873,739</u>	<u>\$ 6,668,147</u>	<u>\$ 1,794,408</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental shared revenues				
Local government shared revenues				
County capital project taxes	\$ 490,000	\$ 535,128	\$ 491,796	\$ (43,332)
Miscellaneous				
Investment income	<u>1,300</u>		<u>4,541</u>	<u>4,541</u>
Total revenues	<u>491,300</u>	<u>535,128</u>	<u>496,337</u>	<u>(38,791)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies	11,000	4,000	484,718	(480,718)
Capital outlay	<u>480,300</u>	<u>1,504,558</u>	<u>5,346</u>	<u>1,499,212</u>
Total expenditures	<u>491,300</u>	<u>1,508,558</u>	<u>490,064</u>	<u>1,018,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>(973,430)</u>	<u>6,273</u>	<u>979,703</u>
OTHER FINANCING SOURCES				
Transfers in		<u>17,411</u>	<u>17,411</u>	
CHANGE IN FUND BALANCE		(956,019)	23,684	979,703
FUND BALANCE, BEGINNING OF YEAR		<u>956,019</u>	<u>956,019</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 979,703</u>	<u>\$ 979,703</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Other				
Downtown district room surcharge	\$ 2,000,000	\$ 2,100,000	\$ 1,965,290	\$ (134,710)
Miscellaneous				
Investment income	<u>800</u>		<u>2,988</u>	<u>2,988</u>
Total revenues	<u>2,000,800</u>	<u>2,100,000</u>	<u>1,968,278</u>	<u>(131,722)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies	1,500	1,500	5,459	(3,959)
Capital outlay	<u>1,999,300</u>	<u>2,831,340</u>	<u>661,173</u>	<u>2,170,167</u>
Total expenditures	<u>2,000,800</u>	<u>2,832,840</u>	<u>666,632</u>	<u>2,166,208</u>
CHANGE IN FUND BALANCE		(732,840)	1,301,646	2,034,486
FUND BALANCE, BEGINNING OF YEAR		<u>732,840</u>	<u>732,840</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 2,034,486</u>	<u>\$ 2,034,486</u>

# CITY OF RENO

## STREETS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	\$ _____	\$ _____	\$ _____ 193	\$ _____ 193
EXPENDITURES				
Public works				
Various				
Services and supplies	_____	_____ 401	_____ 153	_____ 248
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	_____	_____ (401)	_____ 40	_____ 441
OTHER FINANCING USES				
Transfers out	_____	_____ (45)	_____ (44)	_____ 1
CHANGE IN FUND BALANCE		(446)	(4)	442
FUND BALANCE, BEGINNING OF YEAR	_____	_____ 446	_____ 446	_____
FUND BALANCE, END OF YEAR	\$ _____	\$ _____	\$ _____ 442	\$ _____ 442

# **PROPRIETARY FUNDS**



# **MAJOR ENTERPRISE FUNDS**



**CITY OF RENO**

**MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Sanitary Sewer**

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



# CITY OF RENO

## SANITARY SEWER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Sanitary Sewer	\$ 56,949,982	\$ 56,609,982	\$ 57,487,673	\$ 877,691
Licenses and permits	305,000	312,000	308,328	(3,672)
Fines and forfeitures	1,600,000	1,600,600	1,705,183	104,583
Miscellaneous				
Other		7,500	118,544	111,044
Total operating revenues	<u>58,854,982</u>	<u>58,530,082</u>	<u>59,619,728</u>	<u>1,089,646</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,651,762	6,130,728	5,176,285	954,443
Employee benefits	3,260,604	3,143,700	2,855,647	288,053
Services and supplies	10,786,101	11,092,012	9,712,116	1,379,896
Joint sewer plant	13,905,000	13,905,000	12,834,120	1,070,880
Depreciation and amortization	10,000,000	10,000,000	9,445,388	554,612
Total operating expenses	<u>43,603,467</u>	<u>44,271,440</u>	<u>40,023,556</u>	<u>4,247,884</u>
Operating income	<u>15,251,515</u>	<u>14,258,642</u>	<u>19,596,172</u>	<u>5,337,530</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants		637,250	644,441	7,191
Sewer connection charges	3,060,000	6,575,000	9,097,370	2,522,370
Investment income			157,223	157,223
Interest and fiscal charges	(2,006,590)	(2,026,590)	(1,353,443)	673,147
Gain (loss) on capital asset disposition			(41,475)	(41,475)
Truckee Meadows Water Reclamation Facility	(4,600,000)	(4,600,000)	(4,351,069)	248,931
Total nonoperating revenues (expenses)	<u>(3,546,590)</u>	<u>585,660</u>	<u>4,153,047</u>	<u>3,567,387</u>
Income before capital contributions and transfers	<u>11,704,925</u>	<u>14,844,302</u>	<u>23,749,219</u>	<u>8,904,917</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			2,128,991	2,128,991
<b>TRANSFERS</b>				
Transfers out	(112,000)	(112,000)	(112,000)	
<b>CHANGE IN NET POSITION</b>	<u>\$ 11,592,925</u>	<u>\$ 14,732,302</u>	<u>25,766,210</u>	<u>\$ 11,033,908</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>			378,174,702	
Adjustment			(13,621,518)	
<b>NET POSITION, BEGINNING OF YEAR, AS ADJUSTED</b>			<u>364,553,184</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 390,319,394</u>	



# **NON-MAJOR ENTERPRISE FUNDS**



# **CITY OF RENO**

## **NON-MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Building Permit**

Accounts for resources provided by and the operations of a golf course, which is owned and operated by the City of Reno.



# 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Building permits	\$ 2,866,119	\$ 3,374,931	\$ 3,851,691	\$ 476,760
Miscellaneous permits	281,894		473,700	473,700
Plan check fees	1,467,722	1,464,579	1,797,000	332,421
Electrical and plumbing	787,589	1,007,734	1,171,223	163,489
Plumbing inspection fees	290,603	242,218	267,819	25,601
Electrical inspection fee	67,451	60,538	67,747	7,209
Building and safety fees	63,427	484,958	18,790	(466,168)
Fire inspection fees	220,000		76,001	76,001
Miscellaneous				
Reimbursements and restitution		23,500		(23,500)
Other			23,472	23,472
Total operating revenues	<u>6,044,805</u>	<u>6,658,458</u>	<u>7,747,443</u>	<u>1,088,985</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,132,887	2,440,723	2,157,367	283,356
Employee benefits	1,157,618	1,284,446	1,050,371	234,075
Services and supplies	1,628,288	1,853,383	1,701,590	151,793
Depreciation and amortization	21,000		3,486	(3,486)
Total operating expenses	<u>4,939,793</u>	<u>5,578,552</u>	<u>4,912,814</u>	<u>665,738</u>
Operating income	<u>1,105,012</u>	<u>1,079,906</u>	<u>2,834,629</u>	<u>1,754,723</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	5,000	24,000	27,082	3,082
Gain (loss) on capital asset disposition			(107,346)	(107,346)
Total nonoperating revenues (expenses)	<u>5,000</u>	<u>24,000</u>	<u>(80,264)</u>	<u>(104,264)</u>
Income before transfers	<u>1,110,012</u>	<u>1,103,906</u>	<u>2,754,365</u>	<u>1,650,459</u>
<b>TRANSFERS</b>				
Transfers out		(300,000)	(300,000)	
CHANGE IN NET POSITION	<u>\$ 1,110,012</u>	<u>\$ 803,906</u>	<u>2,454,365</u>	<u>\$ 1,650,459</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			6,338,035	
Adjustment			(3,959,910)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>2,378,125</u>	
NET POSITION, END OF YEAR			<u>\$ 4,832,490</u>	



# **INTERNAL SERVICE FUNDS**



# CITY OF RENO

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

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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, 2015

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents and investments	\$ 4,282,477	\$ 6,074,391	\$ 8,804,744	\$ 1,469,529	\$ 20,631,141
Accounts receivable	86,569		489,605	657,036	1,233,210
Interest receivable	5,528	8,384	11,331	1,803	27,046
Due from other governments				433,637	433,637
Inventories	159,647				159,647
Prepaid items		451,100	5,000	41,275	497,375
Total current assets	<u>4,534,221</u>	<u>6,533,875</u>	<u>9,310,680</u>	<u>2,603,280</u>	<u>22,982,056</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	4,983,497				4,983,497
Total assets	<u>9,517,718</u>	<u>6,533,875</u>	<u>9,310,680</u>	<u>2,603,280</u>	<u>27,965,553</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	173,107	26,341		27,211	226,659
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	639,954	179	1,955	811	642,899
Accrued salaries and benefits	21,139	1,492		1,953	24,584
Due to other governments			34,368		34,368
Compensated absences	82,068	2,086		10,244	94,398
Self-insurance liability		466,286	2,194,653	5,310,753	7,971,692
Total current liabilities	<u>743,161</u>	<u>470,043</u>	<u>2,230,976</u>	<u>5,323,761</u>	<u>8,767,941</u>
Noncurrent liabilities					
Compensated absences	43,496			8,760	52,256
Postemployment benefits other than pensions	403,594	62,440		62,814	528,848
Self-insurance liability		2,724,295	706,405	40,078,420	43,509,120
Net pension liability	1,139,269	173,361		179,080	1,491,710
Total noncurrent liabilities	<u>1,586,359</u>	<u>2,960,096</u>	<u>706,405</u>	<u>40,329,074</u>	<u>45,581,934</u>
Total liabilities	<u>2,329,520</u>	<u>3,430,139</u>	<u>2,937,381</u>	<u>45,652,835</u>	<u>54,349,875</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unamortized amounts related to pensions	293,813	44,709		46,184	384,706
<b>NET POSITION</b>					
Net investment in capital assets	4,983,497				4,983,497
Restricted					
Self-insurance liabilities		3,083,034	6,373,299		9,456,333
Unrestricted	2,083,995	2,334		(43,068,528)	(40,982,199)
Total net position	<u>\$ 7,067,492</u>	<u>\$ 3,085,368</u>	<u>\$ 6,373,299</u>	<u>\$ (43,068,528)</u>	<u>\$ (26,542,369)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges for services	\$ 6,019,174	\$ 2,226,908	\$ 22,575,426	\$ 6,438,191	\$ 37,259,699
Miscellaneous	39,009	974	627,490	855,865	1,523,338
Total operating revenues	<u>6,058,183</u>	<u>2,227,882</u>	<u>23,202,916</u>	<u>7,294,056</u>	<u>38,783,037</u>
OPERATING EXPENSES					
Salaries and wages	687,167	80,977		103,677	871,821
Employee benefits	367,642	55,989		57,609	481,240
Services and supplies	2,481,021	747,484	26,093,670	11,738,961	41,061,136
Depreciation and amortization	1,571,768				1,571,768
Total operating expenses	<u>5,107,598</u>	<u>884,450</u>	<u>26,093,670</u>	<u>11,900,247</u>	<u>43,985,965</u>
Operating income (loss)	<u>950,585</u>	<u>1,343,432</u>	<u>(2,890,754)</u>	<u>(4,606,191)</u>	<u>(5,202,928)</u>
NONOPERATING REVENUES					
Investment income	8,134	18,062	39,321	6,493	72,010
Gain (loss) on capital asset disposition	38,096				38,096
Total nonoperating revenues	<u>46,230</u>	<u>18,062</u>	<u>39,321</u>	<u>6,493</u>	<u>110,106</u>
Income (loss) before capital contributions	<u>996,815</u>	<u>1,361,494</u>	<u>(2,851,433)</u>	<u>(4,599,698)</u>	<u>(5,092,822)</u>
CAPITAL CONTRIBUTIONS					
Capital contributions	<u>107,346</u>				<u>107,346</u>
CHANGE IN NET POSITION	<u>1,104,161</u>	<u>1,361,494</u>	<u>(2,851,433)</u>	<u>(4,599,698)</u>	<u>(4,985,476)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					
	7,235,218	1,917,416	9,224,732	(38,268,905)	(19,891,539)
Adjustment	(1,271,887)	(193,542)		(199,925)	(1,665,354)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>5,963,331</u>	<u>1,723,874</u>	<u>9,224,732</u>	<u>(38,468,830)</u>	<u>(21,556,893)</u>
NET POSITION, END OF YEAR	<u>\$ 7,067,492</u>	<u>\$ 3,085,368</u>	<u>\$ 6,373,299</u>	<u>\$ (43,068,528)</u>	<u>\$ (26,542,369)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

	<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>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 5,859,745	\$ 2,226,908	\$ 22,729,456	\$ 6,045,527	\$ 36,861,636
Cash received from interfund services	105,910				105,910
Cash received from other sources	39,009	974	627,490	557,797	1,225,270
Cash payments for goods and services	(1,677,603)	(1,186,857)	(25,742,089)	(6,638,475)	(35,245,024)
Cash payments for employee services	(281,238)	(30,481)	(145,447)	(102,663)	(559,829)
Cash payments for interfund good and services	(868,552)	(145,632)		(143,692)	(1,157,876)
Cash payments for interfund employee benefits	(144,221)	(20,973)		(10,210)	(175,404)
Net cash provided by (used in) operating activities	<u>3,033,050</u>	<u>843,939</u>	<u>(2,530,590)</u>	<u>(291,716)</u>	<u>1,054,683</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,258,135)				(1,258,135)
Proceeds received from disposal of capital assets	173,648				173,648
Net cash used in capital financing activities	<u>(1,084,487)</u>				<u>(1,084,487)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	5,724	16,967	43,763	7,064	73,518
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	1,954,287	860,906	(2,486,827)	(284,652)	43,714
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>					
	<u>2,328,190</u>	<u>5,213,485</u>	<u>11,291,571</u>	<u>1,754,181</u>	<u>20,587,427</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
	<u>\$ 4,282,477</u>	<u>\$ 6,074,391</u>	<u>\$ 8,804,744</u>	<u>\$ 1,469,529</u>	<u>\$ 20,631,141</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 950,585	\$ 1,343,432	\$ (2,890,754)	\$ (4,606,191)	\$ (5,202,928)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,571,768				1,571,768
(Increase) decrease in operating assets					
Accounts receivable	(53,519)		154,030	(392,664)	(292,153)
Due from other governments				(298,068)	(298,068)
Inventories	18,657				18,657
Prepaid items		(413,258)		(2,999)	(416,257)
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	503,523	(4,550)	1,449	473	500,895
Accrued salaries and benefits	10,224	(722)		336	9,838
Due to other governments			34,368		34,368
Compensated absences	885	(31,835)		2,027	(28,923)
Self-insurance liability		(52,046)	170,317	5,000,349	5,118,620
Postemployment benefits other than pensions	42,839	4,731		6,893	54,463
Net pension liability	(11,912)	(1,813)		(1,872)	(15,597)
Total adjustments	<u>2,082,465</u>	<u>(499,493)</u>	<u>360,164</u>	<u>4,314,475</u>	<u>6,257,611</u>
Net cash provided by (used in) operating activities	<u>\$ 3,033,050</u>	<u>\$ 843,939</u>	<u>\$ (2,530,590)</u>	<u>\$ (291,716)</u>	<u>\$ 1,054,683</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contribution of capital assets	<u>\$ 107,346</u>				<u>\$ 107,346</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, 2015

	<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	\$ 5,969,683	\$ 5,986,523	\$ 6,019,174	\$ 32,651
Miscellaneous				
Reimbursements and restitution			38,054	38,054
Other			955	955
Total operating revenues	<u>5,969,683</u>	<u>5,986,523</u>	<u>6,058,183</u>	<u>71,660</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	706,236	678,797	687,167	(8,370)
Employee benefits	414,682	393,832	367,642	26,190
Services and supplies	3,080,848	2,613,348	2,481,021	132,327
Depreciation and amortization	2,000,000	3,153,103	1,571,768	1,581,335
Total operating expenses	<u>6,201,766</u>	<u>6,839,080</u>	<u>5,107,598</u>	<u>1,731,482</u>
Operating income (loss)	<u>(232,083)</u>	<u>(852,557)</u>	<u>950,585</u>	<u>1,803,142</u>
<b>NONOPERATING REVENUES</b>				
Investment income		600	8,134	7,534
Gain (loss) on capital asset disposition		22,800	38,096	15,296
Other		38,000		(38,000)
Total nonoperating revenues		<u>61,400</u>	<u>46,230</u>	<u>(15,170)</u>
Income (loss) before capital contributions	<u>(232,083)</u>	<u>(791,157)</u>	<u>996,815</u>	<u>1,787,972</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			107,346	107,346
CHANGE IN NET POSITION	<u>\$ (232,083)</u>	<u>\$ (791,157)</u>	<u>1,104,161</u>	<u>\$ 1,895,318</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			7,235,218	
Adjustment			<u>(1,271,887)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>5,963,331</u>	
NET POSITION, END OF YEAR			<u>\$ 7,067,492</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, 2015

	<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	\$ 2,226,908	\$ 2,222,908	\$ 2,226,908	\$ 4,000
Miscellaneous				
Reimbursements and restitution		600	964	364
Other			10	10
Total operating revenues	<u>2,226,908</u>	<u>2,223,508</u>	<u>2,227,882</u>	<u>4,374</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	138,083	138,083	80,977	57,106
Employee benefits	77,641	77,641	55,989	21,652
Services and supplies	1,637,731	1,638,181	747,484	890,697
Total operating expenses	<u>1,853,455</u>	<u>1,853,905</u>	<u>884,450</u>	<u>969,455</u>
Operating income	<u>373,453</u>	<u>369,603</u>	<u>1,343,432</u>	<u>973,829</u>
<b>NONOPERATING REVENUES</b>				
Investment income			18,062	18,062
CHANGE IN NET POSITION	<u>\$ 373,453</u>	<u>\$ 369,603</u>	<u>1,361,494</u>	<u>\$ 991,891</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			1,917,416	
Adjustment			<u>(193,542)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>1,723,874</u>	
NET POSITION, END OF YEAR			<u>\$ 3,085,368</u>	

## CITY OF RENO

### SELF-FUNDED MEDICAL PLAN INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services				
Internal service fund charges	\$ 22,910,000	\$ 23,185,000	\$ 22,575,426	\$ (609,574)
Miscellaneous				
Stop-loss reimbursements			580,347	580,347
Other	80,865	73,115	47,143	(25,972)
Total operating revenues	<u>22,990,865</u>	<u>23,258,115</u>	<u>23,202,916</u>	<u>(55,199)</u>
OPERATING EXPENSES				
Services and supplies	<u>24,263,893</u>	<u>24,821,447</u>	<u>26,093,670</u>	<u>(1,272,223)</u>
Operating loss	<u>(1,273,028)</u>	<u>(1,563,332)</u>	<u>(2,890,754)</u>	<u>(1,327,422)</u>
NONOPERATING REVENUES				
Investment income			39,321	39,321
Other		189,885		(189,885)
Total nonoperating revenues		<u>189,885</u>	<u>39,321</u>	<u>(150,564)</u>
CHANGE IN NET POSITION	<u>\$ (1,273,028)</u>	<u>\$ (1,373,447)</u>	(2,851,433)	<u>\$ (1,477,986)</u>
NET POSITION, BEGINNING OF YEAR			<u>9,224,732</u>	
NET POSITION, END OF YEAR			<u>\$ 6,373,299</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, 2015

	<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	\$ 6,599,108	\$ 6,568,362	\$ 6,438,191	\$ (130,171)
Miscellaneous			855,865	855,865
Stop-loss reimbursements				
Total operating revenues	<u>6,599,108</u>	<u>6,568,362</u>	<u>7,294,056</u>	<u>725,694</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	99,008	99,008	103,677	(4,669)
Employee benefits	55,539	55,539	57,609	(2,070)
Services and supplies	<u>6,468,663</u>	<u>6,603,663</u>	<u>11,738,961</u>	<u>(5,135,298)</u>
Total operating expenses	<u>6,623,210</u>	<u>6,758,210</u>	<u>11,900,247</u>	<u>(5,142,037)</u>
Operating loss	<u>(24,102)</u>	<u>(189,848)</u>	<u>(4,606,191)</u>	<u>(4,416,343)</u>
<b>NONOPERATING REVENUES</b>				
Investment income			<u>6,493</u>	<u>6,493</u>
CHANGE IN NET POSITION	<u>\$ (24,102)</u>	<u>\$ (189,848)</u>	<u>(4,599,698)</u>	<u>\$ (4,409,850)</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			(38,268,905)	
Adjustment			<u>(199,925)</u>	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>(38,468,830)</u>	
NET POSITION, END OF YEAR			<u>\$ (43,068,528)</u>	



# **FIDUCIARY FUNDS**



# CITY OF RENO

## AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

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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, 2015

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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	\$ 3,223,972	\$ 5,050,440	\$ 8,274,412
Accounts receivable		581	581
Interest receivable	4,434		4,434
Special assessments receivable		1,154,985	1,154,985
Due from other governments		<u>38,872</u>	<u>38,872</u>
Total assets	<u>\$ 3,228,406</u>	<u>\$ 6,244,878</u>	<u>\$ 9,473,284</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	\$ 33,371	\$ 4,390	\$ 37,761
Due to other governments		547	547
Deposits	3,195,035	53,146	3,248,181
Due to developers, employees and others		<u>6,186,795</u>	<u>6,186,795</u>
Total liabilities	<u>\$ 3,228,406</u>	<u>\$ 6,244,878</u>	<u>\$ 9,473,284</u>

# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>DEPOSITS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 3,598,120	\$ 419,668	\$ 793,816	\$ 3,223,972
Interest receivable	5,073	4,434	5,073	4,434
Total assets	<u>\$ 3,603,193</u>	<u>\$ 424,102</u>	<u>\$ 798,889</u>	<u>\$ 3,228,406</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 56,278	\$ 2,945	\$ 25,852	\$ 33,371
Deposits	3,546,915	287,638	639,518	3,195,035
Total liabilities	<u>\$ 3,603,193</u>	<u>\$ 290,583</u>	<u>\$ 665,370</u>	<u>\$ 3,228,406</u>
<b>SPECIAL ASSESSMENTS DISTRICT</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 4,413,433	\$ 2,617,994	\$ 1,980,987	\$ 5,050,440
Accounts receivable	1,822	583	1,824	581
Special assessments receivable	1,153,065	1,920		1,154,985
Due from other governments	45,369	38,872	45,369	38,872
Total assets	<u>\$ 5,613,689</u>	<u>\$ 2,659,369</u>	<u>\$ 2,028,180</u>	<u>\$ 6,244,878</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 3,130	\$ 4,390	\$ 3,130	\$ 4,390
Due to other governments		547		547
Deposits	52,126	53,146	52,126	53,146
Due to developers, employees and others	5,558,433	1,943,362	1,315,000	6,186,795
Total liabilities	<u>\$ 5,613,689</u>	<u>\$ 2,001,445</u>	<u>\$ 1,370,256</u>	<u>\$ 6,244,878</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 8,011,553	\$ 3,037,662	\$ 2,774,803	\$ 8,274,412
Accounts receivable	1,822	583	1,824	581
Interest receivable	5,073	4,434	5,073	4,434
Special assessments receivable	1,153,065	1,920		1,154,985
Due from other governments	45,369	38,872	45,369	38,872
Total assets	<u>\$ 9,216,882</u>	<u>\$ 3,083,471</u>	<u>\$ 2,827,069</u>	<u>\$ 9,473,284</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 59,408	\$ 7,335	\$ 28,982	\$ 37,761
Due to other governments		547		547
Deposits	3,599,041	340,784	691,644	3,248,181
Due to developers, employees and others	5,558,433	1,943,362	1,315,000	6,186,795
Total liabilities	<u>\$ 9,216,882</u>	<u>\$ 2,292,028</u>	<u>\$ 2,035,626</u>	<u>\$ 9,473,284</u>

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 30, 2015.

**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 or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015 - 001 that we consider to be a significant deficiency.

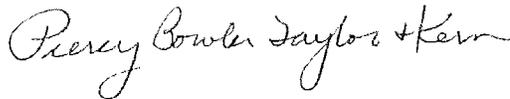
**Compliance and Other Matters.** As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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.*

**The City's Response to Findings.** The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the City in a separate letter dated November 30, 2015.

**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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Las Vegas, Nevada  
November 30, 2015

# STATISTICAL SECTION



# CITY OF RENO

## STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

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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, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>1</sup>	June 30, 2013	June 30, 2014	June 30, 2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 510,436,963	\$ 591,115,426	\$ 605,628,846	\$ 641,476,547	\$ 618,355,944	\$ 593,821,001	\$ 568,036,514	\$ 611,511,174	\$ 595,029,822	\$ 585,575,771
Restricted	72,827,824	103,243,224	125,756,908	119,297,774	124,107,635	109,063,215	109,857,977	67,160,649	61,109,252	63,141,142
Unrestricted	3,486,919	(36,802,450)	(48,612,553)	(106,402,085)	(108,980,875)	(115,256,598)	(151,304,989)	(153,724,428)	(161,226,505)	(377,534,397)
<b>Total governmental activities</b>	<b>586,751,706</b>	<b>657,556,200</b>	<b>682,773,201</b>	<b>654,372,236</b>	<b>633,482,704</b>	<b>587,627,618</b>	<b>526,589,502</b>	<b>524,947,395</b>	<b>494,912,569</b>	<b>271,182,516</b>
<b>Business-type activities</b>										
Net investment in capital assets	209,672,878	163,069,892	185,088,496	204,952,767	214,755,484	218,250,502	210,627,844	222,509,756	240,575,536	246,425,571
Restricted	5,010,153	1,682,273	24,416,215	24,416,215	21,826,023	19,801,326	15,873,574	13,193,945	9,571,325	15,740,934
Unrestricted	53,146,772	125,437,544	118,104,121	93,516,176	93,237,985	104,776,619	109,992,320	111,933,729	124,758,772	123,604,942
<b>Total business-type activities</b>	<b>267,829,803</b>	<b>290,189,709</b>	<b>303,192,617</b>	<b>322,885,158</b>	<b>329,819,492</b>	<b>342,828,447</b>	<b>336,493,738</b>	<b>347,637,430</b>	<b>374,905,633</b>	<b>385,771,447</b>
<b>Primary government</b>										
Net investment in capital assets	720,109,841	754,185,318	790,717,342	846,429,314	833,111,428	812,071,503	778,664,358	834,020,930	835,605,358	832,001,342
Restricted	77,837,977	104,925,497	125,756,908	143,713,989	145,933,658	128,864,541	125,731,551	80,354,594	70,680,577	78,882,076
Unrestricted	56,633,691	88,635,094	69,491,568	(12,885,909)	(15,742,890)	(10,479,979)	(41,312,669)	(41,790,699)	(36,467,733)	(253,929,455)
<b>Total primary government</b>	<b>\$ 854,581,509</b>	<b>\$ 947,745,909</b>	<b>\$ 985,965,818</b>	<b>\$ 977,257,394</b>	<b>\$ 963,302,196</b>	<b>\$ 930,456,065</b>	<b>\$ 863,083,240</b>	<b>\$ 872,584,825</b>	<b>\$ 869,818,202</b>	<b>\$ 656,953,963</b>

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, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>2</sup>	June 30, 2013	June 30, 2014	June 30, 2015
<b>Expenses</b>										
Governmental activities										
General government	\$ 21,455,932	\$ 19,254,318	\$ 22,890,393	\$ 19,248,275	\$ 18,574,403	\$ 29,313,696	\$ 32,686,051	\$ 31,516,451	\$ 34,595,215	\$ 34,959,761
Judicial	6,079,294	6,475,679	7,842,206	8,079,846	8,058,683	7,758,252	7,223,028	7,688,589	7,297,142	7,064,894
Public safety	113,978,737	118,317,386	135,546,892	110,480,548	130,335,490	124,769,041	114,990,532	115,072,376	117,170,198	117,967,671
Public works	55,125,179	58,003,230	67,445,200	94,140,944 <sup>4</sup>	60,159,772	71,642,584	57,540,323	55,111,936	59,149,082	56,800,273
Culture and recreation	19,697,196	21,160,776	22,368,698	21,812,749	21,762,316	16,526,697	14,526,095	18,749,736	15,499,368	16,203,541
Planning and community development	4,581,284	7,430,806	5,837,233	11,694,774	13,350,564	10,637,234	9,849,260	10,582,512	13,676,995	12,900,777
Urban development	5,683,381	3,276,761	3,552,503	4,122,270	3,349,279	2,258,852	1,248,972	2,086,290	2,359,947	3,377,771
Interest on long-term debt	13,411,829	20,328,025	20,945,037	25,547,548	23,447,574	23,291,115	29,368,720	27,179,603	26,974,140	25,747,130
Total governmental activities	<u>240,012,832</u>	<u>254,246,981</u>	<u>286,428,162</u>	<u>295,126,954</u>	<u>279,038,081</u>	<u>286,197,471</u>	<u>267,432,981</u>	<u>267,987,493</u>	<u>276,722,087</u>	<u>275,021,818</u>
Business-type activities										
Sanitary sewer	34,529,836	38,822,685	41,914,533	45,096,526	44,686,785	43,965,081	44,364,321	49,972,058	44,818,778	45,501,401
Golf course	2,036,125	1,802,658	1,779,539	1,548,215	1,503,904	1,318,299	1,295,630 <sup>4</sup>			
Building permit	7,569,511	7,929,433	7,773,077	6,724,452	4,225,351	3,899,577	3,605,348	3,784,827	3,663,078	4,912,814
Other <sup>1</sup>	11,645,962	10,330,526	10,657,695	9,612,323	10,082,406					
Total business-type activities	<u>55,781,434</u>	<u>58,885,302</u>	<u>62,124,844</u>	<u>62,981,516</u>	<u>60,498,446</u>	<u>49,182,957</u>	<u>49,265,299</u>	<u>53,756,885</u>	<u>48,481,856</u>	<u>50,414,215</u>
Total primary government expenses	<u>\$ 295,794,266</u>	<u>\$ 313,132,283</u>	<u>\$ 348,553,006</u>	<u>\$ 358,108,470</u>	<u>\$ 339,536,527</u>	<u>\$ 335,380,428</u>	<u>\$ 316,698,280</u>	<u>\$ 321,744,378</u>	<u>\$ 325,203,943</u>	<u>\$ 325,436,033</u>
<b>Program revenues</b>										
Governmental activities										
Charges for services	\$ 67,393,776	\$ 72,856,478	\$ 74,080,131	\$ 77,008,349	\$ 79,659,622	\$ 78,773,277	\$ 78,782,531	\$ 71,230,131	\$ 77,386,117	\$ 87,763,470
Operating grants and contributions	6,113,851	6,948,651	7,053,153	8,649,970	14,233,258	11,018,024	11,298,769	16,166,706	14,509,325	6,112,837
Capital grants and contributions	63,266,466	96,546,791	75,035,849	48,153,632	14,822,589	8,523,226	11,601,446	45,488,140	25,493,658	24,379,900
Total governmental activities	<u>136,774,093</u>	<u>176,351,920</u>	<u>156,169,133</u>	<u>133,811,951</u>	<u>108,715,469</u>	<u>98,314,527</u>	<u>101,682,746</u>	<u>132,884,977</u>	<u>117,389,100</u>	<u>118,256,207</u>
Business-type activities										
Charges for services	46,295,954	47,365,660	48,925,709	47,927,811	49,324,337	50,079,335	51,870,951	60,037,239	64,627,936	67,346,657
Operating grants and contributions	26,375	315,375	255,064	413,600	209,258	168,668	31,055	32,194	17,003	12,415
Capital grants and contributions	19,082,843	26,183,221	20,534,505	23,216,960	9,666,201	4,408,097	3,722,997	8,170,432	11,832,463	11,870,370
Total business-type activities	<u>65,405,172</u>	<u>73,864,256</u>	<u>69,715,278</u>	<u>71,558,371</u>	<u>59,199,796</u>	<u>54,656,100</u>	<u>55,625,003</u>	<u>68,239,865</u>	<u>76,477,402</u>	<u>79,229,442</u>
Total primary government program revenues	<u>\$ 202,179,265</u>	<u>\$ 250,216,176</u>	<u>\$ 225,884,411</u>	<u>\$ 205,370,322</u>	<u>\$ 167,915,265</u>	<u>\$ 152,970,627</u>	<u>\$ 157,307,749</u>	<u>\$ 201,124,842</u>	<u>\$ 193,866,502</u>	<u>\$ 197,485,649</u>
Net (expenses) program revenues										
Governmental activities	\$ (103,238,739)	\$ (77,895,061)	\$ (130,259,029)	\$ (161,315,003)	\$ (170,322,612)	\$ (187,882,944)	\$ (165,750,235)	\$ (135,102,516)	\$ (159,332,987)	\$ (156,765,611)
Business-type activities	9,623,738	14,978,954	7,590,434	8,576,855	(1,298,650)	5,473,143	6,359,704	14,482,980	27,995,546	28,815,227
Primary government	<u>\$ (93,615,001)</u>	<u>\$ (62,916,107)</u>	<u>\$ (122,668,595)</u>	<u>\$ (152,738,148)</u>	<u>\$ (171,621,262)</u>	<u>\$ (182,409,801)</u>	<u>\$ (159,390,531)</u>	<u>\$ (120,619,536)</u>	<u>\$ (131,337,441)</u>	<u>\$ (127,950,384)</u>

(Continued)

# CITY OF RENO

## CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012 <sup>2</sup>	June 30, 2013	June 30, 2014	June 30, 2015
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 55,118,928	\$ 63,710,224	\$ 68,342,284	\$ 74,689,217	\$ 72,105,003	\$ 63,682,340	\$ 58,655,405	\$ 63,114,015	\$ 57,082,120	\$ 59,584,697
Intergovernmental consolidated taxes	54,708,166	55,256,937	51,266,041	43,552,723	38,859,576	39,326,558	40,909,269	42,849,236	46,470,929	51,516,367
Room taxes							7,168,308	7,833,957	7,807,221	8,159,606
Sales taxes restricted for debt service <sup>3</sup>	8,925,336	8,895,013	8,737,761	9,167,714	8,479,614	8,996,391	8,571,308	9,200,167	9,669,710	10,185,663
Other sales taxes <sup>3</sup>							269,141	271,025	233,530	389,190
Intergovernmental SCCR (AB104) taxes	3,602,340	3,568,290	3,413,261	2,938,194	2,674,326	2,655,300	2,667,490	2,781,495	2,976,670	3,213,482
Other taxes	10,634,323	11,005,390	15,838,338	21,896,196	11,382,500	11,579,095				
Intergovernmental gaming licenses	1,895,490	1,820,891	1,953,433	1,615,321	1,660,646	1,551,555	1,552,916	1,489,815	1,521,371	1,573,515
Investment income	5,376,707	8,064,540	7,677,210	4,521,600	2,517,574	2,360,479	2,037,971	1,942,762	1,970,100	1,666,139
Change in fair value of investments							157,483	(260,892)	(21,550)	(11,444)
Gain on disposal of capital assets							277,930	46,716	462,903	98,478
Miscellaneous	7,009,892	2,147,815	1,044,345	1,455,769	401,007	861,751	1,087,310	890,666	272,370	1,293,456
Transfers	(4,262,259)	(5,769,545)	(4,566,309)	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447	852,787	560,821
<b>Total governmental activities</b>	<b>143,008,923</b>	<b>148,699,555</b>	<b>153,706,364</b>	<b>149,368,159</b>	<b>129,919,171</b>	<b>129,873,242</b>	<b>122,754,121</b>	<b>133,460,409</b>	<b>129,298,161</b>	<b>138,229,970</b>
Business-type activities										
Property taxes	87,677									
Investment income <sup>3</sup>	715,402	1,455,917	837,324	641,075	60,941	165,705	101,805	159,390	114,015	215,808
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	1,471,656	155,489	8,841	6,036	10,968	126,155	99,035	12,164	30,026	8,531
Transfers	4,262,259	5,769,545	4,566,309	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)	(852,787)	(560,821)
<b>Total business-type activities</b>	<b>6,536,994</b>	<b>7,380,951</b>	<b>5,412,474</b>	<b>11,115,686</b>	<b>8,232,984</b>	<b>1,432,087</b>	<b>915,846</b>	<b>(3,339,288)</b>	<b>(727,343)</b>	<b>(367,985)</b>
<b>Total primary government general revenues and other changes in net position</b>	<b>\$ 149,545,917</b>	<b>\$ 156,080,506</b>	<b>\$ 159,118,838</b>	<b>\$ 160,483,845</b>	<b>\$ 138,152,155</b>	<b>\$ 131,305,329</b>	<b>\$ 123,669,967</b>	<b>\$ 130,121,121</b>	<b>\$ 128,570,818</b>	<b>\$ 137,861,985</b>
Change in net position										
Governmental activities	\$ 39,770,184	\$ 70,804,494	\$ 23,447,335	\$ (11,946,844)	\$ (40,403,441)	\$ (58,009,702)	\$ (42,996,114)	\$ (1,642,107)	\$ (30,034,826)	\$ (18,535,641)
Business-type activities	16,160,732	22,359,905	13,002,908	19,692,541	6,934,334	6,905,230	7,275,550	11,143,692	27,268,203	28,447,242
<b>Primary government</b>	<b>\$ 55,930,916</b>	<b>\$ 93,164,399</b>	<b>\$ 36,450,243</b>	<b>\$ 7,745,697</b>	<b>\$ (33,469,107)</b>	<b>\$ (51,104,472)</b>	<b>\$ (35,720,564)</b>	<b>\$ 9,501,585</b>	<b>\$ (2,766,623)</b>	<b>\$ 9,911,601</b>

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

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

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011 <sup>1</sup>	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
General fund										
Reserved	\$ 1,351,283	\$ 1,907,826	\$ 2,745,300	\$ 1,566,639	\$ 2,504,173	\$	\$	\$	\$	\$
Unreserved	15,300,632	13,573,339	10,398,438	8,500,411	5,123,776					
Nonspendable						688,328	494,775	454,285	411,578	582,723
Restricted						1,680,634	821,800	885,998	878,979	584,162
Assigned						187,626	171,147	224,188	351,624	179,048
Unassigned						2,948,665	5,018,570	5,895,188	10,588,880	10,419,632
Total general fund	<u>\$ 16,651,915</u>	<u>\$ 15,481,165</u>	<u>\$ 13,143,738</u>	<u>\$ 10,067,050</u>	<u>\$ 7,627,949</u>	<u>\$ 5,505,253</u>	<u>\$ 6,506,292</u>	<u>\$ 7,459,659</u>	<u>\$ 12,231,061</u>	<u>\$ 11,765,565</u>
Other governmental funds										
Reserved	\$ 66,023,924	\$ 82,122,834	\$ 87,381,222	\$ 138,925,867	\$ 111,417,520	\$	\$	\$	\$	\$
Unreserved										
Special revenue funds	2,593,727	9,425,040	8,957,581	1,173,909	3,500,599					
Capital projects funds	8,940,698	(3,770,992)	(4,594,721)	(5,035,965)	(2,313,234)					
Nonspendable						40,717,557	37,769,370	1,268,875	1,332,978	1,457,301
Restricted						53,944,358	33,346,579	35,626,928	35,827,565	42,270,001
Committed						68,188				
Assigned						11,277,020	15,503,200	19,137,930	23,416,652	32,308,796
Unassigned							(1,063,493)	(855,487)	(638,540)	(131)
Total other governmental funds	<u>\$ 77,558,349</u>	<u>\$ 87,776,882</u>	<u>\$ 91,744,082</u>	<u>\$ 135,063,811</u>	<u>\$ 112,604,885</u>	<u>\$ 106,007,123</u>	<u>\$ 85,555,656</u>	<u>\$ 55,178,246</u>	<u>\$ 59,938,655</u>	<u>\$ 76,035,967</u>

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, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
<b>REVENUES</b>										
Taxes	\$ 67,168,158	\$ 74,646,248	\$ 81,031,666	\$ 92,527,474	\$ 79,889,904	\$ 71,523,551	\$	\$	\$	\$
Property taxes							58,748,573	63,271,011	59,001,032	59,807,585
Motor vehicle taxes							4,589,258	4,889,769	5,218,458	5,676,302
Room and construction taxes							7,565,981	8,761,171	8,791,459	9,980,712
Intergovernmental SCCR (AB104) taxes							2,667,490	2,781,495	2,976,670	3,213,482
Intergovernmental	99,876,867	109,091,955	84,288,149	94,593,393	82,646,049	82,475,857				
Intergovernmental capital project taxes							614,393	458,621	489,208	491,796
Intergovernmental consolidated taxes							40,909,269	42,849,236	46,470,929	51,516,367
Intergovernmental gaming licenses							1,552,916	1,489,815	1,521,371	1,573,515
Franchise fees							22,710,178	23,713,630	28,503,338	29,783,710
Licenses, permits and other fees	32,283,822	35,975,919	36,567,669	35,398,399	37,212,757	36,289,020	15,294,161	18,096,605	16,638,013	19,272,102
Special assessments	4,157,862	2,701,017	2,871,440	2,607,993	3,168,898	3,143,163	3,152,638	3,562,917	3,768,781	3,280,470
Grants and contributions							14,277,737	22,035,375	19,483,785	12,521,874
Charges for services	8,494,849	7,958,794	8,178,560	19,177,677	19,671,203	14,181,291	13,355,685	12,781,829	13,286,822	12,006,097
Downtown district room surcharge							2,003,432	2,187,000	2,144,842	1,965,290
Dedicated sales taxes							20,327,167	9,621,894	9,903,240	10,574,853
Fines and forfeitures	3,624,141	4,524,164	4,574,634	4,185,139	3,990,373	3,365,867	3,429,246	2,957,839	3,971,584	3,736,055
Reimbursements and restitutions							2,902,289	2,425,290	2,390,854	9,032,184
Rents and royalties							2,063,066	2,064,286	1,997,409	2,090,023
Investment income	4,187,738	6,118,931	5,921,751	3,451,817	1,941,746	2,026,114	1,777,641	1,745,617	1,668,137	1,666,139
Change in fair value of investments							157,483	(260,892)	(21,550)	(11,444)
Miscellaneous	18,172,493	18,296,050	57,077,934	9,775,628	10,283,728	8,684,396	1,743,847	1,177,304	1,067,642	2,799,447
<b>Total revenues</b>	<b>237,965,930</b>	<b>259,313,078</b>	<b>280,511,803</b>	<b>261,717,520</b>	<b>238,804,658</b>	<b>221,689,259</b>	<b>219,842,450</b>	<b>226,609,812</b>	<b>229,272,024</b>	<b>240,976,559</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	17,080,258	17,777,657	17,731,055	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782	17,031,363	17,833,189
Judicial	5,615,114	5,645,431	6,596,015	7,299,633	7,011,359	7,004,347	6,651,618	6,931,295	6,521,204	6,298,950
Public safety	101,832,717	111,545,635	117,630,088	114,212,206	113,134,307	108,124,303	102,411,946	101,611,973	102,085,861	101,481,555
Public works	20,792,868	21,499,497	28,283,348	24,407,892	20,886,321	25,650,774	20,415,789	18,516,373	19,143,703	18,625,469
Culture and recreation	15,924,188	17,305,789	18,176,148	17,246,463	17,081,909	11,880,240	9,138,983	10,497,003	9,722,309	9,735,128
Planning and community development	4,289,182	7,084,598	6,907,616	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153	12,068,497	10,174,232
Urban redevelopment	2,347,178	2,288,753	2,983,836	3,834,292	3,055,179	1,239,530	787,315	754,499	737,761	755,744
Other	5,500,472	3,872,818	4,365,179	3,773,363	4,784,752	4,728,491	8,772,774	8,080,474	9,034,265	8,789,937
<b>Total current</b>	<b>173,381,977</b>	<b>187,020,178</b>	<b>202,673,285</b>	<b>198,100,236</b>	<b>194,013,478</b>	<b>185,571,828</b>	<b>173,531,744</b>	<b>174,567,552</b>	<b>176,344,963</b>	<b>173,694,204</b>
<b>Capital outlay</b>										
General government										42,591
Public safety							388,294	21,541	24,261	852,404
Public works							20,260,185	8,118,958	8,471,828	7,624,195
Culture and recreation							830,499	1,210,489	420,468	3,700
Other	61,859,754	47,777,780	51,523,934	28,015,696	20,673,508	16,974,168				45,257
<b>Total capital outlay</b>	<b>61,859,754</b>	<b>47,777,780</b>	<b>51,523,934</b>	<b>28,015,696</b>	<b>20,673,508</b>	<b>16,974,168</b>	<b>21,478,978</b>	<b>9,350,988</b>	<b>8,916,557</b>	<b>8,568,147</b>

(Continued)

# CITY OF RENO

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

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Debt service										
Principal payments	9,830,437	9,490,866	9,755,905	11,943,401	13,506,867	16,160,660	15,551,744	16,590,010	69,942,333	25,573,149
Interest expense and fiscal charges	11,703,107	18,350,174	18,517,670	22,442,015	19,172,227	18,856,808	17,948,596	17,569,966	16,141,074	15,578,936
Debt issuance costs	8,806,979	1,053,997	9,378,659	1,570,557	413,003	74,835	2,784,943	2,480,894	2,773,560	2,717,256
Administrative and other costs	885,460	809,851	1,022,214	1,902,391	2,784,617	2,747,770	36,360,118	36,640,870	89,854,537	43,869,341
Total debt service	<u>31,225,983</u>	<u>29,704,888</u>	<u>38,674,448</u>	<u>37,858,364</u>	<u>35,463,711</u>	<u>38,178,241</u>	<u>231,370,840</u>	<u>220,559,410</u>	<u>275,116,057</u>	<u>226,131,692</u>
Total expenditures	<u>266,467,714</u>	<u>264,502,846</u>	<u>292,871,667</u>	<u>263,974,296</u>	<u>250,150,697</u>	<u>240,724,237</u>	<u>231,370,840</u>	<u>220,559,410</u>	<u>275,116,057</u>	<u>226,131,692</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(28,501,784)</u>	<u>(5,189,768)</u>	<u>(12,359,864)</u>	<u>(2,256,776)</u>	<u>(11,346,039)</u>	<u>(19,034,978)</u>	<u>(11,528,390)</u>	<u>6,050,402</u>	<u>(45,844,033)</u>	<u>14,844,867</u>
OTHER FINANCING SOURCES (USES)										
Debt issuance proceeds	313,969,210	45,000,934	207,337,856	83,543,362		17,091,000	2,167,075	366,602	79,940,715	187,512
Debt issuance premiums									5,599,737	
Payment to advance refunding bond agent	(259,675,524)		(184,623,631)			(3,860,413)			(34,897,247)	
Proceeds from capital asset disposal	2,046,722	439,594	10,068	66,925	6,070	935,745	160,188	555,513	4,496,279	187,437
Transfers in	119,902,244	40,899,555	47,548,305	30,813,975	32,877,213	28,962,823	16,408,268	20,324,192	22,460,457	31,898,195
Transfers out	(128,661,948)	(52,128,091)	(56,282,961)	(42,749,965)	(45,545,159)	(30,129,544)	(23,448,678)	(20,384,158)	(22,224,097)	(31,486,195)
Transfer of property held for sale to general capital assets								(36,336,594)		
Other	(478,872)	(20,405,473)		(30,731,864)		(218,949)				
Total other financing sources (uses)	<u>47,101,832</u>	<u>13,806,519</u>	<u>13,989,637</u>	<u>40,942,433</u>	<u>(12,661,876)</u>	<u>12,780,662</u>	<u>(4,713,147)</u>	<u>(35,474,445)</u>	<u>55,375,844</u>	<u>786,949</u>
CHANGE IN FUND BALANCE	<u>\$ 18,600,048</u>	<u>\$ 8,616,751</u>	<u>\$ 1,629,773</u>	<u>\$ 38,685,657</u>	<u>\$ (24,007,915)</u>	<u>\$ (6,254,316)</u>	<u>\$ (16,241,537)</u>	<u>\$ (29,424,043)</u>	<u>\$ 9,531,811</u>	<u>\$ 15,631,816</u>
Debt service as a percentage of noncapital expenditures	<u>10.60 %</u>	<u>12.90 %</u>	<u>11.80 %</u>	<u>14.50 %</u>	<u>14.70 %</u>	<u>16.40 %</u>	<u>15.90 %</u>	<u>18.72 %</u>	<u>32.62 %</u>	<u>18.92 %</u>

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

# CITY OF RENO

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY<sup>1,2</sup> LAST TEN FISCAL YEARS IN THOUSANDS (UNAUDITED)

For the Year Ended June 30,	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less Tax Exempt Property	Total Taxable Assessed Value	Direct Tax Rate <sup>3</sup>	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value <sup>4</sup>
2006	\$ 547,337	\$ 3,259,772	\$ 2,175,812	\$ 625,783	\$ 1,255	\$ 60,623	\$ (1,073,606)	\$ 5,596,976	0.9456	\$ 15,991,361	35.00 %
2007	486,154	3,853,039	2,254,125	537,450	1,363	60,814	(1,075,872)	6,117,073	0.9456	17,477,351	35.00 %
2008	576,364	4,285,823	2,577,443	585,893	1,417	61,222	(1,282,063)	6,806,099	0.9456	19,445,997	35.00 %
2009	606,435	4,948,148	2,749,449	675,530	1,486	65,340	(1,366,826)	7,679,562	0.9456	21,941,606	35.00 %
2010	422,120	4,350,037	2,951,879	682,094	1,442	63,754	(1,536,966)	6,934,360	0.9456	19,812,457	35.00 %
2011	290,390	3,850,889	2,711,409	651,473	124	53,983	(1,490,256)	6,068,012	0.9456	17,337,177	35.00 %
2012	301,146	3,560,525	2,586,197	631,327	1,750	53,014	(1,462,807)	5,671,152	0.9456	16,203,291	35.00 %
2013	237,890	3,387,224	2,645,312	617,868	1,976	58,556	(1,526,435)	5,422,391	0.9598	15,492,546	35.00 %
2014	231,608	3,423,927	2,590,618	615,433	1,946	60,557	(1,496,914)	5,427,175	0.9598	15,506,214	35.00 %
2015	240,007	3,903,189	2,644,638	638,864	1,700	60,587	(1,517,309)	5,971,676	0.9598	17,061,931	35.00 %

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
	2006	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917
2007	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0017
2008	0.8760	0.0696	0.9456	0.1700	1.1385	1.3917	0.0012
2009	0.8943	0.0513	0.9456	0.1700	1.1385	1.3917	0.0004
2010	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0004
2011	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0005
2012	0.9456		0.9456	0.1700	1.1385	1.3917	
2013	0.9598		0.9598	0.1700	1.1385	1.3917	
2014	0.9598		0.9598	0.1700	1.1385	1.3917	
2015	0.9598		0.9598	0.1700	1.1385	1.3917	

For the Year Ended June 30,	Overlapping Rates				
	Reno Increment District, Debt Service <sup>3</sup>	Redevelopment Agency #1	Redevelopment Agency #2 <sup>4</sup>	Total Overlapping Rates	Total Direct and Overlapping Rates
	2006	3.4946	3.4946		9.6913
2007	3.2500	3.2500		12.4519	13.3975
2008		3.2623	3.2500	9.2260	10.1716
2009		3.2008	3.2008	9.1022	10.0478
2010		3.2144	3.2144	9.1294	10.0750
2011		3.2144	3.2114	9.1265	10.0721
2012		3.0916	3.0916	8.8834	9.8290
2013		3.1058	3.1058	8.9118	9.8716
2014		3.0960	3.0960	8.8922	9.8520
2015		2.8927	2.8927	8.4856	9.4454

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

# CITY OF RENO

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

Taxpayer	2015			2006		
	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	\$ 80,722	1	1.35 %	\$ 47,032	4	0.84 %
ICON Reno Property Owner	50,730	2	0.85 %			
Golden Road Motor Inn Inc	43,817	3	0.73 %	36,490	7	0.65 %
MPT of Reno LLC	38,863	4	0.65 %			
Circus & Eldorado Joint Venture	31,790	5	0.53 %	54,435	2	0.97 %
International Game Technology	24,850	6	0.42 %	37,221	6	0.67 %
G & I VII Reno Operating LLC	17,323	7	0.29 %			
TR Reno LLC	16,734	8	0.28 %			
Charles River Laboratories Inc.	16,078	9	0.27 %			
Gage Village Comm'l Dev LLC	16,024	10	0.27 %			
El Dorado Resorts LLC				33,463	8	0.60 %
Grand Sierra Operating Corp (fka Reno Hilton)				49,225	3	0.88 %
Harrah's Club				27,884	10	0.50 %
DP Industrial LLC				65,728	1	1.17 %
Reno Retail Company LLC				28,974	9	0.52 %
Washoe Medical Center Inc				42,729	5	0.76 %
	<u>\$ 336,931</u>		<u>5.64 %</u>	<u>\$ 423,181</u>		<u>7.56 %</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>
2006	\$ 51,949	\$ 51,203	98.5640 %	\$ 746	\$ 51,949	100.0000 %
2007	59,649	59,075	99.0377 %	574	59,649	100.0000 %
2008	64,543	64,058	99.2486 %	480	64,538	99.9923 %
2009	63,794	62,672	98.2412 %	1,113	63,785	99.9859 %
2010	62,732	62,643	99.8581 %	44	62,687	99.9283 %
2011	57,261	56,444	98.5732 %	409	56,853	99.2875 %
2012	54,288	53,547	98.6351 %	632	54,179	99.7992 %
2013	52,893	52,490	99.2381 %	243	52,733	99.6975 %
2014	55,900	55,429	99.1574 %	311	55,740	99.7138 %
2015	56,998	56,644	99.3789 %		56,644	99.3789 %

1. Source - Washoe County Assessor and Treasurer and City of Reno Finance Department
2. Excludes personal property taxes, centrally assessed property taxes and Reno Redevelopment Agency taxes.

# CITY OF RENO

## LICENSES AND PERMITS BY CATEGORY<sup>1</sup> LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Business licenses	\$ 12,320,382	\$ 13,868,588	\$ 13,419,739	\$ 12,633,107	\$ 11,287,373	\$ 11,364,176	\$ 11,781,860	\$ 12,476,307	\$ 12,735,089	\$ 15,209,473
City gaming licenses	2,367,783	2,548,837	2,364,451	2,201,449	2,046,810	2,028,215	2,000,542	1,972,027	1,929,494	1,917,251
Liquor licenses	1,030,430	1,180,837	1,151,688	1,294,792	1,277,056	1,264,106	1,293,439	1,399,924	1,473,174	1,642,761
Non-business licenses and permits	55,356	61,100	72,756	38,207	35,746	33,131	187,966	293,773	579,688	1,046,287
Electricity franchise fees	5,064,303	5,733,862	5,783,785	6,227,461	8,266,881	7,314,420	8,897,576	9,258,752	11,634,425	11,330,372
Telephone franchise fees	3,414,967	3,649,048	3,735,284	3,873,036	3,435,740	3,383,752	3,082,993	3,230,640	3,164,583	2,993,460
Natural gas franchise fees	2,071,950	2,458,676	2,368,616	2,205,186	3,396,125	2,817,106	2,656,784	2,107,487	3,622,350	4,068,093
Sanitation franchise fees	1,869,581	1,974,410	2,385,936	2,213,979	2,199,114	2,279,934	2,193,302	2,066,737	2,465,678	3,205,038
Water toll fees	961,514	1,007,879	998,524	959,311	1,376,897	1,448,400	1,511,903	2,306,041	2,587,019	2,465,678 <sup>2</sup>
Sewer-in-lieu-of-franchise fees	1,289,617	1,504,931	1,471,135	1,683,913	2,020,040	2,227,361	2,355,745	2,587,019	2,788,314	3,053,773
Cable television fees	1,692,421	1,886,280	2,463,954	1,832,294	1,784,686	2,005,415	2,011,875	2,156,954	2,242,873	2,407,101
	<u>\$ 32,138,304</u>	<u>\$ 35,874,448</u>	<u>\$ 36,215,868</u>	<u>\$ 35,162,735</u>	<u>\$ 37,126,468</u>	<u>\$ 36,166,016</u>	<u>\$ 37,973,985</u>	<u>\$ 39,855,661</u>	<u>\$ 42,635,668</u>	<u>\$ 46,873,609</u>

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

2. Effective fiscal year 2014, water toll fees have been moved to the Street Fund as this is the fund that uses these fees and to reduce transfers, the City decided to deposit directly into the Street Fund

# 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		General Obligation/Pledged Revenue Bonds				
				Other <sup>2</sup>	Other <sup>2</sup>					
2006	\$ 28,480	\$ 35,755	\$ 338,986	\$ 25,401	\$ 3,090	\$ 29,395	\$ 43,070	\$ 504,177	5.37 %	\$ 2,352
2007	22,965	35,325	361,623	24,488	2,705	73,536	8,033	528,675	5.30 %	2,396
2008	17,640	34,260	368,366	25,125	11,515	104,706		561,612	5.52 %	2,518
2009	57,690	33,980	400,136	23,530	12,516	98,657		626,509	6.93 %	2,872
2010	52,485	32,765	396,109	21,979	11,008	92,497		606,843	6.64 %	2,793
2011	51,440	31,495	388,385	20,617	4,536	89,205		585,678	6.17 %	2,629
2012	44,885	30,155	383,120	20,303	18,547	84,885		581,895	5.62 %	2,532
2013	41,868	28,756	377,434	18,896	17,543	78,820		563,317	5.37 %	2,426
2014	76,616	27,280	327,345	16,979	17,796	74,474		540,490	5.09 %	2,327
2015	59,575	25,715	318,990	15,694	16,207	69,427		505,608	4.63 %	2,148

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

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

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

# CITY OF RENO

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

**JUNE 30, 2015**

**IN THOUSANDS**

**(UNAUDITED)**

	General Obligation Debt	Percent Applicable	Applicable General Obligation Debt
City of Reno	\$ 59,575	100.00 %	\$ 59,575
Overlapping governments			
Washoe County School District	474,267	48.00 %	227,648
Washoe County	154,783	48.00 %	74,296
State of Nevada	1,729,010	7.47 %	129,157
Total overlapping governments	2,358,060		431,101
Total direct and overlapping debt	2,417,635		\$ 490,676

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

2. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Reno. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne 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.

# 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
2006	\$ 28,480	\$ 29,395	\$ 57,875	0.36 %	\$ 270	\$ 11,565	\$ 46,310
2007	22,965	73,536	96,501	0.55 %	437	10,103	86,398
2008	17,640	104,706	122,346	0.63 %	549	7,718	114,628
2009	57,690	98,657	156,347	0.71 %	717	8,767	147,580
2010	52,485	92,497	144,982	0.73 %	667	1,712	143,270
2011	51,440	89,205	140,645	0.81 %	631	2,221	138,424
2012	44,885	84,885	129,770	0.80 %	565	111	129,659
2013	41,868	78,820	120,688	0.78 %	520	13	120,675
2014	76,616	74,474	151,090	0.97 %	651	425	150,665
2015	59,575	69,427	129,002	0.76 %	548	425	128,577

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, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Total taxable assessed property value	<u>\$ 5,596,976</u>	<u>\$ 6,117,073</u>	<u>\$ 6,806,099</u>	<u>\$ 7,679,562</u>	<u>\$ 6,934,360</u>	<u>\$ 6,068,012</u>	<u>\$ 5,671,152</u>	<u>\$ 5,422,391</u>	<u>\$ 5,427,175</u>	<u>\$ 5,971,676</u>
Legal debt Margin										
Legal debt limit (15% of taxable assessed property value)	\$ 839,546	\$ 917,561	\$ 1,020,915	\$ 1,151,934	\$ 1,040,154	\$ 910,202	\$ 850,673	\$ 813,359	\$ 814,076	\$ 895,751
Debt applicable to debt limit										
Net general bonded debt	<u>46,310</u>	<u>86,398</u>	<u>114,628</u>	<u>147,580</u>	<u>143,270</u>	<u>138,424</u>	<u>129,659</u>	<u>120,675</u>	<u>150,665</u>	<u>128,577</u>
Legal debt margin	<u>\$ 793,236</u>	<u>\$ 831,163</u>	<u>\$ 906,287</u>	<u>\$ 1,004,354</u>	<u>\$ 896,884</u>	<u>\$ 771,778</u>	<u>\$ 721,014</u>	<u>\$ 692,684</u>	<u>\$ 663,411</u>	<u>\$ 767,174</u>
Total debt applicable to debt limit as a percentage of debt limit	<u>94.48 %</u>	<u>90.58 %</u>	<u>88.77 %</u>	<u>87.19 %</u>	<u>86.23 %</u>	<u>84.79 %</u>	<u>84.76 %</u>	<u>85.16 %</u>	<u>81.49 %</u>	<u>85.65 %</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 within 1 year from the date thereof, (b) securities payable from special assessments against benefited property, and (c) securities issued pursuant to any general or special law the principal and interest of which are payable solely from revenues of the City derived from other than general property (ad valorem) taxes.
3. See the "Ratios of General Bonded Debt Outstanding" table for the calculation of net general bonded debt.
4. The calculation of the City's legal debt margin is performed in accordance with NRS 266.600.

# CITY OF RENO

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

### Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <sup>2</sup>

For the Year Ended June 30,	Debt Service					
	Room Tax Collections <sup>5</sup>	Sales Tax Collections <sup>5</sup>	Available Revenue	Principal	Interest	Coverage
	2006	\$ 1,077,511	\$ 8,925,336	\$ 10,002,847	\$	\$ 2,964,159
2007	1,074,435	8,895,013	9,969,448	\$	7,794,611	127.90 %
2008	991,523	8,379,747	9,371,270	120,000	5,931,411	154.86 %
2009	735,302	7,080,474	7,815,776	820,000	6,269,671	110.24 %
2010	691,252	6,340,270	7,031,522	1,260,000	6,120,390	95.27 %
2011	681,789	6,477,291	7,159,080	1,375,000	5,657,085	101.81 %
2012	637,389	6,733,005	7,370,394	1,640,000	5,066,692	109.90 %
2013	705,030	7,127,853	7,832,883	1,795,000	5,100,128	113.60 %
2014	703,885	7,672,343	8,376,228	1,945,000	4,922,321	121.97 %
2015	710,154	8,227,820	8,937,974	2,095,000	4,854,414	128.61 %

### Capital Improvement (Events Center) Bonds <sup>3</sup>

For the Year Ended June 30,	Debt Service					
	Room Tax Collections <sup>6</sup>	Intergovernmental Consolidated Taxes (15%)	Available Revenue	Principal	Interest	Coverage
	2006	\$ 6,053,375	\$ 8,206,225	\$ 14,259,600	\$ 130,000	\$ 3,841,973
2007	6,285,727	8,288,540	14,574,267	285,000	4,858,814	283.34 %
2008	6,000,979	7,689,906	13,690,885	845,000	6,620,921	183.38 %
2009	5,077,055	6,532,908	11,609,963	1,045,000	9,190,524	113.43 %
2010	4,960,895	5,828,936	10,789,831	1,230,000	4,780,345	179.52 %
2011	4,844,006	5,898,984	10,742,990	1,455,000	4,719,136	174.00 %
2012	4,759,242	6,136,390	10,895,632	1,695,000	4,627,382	172.33 %
2013	5,185,236	6,427,385	11,612,621	1,940,000	4,573,918	178.27 %
2014	5,158,134	6,970,639	12,128,773	1,550,000	3,961,748	220.05 %
2015	5,406,411	7,727,455	13,133,866	1,725,000	4,075,616	226.42 %

### Sales Tax Anticipation Revenue (STAR) Bonds <sup>4</sup>

For the Year Ended June 30,	Debt Service			
	Sales Tax Increment Collections	Principal	Interest	Coverage
	2006	\$	\$	\$
2007	\$	\$	\$	%
2008	\$	\$	\$	%
2009	2,087,240	240,000	1,258,956	139.25 %
2010	2,139,344	560,000	1,821,463	89.83 %
2011	1,863,765	660,000	1,792,312	76.00 %
2012	1,838,303	770,000	1,757,563	72.73 %
2013	2,072,312	880,000	1,716,912	79.80 %
2014	1,997,367	1,010,000	1,629,375	75.68 %
2015	1,957,843	1,140,000	1,616,275	71.03 %

### Special Assessment Bonds

For the Year Ended June 30,	Debt Service			
	Special Assessment Collections <sup>8</sup>	Principal <sup>9</sup>	Interest	Coverage
	2006	\$ 3,984,792	\$ 324,087	\$ 614,051
2007	2,900,982	913,344	1,581,513	116.28 %
2008	3,281,237	908,344	1,624,196	129.56 %
2009	3,032,794	1,594,343	1,653,298	93.38 %
2010	3,301,212	1,551,344	1,576,358	105.55 %
2011	3,159,452	1,335,333	1,478,588	112.28 %
2012	3,219,648	1,253,744	1,406,734	121.02 %
2013	3,499,396	1,367,530	1,350,485	128.75 %
2014	3,206,260	1,919,200	1,269,729	100.54 %
2015	2,808,343	1,321,910	1,153,487	113.45 %

(Continued)

# CITY OF RENO

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

For the Year Ended June 30,	Agency Special Assessment Bonds (Includes Sierra Corporation, Somerset and Double R)			
	Debt Service			
	Special Assessment Collections	Principal <sup>9</sup>	Interest	Coverage
2006	\$ 3,350,390	\$ 1,180,000	\$ 1,551,425	122.66 %
2007	3,210,975	1,720,000	1,333,056	105.17 %
2008	3,308,929	1,440,000	1,428,750	115.34 %
2009	3,081,683	1,620,000	1,362,563	103.32 %
2010	3,559,478	1,790,000	1,291,516	115.51 %
2011	2,938,511	1,610,000	1,182,973	105.21 %
2012	2,932,920	1,715,000	1,091,484	104.51 %
2013	3,447,224	2,500,000	1,019,533	97.95 %
2014	2,622,893	1,385,000	622,977	130.62 %
2015	2,414,225	1,315,000	456,191	136.31 %

For the Year Ended June 30,	Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage)			
	Debt Service			
	Property Lease/Rent Collections <sup>6</sup>	Principal <sup>10</sup>	Interest	Coverage
2006	\$	\$	\$	%
2007				%
2008	1,574,297		968,397	162.57 %
2009	1,251,328	175,000	512,280	182.07 %
2010	1,012,990	287,000	140,096	237.18 %
2011	915,926	380,000	118,302	183.81 %
2012	912,639	380,000	105,430	188.01 %
2013	939,875	435,000	101,885	175.06 %
2014	907,589	339,000	75,858	218.77 %
2015	864,294	560,000	50,871	141.49 %

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Series 1998 Nevada Sales and Room Tax Bonds were issued on 12/28/98. These bonds were then called and paid with proceeds from the Series 2002 Senior Lien Sales and Room Tax Bond issued on 06/26/02. The 2002 bonds were refunded with the issuance of the Series 2006 Bonds on 04/14/06. Series 2006 A & B Bonds are repayable with sales tax revenues; Series 2006 C Bonds are repayable from room tax revenues. The Series 2006 A & B Bonds were refunded on 03/04/08 with the issuance of the Series 2008 A & B Bonds, which converted the 2006 A Bonds from auction rate securities to variable rate demand bonds. Totals do not include SAD bonds. Bond proceeds financed the rail transportation access corridor (ReTRAC) construction and cover capital projects.
3. On 10/26/05 the Series 2002 Capital Improvement Bonds were partially refunded with the issuance of the Series 2005 A Bonds; the Series 2005 B & C Bonds were also issued. The Series 2005 A Bonds, which were auction rate securities, were converted to Variable Rate Demand Bonds on 02/05/09. Totals do not reflect SAD balances. On July 9, 2013, the balance of the Series 2002 Capital Improvement Revenue Bonds were refunded with the issuance of the 2013A G. O. Capital Improvement Refunding Bonds, therefore, fiscal year 2014 includes only the payments made on the Series 2005A Bonds.
4. On 10/23/08, the Series 2007 A & B Cabela's STAR Bonds were issued.
5. Sales and Room Tax Revenue Bonds are backed by a 1% tax on the rental of transient lodging within the City's Police Protection area, and by Washoe County's 0.125% sales tax, net of applicable fees and allowances which is transferred to the City pursuant to an Interlocal Agreement.
6. Capital Improvement (Events Center) Bonds are backed by an irrevocable pledge on certain taxes imposed on the rental of transient lodging within Washoe County, as well as up to 15% of consolidated tax revenues
7. Due to refinancing of 2002 SAD#5 Bonds, a \$465,000 principal payment was deferred in FY 2006 - which results in principal payments significantly less than prior year 2005 and 2004
8. Collections and payment information have been adjusted to exclude Agency SAD's beginning FY 2007 - information from Allen Gardner AMG
9. Principal payments may include early principal redemptions based upon excess fund balance availability.
10. An additional principal payment of \$3,163,316 was due to sale of property collateralizing the ReTRAC Lease Revenue Bonds and a reduction of cash representing excess lease revenue
11. In FY 10/11 added table for Agency SAD's reported as fiduciary funds. On March 27, 2014, the City refunded the 2002 Special Assessment District No. 4 Limited Obligation Improvement Bonds with the Series 2014 Local Improvement Refunding Bonds (Somerset Parkway). Fiscal year 2014 includes the December 1 payment on the refunded bonds and the June 1 payment on the Series 2014 bonds
12. Began reporting FY 07/08. The bonds are variable rate tied to LIBOR. On March 5, 2014, the City of Reno refinanced the Series 2006 Taxable Lease Revenue Bonds and the Series 2007 Taxable Lease Revenue Bonds with the issuance of the Series 2014 Taxable Lease Revenue Bonds. The transaction included a principal paydown using \$2.5 million realized from the sale of the land underneath the former Fitzgerald's parking garage.

# CITY OF RENO

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Median Age	Public School Enrollment	Charter School Enrollment	Unemployment Rate
	1	2	3	4	6	7	5
		In Thousands					
2006	214,371	\$ 9,390,093	\$ 43,803	\$ 36.5	\$ 31,692	\$ 1,810	4.0 %
2007	220,613	9,974,576	45,213	34.5	31,157	1,967	4.5 %
2008	223,012	10,170,908	45,607	36.5	31,126	2,042	6.4 %
2009	218,143	9,035,701	41,421	36.4	31,907	2,212	11.8 %
2010	217,282	9,140,185	42,066	37.0	31,743	2,392	13.4 %
2011	222,801	9,496,224	42,622	37.2	31,052	2,435	12.9 %
2012	229,859	10,358,826	45,066	37.4	30,916	2,520	11.7 %
2013	232,243	10,489,952	45,168	37.6	31,295	2,578	9.8 %
2014	232,243	10,626,278	45,755	37.8	32,786	2,564	7.3 %
2015	235,371	10,909,446	46,350	37.1	32,210	1,626 <sup>8</sup>	6.4 %

1. State of Nevada Department of Taxation, Demographer - 2008 Estimate. State of Nevada Department of Taxation, Demographer - 2009 used projected figure to be certified by the Governor. Corrected Prior year estimate with new data from State of Nevada, Demographer State of Nevada Department of Taxation, Demographer-2010 Certified Figures from the Governor's office Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year we are using the known figure from the prior year each year and will correct once certification is obtained
2. Started Calculating Personal Income 2009-calculated as Population X Per Capita Personal Income\*43%. Personal Income 2012 estimate-Corrected Per Capita Personal Income through 2010 with BEA Figures for each Calendar year this corrected each prior year
3. Per Capita Personal Income 2009-US Bureau of Economic Analysis Website (www.bea.gov/regional). Trued up all prior years with corrected information from each Calendar Yr. We report on fiscal yr; the US Govt reports on calendar year. Estimated 2012 figure 1st Qtr of 2012 X 43% (based on prior years; this is the percentage for Reno/Sparks Metro Area)
4. Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999. State Demographer Office, UNR Small Business Development Center, 2000. Washoe County Department of Community Development, 2001-2003. Median age is for the entire County (WC Stat Section Sch 4.1). Median Age - Not available for 2006 -- using 2005. US Census Bureau-factfinder.census.gov Median Age is for Reno corrected 2006; used same figure for 2007 until new figures are available.
5. US Census Bureau-factfinder.census.gov Median Age is for all of Washoe County
6. State of Nevada, Department of Employment, Training and Rehabilitation Rate is for the entire County. 2006 - Nevada Workforce Informer - rate is for the entire county. This runs approximately 2 years in the past. 2008-Nevada Workforce Informer - rate is up to date as of 6/2008
7. Washoe County School District - added Charter Schools to 05/06 to enrollment amounts. In FY 11/12 corrected previous years-Used Tax records to verify address in Reno or County
8. Charter school count totals not available for all schools.

# CITY OF RENO

## PRINCIPAL EMPLOYERS<sup>1, 2</sup> CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	December 31, 2014			December 31, 2005		
	Employees	Rank	Percentage of Total City of Reno Employment	Employees	Rank	Percentage of Total City of Reno Employment
Washoe County School District	8750	1	3.95 %	8250	1	3.95 %
University of Nevada-Reno	4750	2	2.14 %	4,750	2	2.27 %
Renown Regional Medical Center	2,750	3	1.24 %	2750	6	1.32 %
Washoe County	2,250	4	1.01 %	3250	3	1.56 %
Peppermill Hotel Casino-Reno	2,250	5	1.01 %	1,750	8	.84 %
International Game Technology	1750	6	.79 %	2,750	5	1.32 %
Atlantis Hotel Casino	1,750	7	.79 %	1750	10	.84 %
Silver Legacy Hotel Casino	1,750	8	.79 %	2,250	7	1.08 %
Grand Sierra Resort & Casino	1,750	9	.79 %	2,250		1.08 %
St. Mary's	1,250	10	.56 %	1,750		.84 %
Integrity Staffing Solutions				3250	4	1.56 %
City of Reno				1750	9	.84 %

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

# CITY OF RENO

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM<sup>1</sup> LAST TEN FISCAL YEARS<sup>2</sup> (UNAUDITED)

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
General government										
Management	8	45	42	42	49	55	49	46	48	44
Records management/cashiering		12	12	12	12	10	8	7	7	7
Finance	4	32	33	33	33	33	20	12	11	15
Legal		35	35	35	35	35	26	25	24	27
Human resources	5	16	16	16	16	13	9	11	6	9
Information technology	6	29	28	30	30	29	17	17	15	15
Judicial										
Judges		4	4	4	4	4	4	4	4	4
Others		49	59	53	49	58	53	53	49	44
Police										
Sworn employees		370	365	373	373	383	294	304	306	318
Non-commissioned employees		104	105	111	110	109	52	52	48	46
Fire										
Authorized emergency personnel		336	345	339	344	345	213	229	240	192
Fire prevention officers		15	18	17	19	19	14	15	12	12
Others		21	20	29	22	22	13	13	13	9
Public works										
Engineers		25	31	35	38	38	16	11	12	11
Fleet maintenance		11	16	16	16	16	11	10	10	11
Others		134	138	129	125	128	73	98	108	89
Planning and community development		42	77	37	40	40	19	26	23	27
Culture and recreation		87	88	93	93	92	43	49	40	69
Urban development		6	7	14	9	5				
Sanitary sewer		67	64	69	69	67	54	50	50	63
Building permits		65	65	70	66	56	22	20	20	27
Golf course	7	6	6	6	6	4	4	4	3	
Animal shelter	3									
Dispatch services		69	70	70	70	70	54	53	51	47
<b>Total full-time equivalent employees</b>		<b>1,580</b>	<b>1,644</b>	<b>1,633</b>	<b>1,628</b>	<b>1,631</b>	<b>1,068</b>	<b>1,109</b>	<b>1,100</b>	<b>1,093</b>

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book
2. The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end
3. Animal Services taken over by Washoe County in FY 2005/06
4. Includes Payroll Division employees effective FY 2003. Excludes Information Technology (IT) Dept employees
5. Includes Civil Service Department employees. Excludes Payroll Division employees effective in FY 2003
6. The IT Division of the Finance Dept was spun off into a new Internal Service Fund effective FY 2004. For presentation purposes, IT employees prior to FY 2004 are shown here
7. Brookside Golf Course closed October 1, 2006
8. FY 2009/10 broke out management positions more as based on actual job descriptions

# CITY OF RENO

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

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
General government										
Active annual business licenses	24,461	25,089	25,574	25,574	22,456	22,329	23,506	23,457	23,634	23,851
Business license audits completed	90	95	186	197	294	288	185	282	296	311
Percentage of same day response to public requests for research of public documents	98 %	98 %	99 %	100 %	100 %	98 %	100 %	97 %	98 %	98 %
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	5,418	5,332	6,177	5,915	5,598	4,786	3,107	3,774	2,971	2,843
Cases filed in municipal court	41,207	44,416	38,844	39,788	35,866	31,968	23,406	21,586	9,032	21,569
Cases adjudicated in municipal court	27,632	42,459	30,327	40,737	36,711	29,778	21,849	16,146	17,989	21,613
Police										
Physical arrests	12,618	14,557	14,087	13,246	11,434	10,668	10,386	10,444	10,713	10,684
Misdemeanor citations	3,804	3,996	4,214	3,829	3,284	2,381	2,627	2,254	2,246	3,182
Traffic-related offenses cited	33,649	40,057	37,523	38,843	33,430	29,789	19,174	17,780	17,750	29,777
Fire										
Fire emergencies	1,238	1,388	3,228	4,790	1,026	10,636	11,068	8,141	8,870	10,468
Emergency medical calls	16,099	24,573	29,732	25,080	25,716	26,922	26,918	25,793	28,403	27,692
Inspections	18,180 <sup>2</sup>	14,775	19,494	8,382	8,216	6,207	6,708	6,036	6,914	6,914
Public works										
Streets reported in "fair" or better condition	84 %	85 %	84 %	85 %	88 %	89 %	89 %	89 %	91 %	92 %
Pothole calls received	336	168	143	167	130	136	132	71	54	63
Percent of pothole calls repaired within 24 hours	93 %	100 %	95 %	97 %	70 %	90 %	95 %	97 %	100 %	100 %
Culture and recreation										
Participants in senior recreation programs	6,327	3,864	4,473	6,094	5,216	5,479	6,477	6,899	7,071	7,123
Participants in youth programs	4,088	4,546	3,865	3,150	3,950	4,372	4,356	4,395	4,672	4,709
Instructional swimming classes offered	1,200	1,200	1,750	1,798	1,674	1,198	1,228	1,242	1,233	923
Planning and community development										
Jobs generated by businesses in Redevelopment area	167	963	384							
Affordable housing units developed in Redevelopment area		41	491							
Affordable housing units developed in non-RDA area							29	58	9	
Housing rehabilitation projects completed	27	10	10				21	12		
Code enforcement cases	4,481	4,184	4,499	5,766	5,077	4,044	2,880	2,882		
Sanitary sewer										
Lineal feet of sewer lines and storm drains maintained (in millions)	3	4	4	4	4	4	4	4	4	4
Golf course										
Cost per acre per year to maintain golf courses	\$ 4,800	\$ 5,150	\$ 5,342	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200	\$ 4,200	\$ 8	\$
Building permits										
Building permits issued	9,294	9,109	7,272	5,580	5,023	5,510	5,348	6,211	6,846	7,345
Average number of monthly building inspections performed	11,171	8,171	5,351	3,363	2,348	2,190	2,750	2,748	3,115	3,423

(Continued)

## CITY OF RENO

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

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

# CITY OF RENO

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

Function/program	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	4	4	3	1	1	1	2	2	
Patrol units	220	254	252	252	248	239	242	243	250	248
Fire										
Stations	16	12	13	13	13	13	14	14	13	14
Fire fighting vehicles	36	54	59	41	37	36	36	36	29	29
Public works										
Paved streets (miles)	582	582	637	671	672	681	681	681	687	691
Unpaved streets (miles)	2	2	4	1	1	1	1	1	1	1
Culture and recreation										
Acreage	2,015	2,015	2,076	2,477	2,732	2,741	2,741	2,741	2,741	2,741
Park facilities	82	81	83	85	85	85	85	85	85	85
Playgrounds	51	70	52	51	51	51	51	51	51	51
Swimming pools	5	5	5	5	5	5	5	4	4	4
Sanitary sewer										
Sanitary sewer lines (miles)	716	710	743	743	748	756	756	756	751	769
Storm drains (miles)	404	382	444	444	444	481	481	481	528	528
Treatment capacity millions of gallons)	41	41	41	44	44	44	44	44	44	44
Golf courses	2	1	1	1	1	1	1	1	1	1

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

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

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

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



# **BUSINESS LICENSE FEES**



# CITY OF RENO

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2015

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, 2015		\$	14,666,725
Business license revenue for the year ended June 30, 2014 (base year)		\$	12,255,450
Adjustment to base year			
Percentage change in Consumer Price Index			<u>1.30 %</u>
Total adjustment to base year			<u>159,321</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>12,414,771</u>
Amount over allowable maximum		\$	<u><u>2,251,954</u></u>

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

Business license revenue for the year ended June 30, 2015		\$	4,216,100
Business license revenue for the year ended June 30, 2014 (base year)		\$	11,582,265
Adjustment to base year			
Percentage change in local government population			1.35 %
Percentage change in Consumer Price Index			<u>1.30 %</u>
Total adjustment to base year			<u>2.65 %</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>306,930</u>
Amount under allowable maximum		\$	<u><u>(7,673,095)</u></u>



# **SINGLE AUDIT INFORMATION**



# P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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, 2015.

**Other Matters.** The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015 - 002 and 2015 - 003. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance.** The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to

above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

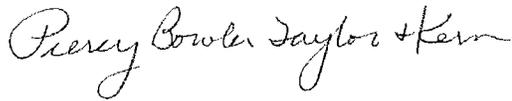
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 2015 - 002 and 2015 - 003 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.** 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 30, 2015, 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada  
November 30, 2015



# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
U.S Department of Agriculture			
Passed through State of Nevada, Department of Agriculture Child Nutrition Cluster Summer Food Service Program for Children	10.559	1055914A	\$ 27,779
Passed through State of Nevada, Department of Agriculture Senior Farmers Market Nutrition Program	10.576	1057614	31,740
Passed through State of Nevada, Division of Forestry Cooperative Forestry Assistance	10.640	USDA/SFA/13/04	27,223
Cooperative Forestry Assistance	10.664	USDA/UF/13/06	<u>46,714</u>
Total U.S Department of Agriculture			<u>133,456</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218*		1,477,973
Emergency Solutions Grant Program	14.231*		201,088
Home Investment Partnerships Program	14.239		2,577,743
Continuum of Care Program	14.267		22,207
Passed through Nevada State Housing Division Community Development Block Grants / Entitlement Grants Neighborhood Stabilization Program 1	14.218*		1,626
Emergency Solutions Grant Program	14.231*	E13-DC-32-0001/E14-DC-32-0001	129,544
Home Investment Partnerships Program	14.239		<u>749,229</u>
Total U.S. Department of Housing and Urban Development			<u>5,159,410</u>
U.S. Department of the Interior			
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508		623,990
Passed through Nevada State Historic Preservation Office Historic Preservation Fund Grants-In-Aid	15.904	P14AS00012	<u>9,308</u>
Total U.S. Department of the Interior			<u>633,298</u>
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants (ARRA) JAG Program Cluster	16.710		28,704
Edward Byrne Memorial Justice Assistance Grant Program	16.738		38,176
Edward Byrne Memorial Justice Assistance Grant Program	16.738		54,204
Edward Byrne Memorial Justice Assistance Grant Program	16.738		44,744
Edward Byrne Memorial Justice Assistance Grant Program	16.738		58,511
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-022	29,574
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-023	36,526
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-JAG-026	5,619
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-40	26,138
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services Crime Victim Assistance	16.575	VOCA13-089	69,146
Passed through Nevada Office of Attorney General			

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
Violence Against Women Formula Grants	16.588	2014-VAWA-03	8,230
Violence Against Women Formula Grants	16.588	2014-VAWA-62	33,763
Passed through Nevada Juvenile Justice Commission, Division of Child and Family Services Enforcing Underage Drinking Laws Program	16.727	2011-AH-FX-0010	10,440
Passed through the City of Sparks, Nevada Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-JAG-23	<u>6,591</u>
Total U.S. Department of Justice			<u>450,366</u>
U.S. Department of Transportation			
National Motor Carrier Safety	20.218		56,172
Passed through Nevada Department of Public Safety, Office of Traffic Safety National Priority Safety Programs Highway Safety Cluster	20.616(b)	LFD-2015_RPD-00038	4,887
State and Community Highway Safety	20.600	JF-2014-RPD-00056	19,543
State and Community Highway Safety	20.600	JF-2015-RPD-00010	38,188
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	TS-2014-RPD-00106	23,905
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	TS-2015-RPD-00041	18,315
Passed through Nevada Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205*	PR125-13-063	<u>3,702,566</u>
Total U.S. Department of Transportation			<u>3,863,576</u>
U.S. Department of Veterans Affairs			
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034		16,825
Passed through U.S. Paralympics VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034		<u>1,485</u>
Total U.S. Department of Veterans Affairs			<u>18,310</u>
U.S. Department of Health and Human Services			
Passed through Substance Abuse Prevention & Treatment Agency Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	15010PF	2,349
Passed through Join Together Northern Nevada Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	93.243	SP019197	15,923
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	93.243	15010SP	<u>5,500</u>
Total U.S. Department of Health and Human Services			<u>23,772</u>
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		283,188

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
Passed through State of Nevada Department of Public Safety, Division of Emergency Management			
Pre-Disaster Mitigation	97.047	97047R8	20,451
Homeland Security Grant Program	97.067	97067.12-HL2	52,656
Homeland Security Grant Program	97.067	97067.12-HL4	<u>115,265</u>
Total U.S. Department of Homeland Security			<u>471,560</u>
Total federal expenditures			<u>\$ 10,753,748</u>

\* A major program

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2015**

### Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Reno (the City). The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

### Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. 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.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 3. Subrecipients

During the year ended June 30, 2015, the following awards (including amendments) were given to subrecipients:

Federal CFDA Number	Program Title	Award Amount
14.218	Community Development Block Grants – Entitlement Grants	\$ 477,650
14.231	Emergency Shelter Grants	169,721
16.735	PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	4,507
16.738	Edward Byrne Memorial Justice Assistance Grant	90,347
20.218	National Motor Carrier Safety High Priority Enforcement Grant	16,939
		\$ 759,164

### Note 4. Outstanding Loan Balances

Certain loan programs are administered directly by the City and balances and transactions relating to these programs are included in the City's basic financial statements as notes receivable.

Expenditures of loaned funds and loans made during the year are included in federal expenditures.

At June 30, 2015, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 939,264
14.239	Home Investment Partnerships Program Grant	33,042,082
		\$ 33,981,346

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

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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 Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	14.218
Name of federal program or cluster	Community Development Block Grants/Entitlement Grants
CFDA number	14.231
Name of federal program or cluster	Emergency Solutions Grant Program
CFDA number	20.205
Name of federal program or cluster	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B programs	\$322,612
Auditee qualified as low-risk auditee	No

(Continued)

**CITY OF RENO**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

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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, 2015

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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)

2015 - 001	
Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Specific requirements	All activities undertaken must meet one of three national objectives of the CDBG Entitlement Grants program and meet the cost principles contained in OMB Circular A-87 for allowable/unallowable costs.
Condition and context	During grant disbursements testing, we noted one out of 41 items selected was for a duplicate expense. The amount is for a license with Adobe and is on an automatic payment schedule however, per examination of the disbursement documentation, we noted that the same amount was paid in November 2014 and January 2015. Per inquiry of the Management Analyst, there is only one license and therefore there should only be one charge.
Questioned costs	\$24
Effect	Unallowable costs were charged to the federal award.
Cause	Management review of costs did not identify that a duplicate expense had been submitted for payment.
Recommendation	Management assigned to review grant costs should be knowledgeable of allowable expenditures including the frequency of reoccurring costs.
Management's response	Management informed us that as of June 1, 2015, a Senior Planner has been designated to oversee the administration of the Housing and Urban Development grants. The Senior Planner will be provided with the requisite tools and training necessary to administer the grants including attending HUD site trainings and participating in HUD webinars.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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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) (continued)

2015 - 002 Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218), Emergency Solutions Grant Program (CFDA #14.231)
Specific requirements	Federal Financial Reports (FFR) are to be submitted quarterly on the standard form 425 within 30 days after the end of the quarter.
Condition and context	The quarterly FFRs for the Community Development Block Grant (CDBG) were all submitted on September 21, 2015 and therefore all reports were submitted late. In addition, we noted that the quarterly FFRs for the Emergency Solutions Grant Program (ESG) were not submitted at all. Management informed us that the delay in submitting the FFRs for CDBG was due to the fact that HUD required the City of Reno to submit missing FFRs for as far back as 2010 and since these reports are cumulative, historical numbers needed to be obtained from the accounting software. Management also informed us that although a HUD representative emailed a request for FFRs for both CDBG and ESG in October 2014, they overlooked the request regarding ESG.
Questioned costs	None.
Effect	Financial reports were not submitted timely or at all to the federal agency.
Cause	Lack of oversight over those responsible for grant administration.
Recommendation	Management should designate a person with the requisite skills and knowledge to oversee the grant administrators and adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all applicable federal grant requirements are appropriately applied and complied with. In addition, resources should be made available to provide appropriate training and other resources to those delegated with the primary responsibility for compliance with federal grant requirements.
Management's response	Management informed us that as of June 1, 2015, a Senior Planner has been designated to oversee the administration of the Housing and Urban Development grants. The Senior Planner will be provided with the requisite tools and training necessary to administer the grants including attending HUD site trainings and participating in HUD webinars.

# CITY OF RENO

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

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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***

2014 - 001

Criteria

Controls shall be designed to provide reasonable assurance that internal balances are properly accounted for and that closeout or transfers of funds are recorded in the fiscal year the events occur.

Condition

An adjustment was necessary to correct balances related to the close out of the Animal Shelter fund and the transfer of the Golf Course fund.

Effect

Adjustments were necessary to correct balances in the current year for transactions that occurred in the prior year.

Cause

Timely reconciliation and review of internal balances were not performed and when completed revealed an overstatement of the balances.

Current status

Corrected. The City has implemented procedures to ensure that internal balances between funds are tracked and reconciled.

(Continued)

# CITY OF RENO

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

FOR THE YEAR ENDED JUNE 30, 2014

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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)

2014 - 002	
Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218), HOME Investment Partnership Program (CFDA #14.239)
Specific requirements	Supervisory review of grant specific activities (i.e., cash management, earmarking, reporting, etc.) to ensure compliance with the terms of the award.
Condition and context	An overall lack of supervision over the grant administrators was noted as reliance is being placed on the grantor to communicate deficiencies and enforce the requirements of the award. Specifically, it was noted that the quarterly federal financial reports for the Community Development Block Grants/Entitlement Grants were not submitted during fiscal year 2014 because the federal agency stopped requesting the reports each quarter. It was also noted that reliance is placed on grantor system generated reports to provide evidence of earmarking requirements however, not all the requirements are addressed on such reports specifically when amounts are awarded by a pass-through entity. Additionally, the annual performance report for the HOME Investment Partnership Program was incorrectly dated for the previous fiscal year and included incorrect amounts related to program income.
Questioned costs	None.
Effect	The federal financial reports and the annual performance report were not submitted timely to the federal agency. Additionally, compliance with earmarking requirements do not appear to be tracked by the grant administrators.
Cause	Lack of oversight over those responsible for grant administration.
Current status	Corrected. The City has employed a Senior Planner to oversee HUD grant administration.

(Continued)

# CITY OF RENO

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

FOR THE YEAR ENDED JUNE 30, 2014

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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) (continued)

2014 - 003 Program	Community Development Block Grants/Entitlement Grants (CFDA #14.218), Assistance to Fire Fighters Grant (CFDA #97.044)
Specific requirements	Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.
Condition and context	The current procurement policy does not include procedures to prevent contracting with or making transactions with parties that are suspended or debarred or whose principals are suspended or debarred.
Questioned costs	None.
Effect	The organization could enter into transactions with debarred or suspended parties resulting in questioned costs.
Cause	Formal policies and procedures have not been established indicating the parties responsible for verifying and documenting that a vendor or its principals are not suspended or debarred.
Current status	Corrected. The City has revised their Procurement Policy to include policies and procedures related to procurement with federal funds and has submitted the policy for the approval of the City Manager. In addition, a Grant Administration Policy has been implement which includes policies and procedures related to procurement with federal funds.

