

# **CITY OF RENO**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2013**

**STATE OF NEVADA**



**CITY OF RENO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2013**

**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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**FOR THE YEAR ENDED JUNE 30, 2013**

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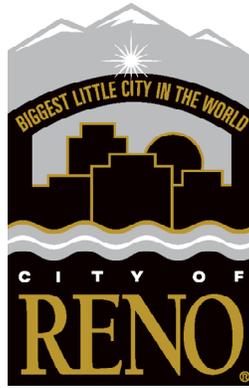
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# **INTRODUCTORY SECTION**





December 19, 2013

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, 2013 is hereby submitted. State law requires that a local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City of Reno's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Reno for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Reno's financial statements for fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

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

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

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

The City of Reno maintains budgetary controls to ensure compliance with legal provisions as part of the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada’s Department of Taxation. In April, the City Manager submitted 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 global recession. In the Reno-Sparks region, August’s unemployment count stood at 9.2%, which is down from the August 2012 rate of 11.6%. Nevada has the highest unemployment rate in the nation, exceeding the national average by 2.2% in August 2013. Foreclosures decreased in Washoe County and Reno overall with a 39 percent decrease in the filings from September to October. This appears to be a result of the impact of Nevada’s new Homeowner’s Bill of Rights. The findings show Nevada still second to Florida in foreclosure rates nationwide with one in every 407 housing units. But the drop over the month in default notices, scheduled auctions and bank repossessions, as well as a 14.5 percent decline compared with October 2012, 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 2013. In September, the median sale price for an existing single-family home in Washoe rose 29 percent from a year earlier to \$224,900.

Because of the volatility in the market, the Washoe County Assessor’s Office moved to an annual appraisal cycle. In fiscal

year 2012/13, property taxes declined three percent. For fiscal year 2013/14, the City budgeted for property taxes to remain flat, or equivalent to the amount received in fiscal year 2012/13. 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 intergovernmental consolidated tax (CTAX) revenues of (15.00%) and (10.78%) in fiscal years 2008/09 and 2009/10, respectively, fiscal year 2010/11, 2011/12 and 2012/13 saw a 1.20%, 4.02% and 4.74%, respectively, increase in CTAX. The City is hopeful this major revenue source is stabilizing and will not have continued reductions in the near future. For fiscal year 2013/14, the City has budgeted a 2.5% increase over the prior fiscal year budgeted amount, which is substantially equivalent to fiscal year 2012/13 actual. Fiscal year 2012/13 also saw declines in other revenue categories, particularly in gas and sanitation franchise fees.

The State of Nevada, Washoe County and City of Reno continue to focus efforts in diversifying the economy. In fiscal year 2012/13, Apple announced its plans to build a data center in Washoe County and has made a commitment to invest \$400 million over a four-year period, 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 addition to the large investment in the community promised by Apple, the Economic Development Authority of Western Nevada (EDAWN) reported assisting 33 companies to relocate to or expand in Washoe County, creating a projected 2,124 new jobs within five years. This is a 28% increase in assisted jobs announced last year and more than double the assisted jobs average for the past five years.

The State Business Tax Climate Index for 2014, 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 21.7 percent in Washoe County in June 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 number 6 "Most Active City" in America by Men's Health Magazine.

City management continues to take a very aggressive stance on controlling expenses in light of the falling revenues. Over the past five years, the City has reduced full-time equivalent positions by 524. Non-represented employees have continued a 7.5% pay cut for Fiscal year 2012/13, and bargaining units are negotiating salary reductions in addition to other concessions. The City has also implemented a freeze on non-essential spending. Restructuring has also occurred at all levels in the organization. Senior management will continue to remain vigilant and pro-active in identifying and addressing the realities posed by the current economic situation.

### **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 building computerized revenue and expenditure forecasting models, has developed the framework for a Financial Trend Monitoring System, and is overhauling the strategic planning and deployment systems to best align the City's scarce resources with Council objectives.

Further, 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 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.

During fiscal year 2011/12, the City Council empanelled the Reno Service Priorities Task Force with City resident volunteers and charged them with providing a prioritization of City services from the taxpayer perspective that was used in developing the fiscal year 2012/13 budget.

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 2012/13 budget. The City is in compliance with this requirement. For fiscal year 2013/14, the City has budgeted \$1.7 million to partially replenish the stabilization reserve, which is reported in the General Fund. The goal is to maintain \$2.1 million in stabilization reserves. The City recognizes the importance of these reserves, along with a conservative approach to spending, in giving the City a greater level of flexibility in responding to unforeseen revenue reductions.

*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 between \$12-15 million (net of pay-as-you-go costs) 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 efforts are being made to create an OPEB trust so amounts can be put aside to fund this growing liability.

### **Major Initiatives**

Most of the efforts during fiscal year 2012/13 continued to be focused on addressing the challenges of the massive revenue reductions experienced over the past four 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 2012/13 was a year in which Council began 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 2013/14 are Safe and Livable Neighborhoods, Efficient and Responsive City Services, Sustainable and Vibrant Economy, and Enhanced Communication and Community Engagement. The goals and objectives for each of these priorities is 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 of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2012.

This was the 30th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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, 2012**

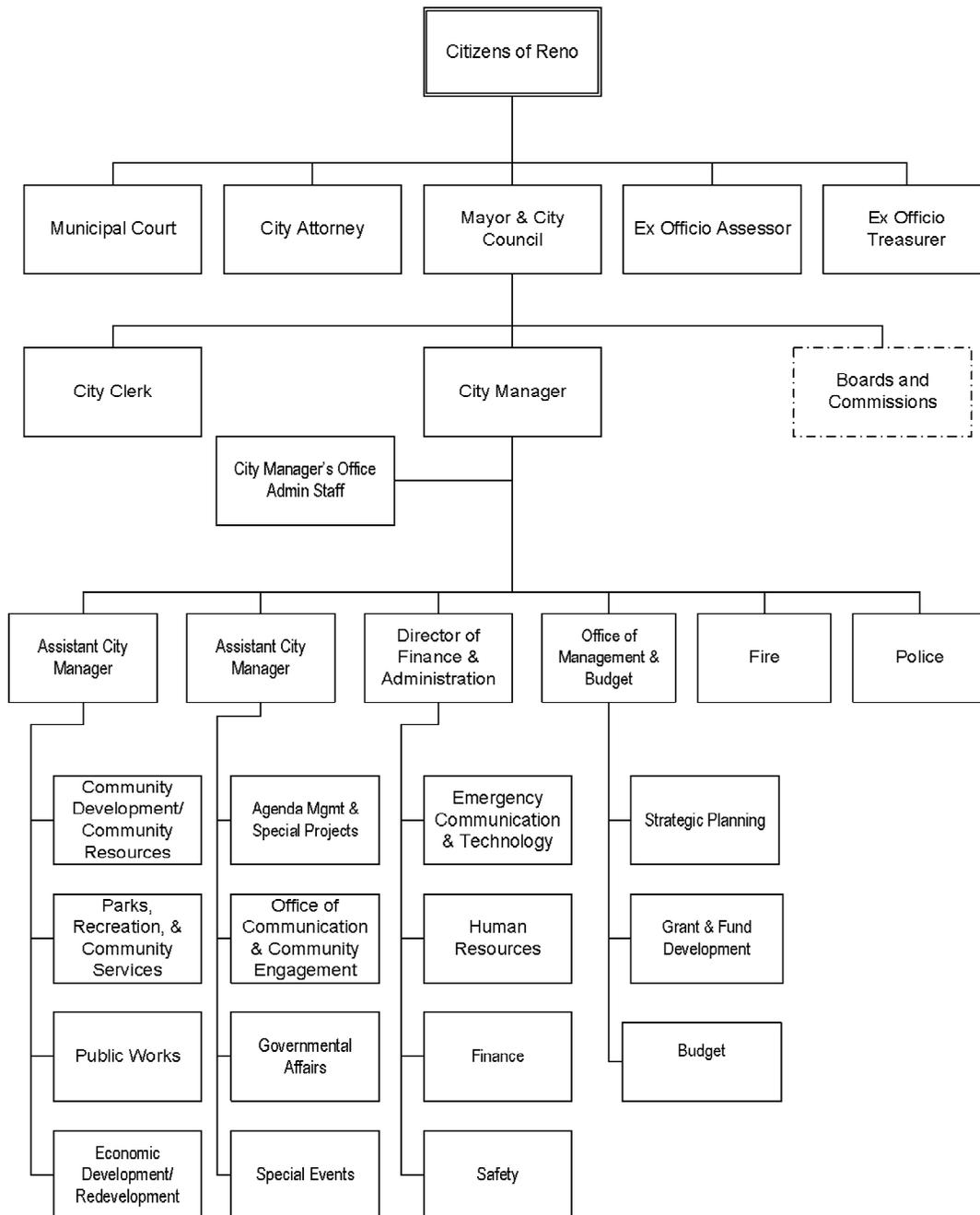
Executive Director/CEO

# CITY OF RENO

## ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2013

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# **CITY OF RENO**

## **CITY OFFICIALS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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### **CITY COUNCIL**

Robert A. Cashell, Sr., Mayor  
Jenny Brekhus, Councilmember, Ward 1  
Sharon Zadra, Councilmember, Ward 2  
Oscar Delgado, Councilmember, Ward 3  
Dwight Dortch, Councilmember, Ward 4  
Neoma Jardon, Councilmember, Ward 5  
Hillary Schieve, Councilmember, At Large

### **CITY MANAGER**

Andrew Clinger

### **OTHER ELECTED OFFICIALS**

John Kadlic, City Attorney  
Jay Dilworth, Judge  
William Gardner, Judge  
Kenneth Howard, Judge  
Dorothy Nash Holmes, Judge

### **CITY CLERK**

(Appointed by the City Council)

Lynnette Jones

### **CITY MANAGEMENT**

(Appointed by the City Manager)

Cadence Matijevec, Assistant City Manager  
William Thomas, Assistant City Manager  
Fred Turnier, Community Development Director  
Robert Chisel, Director of Finance and Administration  
Michael Hernandez, Fire Chief  
Megan Salcido, Government Affairs Director  
Renee Rungis, Human Resource Director  
Deanna Gescheider, Office of Communication and Community Engagement Director  
Julee Conway, Parks, Recreation and Community Services Director  
Steven Pitts, Police Chief  
John Flansberg, Public Works Director  
Kate Thomas, Office of Management and Budget 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

Honorable Mayor and 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, 2013, 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 and for the year ended June 30, 2013, 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 and budgetary comparison information on pages 11-24 and 83-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for

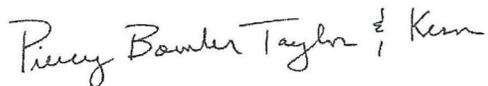
placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Las Vegas, Nevada  
December 20, 2013

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

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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 \$9,501,585, or 1.10%, over the prior year balance after prior year adjustments (detailed in Note 2 to the Financial Statements).

The City's Statement of Net Position reflects a \$76.2 million net post-employment benefit obligation due to the City not fully funding its annual required contribution *via* a trust.

In compliance with the Governmental Accounting Standards Board's Statement No. 53, the City is reporting the fair value of its hedging derivative instruments of \$34.0 million, which affects both deferred outflows of resources and long-term liabilities and is an improvement over the \$55.7 million deferred outflow of resources and long-term liability reported in the prior year.

Net capital assets increased 3.08% after depreciation primarily due to the reclassification of \$31.0 million of property held for resale in the prior fiscal year to capital assets in fiscal year 2013 due to a change in the baseball developer agreement, and to \$31.9 million in contributed streets.

The City issued two new debt instruments: a \$171,412 installment purchase agreement to acquire the City's copiers, and \$195,190 capital lease to acquire golf carts.

General Fund revenues totaled \$160,086,267, which is down 2.36% from the prior fiscal year. This figure excludes other financing sources. General Fund expenditures decreased 0.21% to \$151,263,843, excluding other financing uses such as transfers.

Property tax collections for the governmental funds experienced an increase of 7.70%, almost entirely due to the receipt property taxes for the Redevelopment Agency of the City of Reno (RACOR) under a multi-party settlement. Property tax collection in the General Fund decreased by 2.87%.

The City saw the third year in a row of intergovernmental consolidated tax growth -- 4.74%, after a 4.02% increase in fiscal year (FY) 2011/12 and a 1.20% increase in FY 2010/11.

Intergovernmental consolidated tax increased by \$1,582,711, or 4.02%, after a 1.20% increase in the prior fiscal year preceded by three straight fiscal years of decline.

Licensing and permits income in the General Fund increased 4.88%. Franchise fee revenue increased 4.42%, with increases in all categories except natural gas. Water toll fees rose primarily due to the water toll fee increase from 3.00% to 5.00%.

Cash and investments at the governmental funds level rose by 5.52%, while cash and investments in the General Fund rose by 7.88%.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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### **Financial Overview**

The basic financial statements of the City are comprised of government-wide financial statements, fund financial statements, and notes to the 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 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 which are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business type functions, in the government-wide and fund financial statements. 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 for the City include sewer operations, golf course operations, 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. All funds of the City are divided into governmental, proprietary, and fiduciary funds.

### **Governmental Funds**

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

The City maintains 25 separate funds/fund groups that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balance in the following four funds because they qualify as major funds under the GASB 34 definition: General Fund, Railroad Debt Service Fund, Downtown Events Center Debt Service Fund, and Redevelopment Agency Capital Project Fund. Information for the remaining twenty one (21) funds, which meet the definition of non major funds, is aggregated for reporting purposes.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

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

### 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, Golf Course, and Building Permit. Internal service funds are used to account for and allocate internal costs to the various functions in the City. The internal service funds include Motor Vehicle, Risk Retention, Self-funded Medical Plan, and Self-funded Worker's Compensation. The City's internal service functions primarily benefit governmental as opposed to business-type activities. Consequently, they have been included in the governmental activities of 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 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 below.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Assets						
Current, restricted and other	\$ 143,483,926	\$ 168,956,133	\$ 142,084,776	\$ 136,430,807	\$ 285,568,702	\$ 305,386,940
Capital	<u>1,028,082,162</u>	<u>994,171,192</u>	<u>300,975,194</u>	<u>295,171,838</u>	<u>1,329,057,356</u>	<u>1,289,343,030</u>
Total assets	<u>1,171,566,088</u>	<u>1,163,127,325</u>	<u>443,059,970</u>	<u>431,602,645</u>	<u>1,614,626,058</u>	<u>1,594,729,970</u>
Deferred outflows of resources	<u>64,434,940</u>	<u>87,328,725</u>	<u>354,951</u>	<u>420,890</u>	<u>64,789,891</u>	<u>87,749,615</u>

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Liabilities						
Current	\$ 56,247,566	\$ 78,489,224	\$ 11,937,320	\$ 7,000,988	\$ 68,184,886	\$ 85,490,212
Long-term	<u>654,806,067</u>	<u>645,377,324</u>	<u>83,840,171</u>	<u>88,528,809</u>	<u>738,646,238</u>	<u>733,906,133</u>
Total liabilities	<u>711,053,633</u>	<u>723,866,548</u>	<u>95,777,491</u>	<u>95,529,797</u>	<u>806,831,124</u>	<u>819,396,345</u>
Net position						
Net investment in capital assets	611,511,174	568,036,514	222,509,756	210,627,844	834,020,930	778,664,358
Restricted	67,160,649	109,857,977	13,193,945	15,873,574	80,354,594	125,731,551
Unrestricted	<u>(153,724,428)</u>	<u>(151,304,989)</u>	<u>111,933,729</u>	<u>109,992,320</u>	<u>(41,790,699)</u>	<u>(41,312,669)</u>
Total net position	<u>\$ 524,947,395</u>	<u>\$ 526,589,502</u>	<u>\$ 347,637,430</u>	<u>\$ 336,493,738</u>	<u>\$ 872,584,825</u>	<u>\$ 863,083,240</u>

Assets as of June 30, 2013, net of accumulated depreciation of \$826,554,792, totaled \$1,614,626,058, which represents a 1.25% increase from the prior year's adjusted total assets. The prior years' balance sheets were adjusted to reflect the new accounting treatment of unamortized bond issuance costs with the implementation of Governmental Accounting Standards Board's Statement (GASB) No. 65. Prior to implementation, unamortized bond issuance costs were treated as deferred charges in assets. Going forward, bond issuance costs are treated as expenses in the year incurred.

Current and Other Assets include cash/investments, receivables, prepaid items, and land held for resale by the RACOR. Current and Other Assets in governmental activities experienced a 15.08% decrease due primarily to reclassifying \$36.1 million of property held for resale to capital assets in the governmental activities. A change in the agreement with the baseball developer has resulted in the RACOR retaining ownership of the baseball stadium at the end of the agreement. Subsequently, the decision was made that the stadium now meets the definition of a capital asset, which will lead the stadium to be depreciated over the life of the agreement. Furthermore, given the City's financial projections, it was determined that the two temporary fire stations collectively valued at \$5.0 million that were established as a result of the baseball agreement will be in existence on a longer term basis, and therefore should be treated as depreciable capital assets. Excluding the effect of these two transactions, Current and Other Assets actually increased by 6.43%.

The 4.14% change in Current and Other Assets in business-type activities is primarily due to an increase in due from other governments related to a \$2.0 million refund of Reno's share of operating expenses at the Truckee Meadows Water Reclamation Facility (TMWRF) based on updated flow analyses. However, when combined with governmental activities, Current and Other Assets declined by 6.49%, primary due to the change in classification of the baseball stadium and the two previously temporary fire stations. Other asset investments include a \$76,007,750 ownership interest in TMWRF.

Deferred outflows of resources increased in fiscal year 2013 also due to the implementation of GASB No. 65, which changed the classification of deferred losses on debt refunding activities from a reduction to outstanding debt to deferred outflows of resources, as the deferred loss is amortized over the life of the new debt or the refunded debt, whichever is less.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

Liabilities, which consisted primarily of long-term debt, totaled \$806,831,124. Liabilities also include payables, unearned revenue, and the net other post-employment benefits (OPEB) obligation. The net OPEB obligation represents the unfunded portion of the annual required contribution (ARC) necessary to accrue for the actuarial liability for health care and other post-retirement benefit costs for future retirees. The City's ARC for FY 2012/13 was approximately \$18.8 million of which \$5.8 million was funded in the form of pay-as-you-go costs and implicit subsidy payments. Approximately \$61.5 million of the \$76.2 million net OPEB obligation is attributed to the Public Safety function. Also included in liabilities are the hedged derivatives (swap termination values) 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, 2013, of negative \$34.0 million – the amount owed to the swap counterparty. This is \$21.7 million lower than the liability reported for the prior fiscal year. However, this liability is offset by a deferred charge reported under Deferred Outflows of Resources due to the determination that the hedge is effective.

A comparison of assets and liabilities for the government-wide financial statements reflect a net position of \$872,584,825. This total reflects a 1.10% increase after taking into consideration prior period adjustments to remove unamortized bond issuance costs. The majority of the City of Reno's net position, \$834.0 million or 95.58%, is reflected in investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) net of related debt. The cumulative impact of the worker's compensation liability and the net OPEB obligation liability totaling (\$115,430,460) is the major contributor to the negative unrestricted net position balance for governmental activities of (\$153,724,428), which when combined with the \$111,933,729 in unrestricted business-type net position, results in (\$41,790,699) of unrestricted net position overall for the City after taking prior year adjustments into consideration.

Fiscal year 2012/13 activity for the government-type and business-type entities is presented in the Statement of Activities. As indicated in this statement, governmental activities reduced the City of Reno's net position by \$1,642,107. Business-type activities increased net position by \$11,143,692.

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
		Restated		Restated		Restated
Revenues						
Program revenues						
Charges for services	\$ 71,230,131	\$ 78,782,531	\$ 60,037,239	\$ 51,870,951	\$ 131,267,370	\$ 130,653,482
Operating grants and contributions	16,166,706	11,298,769	32,194	31,055	16,198,900	11,329,824
Capital grants and contributions	45,488,140	11,601,446	8,170,432	3,722,997	53,658,572	15,324,443
General revenues						
Property taxes	63,114,015	58,655,405			63,114,015	58,655,405
Intergovernmental consolidated taxes	42,849,236	40,909,269			42,849,236	40,909,269
Room taxes	7,833,957	7,168,308			7,833,957	7,168,308
Sales taxes restricted for debt service	9,200,167	8,571,308			9,200,167	8,571,308
Other sales taxes	271,025	269,141			271,025	269,141
Intergovernmental SCCR (AB104) taxes	2,781,495	2,667,490			2,781,495	2,667,490
Intergovernmental gaming licenses	1,489,815	1,552,916			1,489,815	1,552,916
Investment income	1,942,762	2,037,971	159,390	101,805	2,102,152	2,139,776
Change in fair value of investments	(260,892)	157,483	(228,228)	114,596	(489,120)	272,079
Gain on disposal of capital assets	46,716	277,930	18,833		65,549	277,930
Miscellaneous	890,666	1,087,310	12,164	99,035	902,830	1,186,345
<b>Total revenues</b>	<b>263,043,939</b>	<b>225,037,277</b>	<b>68,202,024</b>	<b>55,940,439</b>	<b>331,245,963</b>	<b>280,977,716</b>

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
		Restated		Restated		Restated
<b>Expenses</b>						
General government	\$ 31,516,451	\$ 32,686,051	\$	\$	\$ 31,516,451	\$ 32,686,051
Judicial	7,688,589	7,223,028			7,688,589	7,223,028
Public safety	115,072,376	114,990,532			115,072,376	114,990,532
Public works	55,111,936	57,540,323			55,111,936	57,540,323
Culture and recreation	18,749,736	14,526,095			18,749,736	14,526,095
Planning and community development	10,582,512	9,849,260			10,582,512	9,849,260
Urban development	2,086,290	1,248,972			2,086,290	1,248,972
Interest expense and fiscal charges	24,698,709	26,583,777			24,698,709	26,583,777
Administrative charges and other costs	2,480,894	2,784,943			2,480,894	2,784,943
Sanitary sewer			49,972,058	44,364,321	49,972,058	44,364,321
Golf course				1,295,630		1,295,630
Building permit			<u>3,784,827</u>	<u>3,605,348</u>	<u>3,784,827</u>	<u>3,605,348</u>
<b>Total expenses</b>	<u>267,987,493</u>	<u>267,432,981</u>	<u>53,756,885</u>	<u>49,265,299</u>	<u>321,744,378</u>	<u>316,698,280</u>
Change in net position before transfers	(4,943,554)	(42,395,704)	14,445,139	6,675,140	9,501,585	(35,720,564)
Transfers	<u>3,301,447</u>	<u>(600,410)</u>	<u>(3,301,447)</u>	<u>600,410</u>		
Change in net position	(1,642,107)	(42,996,114)	11,143,692	7,275,550	9,501,585	(35,720,564)
Net position, beginning of year	<u>526,589,502</u>	<u>569,585,616</u>	<u>336,493,738</u>	<u>329,218,188</u>	<u>863,083,240</u>	<u>898,803,804</u>
Net position, end of year	<u>\$ 524,947,395</u>	<u>\$ 526,589,502</u>	<u>\$ 347,637,430</u>	<u>\$ 336,493,738</u>	<u>\$ 872,584,825</u>	<u>\$ 863,083,240</u>

Total revenues in FY 2012/13 rose by 17.89% when compared to the previous year's total, while expenses increased 1.59%.

General revenues in the current year rose 5.22% over general revenues collected in the prior year. Property tax revenues rose 7.60% due in a large part to a property tax settlement that benefited the RACOR. The settlement resulted in the cessation of removing exempt properties from the RACOR's tax base and guarantee of a minimum property tax increment allocation. Otherwise, excluding other past due collections, property taxes actually registered a slight decline resulting from what is believed to be the last devaluation of real estate in Washoe County as the assessed values begin to stabilize. As stated previously, intergovernmental consolidated tax revenues registered a 4.74% increase and intergovernmental SCCR tax revenues also registered a 4.27% increase.

Program revenues rose 27.85% due primarily to a 250.15% increase capital grants and contributions. Of the increase, \$31.9 million represents street rehabilitation work performed by the Regional Transportation Commission. Charges for services remained relatively unchanged (0.47% increase).

While unrestricted investment and interest earnings declined slightly, the City's statement experienced a larger loss in pricing investments at market rate. The loss affected net investment and interest earnings for both governmental activities and business-type activities.

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# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

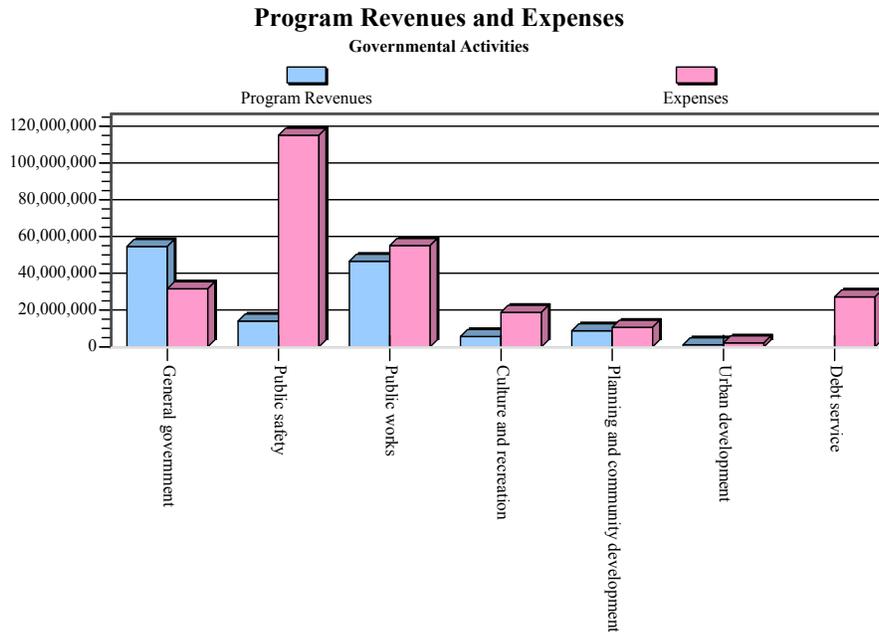
Each function's expenses continue to be impacted by the City's decision to not fund the amount of the OPEB ARC beyond the pay-as-you-go costs. The function that experienced the largest impact of the OPEB-related expense was Public Safety at \$10.7 million compared to \$9.9 million in FY 2011/12.

Urban Redevelopment expenses rose 67.04% as compared to the prior fiscal year due to depreciation on the baseball stadium that was transferred from a non-depreciable asset to a capital asset. The Culture and Recreation function also registered a large increase in expenses, primarily due to the merging of the Golf Course Enterprise Fund operations into the General Fund.

The General Government function's FY 2012/13 expenses declined by 3.58% due, in part, to energy savings realized as part of the City's green and renewable energy projects. In FY 2011/12, the City ceased allocating electric and gas utility bills among various departments and centralized the costs into one cost center in order to keep a more accurate measure of the savings envisioned by the various green energy projects implemented in fiscal years 2010/11 and 2011/12.

### Governmental Activities

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



(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

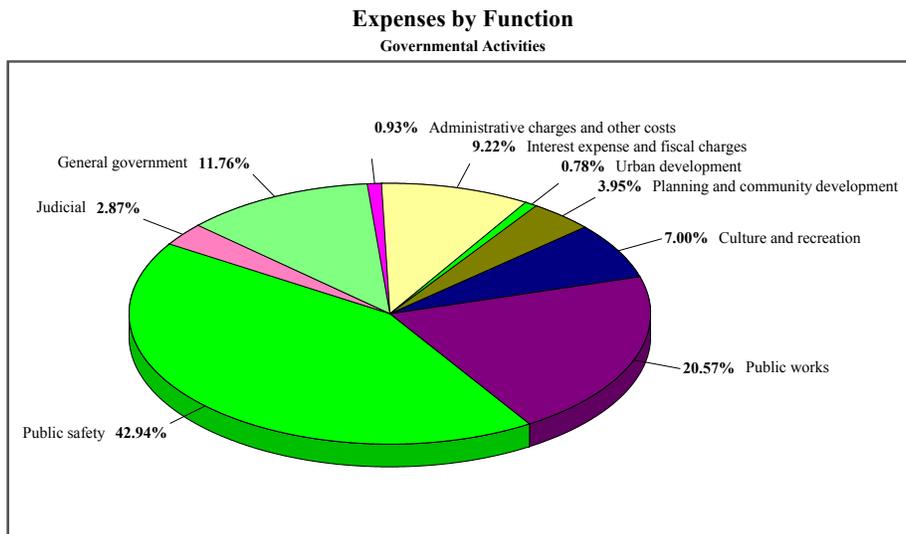
Total program revenues and expenses for governmental activities amounted to \$132,884,977 and \$267,987,493, respectively, for the 2012/13 fiscal year. As indicated in the chart, expenses exceeded program revenues for all functions except General Government. This indicates that services provided within those functions by the City of Reno 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 Public Safety (Police, Fire and Dispatch), Public Works and Planning and Community Development are lessened due to the receipt of operating and capital grants from federal and state governments, as well as due to private grants and some developer contributions.

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

For governmental activities, charges for services continue to be the largest revenue contributor, followed by property taxes. Intergovernmental consolidated tax revenues prior to fiscal year 2008/09 were the largest or second largest source of revenue, but represent the fourth largest revenue source in FY 2012/13 at 16.29%, in spite of a 4.74% gain in FY 2012/13.

As reported in previous years, property values declined dramatically in Washoe County between FY 2008/2009 and FY 2011/12. The application of abatements received in prior years and representing the difference between the growth in the tax base experienced between 2006 and 2008 and the property tax growth caps instituted by the 2005 Nevada State Legislature (caps residential property tax revenue growth at 3% and commercial property growth at ten-year rolling average or 8%, whichever is less) limited the decline in the property tax revenue through FY 2011/12. With the abatements exhausted in FY 2010/11, property taxes declined 11.20% in FY 2010/11 and 7.89% in FY 2011/12. If the effect of the RACOR property tax settlement is excluded, property taxes revenues increased only 0.31% in FY 2012/13. Excluding collection of past due taxes, revenues actually declined approximately 1.13% in FY 2012/13.

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.



(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

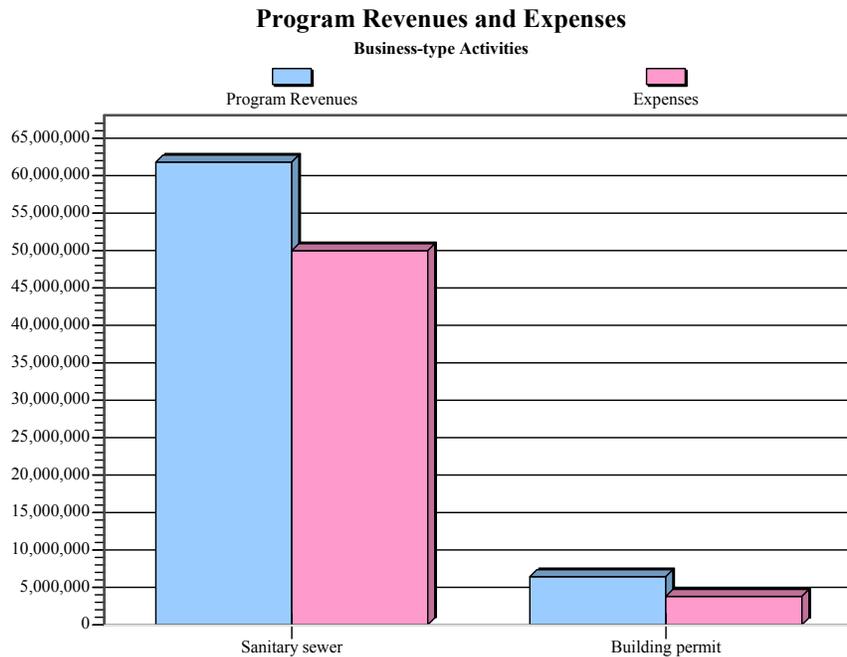
FOR THE YEAR ENDED JUNE 30, 2013

### Business-type Activities

Business-type activities include sanitary sewer operations, a municipal golf course, and building permit operations. Total program revenues and expenses were \$68,239,865 and \$53,756,885, respectively, for business-type activities for the 2012/13 fiscal year. The following chart presents each activity's contribution to these totals.

The Sanitary Sewer program continues to be self-supporting, with program revenues exceeding operating expenses by \$11,833,966. The Building Permits program had net operating income of \$2,649,014, as permits and fee revenues were up by 48.98% due to an increase in construction activity, while operating expenses increased at a modest rate of 1.73%.

Because the golf course cannot generate sufficient revenues to cover operations, the City Council made the decision to move golf course operations under the General Fund beginning FY 2012/13. The net transfer of net capital assets and long-term debt into governmental activities totaled \$3,156,413.



As expected, charges for services remain the major source of revenue for business-type activities. As a percentage of total revenues, charges for services decreased from 92.73% in 2011/12 to 88.03%. The golf course merger is partially due to the reduction in charges for service as a percentage of total revenues. However, the City also saw an increase in contributed capital in the form of sewer lines and storm drains contributed to the City by developers.

Total business type expenses saw an overall 9.12% increase over the prior year as a result of two significant maintenance projects at TMWRF.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

The financial information presented thus far has focused on government-wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflows of current resources. This serves as an important measure of working capital for service provision to Reno residents. In particular, unreserved fund balance is useful in measuring resources available for spending at fiscal year-end. Since the focus in fund accounting is on current resource activity, the balance sheet does not reflect long-term assets and debt. The following pages summarize the FY 2012/13 results under this focus.

### **Governmental Funds**

The governmental funds of the City of Reno reflected combined total assets of \$109,412,113 and total liabilities and deferred inflows of resources of \$46,774,208, respectively. This resulted in a total combined fund balance of \$62,637,905. Of this fund balance, \$1,723,160 is categorized as nonspendable, \$36,512,926 as restricted, \$19,362,118 as assigned, and \$5,039,701 as unassigned. Fiscal year 2012/13 fund balance is 31.96% lower than the \$92,061,948 recorded in the prior fiscal year after taking into consideration the conversion of property held for resale to capital assets. With the implementation of GASB No. 65, unavailable revenues previously categorized as liabilities are now reported as deferred inflows of resources.

### **Major Governmental Funds**

The primary operating fund of the City of Reno is the General Fund. For the fiscal year ended June 30, 2013, the unassigned fund balance in the General Fund was \$5,895,188 and the total fund balance was \$7,459,659. This is a 14.65% increase over the FY 2011/12 total fund balance, as revenues came in higher than budget and due to accruals of federal grant revenues for the Fire Department.

Another major governmental fund is the Railroad Debt Service Fund. Assets total \$17,450,560, or 15.95%, of total governmental fund assets and are primarily comprised of cash and investments for payment of principal and interest on outstanding debt, as well as special assessment receivables that will meet debt service requirements for \$9.7 million in SAD bonds outstanding. The total fund balance for the Railroad Debt Service Fund was \$8,257,177, which is an increase from FY 2011/12 fund balance of \$8,174,105 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 the multi purpose facility. The principal asset of the fund is deferred special assessment revenues which, as collected, will provide the funds needed to meet debt service requirements for \$5.8 million in SAD bonds outstanding. Cash and investments represent the bulk of the remaining assets. Total fund balance at June 30, 2013, was \$2,165,811, which represents a 20.62% increase over the FY 2011/12 balance, as room tax revenues rose 8.95% and expenditures remained relatively unchanged.

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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In FY 2011/12, the largest component of the governmental funds category with respect to total assets, excluding the General Fund, was the Redevelopment Agency Capital Projects Fund. This fund's largest asset was land held for resale, which included the triple A baseball stadium and two temporary fire stations that replaced the downtown fire station displaced by the baseball park. Based upon a new agreement signed with the baseball developer in FY 2012/13, ownership of the stadium will remain with the City/RACOR at the end of the agreement. Therefore, management determined that the asset should be moved from property held for resale to a depreciable capital asset. Also, in reviewing the City's long-term financial plan and capital needs, management determined that the two temporary stations will remain in use for the foreseeable future and also should be treated as depreciable capital assets. After making these two changes, almost all of the assets at the fund level were removed, only leaving a small fund balance of \$3,266. This fund is reported as a major fund in FY 2012/13 to allow users of this report to see the impact of moving these assets to capital assets reported only in the entity-wide statements.

### Proprietary Funds

The enterprise funds of the City of Reno reflected a combined total amount of assets and deferred inflows of resources and liabilities of \$454,870,499 and \$95,777,491, respectively. This resulted in a total net position of \$359,093,008. After consolidation of internal service fund activities related to services provided to the enterprise funds, total net position declined to \$347,637,430. The portion of the FY 2012/13 change in net position for internal service funds allocated to enterprise funds totaled (\$848,128). Unrestricted net position totaled \$111,933,729, after consolidation of internal service fund activity.

### Major Proprietary Fund

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net position at the end of the 2012/13 fiscal year amounted to \$120,514,375. Total operating revenues rose 13.69%. This increase is primarily the result of the 8% rate hike effective October 1, 2012, the second 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 City of Reno residents being served by Washoe County's South Meadows Water Reclamation Facility, as well as keeping up with increasing costs of providing sewer service.

Operating expenses increased 12.58%, primarily due to an increase in Reno's share of the operating expenses at the TMWRF. After accounting for the City's share of the net investment loss TMWRF of \$3,984,221 (primarily depreciation expense), the Sanitary Sewer Fund registered net income before capital contributions and transfers of \$8,733,482. The amount of delinquent sewer receivables increased by approximately \$611,000. However, the City has the ability to file property liens for delinquent sewer bills which partially mitigates the risk of uncollectibility, and the number of liens filed has grown over the past two 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 \$150,413,843, excluding other financing uses, which is 9.05% higher than the original budget of \$137,926,460. Approximately \$10.0 million of the increase is due to receipt of the SAFER Grant for the Reno Fire Department, which occurred after the original budget was adopted and allowed the City to retain 64 positions. Most of the function's FY 2012/13 appropriations are consistent with their respective appropriations on a total budget percentage basis for the prior fiscal year 2011/12. Culture and Recreation was higher due to now reporting golf course operations in the General Fund.

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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The City continues to monitor costs very closely, and moved to a zero-based program budgeting methodology in FY 2011/12, which it continues to use. Only a very few critical positions have been filled, and increases in expenditures have been limited for the most part to those that are funded with federal, state or private grants and/or contributions.

### **Capital Assets Activity**

At June 30, 2013, the City of Reno had capital assets net of depreciation and amortization of \$1,329,057,356 in governmental and business-type activities. This represents 3.08% increase when compared to the prior year, and includes investment in land, buildings, improvements, machinery and equipment, infrastructure, software, and works of art. This figure is also net of accumulated depreciation totaling \$826,554,792.

Major capital investment activities for the 2012/13 fiscal year include:

The addition of \$31.0 million in improvements other than buildings represented by the baseball stadium transferred from property held for resale;

The addition of \$5.0 million in buildings represented by the two fire stations transferred from property held for resale; and

The addition of \$31.9 million in contributed infrastructure primarily in the form of street rehabilitations performed by the Regional Transportation Commission.

Additional information on capital assets is presented in Note 3 in the Notes to the Financial Statements section of this report.

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

Bonds and notes payable outstanding at June 30, 2013 totaled \$563,317,097, a 3.44% decrease when compared to the prior year. Debt for governmental activities represents 86.01% of total debt outstanding, with debt related to business-type activities accounting for 13.99% of the total debt outstanding.

As of June 30, 2013, the City of Reno had \$120,688,247 of general obligation debt outstanding that is subject to the legal debt margin. After adjusting for monies currently available in the fund for debt service, this was below the legal debt limit of \$813,359,000 by \$692,684,209 after adding back cash reserves of \$13,456.

During FY 2012/13 the City entered into a capital lease in the amount of \$195,190 for the acquisition of golf carts and an installment purchase agreement in the amount of \$171,412 to acquire the City's copiers that were previously under an operating lease.

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

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

(Continued)

# CITY OF RENO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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### **Known Economic Factors**

The Washoe County Assessors Office is projecting a 0.2% decline in property taxes for FY 2013/14, indicating property values are beginning to stabilize in Washoe County and the large devaluations experienced over the past four years are over.

For the first quarter of FY 2013/14, intergovernmental consolidated tax revenues have risen 8.24% over the first quarter of FY 2012/13.

The City will see its contributions to the State Public Retirement System increase in FY 2013/14 by 2.00% for non-public safety employees, 0.75% for public safety personnel, and 6.75% for municipal court judges.

The City has seen an increase in residential and construction permits being issued in FY 2012/13, which will generate new property taxes.

In June of 2013 the unemployment rate in the Reno MSA was 9.8%, which is 0.2% higher than the state unemployment rate of 9.6% and higher than the national rate of 7.6%. The Reno MSA unemployment is lower than the 11.7% for the same time period one year ago. The annual job growth rate for the Reno metropolitan area between June 2012 and June 2013 was flat with no measurable increase.

### **Requests for Information**

This financial report is designed to provide a general overview of the financial activity and condition of the City of Reno to all having such an interest in the City of Reno. 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, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments, unrestricted	\$ 83,048,838	\$ 36,032,043	\$ 119,080,881
Cash, cash equivalents and investments, restricted		13,217,566	13,217,566
Accounts receivable, net	5,924,775	12,368,200	18,292,975
Interest receivable	152,715	87,197	239,912
Taxes receivable	1,829,534		1,829,534
Special assessments receivable	19,405,880		19,405,880
Due from other governments	20,294,499	6,076,942	26,371,441
Notes receivable, net	268,312	7,740,841	8,009,153
Inventories	777,687	131,285	908,972
Prepaid items	140,481	1,022,948	1,163,429
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		76,007,750	76,007,750
Internal balances	10,599,996	(10,599,996)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	11,824,986	18,465,350	30,290,336
Land	155,452,380	11,301,180	166,753,560
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	178,878,255	7,042,807	185,921,062
Improvements other than buildings	297,988,045	262,113,565	560,101,610
Infrastructure	19,102,656	240,178	19,342,834
Machinery, equipment and software	361,927,059		361,927,059
Art and historical treasures	1,783,781		1,783,781
<b>Total assets</b>	<b>1,171,566,088</b>	<b>443,059,970</b>	<b>1,614,626,058</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instruments, accumulated decrease in fair value	33,990,588		33,990,588
Unamortized deferred refunding charges	30,444,352	354,951	30,799,303
<b>Total deferred outflows of resources</b>	<b>64,434,940</b>	<b>354,951</b>	<b>64,789,891</b>
<b>LIABILITIES</b>			
Accounts payable and other accrued expenses	4,350,161	2,119,310	6,469,471
Accounts payable from restricted assets		7,359	7,359
Accrued salaries and benefits	7,916,786	75,035	7,991,821
Contracts payable	956,057	9,286,066	10,242,123
Contracts payable from restricted assets		400,517	400,517
Due to other governments	39,249	2,609	41,858
Deposits	1,182,236	46,424	1,228,660
Unearned revenue	7,812,489		7,812,489
Derivative instruments	33,990,588		33,990,588
Long-term liabilities, due within one year			
Bonds and notes payable	18,011,901	4,343,271	22,355,172
Compensated absences	8,489,580	721,004	9,210,584
Self-insurance liability	7,812,323		7,812,323
Interest payable	2,315,435	1,139,398	3,454,833
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	466,484,807	74,477,118	540,961,925
Compensated absences	11,606,311	448,182	12,054,493
Self-insurance liability	39,186,469		39,186,469
Postemployment benefits other than pensions	73,531,193	2,711,198	76,242,391
Interest payable	27,368,048		27,368,048
<b>Total liabilities</b>	<b>711,053,633</b>	<b>95,777,491</b>	<b>806,831,124</b>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	611,511,174	222,509,756	834,020,930
Restricted for			
Debt service	41,208,101		41,208,101
Capital improvement projects	11,377,757	13,193,945	24,571,702
Fire, police and other public safety programs	570,541		570,541
Cultural, community and development programs	998,433		998,433
Self-insurance liabilities	13,005,817		13,005,817
Unrestricted	(153,724,428)	111,933,729	(41,790,699)
Total net position	\$ 524,947,395	\$ 347,637,430	\$ 872,584,825

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAM	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Grants and Contributions	Contributions			
Governmental activities							
General government	\$ 31,516,451	\$ 53,841,313	\$ 15,502	\$ 681,611	\$ 23,021,975		\$ 23,021,975
Judicial	7,688,589	2,115,813	401,895		(5,170,881)		(5,170,881)
Public safety	115,072,376	3,580,724	10,418,992		(101,072,660)		(101,072,660)
Public works	55,111,936	5,202,627	12,257	41,305,571	(8,591,481)		(8,591,481)
Culture and recreation	18,749,736	4,445,609	181,011	977,214	(13,145,902)		(13,145,902)
Planning and community development	10,582,512	1,239,485	4,895,279	2,523,744	(1,924,004)		(1,924,004)
Urban development	2,086,290	804,560	241,770		(1,039,960)		(1,039,960)
Debt service							
Interest expense and fiscal charges	24,698,709				(24,698,709)		(24,698,709)
Administrative charges and other costs	2,480,894				(2,480,894)		(2,480,894)
<b>Total governmental activities</b>	<b>267,987,493</b>	<b>71,230,131</b>	<b>16,166,706</b>	<b>45,488,140</b>	<b>(135,102,516)</b>		<b>(135,102,516)</b>
Business-type activities							
Sanitary sewer	49,972,058	53,603,398	32,194	8,170,432		11,833,966	11,833,966
Building permit	3,784,827	6,433,841				2,649,014	2,649,014
<b>Total business-type activities</b>	<b>53,756,885</b>	<b>60,037,239</b>	<b>32,194</b>	<b>8,170,432</b>		<b>14,482,980</b>	<b>14,482,980</b>
<b>Total function/program</b>	<b>\$ 321,744,378</b>	<b>\$ 131,267,370</b>	<b>\$ 16,198,900</b>	<b>\$ 53,658,572</b>	<b>\$ (135,102,516)</b>	<b>14,482,980</b>	<b>(120,619,536)</b>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	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
<b>GENERAL REVENUES</b>							
Property taxes					63,114,015		63,114,015
Intergovernmental consolidated taxes					42,849,236		42,849,236
Room taxes					7,833,957		7,833,957
Sales taxes restricted for debt service					9,200,167		9,200,167
Other sales taxes					271,025		271,025
Intergovernmental SCCR (AB104) taxes					2,781,495		2,781,495
Intergovernmental gaming licenses					1,489,815		1,489,815
Investment income					1,942,762	159,390	2,102,152
Change in fair value of investments					(260,892)	(228,228)	(489,120)
Gain on disposal of capital assets					46,716	18,833	65,549
Miscellaneous					890,666	12,164	902,830
<b>Total general revenues</b>					<u>130,158,962</u>	<u>(37,841)</u>	<u>130,121,121</u>
Transfers					<u>3,301,447</u>	<u>(3,301,447)</u>	
<b>CHANGE IN NET POSITION</b>					<u>(1,642,107)</u>	<u>11,143,692</u>	<u>9,501,585</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>							
Adjustment					534,712,698	337,221,929	871,934,627
					<u>(8,123,196)</u>	<u>(728,191)</u>	<u>(8,851,387)</u>
<b>NET POSITION BEGINNING OF YEAR, AS ADJUSTED</b>					<u>526,589,502</u>	<u>336,493,738</u>	<u>863,083,240</u>
<b>NET POSITION, END OF YEAR</b>					<u>\$ 524,947,395</u>	<u>\$ 347,637,430</u>	<u>\$ 872,584,825</u>

See notes to basic financial statements.

# **FUND FINANCIAL STATEMENTS**



# CITY OF RENO

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2013

	Debt Service Funds			Capital Projects Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency			
<b>ASSETS</b>							
Cash, cash equivalents and investments	\$ 9,769,644	\$ 6,416,436	\$ 1,547,085	\$ 3,266	\$ 41,525,991	\$ 59,262,422	
Accounts receivable	4,656,584	9,194			1,181,230	5,847,008	
Interest receivable	17,475	10,782	5,795		74,727	108,779	
Taxes receivable	1,141,290				688,244	1,829,534	
Special assessments receivable	121,865	9,683,119	5,790,024		3,810,872	19,405,880	
Due from other governments	12,057,367	1,331,029	578,159		6,227,994	20,194,549	
Due from other funds					42,422	42,422	
Advances to other funds					730,047	730,047	
Inventories	412,723				192,556	605,279	
Prepaid items	41,562		14,950		20,160	76,672	
Property held for sale					1,041,209	1,041,209	
Notes receivable, net					268,312	268,312	
<b>Total assets</b>	<b><u>\$ 28,218,510</u></b>	<b><u>\$ 17,450,560</u></b>	<b><u>\$ 7,936,013</u></b>	<b><u>\$ 3,266</u></b>	<b><u>\$ 55,803,764</u></b>	<b><u>\$ 109,412,113</u></b>	
<b>LIABILITIES</b>							
Accounts payable and other accrued liabilities	\$ 2,132,528	\$ 4,115	\$ 275,965		\$ 1,661,299	\$ 4,073,907	
Accrued salaries and benefits	7,861,457				45,499	7,906,956	
Contracts payable	7,500				948,573	956,073	
Due to other governments	39,186				63	39,249	
Deposits	944,793	10,374			227,069	1,182,236	
Unearned revenue	7,624,432				188,057	7,812,489	
Due to other funds	42,422					42,422	
Advances from other funds	579,212				1,006,417	1,585,629	
Interest payable					852,888	852,888	
Debt obligations payable					445,000	445,000	
<b>Total liabilities</b>	<b><u>19,231,530</u></b>	<b><u>14,489</u></b>	<b><u>275,965</u></b>		<b><u>5,374,865</u></b>	<b><u>24,896,849</u></b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue, property taxes	1,263,155				687,522	1,950,677	
Unavailable revenue, special assessments		9,178,894	5,494,237		3,511,691	18,184,822	
Unavailable revenue, other	264,166				1,477,694	1,741,860	
<b>Total deferred inflows of resources</b>	<b><u>1,527,321</u></b>	<b><u>9,178,894</u></b>	<b><u>5,494,237</u></b>		<b><u>5,676,907</u></b>	<b><u>21,877,359</u></b>	
<b>Total liabilities and deferred inflows of resources</b>	<b><u>20,758,851</u></b>	<b><u>9,193,383</u></b>	<b><u>5,770,202</u></b>		<b><u>11,051,772</u></b>	<b><u>46,774,208</u></b>	

(Continued)

See notes to basic financial statements.

**CITY OF RENO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2013**

	Debt Service Funds			Capital Projects Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
FUND BALANCES						
Nonspendable						
Inventories	412,722				192,556	605,278
Prepaid items	41,563		14,950		20,160	76,673
Land held for resale					1,041,209	1,041,209
Restricted for						
Debt service		8,257,177	2,150,861		13,072,743	23,480,781
Capital improvement projects	458,219				11,003,367	11,461,586
Fire, police and other public safety programs	268,213				302,328	570,541
Other	159,566				840,452	1,000,018
Assigned to						
Debt service					17,370	17,370
Capital improvement projects				3,266	16,036,083	16,039,349
Fire, police and other public safety programs					1,083,901	1,083,901
Other	224,188				1,997,310	2,221,498
Unassigned	<u>5,895,188</u>				<u>(855,487)</u>	<u>5,039,701</u>
Total fund balances	<u>7,459,659</u>	<u>8,257,177</u>	<u>2,165,811</u>	<u>3,266</u>	<u>44,751,992</u>	<u>62,637,905</u>
Total liabilities and fund balances	<u>\$ 28,218,510</u>	<u>\$ 17,450,560</u>	<u>\$ 7,936,013</u>	<u>\$ 3,266</u>	<u>\$ 55,803,764</u>	<u>\$ 109,412,113</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, 2013

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 62,637,905
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	\$ 1,712,679,905	
Less accumulated depreciation	<u>(690,197,438)</u>	1,022,482,467
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>33,990,588</u>	33,990,588
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	(483,928,607)	
Unamortized premiums and discounts	(123,101)	
Unamortized deferred refunding charges	30,444,352	
Compensated absences payable	(19,926,934)	
Postemployment benefits other than pensions	<u>(73,113,117)</u>	(546,647,407)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(28,830,579)	
Derivative instruments	<u>(33,990,588)</u>	(62,821,167)
Unearned revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unearned revenue	<u>21,877,359</u>	21,877,359
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	(18,027,928)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	10,607,450	
Internal service fund balance receivable from business-type activities from current year activity	<u>848,128</u>	<u>(6,572,350)</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		<u>\$ 524,947,395</u>

See notes to basic financial statements.

# CITY OF RENO

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Debt Service Funds			Capital Projects Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
<b>REVENUES</b>						
Property taxes	\$ 42,919,974				\$ 20,351,037	\$ 63,271,011
Motor vehicle taxes					4,889,769	4,889,769
Room and construction taxes		705,030	5,185,237		2,870,904	8,761,171
Intergovernmental SCCR (AB104) taxes	2,781,495					2,781,495
Intergovernmental capital project taxes					458,621	458,621
Intergovernmental consolidated taxes	42,849,236					42,849,236
Intergovernmental gaming licenses	1,489,815					1,489,815
Franchise fees	23,713,630					23,713,630
Licenses, permits and other fees	15,893,806				2,202,799	18,096,605
Special assessments	1,663,519	679,553	295,787		924,058	3,562,917
Grants and contributions	11,479,881				10,555,494	22,035,375
Charges for services	12,689,763				92,066	12,781,829
Downtown district room surcharge					2,187,000	2,187,000
Intergovernmental shared revenues	271,025	7,127,854			2,223,015	9,621,894
Fines and forfeitures	2,358,497	4,704			594,638	2,957,839
Reimbursements and restitutions	1,629,893				795,397	2,425,290
Rents and royalties	180,633				1,883,653	2,064,286
Investment income	78,702	874,121	451,847		340,947	1,745,617
Change in fair value of investments	(51,119)	(14,562)	(15,054)		(180,157)	(260,892)
Miscellaneous	137,517	10,060			1,029,727	1,177,304
<b>Total revenues</b>	<b>160,086,267</b>	<b>9,386,760</b>	<b>5,917,817</b>		<b>51,218,968</b>	<b>226,609,812</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	16,826,375				529,407	17,355,782
Judicial	6,307,363				623,932	6,931,295
Public safety	101,611,973					101,611,973
Public works	4,773,938				13,742,435	18,516,373
Culture and recreation	10,487,015				9,988	10,497,003
Planning and community development	3,050,325				7,769,828	10,820,153
Urban redevelopment					754,499	754,499
Other	8,080,474					8,080,474
<b>Total current</b>	<b>151,137,463</b>				<b>23,430,089</b>	<b>174,567,552</b>
<b>Capital outlay</b>						
Public safety	21,541					21,541
Public works					8,118,958	8,118,958
Culture and recreation	12,623				1,197,866	1,210,489
<b>Total capital outlay</b>	<b>34,164</b>				<b>9,316,824</b>	<b>9,350,988</b>
<b>Debt service</b>						
Principal payments	81,205	2,460,000	2,215,000		11,833,805	16,590,010
Interest expense and fiscal charges	11,011	5,834,706	4,998,783		6,725,466	17,569,966
Administrative and other costs		1,008,982	1,384,988		86,924	2,480,894
<b>Total debt service</b>	<b>92,216</b>	<b>9,303,688</b>	<b>8,598,771</b>		<b>18,646,195</b>	<b>36,640,870</b>
<b>Total expenditures</b>	<b>151,263,843</b>	<b>9,303,688</b>	<b>8,598,771</b>		<b>51,393,108</b>	<b>220,559,410</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,822,424</b>	<b>83,072</b>	<b>(2,680,954)</b>		<b>(174,140)</b>	<b>6,050,402</b>

(Continued)

See notes to basic financial statements.

**CITY OF RENO**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

	Debt Service Funds			Capital Projects Funds	Non-major Governmental Funds	Total Governmental Funds
	General Fund	Railroad	Downtown Events Center	Redevelopment Agency		
OTHER FINANCING SOURCES (USES)						
Debt issuance proceeds	366,602					366,602
Proceeds from capital asset disposal	329,656				225,857	555,513
Loss on disposal of property held for sale				(280,831)		(280,831)
Transfers in	2,084,606		3,051,206		15,188,380	20,324,192
Transfers out	(10,649,921)			(233,490)	(9,500,747)	(20,384,158)
Transfer of property held for sale to general capital assets				(36,055,763)		(36,055,763)
Total other financing sources (uses)	<u>(7,869,057)</u>		<u>3,051,206</u>	<u>(36,570,084)</u>	<u>5,913,490</u>	<u>(35,474,445)</u>
CHANGE IN FUND BALANCE	953,367	83,072	370,252	(36,570,084)	5,739,350	(29,424,043)
FUND BALANCE, BEGINNING OF YEAR	<u>6,506,292</u>	<u>8,174,105</u>	<u>1,795,559</u>	<u>36,573,350</u>	<u>39,012,642</u>	<u>92,061,948</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,459,659</u>	<u>\$ 8,257,177</u>	<u>\$ 2,165,811</u>	<u>\$ 3,266</u>	<u>\$ 44,751,992</u>	<u>\$ 62,637,905</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, 2013

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ (29,424,043)
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	\$ 12,225,472	
Less current year depreciation	(47,780,161)	
Disposition of capital assets	<u>(2,960,753)</u>	(38,515,442)
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	(336,317)	
Capital asset contributions	32,191,630	
Transfer of property held for sale to general capital assets	36,055,763	
Transfer of proprietary fund assets to general capital assets	<u>5,202,910</u>	73,113,986
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	(366,602)	
Debt principal repayments	16,590,010	
Proprietary fund liabilities transferred to general long-term liabilities	<u>(2,046,497)</u>	14,176,911
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	(12,206,552)	
Change in compensated absences payable	(514,818)	
Amortization of deferred refunding charges	(1,270,105)	
Amortization of debt premiums and discounts	60,430	
Change in accrued interest	<u>(5,919,068)</u>	(19,850,113)
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	(1,991,534)	
The internal service funds change in net position related to business-type activities	<u>848,128</u>	<u>(1,143,406)</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		\$ <u><u>(1,642,107)</u></u>

See notes to basic financial statements.

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Business-type Activities			Governmental
	Sanitary Sewer	Non-major		Internal Service
		Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>				
Current assets				
Cash, cash equivalents and investments	\$ 31,876,006	\$ 4,156,037	\$ 36,032,043	\$ 23,786,416
Accounts receivable	6,153,415		6,153,415	77,767
Interest receivable	80,014	7,183	87,197	43,936
Due from other governments	6,076,942		6,076,942	99,950
Advances to other funds	855,582		855,582	
Inventories	128,371	2,914	131,285	172,408
Prepaid items	1,022,948		1,022,948	63,809
Restricted assets				
Cash, cash equivalents and investments	<u>13,217,566</u>		<u>13,217,566</u>	
Total current assets	<u>59,410,844</u>	<u>4,166,134</u>	<u>63,576,978</u>	<u>24,244,286</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation and amortization				
Construction in progress	18,465,350		18,465,350	
Land	11,301,180		11,301,180	
Water rights	1,812,114		1,812,114	
Buildings and building improvements	7,042,807		7,042,807	
Improvements other than buildings	261,819,441	294,124	262,113,565	
Machinery, equipment and software	<u>237,850</u>	<u>2,328</u>	<u>240,178</u>	<u>5,599,695</u>
Total capital assets, net of accumulated depreciation and amortization	<u>300,678,742</u>	<u>296,452</u>	<u>300,975,194</u>	<u>5,599,695</u>
Other assets				
Accounts receivable, delinquent	6,214,785		6,214,785	
Notes receivable, net	7,740,841		7,740,841	
Truckee Meadows Water Reclamation Facility	<u>76,007,750</u>		<u>76,007,750</u>	
Total other assets	<u>89,963,376</u>		<u>89,963,376</u>	
Total noncurrent assets	<u>390,642,118</u>	<u>296,452</u>	<u>390,938,570</u>	<u>5,599,695</u>
Total assets	<u>450,052,962</u>	<u>4,462,586</u>	<u>454,515,548</u>	<u>29,843,981</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized deferred refunding charges	<u>354,951</u>		<u>354,951</u>	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and other accrued liabilities	2,068,989	50,321	2,119,310	276,254
Accounts payable and other accrued liabilities payable from restricted assets	7,359		7,359	
Accrued salaries and benefits	57,322	17,713	75,035	9,830
Contracts payable	9,285,988		9,285,988	
Contracts payable from restricted assets	400,517		400,517	
Due to other governments		2,609	2,609	
Deposits	46,424		46,424	
Interest payable	1,139,476		1,139,476	
Debt obligations payable	4,343,271		4,343,271	
Compensated absences	538,730	182,274	721,004	91,640
Self-insurance liability				<u>7,812,323</u>
Total current liabilities	<u>17,888,076</u>	<u>252,917</u>	<u>18,140,993</u>	<u>8,190,047</u>

(Continued)

See notes to basic financial statements.

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2013**

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
Noncurrent liabilities				
Debt obligations payable	74,477,118		74,477,118	
Compensated absences	216,448	231,734	448,182	77,317
Postemployment benefits other than pensions	1,904,647	806,551	2,711,198	418,076
Self-insurance liability				39,186,469
Total noncurrent liabilities	<u>76,598,213</u>	<u>1,038,285</u>	<u>77,636,498</u>	<u>39,681,862</u>
Total liabilities	<u>94,486,289</u>	<u>1,291,202</u>	<u>95,777,491</u>	<u>47,871,909</u>
NET POSITION				
Net investment in capital assets	222,213,304	296,452	222,509,756	5,599,695
Restricted				
Capital improvement projects	13,193,945		13,193,945	
Self-insurance liabilities				13,005,816
Unrestricted	<u>120,514,375</u>	<u>2,874,932</u>	<u>123,389,307</u>	<u>(36,633,439)</u>
Total net position	<u>\$ 355,921,624</u>	<u>\$ 3,171,384</u>	359,093,008	<u>\$ (18,027,928)</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>(11,455,578)</u>	
Net position of business-type activities			<u>\$ 347,637,430</u>	

See notes to basic financial statements.

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities			Governmental
	Non-major		Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Enterprise Funds		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 48,608,475	\$ 6,433,841	\$ 55,042,316	\$ 37,085,340
Licenses and permits	297,224		297,224	
Fines and forfeitures	2,855,741		2,855,741	
Miscellaneous	1,859,750		1,859,750	823,619
Total operating revenues	<u>53,621,190</u>	<u>6,433,841</u>	<u>60,055,031</u>	<u>37,908,959</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,424,537	1,729,301	7,153,838	948,317
Employee benefits	2,974,683	948,390	3,923,073	527,594
Services and supplies	10,525,524	974,706	11,500,230	36,605,427
Joint sewer plant	14,942,020		14,942,020	
Depreciation and amortization	9,044,893	21,893	9,066,786	2,065,355
Total operating expenses	<u>42,911,657</u>	<u>3,674,290</u>	<u>46,585,947</u>	<u>40,146,693</u>
Operating income (loss)	<u>10,709,533</u>	<u>2,759,551</u>	<u>13,469,084</u>	<u>(2,237,734)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants	479,998		479,998	
Sewer connection charges	3,929,887		3,929,887	
Investment income	150,208	9,182	159,390	83,617
Change in fair value of investments	(213,334)	(14,894)	(228,228)	(110,445)
Interest and fiscal charges	(2,206,803)		(2,206,803)	
Gain (loss) on capital asset disposition	(131,786)	18,833	(112,953)	68,028
Loss on transfer of proprietary fund assets to general capital assets		(5,202,910)	(5,202,910)	
Gain on transfer of proprietary fund liabilities to general long-term liabilities		2,046,497	2,046,497	
Truckee Meadows Water Reclamation Facility	(3,984,221)		(3,984,221)	
Total nonoperating revenues (expenses)	<u>(1,976,051)</u>	<u>(3,143,292)</u>	<u>(5,119,343)</u>	<u>41,200</u>
Income (loss) before capital contributions and transfers	<u>8,733,482</u>	<u>(383,741)</u>	<u>8,349,741</u>	<u>(2,196,534)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions	<u>3,787,113</u>		<u>3,787,113</u>	
<b>TRANSFERS</b>				
Transfers in				255,000
Transfers out	(112,000)	(33,034)	(145,034)	(50,000)
Total transfers	<u>(112,000)</u>	<u>(33,034)</u>	<u>(145,034)</u>	<u>205,000</u>
<b>CHANGE IN NET POSITION</b>	<u>12,408,595</u>	<u>(416,775)</u>	<u>11,991,820</u>	<u>(1,991,534)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	344,241,220	3,588,159		(16,036,394)
Adjustment	(728,191)			
<b>NET POSITION, BEGINNING OF YEAR, AS ADJUSTED</b>	<u>343,513,029</u>	<u>3,588,159</u>		<u>(16,036,394)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 355,921,624</u>	<u>\$ 3,171,384</u>		<u>\$ (18,027,928)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>(848,128)</u>	
<b>CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES</b>			<u>\$ 11,143,692</u>	

See notes to basic financial statements.

**CITY OF RENO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 47,639,089	\$ 6,433,841	\$ 54,072,930	\$ 37,092,343
Cash received from interfund services				107,581
Cash received from other sources	325,872		325,872	834,185
Cash payments for goods and services	(24,000,002)	(332,890)	(24,332,892)	(31,039,971)
Cash payments for employee services	(6,885,827)	(2,242,556)	(9,128,383)	(1,221,937)
Cash payments for interfund good and services	(3,090,450)	(541,595)	(3,632,045)	(1,591,634)
Cash payments for interfund employee benefits	(1,062,814)	(323,807)	(1,386,621)	(183,924)
Net cash provided by operating activities	<u>12,925,868</u>	<u>2,992,993</u>	<u>15,918,861</u>	<u>3,996,643</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in				255,000
Transfers out	(112,000)	(33,034)	(145,034)	(50,000)
Repayments of advances from other funds	208,325		208,325	
Cash received from grants	479,998		479,998	
Net cash provided by (used in) noncapital financing activities	<u>576,323</u>	<u>(33,034)</u>	<u>543,289</u>	<u>205,000</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(9,873,155)		(9,873,155)	(912,040)
Proceeds received from disposal of capital assets	50,530	126,150	176,680	157,810
Principal payments on debt	(4,222,735)		(4,222,735)	
Interest payments on debt	(2,256,172)		(2,256,172)	
Cash received from customers	3,929,887		3,929,887	
Truckee Meadows Water Reclamation facility	(5,483,319)		(5,483,319)	
Net cash provided by (used in) capital financing activities	<u>(17,854,964)</u>	<u>126,150</u>	<u>(17,728,814)</u>	<u>(754,230)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	158,463	3,902	162,365	90,164
Change in fair value of cash equivalent investments	(213,334)	(14,894)	(228,228)	(110,445)
Net cash provided by (used in) investing activities	<u>(54,871)</u>	<u>(10,992)</u>	<u>(65,863)</u>	<u>(20,281)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,407,644)</b>	<b>3,075,117</b>	<b>(1,332,527)</b>	<b>3,427,132</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>49,501,216</b>	<b>1,080,920</b>	<b>50,582,136</b>	<b>20,359,284</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 45,093,572</b>	<b>\$ 4,156,037</b>	<b>\$ 49,249,609</b>	<b>\$ 23,786,416</b>

(Continued)

See notes to basic financial statements.

# CITY OF RENO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities			Governmental
	Non-major			Internal Service
	Sanitary Sewer	Enterprise Funds	Total Enterprise Funds	Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 10,709,533	\$ 2,759,551	\$ 13,469,084	\$ (2,237,734)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	9,044,893	21,893	9,066,786	2,065,355
(Increase) decrease in operating assets				
Accounts receivable	(1,655,954)		(1,655,954)	114,584
Notes receivable	663,752		663,752	
Due from other governments	(4,647,734)		(4,647,734)	10,566
Inventories	(43,112)	30,931	(12,181)	(17,039)
Prepaid items	(1,010,743)	75,818	(934,925)	340,201
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	118,448	(5,375)	113,073	82,748
Accrued salaries and benefits	19,860	5,137	24,997	3,221
Contracts and retentions payable	(687,501)		(687,501)	
Due to other governments		2,124	2,124	
Deposits	(16,293)	(3,277)	(19,570)	
Compensated absences	82,603	(6,584)	76,019	54,163
Self-insurance liability				3,567,912
Postemployment benefits other than pensions	348,116	112,775	460,891	12,666
Total adjustments	<u>2,216,335</u>	<u>233,442</u>	<u>2,449,777</u>	<u>6,234,377</u>
Net cash provided by operating activities	<u>\$ 12,925,868</u>	<u>\$ 2,992,993</u>	<u>\$ 15,918,861</u>	<u>\$ 3,996,643</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	<u>\$ 3,787,113</u>	<u>\$</u>	<u>\$ 3,787,113</u>	<u>\$</u>
Transfer of proprietary fund assets to general fund	<u>\$</u>	<u>\$ 5,202,910</u>	<u>\$ 5,202,910</u>	<u>\$</u>
Transfer of proprietary fund liabilities to general fund	<u>\$</u>	<u>\$ 2,046,497</u>	<u>\$ 2,046,497</u>	<u>\$</u>

See notes to basic financial statements.

**CITY OF RENO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 11,438,409
Accounts receivable	36,132
Interest receivable	12,478
Special assessments receivable	1,068,322
Due from other governments	<u>23,447</u>
Total assets	<u>12,578,788</u>
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	40,584
Deposits	4,935,885
Due to developers, employees and others	<u>7,602,319</u>
Total liabilities	<u>12,578,788</u>
NET POSITION	<u><u>\$</u></u>

See notes to basic financial statements.

**NOTES TO BASIC  
FINANCIAL STATEMENTS**



# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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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, 2013

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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 special assessments, grants and property (ad valorem) taxes.

A ninety-day availability period is used for revenue recognition for special assessments and 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, 2013

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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.

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.

Redevelopment Agency Capital Projects Fund - Accounts for expenditures related to the construction of a Triple A ballpark and the fire station relocation projects.

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 funds:

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

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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The City reports the following non-major proprietary funds:

Golf Course Fund – accounts for resources provided by and the operations of a golf course, which is owned and operated by the City. The operations of this fund were merged into the General Fund in FY 2012/13.

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, 2013, accounts and notes receivable are shown net of an allowance for uncollectible amounts totaling \$39,135,804.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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, 2013

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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, 2013

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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.

### Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The accumulated decrease in the fair value of the City's derivative instruments and deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt) qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Revenues that are unavailable to satisfy current obligations and property taxes received prior to the levy year qualify for reporting in this category.

### 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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 Director of Finance and Administration has been authorized by the City Council in the budget approval process to make all fund balance assignments. Constraints imposed on the use of assigned fund balances can be removed or changed without formal City Council action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

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

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

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

### **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, 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

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

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

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

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, 2013, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General Fund, Intergovernmental Function	\$ (1,020,562)
General Fund, Culture and Recreation Function	(129,418)
Drug Forfeiture, Special Revenue Fund, General Government	(95,949)
Drainage Facility Impact Fee Fund, Special Revenue Fund, Community Development Function	(92,066)
Building Permit Fund, Enterprise fund	(24,414)
Self-funded Risk Retention Internal Service Fund	(1,664,526)
Self-funded Medical Internal Service Fund	(118,267)
Self-funded Worker's Compensation Internal Service Fund	(857,464)

For the year ended June 30, 2013, total expenditures exceeded appropriations for the following funds and/or functions, which are exempt from the provisions of NRS 354.626:

Downtown Events Center Debt Service Fund, Debt Service Function	\$ (9,158)
Community Assistance Center Capital Projects Fund, Debt Service Function	(10,881)

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

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

### **Prior Period Adjustment**

Net position or fund balance as of July 1, 2012, has been retroactively adjusted as follows:

	Sanitary Sewer Enterprise Fund	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	\$ 344,241,220	\$ 534,712,698	\$ 337,221,929
Adjustments			
Cumulative effect of adopting GASB Statement No. 65	(728,191)	(8,123,196)	(728,191)
Total adjustments	(728,191)	(8,123,196)	(728,191)
Net position or fund balance, as adjusted	\$ 343,513,029	\$ 526,589,502	\$ 336,493,738

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

At June 30, 2013, the Community Assistance Center Capital Projects Fund had a fund balance deficit of \$855,397, which will be reduced by future commitments for funding made by the sale of property and general fund subsidies over the next four years.

At June 30, 2013, the Self-Funded Risk Retention Internal Service Fund had a net position deficit of \$68,819, which will be reduced by higher premiums charged to the applicable funds in fiscal year 2013/14.

At June 30, 2013, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of \$38,439,440. 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**

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements (Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). 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.

(Continued)

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. 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 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management has not yet completed its assessment of this statement.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. 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 April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and to enhance comparability of financial statements among such governments by requiring consistent reporting by those governments. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. Management has not yet completed its assessment of this statement.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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### Note 3. Detailed Notes on all Funds

#### Cash, Cash Equivalents and Investments

At June 30, 2013, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 17,937,005
Investments	<u>113,259,637</u>
Total pooled cash, cash equivalents and investments	<u>131,196,642</u>
Non-pooled cash, cash equivalents and investments	
Cash in bank	505,301
Petty cash	22,056
Investments	<u>12,012,857</u>
Total non-pooled cash, cash equivalents and investments	<u>12,540,214</u>
Total cash, cash equivalents and investments	<u>\$ 143,736,856</u>

At June 30, 2013, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements as follows:

Governmental activities	\$ 83,048,838
Business-type activities	49,249,609
Fiduciary funds	<u>11,438,409</u>
Total cash, cash equivalents and investments	<u>\$ 143,736,856</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 was \$18,442,306, and the bank balance was \$21,547,886. As of June 30, 2013, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized in accordance with the NRS as discussed in the following paragraph.

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

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	None	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

At June 30, 2013, the City had the following investments:

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled investments						
U.S. Treasury obligations	0.25% to 4.54%	08/15/2015 to 05/15/2016	\$ 8,500,000	\$ 9,024,688	\$ 8,930,975	2.44
Commercial paper	.16%	11/12/2013	5,150,000	5,150,000	5,150,000	0.37
U.S. Agency securities						
Federal National Mortgage Association	0.38% to 1.59%	09/23/2013 to 01/13/2017	66,700,000	67,370,889	67,083,391	1.76
Federal Home Loan Mortgage Corporation	0.38% to 0.99%	11/27/2013 to 07/30/2014	20,000,000	20,159,000	20,093,000	.75
Local government investment pool	Variable	On demand		12,002,271	12,002,271	
Total pooled investments			<u>100,350,000</u>	<u>113,706,848</u>	<u>113,259,637</u>	
Non-pooled investments						
Money market mutual funds	Variable	On demand		12,012,857	12,012,857	
Total investments			<u>\$ 100,350,000</u>	<u>\$ 125,719,705</u>	<u>\$ 125,272,494</u>	

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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

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	*	*	7.89 %
Commercial paper	A1+	P1	4.54 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	59.23 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	17.74 %
Local government investment pool	N/A	N/A	10.60 %
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, 2013, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	7.13 %
U.S. Agency securities	
Federal National Mortgage Association	53.55 %
Federal Home Loan Mortgage Corporation	16.04 %
Local government investment pool	9.58 %

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Derivative Instruments

At June 30, 2013, 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, 2013	
			Dr (Cr) Amount	Dr (Cr) Amount		
Derivative instrument # 1 (fixed interest rate swap) Objective – To hedge against changes in cash flows on the 2005A Series variable rate bonds Effective date – October 26, 2005 Maturity date – June 1, 2032 Pay fixed – 3.53% Receive – Lower of 1-month LIBOR or USD-LIBOR (greater of 67% of 1-month LIBOR or 56% of 1-month LIBOR + 44 basis points)	\$ 69,875,000	Deferral	\$ 5,851,781	Derivatives	\$ (10,834,726)	
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	137,030,000	Deferral	15,832,336	Derivatives	(23,155,862)	

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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

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 2013, the weighted average interest rate on the City's hedged 2005A variable-rate debt was 0.104213%, whereas the weighted average rate on the payment received from the counterparty was 0.19160%. For the month of June 2013, the weighted average rate for the hedged 2008A variable-rate debt was 0.059448%, whereas the weighted average rate on the payment received from the counterparty was 0.12967%.

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.

At June 30, 2013, 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, 2013. 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>
2014	\$ 3,325,000	\$ 442,601	\$ 6,583,576	\$ 10,351,177
2015	3,640,000	928,631	5,982,346	10,550,977
2016	3,960,000	2,023,137	4,761,715	10,744,852
2017	4,300,000	3,060,672	3,588,330	10,949,002
2018	4,665,000	3,912,876	2,587,311	11,165,187
2019 - 2023	29,340,000	23,047,321	6,763,588	59,150,909
2024 - 2028	41,295,000	20,470,446	3,482,323	65,247,769
2029 - 2033	49,440,000	12,608,918	3,223,083	65,272,001
2034 - 2038	33,505,000	6,808,057	2,128,974	42,442,031
2039 - 2043	<u>33,435,000</u>	<u>2,057,070</u>	<u>705,396</u>	<u>36,197,466</u>
	<u>\$ 206,905,000</u>	<u>\$ 75,359,729</u>	<u>\$ 39,806,642</u>	<u>\$ 322,071,371</u>

### Capital Assets

For the year ended June 30, 2013, capital asset activity was as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers*</u>	<u>Balance June 30, 2013</u>
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 19,813,596	\$ 7,088,384	\$ (453,748)	\$ (14,623,246)	\$ 11,824,986
Land	154,291,412	285,033	(724,065)	1,600,000	155,452,380
Water rights				<u>1,125,000</u>	<u>1,125,000</u>
Total capital assets not being depreciated or amortized	<u>174,105,008</u>	<u>7,373,417</u>	<u>(1,177,813)</u>	<u>(11,898,246)</u>	<u>168,402,366</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Transfers*	Balance June 30, 2013
Capital assets being depreciated or amortized					
Buildings and building improvements	\$ 228,988,524	\$ 5,707,599	\$ (1,992,875)	\$ 1,939,113	\$ 234,642,361
Improvements other than buildings	325,596,403	32,548,089	(300,346)	7,381,808	365,225,954
Infrastructure	870,750,420	34,279,939	(12,837,827)	13,617,294	905,809,826
Machinery, equipment and software	58,068,118	1,858,000	(1,346,365)	508,766	59,088,519
Art and historical treasures	<u>2,283,713</u>	<u>71,607</u>	<u></u>	<u>35,000</u>	<u>2,390,320</u>
Total capital assets being depreciated or amortized	<u>1,485,687,178</u>	<u>74,465,234</u>	<u>(16,477,413)</u>	<u>23,481,981</u>	<u>1,567,156,980</u>
Accumulated depreciation and amortization					
Buildings and building improvements	(49,455,631)	(5,743,815)	244,958	(809,618)	(55,764,106)
Improvements other than buildings	(55,541,948)	(6,828,341)	259,284	(5,126,904)	(67,237,909)
Infrastructure	(523,344,909)	(33,147,182)	12,609,324		(543,882,767)
Machinery, equipment and software	(36,721,728)	(4,076,416)	1,256,584	(444,303)	(39,985,863)
Art and historical treasures	<u>(556,778)</u>	<u>(49,761)</u>	<u></u>	<u></u>	<u>(606,539)</u>
Total accumulated depreciation and amortization	<u>(665,620,994)</u>	<u>(49,845,515)</u>	<u>14,370,150</u>	<u>(6,380,825)</u>	<u>(707,477,184)</u>
Total capital assets being depreciated or amortized, net	<u>820,066,184</u>	<u>24,619,719</u>	<u>(2,107,263)</u>	<u>17,101,156</u>	<u>859,679,796</u>
Total governmental activities	<u>\$ 994,171,192</u>	<u>\$ 31,993,136</u>	<u>\$ (3,285,076)</u>	<u>\$ 5,202,910</u>	<u>\$ 1,028,082,162</u>

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

	Balance July 1, 2012	Increases	Decreases	Transfers*	Balance June 30, 2013
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 6,226,592	\$ 14,039,880	\$	\$ (1,801,122)	\$ 18,465,350
Land	12,834,474	217,010	(150,304)	(1,600,000)	11,301,180
Water rights	<u>2,937,114</u>	<u></u>	<u></u>	<u>(1,125,000)</u>	<u>1,812,114</u>
Total capital assets not being depreciated or amortized	<u>21,998,180</u>	<u>14,256,890</u>	<u>(150,304)</u>	<u>(4,526,122)</u>	<u>31,578,644</u>
Capital assets being depreciated or amortized					
Buildings and building improvements	13,440,374	17,375		(1,153,242)	12,304,507
Improvements other than buildings	374,398,282	5,921,293		(5,395,604)	374,923,971
Machinery, equipment and software	<u>1,744,640</u>	<u>27,796</u>	<u>(17,990)</u>	<u>(508,766)</u>	<u>1,245,680</u>
Total capital assets being depreciated or amortized	<u>389,583,296</u>	<u>5,966,464</u>	<u>(17,990)</u>	<u>(7,057,612)</u>	<u>388,474,158</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Transfers*	Balance June 30, 2013
Accumulated depreciation and amortization					
Buildings and building improvements	\$ (5,763,978)	\$ (307,340)		\$ 809,618	\$ (5,261,700)
Improvements other than buildings	(109,255,217)	(8,682,093)		5,126,904	(112,810,406)
Machinery, equipment and software	(1,390,443)	(77,351)	17,990	444,302	(1,005,502)
Total accumulated depreciation and amortization	(116,409,638)	(9,066,784)	17,990	6,380,824	(119,077,608)
Total capital assets being depreciated or amortized, net	273,173,658	(3,100,320)		(676,788)	269,396,550
Total business-type activities	\$ 295,171,838	\$ 11,156,570	\$ (150,304)	\$ (5,202,910)	\$ 300,975,194

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

For the year ended June 30, 2013, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	\$ 1,397,997
Judicial	476,937
Public safety	1,699,538
Public works	37,637,307
Culture and recreation	5,352,223
Planning and community development	436,222
Urban development	779,936
Internal service fund depreciation expense is charged to specific functions based on asset usage	2,065,355
Total depreciation expense, governmental activities	\$ 49,845,515
Business-type activities	
Sanitary sewer	\$ 9,044,893
Building permit	21,891
Total depreciation expense, business-type activities	\$ 9,066,784

### Due To and From Other Funds

At June 30, 2013, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

	Receivable	Payable
General Fund	\$ 42,422	\$ 42,422
Non-major Governmental Funds	42,422	
	\$ 42,422	\$ 42,422

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Advances To and From Other Funds

At June 30, 2013, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
General Fund	\$	\$ 579,212
Non-major Governmental Funds	730,047	1,006,417
Sanitary Sewer Enterprise Fund	855,582	
	\$ 1,585,629	\$ 1,585,629

Annual debt service requirements for advances to and from other funds as of June 30, 2013, were as follows:

<u>For the Year Ended June 30,</u>	Community Assistance Center			
	Loan		Property Tax Settlement	
	Principal	Interest	Principal	Interest
2014	\$ 210,653	\$ 8,553	\$ 145,000	\$
2015	212,760	6,447	145,000	
2016	214,887	4,319	145,000	
2017	217,282	2,171	145,000	
2018			150,047	
	\$ 855,582	\$ 21,490	\$ 730,047	\$

### Interfund Transfers

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

During the year, the City transferred from land held for sale to depreciable assets the Triple A baseball stadium and two temporary fire stations that replaced the downtown fire station displaced by the baseball park. Based upon a new agreement signed with the baseball developer in FY 2012/13, ownership of the stadium will remain with the City/RACOR at the end of the agreement. Therefore, in reviewing the City's long-term financial plan and capital needs, management determined that the two temporary stations will be placed back in service for the foreseeable future and also should be treated as depreciable capital assets.

For the year ended June 30, 2013, non-capital asset related interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	\$ 2,001,572
	Non-major Enterprise Funds	33,034
Downtown Events Center Debt Service Fund	Internal Service Funds	50,000
	General Fund	3,051,206
	General Fund	7,343,715
Non-major Governmental Funds	Redevelopment Agency Capital Projects Fund	233,490
	Sanitary Sewer Enterprise Fund	112,000
	Non-major Governmental Funds	7,499,175
Internal Service Funds	General Fund	255,000
		\$ 20,579,192

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

### 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.

#### Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues	
Total revenue bond principal and interest remaining to be paid at June 30, 2013	\$ 259,387,310
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 7,867,931
Total pledged revenue for the year ended June 30, 2013	\$ 6,427,385
Revenue bonds issued and revenue pledge maturity	
2004 General Obligation Building Bonds <sup>1</sup>	June 1, 2024
2003A Building Bonds	June 1, 2018
2002 Capital Improvement Revenue Bonds <sup>2</sup>	June 1, 2032
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

1. These bonds are also secured by court administrative assessments, which was the secondary bond repayment source for fiscal year 2013.

2. These bonds are also secured by room taxes, which was the primary bond repayment source for fiscal year 2013.

Pledged revenue – Court administrative assessment revenues	
Total revenue bond principal and interest remaining to be paid at June 30, 2013	\$ 3,082,225
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 268,648
Total pledged revenue for the year ended June 30, 2013	\$ 170,000
Revenue bond issued and revenue pledge maturity	
2004 General Obligation Building Bonds	June 1, 2024

#### 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, 2013	\$ 14,487,686
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 631,343
Total pledged revenue for the year ended June 30, 2013	\$ 705,030
Revenue bond issued and revenue pledge maturity	
2006 Taxable Senior Lien Room Tax Revenue Refunding Bonds	June 1, 2036

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

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, 2013	\$ 251,608,388
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 6,543,711
Total pledged revenue for the year ended June 30, 2013	\$ 5,185,237
Revenue bonds issued and revenue pledge maturity	
2002 Capital Improvement Revenue Bonds <sup>1</sup>	June 1, 2032
2005A Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 1940
2005C Capital Improvement Revenue Refunding Bonds <sup>1</sup>	June 1, 2037

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

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, 2013	\$ 48,041,325
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 1,299,025
Total pledged revenue for the year ended June 30, 2013	\$ 2,072,313
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 available to make the June 29, 2013 debt service payment of \$1,279,888.

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, 2013	\$ 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 2013, 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, 2013	\$ 601,370,516
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 6,264,254
Total pledged revenue for the year ended June 30, 2013	\$ 7,127,854
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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

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Pledged revenue – Future gross revenues derived from the City’s golf course facilities	
Total revenue bond principal and interest remaining to be paid at June 30, 2013	\$ 1,934,405
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 280,215
Total pledged revenue for the year ended June 30, 2013	\$ (286,296)
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

Pledged revenue – Lease revenues	
Total revenue bond principal and interest remaining to be paid at June 30, 2013	\$ 16,483,302
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 536,885
Total pledged revenue for the year ended June 30, 2013	\$ 939,875
Revenue bonds issued and revenue pledge maturity	
2006 Taxable Lease Revenue Bond (ReTRAC) <sup>1</sup>	June 1, 2026
2007 Taxable Revenue Bond (Fitzgeralds) <sup>2</sup>	July 1, 2027

1. This is a variable interest bond, which as of the end of June 30, 2013 interest rate paid was 0.598%  
2. This is a variable interest bond, which as of the end of June 30, 2013 interest rate paid was 0.594%

#### 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, 2013	\$ 102,958,375
Total revenue bond principal and interest paid during the year ended June 30, 2013	\$ 6,723,947
Total pledged revenue for the year ended June 30, 2013	\$ 24,101,186
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 enters into installment purchase agreements to finance solar panel installation and other clean energy conservation projects. 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

Outstanding long-term debt obligations at June 30, 2013, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>
Governmental activities				
General obligation bonds				
2004 Building Bonds	June 1, 2006 - June 1, 2024	4.00% - 5.00%	\$ 3,500,000	\$ 2,405,000
2004A Golf Course Refunding Bonds	July 1, 2004 - July 1, 2019	2.25% - 4.00%	3,505,000	1,700,000
2005 Medium-term (Limited Tax) Bonds	December 1, 2006 - December 1, 2014	4.00%	3,275,000	735,000
2009 Medium-term Street Bonds	June 1, 2011 - June 1, 2019	3.00% - 5.00%	45,000,000	33,500,000
2010 Medium-term Fire Refunding Bonds	July 1, 2011 - July 1, 2020	3.74%	<u>3,970,000</u>	<u>3,100,000</u>
Total general obligation bonds			<u>59,250,000</u>	<u>41,440,000</u>
Tax allocation bonds				
1998F Downtown Redevelopment Project Bonds	September 1, 2000 - September 1, 2017	4.45% - 5.25%	22,685,000	7,335,000
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>720,000</u>
Total tax allocation bonds			<u>44,225,000</u>	<u>28,745,000</u>
Revenue bonds				
2002 Capital Improvement Revenue Bonds	June 1, 2006 - June 1, 2032	4.00% - 5.375%	108,625,000	38,220,000
2003A Building Bonds	June 1, 2012 - June 1, 2018	1.31%	6,100,000	4,515,000
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	69,875,000
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

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>
2006C Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	\$ 8,720,000	\$ 7,815,000
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020	None	10,000,000	9,567,473
2006 Taxable Lease Revenue Bonds	December 1 2008 - June 1, 2026	Variable	14,295,000	9,831,684
2007 Fitzgerald's Taxable Revenue Bonds	July 1, 2009 - July 1, 2027	Variable	6,080,000	5,767,000
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	15,060,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	16,975,000
2008A Senior Lien ReTRAC Refunding Bonds	June 1, 2009 - June 1, 2042	Variable	143,210,000	137,030,000
2008B Subordinate ReTRAC Refunding Bonds	June 1, 2014 - June 1, 2051	6.75% - 7.875%	<u>47,416,227</u>	<u>47,416,227</u>
Total revenue bonds			<u>468,233,783</u>	<u>377,709,940</u>
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	775,000
1999 Special Improvement District No. 2	June 1, 2007 - June 1, 2025	6.08% - 7.28%	13,905,000	9,620,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	1,025,000
2002 Special Improvement District No. 5	December 1, 2006 -December 1, 2025	5.70% - 7.25%	7,500,000	5,810,000
2008A NV Tax-exempt Local Improvement	May 1, 2009 - May 1, 2018	4.167%	430,000	145,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	637,000
2010 Special Assessment District No. 2	November 1, 2012 -November 1, 2041	4.00%	<u>939,800</u>	<u>923,270</u>
Total special assessment bonds			<u>28,123,528</u>	<u>18,935,270</u>
Notes payable				
HUD Section 108 Loan Program	August 1, 2012 - August 1, 2020	0.31% - 2.45%	600,000	270,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>
RDA Nevada Land LLC	September 1, 2008 - June 1, 2018	4.46%	\$ <u>6,000,000</u>	\$ <u>3,450,000</u>
Total notes payable			<u>6,600,000</u>	<u>3,720,000</u>
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 - December 15, 2023	1.00%	2,340,000	1,716,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000	1,984,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000	9,838,000
US Bank Equipment Purchase	August 31, 2012 - July 31, 2014	7.72%	<u>171,412</u>	<u>96,114</u>
Total installment purchase agreements			<u>15,632,412</u>	<u>13,634,114</u>
Capital lease				
PNC Equipment Finance	May 15, 2013 - May 15, 2018	4.00%	<u>195,190</u>	<u>189,283</u>
Total capital lease			<u>195,190</u>	<u>189,283</u>
Total governmental activities			<u>622,259,913</u>	<u>484,373,607</u>
Business-type activities				
General obligation bonds				
2004 Sewer Revenue Bonds	July 1, 2006 - July 1, 2024	2.76% - 3.11%	73,133,162	50,895,465
2005 Sewer Revenue Bonds	July 1, 2008 - July 1, 2025	2.65%	8,033,095	6,101,853
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.00% - 4.125%	<u>21,750,000</u>	<u>21,750,000</u>
Total general obligation bonds			<u>102,916,257</u>	<u>78,747,318</u>
Total business-type activities			<u>102,916,257</u>	<u>78,747,318</u>
Total long-term debt obligations			<u>\$ 725,176,170</u>	<u>\$ 563,120,925</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

At June 30, 2013, annual debt service requirements to maturity were as follows:

For the Year Ended June 30,	Principal	Interest
Governmental activities		
General obligation bonds		
2014	\$ 5,660,000	\$ 1,724,224
2015	6,285,000	1,502,249
2016	6,230,000	1,260,439
2017	6,595,000	1,012,618
2018	6,975,000	749,910
2019 - 2023	9,420,000	605,950
2024 - 2028	275,000	12,375
Total general obligation bonds	41,440,000	6,867,765
Tax allocation bonds		
2014	1,475,000	1,506,198
2015	1,555,000	1,430,123
2016	1,630,000	1,349,935
2017	1,715,000	1,265,710
2018	1,770,000	1,193,610
2019 - 2023	10,215,000	4,534,983
2024 - 2028	10,385,000	1,403,433
Total tax allocation bonds	28,745,000	12,683,992
Revenue bonds		
2014	8,520,000	13,594,121
2015	9,026,000	12,446,109
2016	9,996,000	12,106,108
2017	10,366,000	11,049,217
2018	11,521,000	10,614,857
2019 - 2023	70,808,289	54,877,432
2024 - 2028	83,370,894	50,672,453
2029 - 2033	73,581,472	53,209,286
2034 - 2038	50,030,843	89,817,574
2039 - 2043	41,547,772	78,196,264
2044 - 2048	5,982,480	108,031,496
2049 - 2053	2,959,190	73,930,531
Total revenue bonds	377,709,940	568,545,448
Special assessment bonds		
2014	1,124,200	1,270,535
2015	1,191,910	1,199,415
2016	1,232,640	1,122,721
2017	1,275,400	1,042,391
2018	1,326,190	955,121
2019 - 2023	7,885,990	3,277,916
2024 - 2028	4,322,250	598,697
2029 - 2033	170,080	98,874
2034 - 2038	207,750	61,212
2039 - 2043	198,860	16,307
Total special assessment bonds	18,935,270	9,643,189

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

For the Year Ended June 30,	Principal	Interest
Notes payable		
2014	\$ 633,000	\$ 74,450
2015	633,000	61,111
2016	633,000	47,689
2017	633,000	34,176
2018	633,000	20,562
2019 - 2023	555,000	8,630
Total notes payable	3,720,000	246,618
Installment purchase agreements		
2014	563,433	784,014
2015	661,681	757,593
2016	702,000	723,863
2017	753,000	687,086
2018	807,000	647,019
2019 - 2023	4,934,000	2,507,033
2024 - 2028	5,213,000	857,346
Total installment purchase agreements	13,634,114	6,963,954
Capital lease		
2014	36,268	6,803
2015	37,722	5,349
2016	39,234	3,836
2017	40,807	2,264
2018	35,252	639
2019 - 2023		
2024 - 2028		
Total capital lease	189,283	18,891
Total governmental activities	\$ 484,373,607	\$ 604,969,857
Business-type activities		
General obligation/pledged revenue bonds		
2014	\$ 4,343,272	\$ 2,380,675
2015	4,977,257	2,251,589
2016	5,114,792	2,113,754
2017	5,255,978	1,972,068
2018	5,405,920	1,825,014
2019 - 2023	29,462,885	6,686,722
2024 - 2028	11,057,214	3,193,246
2029 - 2033	4,255,000	2,250,850
2034 - 2038	5,200,000	1,305,622
2039 - 2043	3,675,000	231,516
Total general obligation/pledged revenue bonds	78,747,318	24,211,056
Total business-type activities	\$ 78,747,318	\$ 24,211,056

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

Long-term liabilities activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental activities					
General obligation bonds					
2004 Building Bonds	\$ 2,565,000		\$ (160,000)	\$ 2,405,000	\$ 170,000
2004A Golf Course Refunding Bonds		1,915,000	(215,000)	1,700,000	220,000
2005 Medium-term (Limited Tax) Bonds	1,080,000		(345,000)	735,000	360,000
2009 Medium-term Street Bonds	37,700,000		(4,200,000)	33,500,000	4,455,000
2010 Medium-term Fire Refunding Bonds	<u>3,540,000</u>		<u>(440,000)</u>	<u>3,100,000</u>	<u>455,000</u>
Total general obligation bonds	<u>44,885,000</u>	<u>1,915,000</u>	<u>(5,360,000)</u>	<u>41,440,000</u>	<u>5,660,000</u>
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	8,715,000		(1,380,000)	7,335,000	1,445,000
1998F Downtown Redevelopment Project Surety Bond	1,227,275		(1,227,275)		
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>750,000</u>		<u>(30,000)</u>	<u>720,000</u>	<u>30,000</u>
Total tax allocation bonds	<u>31,382,275</u>		<u>(2,637,275)</u>	<u>28,745,000</u>	<u>1,475,000</u>
Revenue bonds					
2002 Capital Improvement Revenue Bonds	38,760,000		(540,000)	38,220,000	635,000
2003A Building Bonds	5,320,000		(805,000)	4,515,000	840,000
2005A Capital Improvement Refunding Bonds	71,275,000		(1,400,000)	69,875,000	1,550,000
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	7,975,000		(160,000)	7,815,000	170,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
2006 Taxable Lease Revenue Bonds	\$ 10,181,684		\$ (350,000)	\$ 9,831,684	\$ 400,000
2007 Fitzgerald's Taxable Revenue Bonds	5,852,000		(85,000)	5,767,000	95,000
2007A Sales Tax Increment Bonds (Cabela's)	15,300,000		(240,000)	15,060,000	790,000
2007B Sales Tax Increment Bonds (Cabela's)	17,170,000		(195,000)	16,975,000	665,000
2008A Senior Lien ReTRAC Refunding Bonds	138,665,000		(1,635,000)	137,030,000	1,775,000
2008B Subordinate ReTRAC Refunding Bonds	<u>47,416,227</u>			<u>47,416,227</u>	<u>1,600,000</u>
Total revenue bonds	<u>383,119,940</u>		<u>(5,410,000)</u>	<u>377,709,940</u>	<u>8,520,000</u>
Special assessment bonds					
1999 Special Assessment District No. 3	865,000		(90,000)	775,000	90,000
1999 Special Improvement District No. 2	10,285,000		(665,000)	9,620,000	535,000
2001 Stead Special Improvement District No. 2	1,175,000		(150,000)	1,025,000	85,000
2002 Special Improvement District No. 5	6,085,000		(275,000)	5,810,000	295,000
2008A NV Tax-exempt Local Improvement	199,000		(54,000)	145,000	32,000
2008B NV Taxable Local Improvement	754,000		(117,000)	637,000	70,000
2010 Special Assessment District No. 2	<u>939,800</u>		<u>(16,530)</u>	<u>923,270</u>	<u>17,200</u>
Total special assessment bonds	<u>20,302,800</u>		<u>(1,367,530)</u>	<u>18,935,270</u>	<u>1,124,200</u>
Notes payable					
HUD Section 108 Loan Program	303,000		(33,000)	270,000	33,000
RDA Nevada Land LLC	<u>4,050,000</u>		<u>(600,000)</u>	<u>3,450,000</u>	<u>600,000</u>
Total notes payable	<u>4,353,000</u>		<u>(633,000)</u>	<u>3,720,000</u>	<u>633,000</u>
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,872,000		(156,000)	1,716,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	2,124,000		(140,000)	1,984,000	144,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	10,198,000		(360,000)	9,838,000	175,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
2012 USB Bank Equipment Finance	\$ _____	\$ 171,412	\$ (75,298)	\$ 96,114	\$ 88,433
Total installment purchase agreements	<u>14,194,000</u>	<u>171,412</u>	<u>(731,298)</u>	<u>13,634,114</u>	<u>563,433</u>
Capital lease					
2012 PNC Equipment Finance	_____	195,190	(5,907)	189,283	36,268
Total capital lease	_____	<u>195,190</u>	<u>(5,907)</u>	<u>189,283</u>	<u>36,268</u>
Unamortized bond premiums and discounts, net	179,477	4,054	(60,430)	123,101	
Unamortized deferred refunding charges	(31,661,665)	(52,792)	1,270,105	(30,444,352)	
Compensated absences	19,454,476	9,591,898	(8,950,483)	20,095,891	8,489,580
Postemployment benefits other than pensions	61,163,958	17,974,184	(5,606,949)	73,531,193	
Self-insurance liability	<u>43,430,880</u>	<u>30,276,893</u>	<u>(26,708,980)</u>	<u>46,998,793</u>	<u>7,812,323</u>
Total governmental activities	<u>590,804,141</u>	<u>60,075,839</u>	<u>(56,201,747)</u>	<u>594,678,233</u>	<u>34,313,804</u>
Business-type activities					
General obligation/pledged revenue bonds					
2004A Golf Course Refunding Bonds	1,915,000		(1,915,000)		
2004 Sewer Revenue Bonds	54,711,352		(3,815,887)	50,895,465	3,925,570
2005 Sewer Revenue Bonds	6,508,701		(406,848)	6,101,853	417,701
2010 Sewer (Limited Tax) Refunding Bonds	<u>21,750,000</u>	_____	_____	<u>21,750,000</u>	_____
Total general obligation/pledged revenue bonds	<u>84,885,053</u>	_____	<u>(6,137,735)</u>	<u>78,747,318</u>	<u>4,343,271</u>
Unamortized bond premiums and discounts, net	79,831		(6,760)	73,071	
Unamortized deferred refunding charges	(420,890)		65,939	(354,951)	
Compensated absences	1,214,504	626,003	(671,321)	1,169,186	721,004
Postemployment benefits other than pensions	<u>2,349,421</u>	<u>671,426</u>	<u>(309,649)</u>	<u>2,711,198</u>	_____
Total business-type activities	<u>88,107,919</u>	<u>1,297,429</u>	<u>(7,059,526)</u>	<u>82,345,822</u>	<u>5,064,275</u>
Total long-term liabilities	<u>\$ 678,912,060</u>	<u>\$ 61,373,268</u>	<u>\$ (63,261,273)</u>	<u>\$ 677,024,055</u>	<u>\$ 39,378,079</u>

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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Compensated absences, 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.

### Variable Rate and Demand Bonds

At June 30, 2013, 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 Goldman, Sachs & Co. and includes 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 J.P. Morgan Securities Inc. and includes a 3.32% interest rate swap component that is further discussed above under "Derivative Instruments."

#### Series 2006 Taxable Lease Revenue 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 up to a maximum of 12%.

#### Series 2007 Taxable Revenue 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 up to a maximum 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.

### 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. At June 30, 2013, none of previously defeased debt remained outstanding.

### 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.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### 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, 2013, were as follows:

<u>Third-party Borrower</u>	<u>Bond Issue</u>	<u>Issuance Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</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	114,345,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.	2005A/2005B	February 10, 2005	96,025,000	89,425,000
Renown Regional Medical Center	2007A	April 11, 2007	120,000,000	113,260,000
Renown Regional Medical Center	2008A/2008B	June 26, 2008	86,800,000	83,100,000
Renown Regional Medical Center	2009A/2009B	January 15, 2009	<u>63,600,000</u>	<u>62,140,000</u>
			<u>\$ 594,805,000</u>	<u>\$ 514,215,000</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.

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2013, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</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	\$ 1,750,000
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	December 1, 2003 -December 1, 2022	3.00% - 6.625%	18,000,000	8,650,000

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 -December 1, 2023	2.00% - 6.10%	\$ 7,100,000	\$ 3,580,000
			<u>\$ 29,235,622</u>	<u>\$ 13,980,000</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, 2013, rent expense totaled \$577,071. 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>				
2014	\$		442,186	
2015			320,471	
2016			320,956	
2017			321,456	
2018			276,188	
2019 - 2023			790,035	
2024 - 2028			790,035	
2029 - 2033			790,035	
2034 - 2038			790,035	
2039 - 2043			790,035	
2044 - 2048			790,035	
2049 - 2053			<u>474,021</u>	
				<u>\$ 6,895,488</u>

##### **Other Commitments**

On April 25, 2012 the City of Reno entered into a commitment for an installment purchase agreement in the amount of \$1,165,036 with Automatic Data Processing, Inc. (ADP) for implementation costs associated with payroll services and related products. The interest rate is 0% and the agreement calls for monthly payments over a five (5) year period. The first payment date is not known as the agreement will not be fully into effect until the City's payroll system goes live on the ADP system, which occurred in August of 2013, and any outstanding processing issues are resolved.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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On April 19, 2012, the City entered into a purchase and maintenance agreement and a software service agreement in the aggregate amount of \$1,688,500 with Secure Storage Technologies, LLC. for the purchase, operation and maintenance of a parking meter system in Parking District 1. These agreements are for a period of five years beginning after the installation and transition period, which was anticipated to be January 2013. On July 13, 2013, the City terminated the agreement and on October 8, 2013 a settlement agreement and mutual release was signed by all parties, thereby releasing the City of this commitment.

Commitments outstanding for construction and construction-related services at June 30, 2013, for the City totaled approximately \$19.3 million and \$3.4 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2013, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plant improvements. Of the above amount, outstanding commitments total \$16.6 million for City of Reno enterprise fund projects and \$6.0 million for the Truckee Meadows Water Reclamation Facility improvements.

### 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 \$25,000 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 2012 and 2013, 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, 2013**

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, 2013, the risk retention internal service fund had a reserve for unknown claims of \$5,036,646 and there was no reserve in the self-funded workers compensation internal service fund.

For the fiscal years ended June 30, 2013, 2012 and 2011, changes in unknown claims liability amounts were as follows:

	Risk Retention Internal Service Fund	Self-funded Workers Compensation Fund
Claims liability, July 1, 2011	\$ 2,567,563	\$ 36,699,341
Claims incurred and changes in estimate	75,193	5,903,962
Claims paid	(126,502)	(4,166,011)
Claims liability, June 30, 2012	2,516,254	38,437,292
Claims incurred and changes in estimate	2,896,954	5,234,473
Claims paid	(307,743)	(4,483,696)
Claims liability, June 30, 2013	\$ 5,105,465	\$ 39,188,069
Claims liability, due within one year	\$ 920,740	\$ 4,186,325
Claims liability, due in more than one year	\$ 4,184,725	\$ 35,001,744

### **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, 2013

For the fiscal years ended June 30, 2013, 2012 and 2011, changes in claims liability amounts were as follows:

	Self-funded Medical Plan Fund
Claims liability, July 1, 2011	\$ 3,259,109
Claims incurred and changes in estimate	19,108,156
Claims paid	<u>(19,889,931)</u>
Claims liability, June 30, 2012	2,477,334
Claims incurred and changes in estimate	21,305,005
Claims paid	<u>(21,077,081)</u>
Claims liability, June 30, 2013	<u>\$ 2,705,258</u>
Claims liability, due within one year	<u>\$ 2,705,258</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). 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, 2013, approximately 69% of TMWRF's capacity was owned by the City of Reno and 31% 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, 2013, the City of Reno's share of TMWRF's loss after contributions as recorded in the sanitary sewer enterprise fund, was \$3,984,221. 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, 2013, is \$76,007,750.

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, 2013, the City of Reno has recorded \$8,404,593 as a long-term 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.

Additionally, at June 30, 2013, the City of Reno has recorded a \$2,608,896 receivable from the City of Sparks for the reimbursement of overpayments made by City of Reno during the fiscal year 2013.

Commitments outstanding for construction projects at TMWRF at June 30, 2013 totaled approximately \$6.0 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, 2013

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In March 2013, during excavation activities related to the Southeast Connector roadway construction, solid waste and impacted soil was discovered. The property on which the solid waste and impacted soil was discovered is located on property maintained by TMWRF and jointly owned by the Cities. 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 2,800 cubic yards of impacted material needed to be removed from the site and disposed of at a local landfill at a cost estimated to be less than \$120,000. In addition, based on the initial environmental investigation and sampling report, it is believed that the extent of the impacted area is well defined and no additional waste material is present. However, future remediation costs are unknown at this time as the outcome of the remediation analysis is not yet complete.

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

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, 2013, 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, Reno, Nevada.

## CITY OF RENO

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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#### 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, 2013, 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 \$13,001 per month for fiscal year 2013. In addition to the aforementioned agreement, the Authority also contracts with the City for vehicle maintenance under a fleet services agreement. The Authority paid \$373,750 during the year ended June 30, 2013 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.

#### **Pension Plan**

The City's employees are covered by the State's Public Employees' Retirement System (PERS). PERS was established on July 1, 1949, by the State Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements may participate in PERS, which is a cost-sharing multiple employer defined benefit plan.

The City does not exercise any control over PERS. NRS 286.110 states, "respective participating public employers are not liable for any obligation of the system." PERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing to PERS at 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Benefits, as required by NRS, are determined by the number of years of accredited service at the time of retirement and the participant's highest average compensation in any 36 consecutive months. Benefit payments to which participants in PERS may be entitled include pension, disability, and death benefits.

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

Contribution rates are established by the NRS, which are tied to the increase in taxable sales within the State each year and provide for yearly increases until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The City is obligated to contribute all amounts due under PERS. The City's contributions to PERS were as follows:

Contribution rates and amounts contributed for the previous three years were as follows:

<u>For the Year Ended June 30,</u>	<u>Contribution Rate</u>			Required Contribution and Amount Contributed
	<u>Police and Fire Employees</u>	<u>Judicial Employees</u>	<u>Other Employees</u>	
2011	37.00 %	24.25 %	21.50 %	\$ 28,037,136
2012	39.75 %	24.25 %	23.75 %	26,611,015
2013	39.75 %	24.25 %	23.75 %	27,379,670

### **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 two plan options, the City of Reno Group Health Plan or the Hometown Health Plan. In addition to the City Plan, eligible retirees may receive coverage through the Public Employee Benefit Plan (PEBP).

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 2013, this subsidy ranged from \$118 to \$650 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).

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

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)	\$ 270,624	\$ 18,501,657	\$ 18,772,281
Interest on net OPEB obligation	465	2,540,070	2,540,535
Adjustment to ARC	(712)	(2,765,512)	(2,766,224)
Annual OPEB cost	270,377	18,276,215	18,546,592
OPEB contributions made	(275,679)	(5,541,902)	(5,817,581)
Increase (decrease) in net OPEB obligation	(5,302)	12,734,313	12,729,011
Net OPEB obligation, beginning of year	11,635	63,501,745	63,513,380
Net OPEB obligation, end of year	\$ 6,333	\$ 76,236,058	\$ 76,242,391

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, 2013, 2012 and 2011 were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation
Public Employee Benefit Program				
2011	\$ 460,224	\$ 437,224	95.0 %	\$ 43,617
2012	272,073	304,055	111.8 %	11,635
2013	270,377	275,679	102.0 %	6,333
City of Reno Plan				
2011	22,049,026	5,557,240	25.2 %	51,759,498
2012	17,257,348	5,515,101	32.0 %	63,501,745
2013	18,276,215	5,541,902	30.3 %	76,236,058

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2013**

### Funded Status and Funding Progress

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program July 1, 2011	N/A <sup>1</sup>	\$ 4,548,123	\$ 4,548,123	0.0 %	\$ N/A <sup>2</sup>	N/A <sup>2</sup>
City of Reno Plan July 1, 2011	N/A <sup>1</sup>	205,728,845	205,728,845	0.0 %	71,197,904	289.0 %

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.

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, 2011	July 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent of projected payroll, closed	Level percent of pay, closed
Amortization period	28 years	28 years
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions		
Average retiree age	67.1	60.1
Investment rate of return	4%	4%
Projected salary increases	N/A <sup>1</sup>	4%
Inflation rate	3%	3%
Number of retirees	165	682

(Continued)

# CITY OF RENO

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2013

	Public Employee Benefit Program	City of Reno Plan
Subsidy trend rate	9% for in 2013 downgrading 0.5% per year to 5% in 2021	9% for in 2013 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, 2013, \$866,180 was expended, pursuant to NRS 354.598155, on the following projects:

Downtown beautification project	\$	14,301
Public Works capital projects		554,256
Parks maintenance/capital projects		102,773
ADA compliance projects		12,080
Underground storage tank monitoring		12,231
Machinery and equipment		153,097
Public Art		17,442
	<b>\$</b>	<b>866,180</b>

#### **Subsequent Events**

On July 2, 2013, the City issued \$36,115,000 in General Obligation (Limited Tax) Capital Improvement Refunding Bonds, Series 2013A, to refund the Capital Improvement Revenue Bonds, Series 2012. The bonds will mature annually beginning June 1, 2018 and ending June 1, 2032. The interest rate on these bonds ranges from 4% to 5%. The refunding resulted in decreased future debt service of \$4,341,801 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$332,017.

On July 9, 2013, the City issued \$32,995,000 in General Obligation (Limited Tax) Medium-Term Various Purpose Bonds, Series 2013B, to refund the General Obligation (Limited Tax) Medium-Term Street Bonds, Series 2009 (\$32,160,000) and to partially finance the construction of a new fire station (\$835,000). The bonds will mature annually beginning June 1, 2014 and ending June 1, 2023. The interest rate on these bonds ranges from 2% to 5%. The refunding resulted in decreased future debt service of \$1,502,053 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$1,004,990.

On April 19, 2012 the City of Reno entered into a commitment for a Purchase and Maintenance Agreement and a Software Service Agreement with Secure Storage Technologies, LLC for the purchase, operation and maintenance of a parking meter system in Parking District 1. The \$1,688,500 agreement is for a period of five years (60 months) after the installation and transition period. The main provisions of the agreement were 1) no upfront capital costs with payment for the purchase of the equipment and the services over five years to be paid from increased net revenues, 2) payment by coin, credit card, debit card, cellular phone at a minimum, 3) ability to audit revenues received by parking space, 5) provide six bicycle platform locations with six bike vaults per location for bicycle storage or future bicycle rental program, and 6) maintenance of equipment, coin collection and hardware repair over the life of the agreement. The new system went into effect but due to performance issues, no debt payments were made in fiscal year 2013. On July 13, 2013, the City terminated the agreement and on October 8, 2013 a settlement agreement and mutual release was signed by all parties, thereby releasing the City of this commitment.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



## CITY OF RENO

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2013

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>
City of Reno Plan						
July 1, 2009	N/A <sup>1</sup>	225,418,530	225,418,530	0.0 %	103,158,952	218.5 %
July 1, 2011	N/A <sup>1</sup>	205,728,845	205,728,845	0.0 %	71,197,904	289.0 %
City of Reno and Public Employee Benefits Plan <sup>3</sup>						
July 1, 2007	N/A <sup>1</sup>	117,483,434	117,483,434	0.0 %	124,530,962	94.3 %

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.

3. Prior to the July 1, 2009 valuation, the Public Employee Benefit Program and City of Reno Plan were not evaluated as two separate plans; and therefore, combined information is presented for the July 1, 2007 valuation.



**CITY OF RENO**

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

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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, 2013

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 43,211,990	\$ 42,690,058	\$ 42,919,974	\$ 229,916
Intergovernmental SCCR (AB104) taxes	2,643,617	2,696,489	2,781,495	85,006
Intergovernmental consolidated taxes	41,200,000	41,971,952	42,849,236	877,284
Intergovernmental gaming licenses	1,596,843	1,564,906	1,489,815	(75,091)
Franchise fees	25,845,510	24,185,714	23,713,630	(472,084)
Licenses, permits and other fees	14,963,291	15,571,475	15,893,806	322,331
Special assessments	1,493,032	1,613,062	1,663,519	50,457
Grants and contributions	8,000	10,490,144	11,479,881	989,737
Charges for services	12,153,530	12,706,133	12,689,763	(16,370)
Intergovernmental shared revenues	32,000	468,145	271,025	(197,120)
Fines and forfeitures	4,079,740	2,287,181	2,358,497	71,316
Reimbursements and restitutions	614,100	1,435,707	1,629,893	194,186
Rents and royalties	145,186	173,487	180,633	7,146
Investment income	50,000	60,000	78,702	18,702
Change in fair value of investments			(51,119)	(51,119)
Miscellaneous	146,750	325,781	137,517	(188,264)
<b>Total revenues</b>	<b>148,183,589</b>	<b>158,240,234</b>	<b>160,086,267</b>	<b>1,846,033</b>
<b>EXPENDITURES</b>				
General government				
City manager				
Salaries and wages	2,654,309	2,577,506	2,521,208	56,298
Employee benefits	1,011,520	971,606	973,586	(1,980)
Services and supplies	1,445,020	1,080,176	1,027,560	52,616
<b>Total city manager</b>	<b>5,110,849</b>	<b>4,629,288</b>	<b>4,522,354</b>	<b>106,934</b>
Finance				
Salaries and wages	755,644	744,703	748,070	(3,367)
Employee benefits	373,846	353,532	354,576	(1,044)
Services and supplies	273,365	217,135	187,732	29,403
<b>Total finance</b>	<b>1,402,855</b>	<b>1,315,370</b>	<b>1,290,378</b>	<b>24,992</b>
City attorney				
Salaries and wages	2,128,749	2,042,485	2,048,795	(6,310)
Employee benefits	900,402	875,966	871,868	4,098
Services and supplies	357,803	281,399	178,753	102,646
<b>Total city attorney</b>	<b>3,386,954</b>	<b>3,199,850</b>	<b>3,099,416</b>	<b>100,434</b>
Human resources				
Salaries and wages	526,633	445,996	453,972	(7,976)
Employee benefits	726,098	307,232	300,511	6,721
Services and supplies	412,691	321,829	287,922	33,907
<b>Total human resources</b>	<b>1,665,422</b>	<b>1,075,057</b>	<b>1,042,405</b>	<b>32,652</b>
Civil service				
Salaries and wages	154,419	159,211	159,916	(705)
Employee benefits	65,628	66,885	67,065	(180)
Services and supplies	26,866	57,116	46,374	10,742
<b>Total civil service</b>	<b>246,913</b>	<b>283,212</b>	<b>273,355</b>	<b>9,857</b>
Communications and technology				
Salaries and wages	1,541,862	1,522,305	1,514,659	7,646
Employee benefits	647,061	644,539	643,850	689
Services and supplies	1,718,713	2,128,444	2,163,942	(35,498)
<b>Total communications and technology</b>	<b>3,907,636</b>	<b>4,295,288</b>	<b>4,322,451</b>	<b>(27,163)</b>

(Continued)

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
City council				
Salaries and wages	473,928	473,141	475,224	(2,083)
Employee benefits	304,510	310,447	311,671	(1,224)
Services and supplies	<u>687,677</u>	<u>577,264</u>	<u>546,444</u>	<u>30,820</u>
Total city council	<u>1,466,115</u>	<u>1,360,852</u>	<u>1,333,339</u>	<u>27,513</u>
City clerk				
Salaries and wages	442,396	452,848	454,859	(2,011)
Employee benefits	205,797	219,342	219,891	(549)
Services and supplies	<u>237,056</u>	<u>221,054</u>	<u>267,927</u>	<u>(46,873)</u>
Total city clerk	<u>885,249</u>	<u>893,244</u>	<u>942,677</u>	<u>(49,433)</u>
Total general government	<u>18,071,993</u>	<u>17,052,161</u>	<u>16,826,375</u>	<u>225,786</u>
Judicial				
Municipal court				
Salaries and wages	3,356,065	3,379,742	3,353,724	26,018
Employee benefits	1,781,211	1,778,087	1,766,213	11,874
Services and supplies	<u>909,208</u>	<u>1,175,802</u>	<u>1,187,426</u>	<u>(11,624)</u>
Total judicial	<u>6,046,484</u>	<u>6,333,631</u>	<u>6,307,363</u>	<u>26,268</u>
Public safety				
Police				
Salaries and wages	32,275,922	32,549,743	32,554,485	(4,742)
Employee benefits	16,908,781	17,361,418	17,449,276	(87,858)
Services and supplies	<u>4,572,490</u>	<u>5,449,022</u>	<u>5,185,842</u>	<u>263,180</u>
Total police	<u>53,757,193</u>	<u>55,360,183</u>	<u>55,189,603</u>	<u>170,580</u>
Fire				
Salaries and wages	14,602,049	24,787,086	24,900,365	(113,279)
Employee benefits	13,382,602	13,519,967	13,560,019	(40,052)
Services and supplies	1,718,799	2,467,425	2,526,162	(58,737)
Capital outlay	<u>100,000</u>	<u>63,700</u>	<u>21,541</u>	<u>42,159</u>
Total fire	<u>29,803,450</u>	<u>40,838,178</u>	<u>41,008,087</u>	<u>(169,909)</u>
Dispatch				
Salaries and wages	3,815,450	3,654,226	3,653,634	592
Employee benefits	1,766,062	1,575,287	1,578,986	(3,699)
Services and supplies	<u>240,332</u>	<u>207,705</u>	<u>203,204</u>	<u>4,501</u>
Total dispatch	<u>5,821,844</u>	<u>5,437,218</u>	<u>5,435,824</u>	<u>1,394</u>
Total public safety	<u>89,382,487</u>	<u>101,635,579</u>	<u>101,633,514</u>	<u>2,065</u>
Public works				
Various				
Salaries and wages	2,204,003	2,195,538	2,192,180	3,358
Employee benefits	1,047,101	1,031,324	1,033,457	(2,133)
Services and supplies	<u>1,442,668</u>	<u>1,552,898</u>	<u>1,548,301</u>	<u>4,597</u>
Total public works	<u>4,693,772</u>	<u>4,779,760</u>	<u>4,773,938</u>	<u>5,822</u>

(Continued)

# CITY OF RENO

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

Culture and recreation				
Parks and recreation				
Salaries and wages	6,145,799	6,380,686	6,344,381	36,305
Employee benefits	2,082,194	1,980,182	2,008,364	(28,182)
Services and supplies	1,793,637	2,005,425	2,134,270	(128,845)
Capital outlay		3,927	12,623	(8,696)
	<u>10,021,630</u>	<u>10,370,220</u>	<u>10,499,638</u>	<u>(129,418)</u>
Total culture and recreation				
Planning and community development				
Various				
Salaries and wages	1,666,479	1,727,127	1,717,398	9,729
Employee benefits	798,551	795,486	795,529	(43)
Services and supplies	628,295	557,606	537,398	20,208
	<u>3,093,325</u>	<u>3,080,219</u>	<u>3,050,325</u>	<u>29,894</u>
Total planning and community development				
Other				
Retired employees trust				
Employee benefits	4,100,000	4,300,000	4,258,073	41,927
	<u>4,100,000</u>	<u>4,300,000</u>	<u>4,258,073</u>	<u>41,927</u>
Various				
Services and supplies	2,516,769	2,759,912	3,822,401	(1,062,489)
	<u>2,516,769</u>	<u>2,759,912</u>	<u>3,822,401</u>	<u>(1,062,489)</u>
Total other	<u>6,616,769</u>	<u>7,059,912</u>	<u>8,080,474</u>	<u>(1,020,562)</u>
Debt service				
Principal payments		90,726	81,205	9,521
Interest expense and fiscal charges		11,635	11,011	624
		<u>102,361</u>	<u>92,216</u>	<u>10,145</u>
Total debt service				
Total expenditures	<u>137,926,460</u>	<u>150,413,843</u>	<u>151,263,843</u>	<u>(850,000)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,257,129</u>	<u>7,826,391</u>	<u>8,822,424</u>	<u>996,033</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance proceeds		(1,632)	366,602	368,234
Proceeds from capital asset disposal		329,656	329,656	
Transfers in	1,240,470	2,084,606	2,084,606	
Transfers out	(10,207,515)	(10,649,921)	(10,649,921)	
Contingencies	(3,430,558)			
	<u>(12,397,603)</u>	<u>(8,237,291)</u>	<u>(7,869,057)</u>	<u>368,234</u>
Total other financing sources (uses)				
CHANGE IN FUND BALANCE	(2,140,474)	(410,900)	953,367	1,364,267
FUND BALANCE, BEGINNING OF YEAR	<u>8,217,912</u>	<u>6,506,292</u>	<u>6,506,292</u>	
FUND BALANCE, END OF YEAR	<u>\$ 6,077,438</u>	<u>\$ 6,095,392</u>	<u>\$ 7,459,659</u>	<u>\$ 1,364,267</u>

# CITY OF RENO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

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

For the year ended June 30, 2013, 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, 2011, July 1, 2009 and July 1, 2007.

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. Budget Information**

The accompanying required supplementary schedule of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual general 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, 2013**

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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

## RAILROAD DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Room and construction taxes	\$ 650,000	\$ 650,000	\$ 705,030	\$ 55,030
Special assessments	575,000	617,499	679,553	62,054
Intergovernmental shared revenues	6,550,000	6,700,000	7,127,854	427,854
Fines and forfeitures			4,704	4,704
Investment income	905,200	908,500	874,121	(34,379)
Change in fair value of investments			(14,562)	(14,562)
Miscellaneous	<u>15,000</u>	<u>10,560</u>	<u>10,060</u>	<u>(500)</u>
Total revenues	<u>8,695,200</u>	<u>8,886,559</u>	<u>9,386,760</u>	<u>500,201</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	2,305,000	2,365,000	2,460,000	(95,000)
Interest expense and fiscal charges	5,933,171	5,933,171	5,834,706	98,465
Administrative and other costs	<u>1,065,000</u>	<u>1,053,500</u>	<u>1,008,982</u>	<u>44,518</u>
Total expenditures	<u>9,303,171</u>	<u>9,351,671</u>	<u>9,303,688</u>	<u>47,983</u>
CHANGE IN FUND BALANCE	(607,971)	(465,112)	83,072	548,184
FUND BALANCE, BEGINNING OF YEAR	<u>8,025,056</u>	<u>8,174,105</u>	<u>8,174,105</u>	
FUND BALANCE, END OF YEAR	<u>\$ 7,417,085</u>	<u>\$ 7,708,993</u>	<u>\$ 8,257,177</u>	<u>\$ 548,184</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Room and construction taxes	\$ 5,137,694	\$ 5,140,275	\$ 5,185,237	\$ 44,962
Special assessments	230,000	275,189	295,787	20,598
Investment income	423,000	450,831	451,847	1,016
Change in fair value of investments			(15,054)	(15,054)
Total revenues	<u>5,790,694</u>	<u>5,866,295</u>	<u>5,917,817</u>	<u>51,522</u>
EXPENDITURES				
Debt service				
Principal payments	2,215,000	2,215,000	2,215,000	
Interest expense and fiscal charges	5,015,147	4,987,422	4,998,783	(11,361)
Administrative and other costs	<u>1,363,241</u>	<u>1,387,191</u>	<u>1,384,988</u>	<u>2,203</u>
Total expenditures	<u>8,593,388</u>	<u>8,589,613</u>	<u>8,598,771</u>	<u>(9,158)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,802,694)</u>	<u>(2,723,318)</u>	<u>(2,680,954)</u>	<u>42,364</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,707,000</u>	<u>3,051,206</u>	<u>3,051,206</u>	
Total other financing sources	<u>2,707,000</u>	<u>3,051,206</u>	<u>3,051,206</u>	
CHANGE IN FUND BALANCE	(95,694)	327,888	370,252	42,364
FUND BALANCE, BEGINNING OF YEAR	<u>2,176,392</u>	<u>1,795,558</u>	<u>1,795,559</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,080,698</u>	<u>\$ 2,123,446</u>	<u>\$ 2,165,811</u>	<u>\$ 42,365</u>

# **CAPITAL PROJECTS FUNDS**



# **CITY OF RENO**

## **MAJOR CAPITAL PROJECTS FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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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.

Redevelopment Agency

Accounts for expenditures related to the construction of a Triple A ballpark and the fire station relocation projects.



# CITY OF RENO

## REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Public works				
Various				
Capital outlay	\$ _____	\$ 5,289,863	\$ _____	\$ 5,289,863
Total expenditures	_____	5,289,863	_____	5,289,863
DEFICIENCY OF REVENUES UNDER EXPENDITURES	_____	(5,289,863)	_____	5,289,863
OTHER FINANCING USES				
Loss on disposal of property held for sale			(280,831)	(280,831)
Transfers out		(236,756)	(233,490)	3,266
Transfer of property held for sale to general capital assets	_____	_____	(36,055,763)	(36,055,763)
Total other financing uses	_____	(236,756)	(36,570,084)	(36,333,328)
CHANGE IN FUND BALANCE		(5,526,619)	(36,570,084)	(31,043,465)
FUND BALANCE, BEGINNING OF YEAR	36,573,975	36,573,350	36,573,350	_____
FUND BALANCE, END OF YEAR	\$ 36,573,975	\$ 31,046,731	\$ 3,266	\$ (31,043,465)



**NON-MAJOR  
GOVERNMENTAL FUNDS**



# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 18,519,410	\$ 10,875,343	\$ 12,131,238	\$ 41,525,991
Accounts receivable	1,064,315	116,915		1,181,230
Interest receivable	32,097	20,989	21,641	74,727
Taxes receivable	414,822	273,422		688,244
Special assessments receivable		3,810,872		3,810,872
Due from other governments	2,036,471	3,734,557	456,966	6,227,994
Due from other funds	42,422			42,422
Advances to other funds		730,047		730,047
Inventories	192,556			192,556
Prepaid items	12,110	8,050		20,160
Property held for sale	1,041,209			1,041,209
Notes receivable, net	<u>156,515</u>		<u>111,797</u>	<u>268,312</u>
<b>Total assets</b>	<u>\$ 23,511,927</u>	<u>\$ 19,570,195</u>	<u>\$ 12,721,642</u>	<u>\$ 55,803,764</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 1,083,901	\$ 12,074	\$ 565,324	\$ 1,661,299
Accrued salaries and benefits	45,499			45,499
Contracts payable	353,898		594,675	948,573
Due to other governments		63		63
Deposits	203,662	18,645	4,762	227,069
Unearned revenue	188,057			188,057
Advances from other funds	150,835		855,582	1,006,417
Interest payable		852,888		852,888
Debt obligations payable		<u>445,000</u>		<u>445,000</u>
<b>Total liabilities</b>	<u>2,025,852</u>	<u>1,328,670</u>	<u>2,020,343</u>	<u>5,374,865</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes	414,821	272,701		687,522
Unavailable revenue, special assessments		3,511,691		3,511,691
Unavailable revenue, other	<u>6,927</u>	<u>1,358,970</u>	<u>111,797</u>	<u>1,477,694</u>
<b>Total deferred inflows of resources</b>	<u>421,748</u>	<u>5,143,362</u>	<u>111,797</u>	<u>5,676,907</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>2,447,600</u>	<u>6,472,032</u>	<u>2,132,140</u>	<u>11,051,772</u>

(Continued)

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Non-major Governmental Funds</u>
FUND BALANCES				
Nonspendable				
Inventories	192,556			192,556
Prepaid items	12,110	8,050		20,160
Land held for resale	1,041,209			1,041,209
Restricted for				
Debt service		13,072,743		13,072,743
Capital improvement projects	1,040,059		9,963,308	11,003,367
Fire, police and other public safety programs	302,328			302,328
Other	840,452			840,452
Assigned to				
Debt service		17,370		17,370
Capital improvement projects	14,554,492		1,481,591	16,036,083
Fire, police and other public safety programs	1,083,901			1,083,901
Other	1,997,310			1,997,310
Unassigned	<u>(90)</u>		<u>(855,397)</u>	<u>(855,487)</u>
Total fund balances	<u>21,064,327</u>	<u>13,098,163</u>	<u>10,589,502</u>	<u>44,751,992</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,511,927</u>	<u>\$ 19,570,195</u>	<u>\$ 12,721,642</u>	<u>\$ 55,803,764</u>

# CITY OF RENO

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 13,185,067	\$ 7,165,970	\$	\$ 20,351,037
Motor vehicle taxes	4,889,769			4,889,769
Room and construction taxes	1,943,690		927,214	2,870,904
Intergovernmental capital project taxes			458,621	458,621
Licenses, permits and other fees	180,647		2,022,152	2,202,799
Special assessments		924,058		924,058
Grants and contributions	9,307,782	358,209	889,503	10,555,494
Charges for services	92,066			92,066
Downtown district room surcharge			2,187,000	2,187,000
Intergovernmental shared revenues	150,702	2,072,313		2,223,015
Fines and forfeitures	558,158	36,480		594,638
Reimbursements and restitutions	475,725	21,039	298,633	795,397
Rents and royalties	649,470	1,234,183		1,883,653
Investment income	59,265	244,329	37,353	340,947
Change in fair value of investments	(83,014)	(35,484)	(61,659)	(180,157)
Miscellaneous	835,426	185,171	9,130	1,029,727
<b>Total revenues</b>	<u>32,244,753</u>	<u>12,206,268</u>	<u>6,767,947</u>	<u>51,218,968</u>
<b>EXPENDITURES</b>				
Current				
General government	529,407			529,407
Judicial	623,932			623,932
Public works	12,502,918		1,239,517	13,742,435
Culture and recreation			9,988	9,988
Planning and community development	7,769,828			7,769,828
Urban redevelopment	754,499			754,499
<b>Total current</b>	<u>22,180,584</u>		<u>1,249,505</u>	<u>23,430,089</u>
Capital outlay				
Public works	2,336,168		5,782,790	8,118,958
Culture and recreation			1,197,866	1,197,866
<b>Total capital outlay</b>	<u>2,336,168</u>		<u>6,980,656</u>	<u>9,316,824</u>
Debt service				
Principal payments	33,000	11,800,805		11,833,805
Interest expense and fiscal charges	3,837	6,710,748	10,881	6,725,466
Administrative and other costs		86,924		86,924
<b>Total debt service</b>	<u>36,837</u>	<u>18,598,477</u>	<u>10,881</u>	<u>18,646,195</u>
<b>Total expenditures</b>	<u>24,553,589</u>	<u>18,598,477</u>	<u>8,241,042</u>	<u>51,393,108</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,691,164</u>	<u>(6,392,209)</u>	<u>(1,473,095)</u>	<u>(174,140)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital asset disposal	6,651		219,206	225,857
Transfers in	3,691,486	10,086,851	1,410,043	15,188,380
Transfers out	(8,665,392)	(720,000)	(115,355)	(9,500,747)
<b>Total other financing sources (uses)</b>	<u>(4,967,255)</u>	<u>9,366,851</u>	<u>1,513,894</u>	<u>5,913,490</u>
<b>CHANGE IN FUND BALANCE</b>	2,723,909	2,974,642	40,799	5,739,350
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>18,340,418</u>	<u>10,123,521</u>	<u>10,548,703</u>	<u>39,012,642</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 21,064,327</u>	<u>\$ 13,098,163</u>	<u>\$ 10,589,502</u>	<u>\$ 44,751,992</u>



# **SPECIAL REVENUE FUNDS**



# CITY OF RENO

## NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

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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.

### Community Development 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 Grants

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

### Streets

Accounts for resources restricted for street improvement expenditures.

### 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, 2013

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
<b>ASSETS</b>									
Cash, cash equivalents and investments	\$ 88,567	\$ 901,195	\$ 14,505,061	\$ 342,742	\$ 601,856	\$ 1,383,580	\$ 623,393	\$ 73,016	\$ 18,519,410
Accounts receivable		45,589	835,602		6,274		176,850		1,064,315
Interest receivable			26,465	603	1,089	2,649	1,187	104	32,097
Taxes receivable			350,522				64,300		414,822
Due from other governments	707,957	61,619	1,034,837	210,721			21,337		2,036,471
Due from other funds							42,422		42,422
Inventories			192,556						192,556
Prepaid items							12,110		12,110
Property held for sale							1,041,209		1,041,209
Notes receivable, net							156,515		156,515
<b>Total assets</b>	<b>\$ 796,524</b>	<b>\$ 1,008,403</b>	<b>\$ 16,945,043</b>	<b>\$ 554,066</b>	<b>\$ 609,219</b>	<b>\$ 1,386,229</b>	<b>\$ 2,139,323</b>	<b>\$ 73,120</b>	<b>\$ 23,511,927</b>
<b>LIABILITIES</b>									
Accounts payable and other accrued liabilities	\$ 431,114	\$ 116,052	\$ 250,764	\$ 63,390	\$ 134,536		\$ 14,835	\$ 73,210	\$ 1,083,901
Accrued salaries and benefits	1,862	449	43,188						45,499
Contracts payable			353,898						353,898
Deposits			108,741				94,921		203,662
Unearned revenue		31,542					156,515		188,057
Advances from other funds			150,835						150,835
<b>Total liabilities</b>	<b>432,976</b>	<b>148,043</b>	<b>907,426</b>	<b>63,390</b>	<b>134,536</b>		<b>266,271</b>	<b>73,210</b>	<b>2,025,852</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue, property taxes			350,522				64,299		414,821
Unavailable revenue, other			6,927						6,927
<b>Total deferred inflows of resources</b>			<b>357,449</b>				<b>64,299</b>		<b>421,748</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>432,976</b>	<b>148,043</b>	<b>1,264,875</b>	<b>63,390</b>	<b>134,536</b>		<b>330,570</b>	<b>73,210</b>	<b>2,447,600</b>

(Continued)

**CITY OF RENO**

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2013**

	<u>Community Development Grants</u>	<u>Community Assistance Grants</u>	<u>Streets</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									
Inventories			192,556						192,556
Prepaid items							12,110		12,110
Land held for resale							1,041,209		1,041,209
Restricted for									
Capital improvement projects			933,120		106,939				1,040,059
Fire, police and other public safety programs						302,328			302,328
Other	363,548	476,904							840,452
Assigned to									
Capital improvement projects			14,554,492						14,554,492
Fire, police and other public safety programs						1,083,901			1,083,901
Other		383,456		490,676	367,744		755,434		1,997,310
Unassigned								(90)	(90)
Total fund balances	<u>363,548</u>	<u>860,360</u>	<u>15,680,168</u>	<u>490,676</u>	<u>474,683</u>	<u>1,386,229</u>	<u>1,808,753</u>	<u>(90)</u>	<u>21,064,327</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 796,524</u>	<u>\$ 1,008,403</u>	<u>\$ 16,945,043</u>	<u>\$ 554,066</u>	<u>\$ 609,219</u>	<u>\$ 1,386,229</u>	<u>\$ 2,139,323</u>	<u>\$ 73,120</u>	<u>\$ 23,511,927</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, 2013

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
<b>REVENUES</b>									
Property taxes	\$	\$	\$ 13,183,415	\$	\$	\$	\$ 1,652	\$	\$ 13,185,067
Motor vehicle taxes			4,761,745				128,024		4,889,769
Room and construction taxes				1,943,690					1,943,690
Licenses, permits and other fees			180,647						180,647
Grants and contributions	5,505,412	1,607,569	2,186,080	8,721					9,307,782
Charges for services								92,066	92,066
Intergovernmental shared revenues			36,956				113,746		150,702
Fines and forfeitures			37,010			521,148			558,158
Reimbursements and restitutions		182,154	102,978		3,502		187,091		475,725
Rents and royalties		25,472					623,998		649,470
Investment income			49,048	1,206	2,419	4,792	1,694	106	59,265
Change in fair value of investments			(68,046)	(1,737)	(3,440)	(6,823)	(2,772)	(196)	(83,014)
Miscellaneous	341,746	4	133,242		360,424		10		835,426
<b>Total revenues</b>	<b>5,847,158</b>	<b>1,815,199</b>	<b>20,603,075</b>	<b>1,951,880</b>	<b>362,905</b>	<b>519,117</b>	<b>1,053,443</b>	<b>91,976</b>	<b>32,244,753</b>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government				483,458		45,949			529,407
Judicial					623,932				623,932
Public works			12,502,918						12,502,918
Planning and community development	5,386,130	2,291,632						92,066	7,769,828
Urban redevelopment							754,499		754,499
<b>Total current</b>	<b>5,386,130</b>	<b>2,291,632</b>	<b>12,502,918</b>	<b>483,458</b>	<b>623,932</b>	<b>45,949</b>	<b>754,499</b>	<b>92,066</b>	<b>22,180,584</b>
<b>Capital outlay</b>									
Public works			2,336,168						2,336,168
<b>Debt service</b>									
Principal payments	33,000								33,000
Interest expense and fiscal charges	3,837								3,837
<b>Total debt service</b>	<b>36,837</b>								<b>36,837</b>
<b>Total expenditures</b>	<b>5,422,967</b>	<b>2,291,632</b>	<b>14,839,086</b>	<b>483,458</b>	<b>623,932</b>	<b>45,949</b>	<b>754,499</b>	<b>92,066</b>	<b>24,553,589</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>424,191</b>	<b>(476,433)</b>	<b>5,763,989</b>	<b>1,468,422</b>	<b>(261,027)</b>	<b>473,168</b>	<b>298,944</b>	<b>(90)</b>	<b>7,691,164</b>

(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, 2013**

	Community Development Grants	Community Assistance Grants	Streets	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
OTHER FINANCING SOURCES (USES)									
Proceeds from capital asset disposal						6,651			6,651
Transfers in	72,826	116,000	3,499,000				3,660		3,691,486
Transfers out	(381,300)		(6,284,943)	(1,355,115)	(170,000)	(474,034)			(8,665,392)
Total other financing sources (uses)	<u>(308,474)</u>	<u>116,000</u>	<u>(2,785,943)</u>	<u>(1,355,115)</u>	<u>(170,000)</u>	<u>(467,383)</u>	<u>3,660</u>		<u>(4,967,255)</u>
CHANGE IN FUND BALANCE	115,717	(360,433)	2,978,046	113,307	(431,027)	5,785	302,604	(90)	2,723,909
FUND BALANCE, BEGINNING OF YEAR	<u>247,831</u>	<u>1,220,793</u>	<u>12,702,122</u>	<u>377,369</u>	<u>905,710</u>	<u>1,380,444</u>	<u>1,506,149</u>		<u>18,340,418</u>
FUND BALANCE, END OF YEAR	<u>\$ 363,548</u>	<u>\$ 860,360</u>	<u>\$ 15,680,168</u>	<u>\$ 490,676</u>	<u>\$ 474,683</u>	<u>\$ 1,386,229</u>	<u>\$ 1,808,753</u>	<u>\$ (90)</u>	<u>\$ 21,064,327</u>

# CITY OF RENO

## COMMUNITY DEVELOPMENT GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Grants and contributions	\$ 2,828,527	\$ 5,435,308	\$ 5,505,412	\$ 70,104
Miscellaneous	<u>250,000</u>	<u>312,300</u>	<u>341,746</u>	<u>29,446</u>
Total revenues	<u>3,078,527</u>	<u>5,747,608</u>	<u>5,847,158</u>	<u>99,550</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	313,113	295,111	295,572	(461)
Employee benefits	162,768	177,352	154,296	23,056
Services and supplies	81,441	100,405	4,936,262	(4,835,857)
Capital outlay	<u>2,139,905</u>	<u>4,879,161</u>	<u>4,879,161</u>	<u>4,879,161</u>
Total planning and community development	<u>2,697,227</u>	<u>5,452,029</u>	<u>5,386,130</u>	<u>65,899</u>
Debt service				
Principal payments	33,000	33,000	33,000	
Interest expense and fiscal charges	<u>3,848</u>	<u>3,848</u>	<u>3,837</u>	<u>11</u>
Total debt service	<u>36,848</u>	<u>36,848</u>	<u>36,837</u>	<u>11</u>
Total expenditures	<u>2,734,075</u>	<u>5,488,877</u>	<u>5,422,967</u>	<u>65,910</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>344,452</u>	<u>258,731</u>	<u>424,191</u>	<u>165,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		72,826	72,826	
Transfers out	<u>(381,300)</u>	<u>(381,300)</u>	<u>(381,300)</u>	
Total other financing sources (uses)	<u>(381,300)</u>	<u>(308,474)</u>	<u>(308,474)</u>	
CHANGE IN FUND BALANCE	(36,848)	(49,743)	115,717	165,460
FUND BALANCE, BEGINNING OF YEAR	<u>194,318</u>	<u>247,830</u>	<u>247,831</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 157,470</u>	<u>\$ 198,087</u>	<u>\$ 363,548</u>	<u>\$ 165,461</u>

# CITY OF RENO

## COMMUNITY ASSISTANCE GRANTS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Grants and contributions	\$ 2,773,064	\$ 2,053,427	\$ 1,607,569	\$ (445,858)
Reimbursements and restitutions	587,963	158,306	182,154	23,848
Rents and royalties			25,472	25,472
Miscellaneous			4	4
Total revenues	<u>3,361,027</u>	<u>2,211,733</u>	<u>1,815,199</u>	<u>(396,534)</u>
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	21,000	41,998	37,300	4,698
Employee benefits	11,478	23,259	20,601	2,658
Services and supplies	4,138,744	2,699,823	2,233,731	466,092
Capital outlay	100,000	513,628		513,628
Total expenditures	<u>4,271,222</u>	<u>3,278,708</u>	<u>2,291,632</u>	<u>987,076</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(910,195)</u>	<u>(1,066,975)</u>	<u>(476,433)</u>	<u>590,542</u>
OTHER FINANCING SOURCES				
Transfers in	<u>116,000</u>	<u>116,000</u>	<u>116,000</u>	
CHANGE IN FUND BALANCE	(794,195)	(950,975)	(360,433)	590,542
FUND BALANCE, BEGINNING OF YEAR	<u>794,195</u>	<u>1,220,793</u>	<u>1,220,793</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 269,818</u>	<u>\$ 860,360</u>	<u>\$ 590,542</u>

# 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 13,564,517	\$ 13,564,517	\$ 13,183,415	\$ (381,102)
Motor vehicle taxes	3,063,929	4,007,805	4,761,745	753,940
Licenses, permits and other fees	102,000	102,000	180,647	78,647
Grants and contributions			2,186,080	2,186,080
Charges for services	200,000			
Intergovernmental shared revenues	49,200	49,200	36,956	(12,244)
Fines and forfeitures	20,000	75,000	37,010	(37,990)
Reimbursements and restitutions			102,978	102,978
Investment income	17,000	39,000	49,048	10,048
Change in fair value of investments			(68,046)	(68,046)
Miscellaneous		<u>198,232</u>	<u>133,242</u>	<u>(64,990)</u>
Total revenues	<u>17,016,646</u>	<u>18,035,754</u>	<u>20,603,075</u>	<u>2,567,321</u>
<b>EXPENDITURES</b>				
Public works				
Various				
Salaries and wages	4,215,456	4,073,183	4,033,565	39,618
Employee benefits	2,076,983	2,293,125	2,020,347	272,778
Services and supplies	6,131,356	6,104,506	6,449,006	(344,500)
Capital outlay	<u>6,650,000</u>	<u>6,150,000</u>	<u>2,336,168</u>	<u>3,813,832</u>
Total expenditures	<u>19,073,795</u>	<u>18,620,814</u>	<u>14,839,086</u>	<u>3,781,728</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,057,149)</u>	<u>(585,060)</u>	<u>5,763,989</u>	<u>6,349,049</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,779,000	3,499,000	3,499,000	
Transfers out	<u>(5,997,875)</u>	<u>(6,284,943)</u>	<u>(6,284,943)</u>	
Total other financing sources (uses)	<u>(3,218,875)</u>	<u>(2,785,943)</u>	<u>(2,785,943)</u>	
CHANGE IN FUND BALANCE	(5,276,024)	(3,371,003)	2,978,046	6,349,049
FUND BALANCE, BEGINNING OF YEAR	<u>11,145,800</u>	<u>12,702,122</u>	<u>12,702,122</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,869,776</u>	<u>\$ 9,331,119</u>	<u>\$ 15,680,168</u>	<u>\$ 6,349,049</u>

# CITY OF RENO

## ROOM TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Room and construction taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,943,690	\$ 143,690
Grants and contributions		8,721	8,721	
Investment income	1,982	1,162	1,206	44
Change in fair value of investments			(1,737)	(1,737)
	<u>1,801,982</u>	<u>1,809,883</u>	<u>1,951,880</u>	<u>141,997</u>
Total revenues				
EXPENDITURES				
General government				
City manager				
Services and supplies	<u>483,623</u>	<u>731,478</u>	<u>483,458</u>	<u>248,020</u>
Total expenditures	<u>483,623</u>	<u>731,478</u>	<u>483,458</u>	<u>248,020</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,318,359</u>	<u>1,078,405</u>	<u>1,468,422</u>	<u>390,017</u>
OTHER FINANCING USES				
Transfers out	<u>(1,355,115)</u>	<u>(1,355,115)</u>	<u>(1,355,115)</u>	
CHANGE IN FUND BALANCE	(36,756)	(276,710)	113,307	390,017
FUND BALANCE, BEGINNING OF YEAR	<u>52,679</u>	<u>377,369</u>	<u>377,369</u>	
FUND BALANCE, END OF YEAR	<u>\$ 15,923</u>	<u>\$ 100,659</u>	<u>\$ 490,676</u>	<u>\$ 390,017</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Reimbursements and restitutions	\$	\$	\$ 3,502	\$ 3,502
Investment income			2,419	2,419
Change in fair value of investments			(3,440)	(3,440)
Miscellaneous	<u>435,000</u>	<u>381,333</u>	<u>360,424</u>	<u>(20,909)</u>
Total revenues	<u>435,000</u>	<u>381,333</u>	<u>362,905</u>	<u>(18,428)</u>
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	<u>265,000</u>	<u>704,870</u>	<u>623,932</u>	<u>80,938</u>
Total expenditures	<u>265,000</u>	<u>704,870</u>	<u>623,932</u>	<u>80,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>170,000</u>	<u>(323,537)</u>	<u>(261,027)</u>	<u>62,510</u>
OTHER FINANCING USES				
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>          </u>
CHANGE IN FUND BALANCE		(493,537)	(431,027)	62,510
FUND BALANCE, BEGINNING OF YEAR	<u>          </u>	<u>905,710</u>	<u>905,710</u>	<u>          </u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 412,173</u>	<u>\$ 474,683</u>	<u>\$ 62,510</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeitures	\$ 51,000	\$ 525,000	\$ 521,148	\$ (3,852)
Investment income	1,500	3,500	4,792	1,292
Change in fair value of investments			(6,823)	(6,823)
Total revenues	<u>52,500</u>	<u>528,500</u>	<u>519,117</u>	<u>(9,383)</u>
EXPENDITURES				
General government				
Other				
Services and supplies	<u>750,000</u>	<u>(50,000)</u>	<u>45,949</u>	<u>(95,949)</u>
Total expenditures	<u>750,000</u>	<u>(50,000)</u>	<u>45,949</u>	<u>(95,949)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(697,500)</u>	<u>578,500</u>	<u>473,168</u>	<u>(105,332)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal			6,651	6,651
Transfers out		(774,034)	(474,034)	300,000
Total other financing sources (uses)		<u>(774,034)</u>	<u>(467,383)</u>	<u>306,651</u>
CHANGE IN FUND BALANCE	(697,500)	(195,534)	5,785	201,319
FUND BALANCE, BEGINNING OF YEAR	<u>973,722</u>	<u>1,380,444</u>	<u>1,380,444</u>	
FUND BALANCE, END OF YEAR	<u>\$ 276,222</u>	<u>\$ 1,184,910</u>	<u>\$ 1,386,229</u>	<u>\$ 201,319</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$	\$	\$ 1,652	\$ 1,652
Motor vehicle taxes	128,024	128,024	128,024	
Intergovernmental shared revenues	90,000	38,067	113,746	75,679
Reimbursements and restitutions			187,091	187,091
Rents and royalties	64,000	65,500	623,998	558,498
Investment income		1,000	1,694	694
Change in fair value of investments			(2,772)	(2,772)
Miscellaneous	<u>582,250</u>	<u>681,531</u>	<u>10</u>	<u>(681,521)</u>
Total revenues	<u>864,274</u>	<u>914,122</u>	<u>1,053,443</u>	<u>139,321</u>
EXPENDITURES				
Urban redevelopment				
Various				
Services and supplies	<u>806,842</u>	<u>850,300</u>	<u>754,499</u>	<u>95,801</u>
Total expenditures	<u>806,842</u>	<u>850,300</u>	<u>754,499</u>	<u>95,801</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>57,432</u>	<u>63,822</u>	<u>298,944</u>	<u>235,122</u>
OTHER FINANCING SOURCES				
Transfers in	<u>108,000</u>	<u>3,660</u>	<u>3,660</u>	
CHANGE IN FUND BALANCE	165,432	67,482	302,604	235,122
FUND BALANCE, BEGINNING OF YEAR	<u>4,665,406</u>	<u>1,506,148</u>	<u>1,506,149</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,830,838</u>	<u>\$ 1,573,630</u>	<u>\$ 1,808,753</u>	<u>\$ 235,123</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, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	\$	\$	\$ 92,066	\$ 92,066
Investment income			106	106
Change in fair value of investments			(196)	(196)
Total revenues			91,976	91,976
EXPENDITURES				
Planning and community development				
Various				
Services and supplies			92,066	(92,066)
Total expenditures			92,066	(92,066)
CHANGE IN FUND BALANCE			(90)	(90)
FUND BALANCE, BEGINNING OF YEAR			_____	_____
FUND BALANCE, END OF YEAR	\$	\$	(90)	(90)

# **DEBT SERVICE FUNDS**



# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

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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.

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.

Special Assessment Districts

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

Redevelopment Agency

Accounts for the accumulation of resources for payment the Redevelopment Agency's tax allocation bonds and notes.



# CITY OF RENO

## NON-MAJOR DEBT SERVICE FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	<u>City of Reno</u>	<u>Special Assessment Districts</u>	<u>Redevelopment Agency</u>	<u>Total Debt Service Funds</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 5,979,207	\$ 2,675,091	\$ 2,221,045	\$ 10,875,343
Accounts receivable	112,655	4,260		116,915
Interest receivable	8,836	11,852	301	20,989
Taxes receivable			273,422	273,422
Special assessments receivable		3,810,872		3,810,872
Due from other governments	326,803		3,407,754	3,734,557
Advances to other funds			730,047	730,047
Prepaid items	<u>8,050</u>			<u>8,050</u>
Total assets	<u>\$ 6,435,551</u>	<u>\$ 6,502,075</u>	<u>\$ 6,632,569</u>	<u>\$ 19,570,195</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$	\$ 12,074	\$	\$ 12,074
Due to other governments		63		63
Deposits		18,645		18,645
Interest payable	852,888			852,888
Debt obligations payable	<u>445,000</u>			<u>445,000</u>
Total liabilities	<u>1,297,888</u>	<u>30,782</u>		<u>1,328,670</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, property taxes			272,701	272,701
Unavailable revenue, special assessments		3,511,691		3,511,691
Unavailable revenue, other	<u>48,757</u>		<u>1,310,213</u>	<u>1,358,970</u>
Total deferred inflows of resources	<u>48,757</u>	<u>3,511,691</u>	<u>1,582,914</u>	<u>5,143,362</u>
Total liabilities and deferred inflows of resources	<u>1,346,645</u>	<u>3,542,473</u>	<u>1,582,914</u>	<u>6,472,032</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	8,050			8,050
Restricted for				
Debt service	5,063,486	2,959,602	5,049,655	13,072,743
Assigned to				
Debt service	<u>17,370</u>			<u>17,370</u>
Total fund balances	<u>5,088,906</u>	<u>2,959,602</u>	<u>5,049,655</u>	<u>13,098,163</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,435,551</u>	<u>\$ 6,502,075</u>	<u>\$ 6,632,569</u>	<u>\$ 19,570,195</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, 2013

	<u>City of Reno</u>	<u>Special Assessment Districts</u>	<u>Redevelopment Agency</u>	<u>Total Debt Service Funds</u>
<b>REVENUES</b>				
Property taxes	\$	\$	\$ 7,165,970	\$ 7,165,970
Special assessments		924,058		924,058
Grants and contributions	358,209			358,209
Intergovernmental shared revenues	2,072,313			2,072,313
Fines and forfeitures		36,480		36,480
Reimbursements and restitutions	21,039			21,039
Rents and royalties	1,234,183			1,234,183
Investment income	11,369	231,738	1,222	244,329
Change in fair value of investments	(19,843)	(14,808)	(833)	(35,484)
Miscellaneous	165,000	20,171		185,171
Total revenues	<u>3,842,270</u>	<u>1,197,639</u>	<u>7,166,359</u>	<u>12,206,268</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	8,136,000	427,530	3,237,275	11,800,805
Interest expense and fiscal charges	4,777,065	192,392	1,741,291	6,710,748
Administrative and other costs	13,245	64,404	9,275	86,924
Total expenditures	<u>12,926,310</u>	<u>684,326</u>	<u>4,987,841</u>	<u>18,598,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,084,040)</u>	<u>513,313</u>	<u>2,178,518</u>	<u>(6,392,209)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,116,925		969,926	10,086,851
Transfers out		(720,000)		(720,000)
Total other financing sources (uses)	<u>9,116,925</u>	<u>(720,000)</u>	<u>969,926</u>	<u>9,366,851</u>
CHANGE IN FUND BALANCE	32,885	(206,687)	3,148,444	2,974,642
FUND BALANCE, BEGINNING OF YEAR	<u>5,056,021</u>	<u>3,166,289</u>	<u>1,901,211</u>	<u>10,123,521</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,088,906</u>	<u>\$ 2,959,602</u>	<u>\$ 5,049,655</u>	<u>\$ 13,098,163</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants and contributions	\$	\$	\$ 358,209	\$ 358,209
Intergovernmental shared revenues	2,000,000	1,858,709	2,072,313	213,604
Reimbursements and restitutions			21,039	21,039
Rents and royalties			1,234,183	1,234,183
Investment income	6,200	6,400	11,369	4,969
Change in fair value of investments			(19,843)	(19,843)
Miscellaneous	<u>1,606,037</u>	<u>1,766,985</u>	<u>165,000</u>	<u>(1,601,985)</u>
Total revenues	<u>3,612,237</u>	<u>3,632,094</u>	<u>3,842,270</u>	<u>210,176</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	8,136,000	8,136,000	8,136,000	
Interest expense and fiscal charges	5,212,860	4,922,814	4,777,065	145,749
Administrative and other costs	<u>31,500</u>	<u>26,100</u>	<u>13,245</u>	<u>12,855</u>
Total expenditures	<u>13,380,360</u>	<u>13,084,914</u>	<u>12,926,310</u>	<u>158,604</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(9,768,123)</u>	<u>(9,452,820)</u>	<u>(9,084,040)</u>	<u>368,780</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>8,965,606</u>	<u>9,116,925</u>	<u>9,116,925</u>	
CHANGE IN FUND BALANCE	(802,517)	(335,895)	32,885	368,780
FUND BALANCE, BEGINNING OF YEAR	<u>4,697,315</u>	<u>5,056,021</u>	<u>5,056,021</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,894,798</u>	<u>\$ 4,720,126</u>	<u>\$ 5,088,906</u>	<u>\$ 368,780</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Special assessments	\$ 676,823	\$ 866,286	\$ 924,058	\$ 57,772
Fines and forfeitures			36,480	36,480
Investment income	226,280	232,113	231,738	(375)
Change in fair value of investments		44,865	(14,808)	(59,673)
Miscellaneous			20,171	20,171
Total revenues	<u>903,103</u>	<u>1,143,264</u>	<u>1,197,639</u>	<u>54,375</u>
EXPENDITURES				
Debt service				
Principal payments	317,875	422,532	427,530	(4,998)
Interest expense and fiscal charges	177,250	191,148	192,392	(1,244)
Administrative and other costs	648,600	676,103	64,404	611,699
Total expenditures	<u>1,143,725</u>	<u>1,289,783</u>	<u>684,326</u>	<u>605,457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(240,622)</u>	<u>(146,519)</u>	<u>513,313</u>	<u>659,832</u>
OTHER FINANCING USES				
Transfers out		(720,000)	(720,000)	
CHANGE IN FUND BALANCE	(240,622)	(866,519)	(206,687)	659,832
FUND BALANCE, BEGINNING OF YEAR	<u>2,196,223</u>	<u>3,166,288</u>	<u>3,166,289</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,955,601</u>	<u>\$ 2,299,769</u>	<u>\$ 2,959,602</u>	<u>\$ 659,833</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 399,460	\$ 4,673,450	\$ 7,165,970	\$ 2,492,520
Investment income		950	1,222	272
Change in fair value of investments			(833)	(833)
Miscellaneous	<u>727,980</u>			
Total revenues	<u>1,127,440</u>	<u>4,674,400</u>	<u>7,166,359</u>	<u>2,491,959</u>
EXPENDITURES				
Debt service				
Principal payments	2,010,000	3,237,275	3,237,275	
Interest expense and fiscal charges	1,729,298	1,808,049	1,741,291	66,758
Administrative and other costs	<u>1,000</u>	<u>12,000</u>	<u>9,275</u>	<u>2,725</u>
Total expenditures	<u>3,740,298</u>	<u>5,057,324</u>	<u>4,987,841</u>	<u>69,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,612,858)</u>	<u>(382,924)</u>	<u>2,178,518</u>	<u>2,561,442</u>
OTHER FINANCING SOURCES				
Transfers in	<u>628,436</u>	<u>969,926</u>	<u>969,926</u>	
CHANGE IN FUND BALANCE	(1,984,422)	587,002	3,148,444	2,561,442
FUND BALANCE, BEGINNING OF YEAR	<u>2,049,424</u>	<u>1,901,212</u>	<u>1,901,211</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 65,002</u>	<u>\$ 2,488,214</u>	<u>\$ 5,049,655</u>	<u>\$ 2,561,441</u>



# **CAPITAL PROJECTS FUNDS**



# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

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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.

### Public Works

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.

### Redevelopment Agency Extraordinary Maintenance

Accounts for the extraordinary maintenance of capital projects funded with bond proceeds in accordance with Nevada Revised Statutes.

### 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, 2013**

	<u>Public Works</u>	<u>Railroad</u>	<u>Downtown Events Center</u>	<u>Community Assistance Center</u>	<u>City Bonds</u>	<u>Parks</u>	<u>Special Ad Valorem</u>
<b>ASSETS</b>							
Cash, cash equivalents and investments	\$ 3,796,874	\$ 86,981	\$ 474,251	\$ (9)	\$ 407,574	\$ 4,713,026	\$ 1,304,816
Interest receivable	6,322		839	194	720	8,137	2,984
Due from other governments	34	211,547					8,245
Notes receivable, net				111,797			
<b>Total assets</b>	<b>\$ 3,803,230</b>	<b>\$ 298,528</b>	<b>\$ 475,090</b>	<b>\$ 111,982</b>	<b>\$ 408,294</b>	<b>\$ 4,721,163</b>	<b>\$ 1,316,045</b>
<b>LIABILITIES</b>							
Accounts payable and other accrued liabilities	\$ 66,516						\$ 64,187
Contracts payable	28,827	2				4	17,308
Deposits	3,762						1,000
Advances from other funds				855,582			
<b>Total liabilities</b>	<b>99,105</b>	<b>2</b>		<b>855,582</b>		<b>4</b>	<b>82,495</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue, other				111,797			
<b>Total deferred inflows of resources</b>				<b>111,797</b>			
<b>FUND BALANCES</b>							
Nonspendable							
Restricted for							
Capital improvement projects	2,521,060		475,090		408,294	4,721,159	1,233,550
Assigned to							
Capital improvement projects	1,183,065	298,526					
Unassigned				(855,397)			
<b>Total fund balances</b>	<b>3,704,125</b>	<b>298,526</b>	<b>475,090</b>	<b>(855,397)</b>	<b>408,294</b>	<b>4,721,159</b>	<b>1,233,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,803,230</b>	<b>\$ 298,528</b>	<b>\$ 475,090</b>	<b>\$ 111,982</b>	<b>\$ 408,294</b>	<b>\$ 4,721,163</b>	<b>\$ 1,316,045</b>

(Continued)

**CITY OF RENO**

**NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2013**

		Redevelopment Agency Extraordinary Maintenance	Room Tax Surcharge	Streets	Total Capital Projects Funds
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$		\$ 357,390	\$ 990,335	\$ 12,131,238
Interest receivable			490	1,955	21,641
Due from other governments			237,140		456,966
Notes receivable, net					111,797
Total assets	\$	\$ 595,020	\$ 992,290	\$ 12,721,642	
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$		\$ 56,233	\$ 378,388	\$ 565,324
Contracts payable			19,613	528,921	594,675
Deposits					4,762
Advances from other funds					855,582
Total liabilities		75,846	907,309	2,020,343	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, other					111,797
Total deferred inflows of resources					111,797
<b>FUND BALANCES</b>					
Nonspendable					
Restricted for					
Capital improvement projects			519,174	84,981	9,963,308
Assigned to					
Capital improvement projects					1,481,591
Unassigned					(855,397)
Total fund balances		519,174	84,981	10,589,502	
Total liabilities and fund balances	\$	\$ 595,020	\$ 992,290	\$ 12,721,642	

# CITY OF RENO

## NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Public Works	Railroad	Downtown Events Center	Community Assistance Center	City Bonds	Parks	Special Ad Valorem
<b>REVENUES</b>							
Room and construction taxes	\$	\$	\$	\$	\$	\$ 927,214	\$
Intergovernmental capital project taxes							458,621
Licenses, permits and other fees	2,022,152						
Grants and contributions	30,034	797,212				50,000	12,257
Downtown district room surcharge							
Reimbursements and restitutions	1,720	252,806			6,607		
Investment income	9,191		1,458	235	1,280	13,890	5,366
Change in fair value of investments	(13,811)	(26)	(2,247)	(464)	(1,904)	(21,911)	(7,843)
Miscellaneous	1,047						
<b>Total revenues</b>	<u>2,050,333</u>	<u>1,049,992</u>	<u>(789)</u>	<u>(229)</u>	<u>5,983</u>	<u>969,193</u>	<u>468,401</u>
<b>EXPENDITURES</b>							
<b>Current</b>							
Public works	776,136				13,326		365,028
Culture and recreation						9,988	
<b>Total current</b>	<u>776,136</u>				<u>13,326</u>	<u>9,988</u>	<u>365,028</u>
<b>Capital outlay</b>							
Public works	259,781	756,402	31,726				501,152
Culture and recreation						1,197,866	
<b>Total capital outlay</b>	<u>259,781</u>	<u>756,402</u>	<u>31,726</u>			<u>1,197,866</u>	<u>501,152</u>
<b>Debt service</b>							
Interest expense and fiscal charges				10,881			
<b>Total debt service</b>				<u>10,881</u>			
<b>Total expenditures</b>	<u>1,035,917</u>	<u>756,402</u>	<u>31,726</u>	<u>10,881</u>	<u>13,326</u>	<u>1,207,854</u>	<u>866,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,014,416</u>	<u>293,590</u>	<u>(32,515)</u>	<u>(11,110)</u>	<u>(7,343)</u>	<u>(238,661)</u>	<u>(397,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from capital asset disposal				219,206			
Transfers in	1,390,818				19,225		
Transfers out	(111,695)						
<b>Total other financing sources (uses)</b>	<u>1,279,123</u>			<u>219,206</u>	<u>19,225</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, 2013**

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	<u>Public Works</u>	<u>Railroad</u>	<u>Downtown Events Center</u>	<u>Community Assistance Center</u>	<u>City Bonds</u>	<u>Parks</u>	<u>Special Ad Valorem</u>
CHANGE IN FUND BALANCE	2,293,539	293,590	(32,515)	208,096	11,882	(238,661)	(397,779)
FUND BALANCE, BEGINNING OF YEAR	<u>1,410,586</u>	<u>4,936</u>	<u>507,605</u>	<u>(1,063,493)</u>	<u>396,412</u>	<u>4,959,820</u>	<u>1,631,329</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,704,125</u>	<u>\$ 298,526</u>	<u>\$ 475,090</u>	<u>\$ (855,397)</u>	<u>\$ 408,294</u>	<u>\$ 4,721,159</u>	<u>\$ 1,233,550</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, 2013

	Redevelopment Agency Extraordinary Maintenance	Room Tax Surcharge	Streets	Total Capital Projects Funds
REVENUES				
Room and construction taxes	\$	\$	\$	\$ 927,214
Intergovernmental capital project taxes				458,621
Licenses, permits and other fees				2,022,152
Grants and contributions				889,503
Downtown district room surcharge		2,187,000		2,187,000
Reimbursements and restitutions			37,500	298,633
Investment income		2,363	3,570	37,353
Change in fair value of investments		(2,471)	(10,982)	(61,659)
Miscellaneous		8,083		9,130
Total revenues	<u>2,194,975</u>	<u>30,088</u>	<u>6,767,947</u>	
EXPENDITURES				
Current				
Public works		32,911	52,116	1,239,517
Culture and recreation				9,988
Total current		<u>32,911</u>	<u>52,116</u>	<u>1,249,505</u>
Capital outlay				
Public works		2,863,637	1,370,092	5,782,790
Culture and recreation				1,197,866
Total capital outlay		<u>2,863,637</u>	<u>1,370,092</u>	<u>6,980,656</u>
Debt service				
Interest expense and fiscal charges				10,881
Total debt service				<u>10,881</u>
Total expenditures		<u>2,896,548</u>	<u>1,422,208</u>	<u>8,241,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>(701,573)</u>	<u>(1,392,120)</u>	<u>(1,473,095)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal				219,206
Transfers in				1,410,043
Transfers out	(3,660)			(115,355)
Total other financing sources (uses)	<u>(3,660)</u>			<u>1,513,894</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, 2013**

	Redevelopment Agency Extraordinary Maintenance	Room Tax Surcharge	Streets	Total Capital Projects Funds
CHANGE IN FUND BALANCE	(3,660)	(701,573)	(1,392,120)	40,799
FUND BALANCE, BEGINNING OF YEAR	<u>3,660</u>	<u>1,220,747</u>	<u>1,477,101</u>	<u>10,548,703</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 519,174</u>	<u>\$ 84,981</u>	<u>\$ 10,589,502</u>

# CITY OF RENO

## PUBLIC WORKS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Licenses, permits and other fees	\$	\$	\$ 2,022,152	\$ 2,022,152
Grants and contributions		10,000	30,034	20,034
Reimbursements and restitutions			1,720	1,720
Investment income	3,250	2,638	9,191	6,553
Change in fair value of investments			(13,811)	(13,811)
Miscellaneous		30	1,047	1,017
Total revenues	<u>3,250</u>	<u>12,668</u>	<u>2,050,333</u>	<u>2,037,665</u>
EXPENDITURES				
Public works				
Various				
Services and supplies	163,095	50,001	776,136	(726,135)
Capital outlay	<u>1,719,680</u>	<u>1,803,079</u>	<u>259,781</u>	<u>1,543,298</u>
Total expenditures	<u>1,882,775</u>	<u>1,853,080</u>	<u>1,035,917</u>	<u>817,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,879,525)</u>	<u>(1,840,412)</u>	<u>1,014,416</u>	<u>2,854,828</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,516,763	1,390,818	1,390,818	
Transfers out	<u>(92,470)</u>	<u>(111,695)</u>	<u>(111,695)</u>	
Total other financing sources (uses)	<u>1,424,293</u>	<u>1,279,123</u>	<u>1,279,123</u>	
CHANGE IN FUND BALANCE	(455,232)	(561,289)	2,293,539	2,854,828
FUND BALANCE, BEGINNING OF YEAR	<u>455,232</u>	<u>1,410,587</u>	<u>1,410,586</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 849,298</u>	<u>\$ 3,704,125</u>	<u>\$ 2,854,827</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, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Grants and contributions	\$	\$ 801,140	\$ 797,212	\$ (3,928)
Reimbursements and restitutions			252,806	252,806
Change in fair value of investments			(26)	(26)
Total revenues		801,140	1,049,992	248,852
EXPENDITURES				
Public works				
Various				
Capital outlay		806,076	756,402	49,674
Total expenditures		806,076	756,402	49,674
CHANGE IN FUND BALANCE		(4,936)	293,590	298,526
FUND BALANCE, BEGINNING OF YEAR		4,936	4,936	
FUND BALANCE, END OF YEAR	\$	\$	\$ 298,526	\$ 298,526

# 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Investment income	\$ 700	\$ 950	\$ 1,458	\$ 508
Change in fair value of investments			(2,247)	(2,247)
Total revenues	<u>700</u>	<u>950</u>	<u>(789)</u>	<u>(1,739)</u>
EXPENDITURES				
Public works				
Various				
Capital outlay	<u>159,726</u>	<u>31,727</u>	<u>31,726</u>	<u>1</u>
Total expenditures	<u>159,726</u>	<u>31,727</u>	<u>31,726</u>	<u>1</u>
CHANGE IN FUND BALANCE	(159,026)	(30,777)	(32,515)	(1,738)
FUND BALANCE, BEGINNING OF YEAR	<u>159,026</u>	<u>507,605</u>	<u>507,605</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$ 476,828</u>	<u>\$ 475,090</u>	<u>\$ (1,738)</u>

## 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, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Investment income	\$	\$ 24	\$ 235	\$ 211
Change in fair value of investments			(464)	(464)
Total revenues		24	(229)	(253)
EXPENDITURES				
Debt service				
Interest expense and fiscal charges			10,881	(10,881)
Total expenditures			10,881	(10,881)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		24	(11,110)	(11,134)
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal		1,063,469	219,206	(844,263)
CHANGE IN FUND BALANCE		1,063,493	208,096	(855,397)
FUND BALANCE, BEGINNING OF YEAR		(1,063,493)	(1,063,493)	
FUND BALANCE, END OF YEAR	\$	\$	\$ (855,397)	\$ (855,397)

# 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Reimbursements and restitutions	\$	\$ 6,607	\$ 6,607	\$
Investment income	500	1,000	1,280	280
Change in fair value of investments			(1,904)	(1,904)
Total revenues	<u>500</u>	<u>7,607</u>	<u>5,983</u>	<u>(1,624)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies			13,326	(13,326)
Capital outlay	399,038	423,246		423,246
Total expenditures	<u>399,038</u>	<u>423,246</u>	<u>13,326</u>	<u>409,920</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(398,538)</u>	<u>(415,639)</u>	<u>(7,343)</u>	<u>408,296</u>
OTHER FINANCING SOURCES				
Transfers in		19,225	19,225	
CHANGE IN FUND BALANCE	(398,538)	(396,414)	11,882	408,296
FUND BALANCE, BEGINNING OF YEAR	<u>398,538</u>	<u>396,414</u>	<u>396,412</u>	<u>(2)</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 408,294</u>	<u>\$ 408,294</u>

# CITY OF RENO

## PARKS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Room and construction taxes	\$ 385,000	\$ 472,500	\$ 927,214	\$ 454,714
Grants and contributions			50,000	50,000
Investment income	4,000	8,681	13,890	5,209
Change in fair value of investments			(21,911)	(21,911)
	<u>389,000</u>	<u>481,181</u>	<u>969,193</u>	<u>488,012</u>
Total revenues				
EXPENDITURES				
Culture and recreation				
Parks and recreation			9,988	(9,988)
Services and supplies			1,197,866	437,134
Capital outlay	276,161	1,635,000		
	<u>276,161</u>	<u>1,635,000</u>	<u>1,207,854</u>	<u>427,146</u>
Total expenditures				
CHANGE IN FUND BALANCE	112,839	(1,153,819)	(238,661)	915,158
FUND BALANCE, BEGINNING OF YEAR	<u>4,412,854</u>	<u>4,959,820</u>	<u>4,959,820</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,525,693</u>	<u>\$ 3,806,001</u>	<u>\$ 4,721,159</u>	<u>\$ 915,158</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental capital project taxes	\$ 712,500	\$ 500,000	\$ 458,621	\$ (41,379)
Grants and contributions		9,008	12,257	3,249
Investment income	2,520	3,500	5,366	1,866
Change in fair value of investments			(7,843)	(7,843)
	<u>715,020</u>	<u>512,508</u>	<u>468,401</u>	<u>(44,107)</u>
Total revenues				
EXPENDITURES				
Public works				
Various				
Services and supplies	8,000	7,000	365,028	(358,028)
Capital outlay	871,057	2,136,837	501,152	1,635,685
	<u>879,057</u>	<u>2,143,837</u>	<u>866,180</u>	<u>1,277,657</u>
Total expenditures				
CHANGE IN FUND BALANCE	(164,037)	(1,631,329)	(397,779)	1,233,550
FUND BALANCE, BEGINNING OF YEAR	<u>164,037</u>	<u>1,631,329</u>	<u>1,631,329</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 1,233,550</u>	<u>\$ 1,233,550</u>

# CITY OF RENO

## REDEVELOPMENT AGENCY EXTRAORDINARY MAINTENANCE CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING USES				
Transfers out	\$ _____	\$ (3,660)	\$ (3,660)	\$ _____
CHANGE IN FUND BALANCE		(3,660)	(3,660)	
FUND BALANCE, BEGINNING OF YEAR	<u>3,646</u>	<u>3,660</u>	<u>3,660</u>	_____
FUND BALANCE, END OF YEAR	<u>\$ 3,646</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Downtown district room surcharge	\$ 1,900,000	\$ 2,000,000	\$ 2,187,000	\$ 187,000
Investment income	1,500	2,500	2,363	(137)
Change in fair value of investments			(2,471)	(2,471)
Miscellaneous		8,084	8,083	(1)
Total revenues	<u>1,901,500</u>	<u>2,010,584</u>	<u>2,194,975</u>	<u>184,391</u>
EXPENDITURES				
Public works				
Various				
Services and supplies		1,262	32,911	(31,649)
Capital outlay	2,871,401	3,230,068	2,863,637	366,431
Total expenditures	<u>2,871,401</u>	<u>3,231,330</u>	<u>2,896,548</u>	<u>334,782</u>
CHANGE IN FUND BALANCE	(969,901)	(1,220,746)	(701,573)	519,173
FUND BALANCE, BEGINNING OF YEAR	<u>969,901</u>	<u>1,220,746</u>	<u>1,220,747</u>	<u>1</u>
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 519,174</u>	<u>\$ 519,174</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Reimbursements and restitutions	\$	\$ 37,500	\$ 37,500	\$
Investment income		2,400	3,570	1,170
Change in fair value of investments			(10,982)	(10,982)
Total revenues		<u>39,900</u>	<u>30,088</u>	<u>(9,812)</u>
EXPENDITURES				
Public works				
Various				
Services and supplies		9	52,116	(52,107)
Capital outlay		<u>1,516,170</u>	<u>1,370,092</u>	<u>146,078</u>
Total expenditures		<u>1,516,179</u>	<u>1,422,208</u>	<u>93,971</u>
CHANGE IN FUND BALANCE		(1,476,279)	(1,392,120)	84,159
FUND BALANCE, BEGINNING OF YEAR		<u>1,477,101</u>	<u>1,477,101</u>	
FUND BALANCE, END OF YEAR	\$	<u><u>822</u></u>	<u><u>84,981</u></u>	<u><u>84,159</u></u>

# **PROPRIETARY FUNDS**



# **MAJOR ENTERPRISE FUNDS**



**CITY OF RENO**

**MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 45,004,454	\$ 48,641,755	\$ 48,608,475	\$ (33,280)
Licenses and permits	255,000	305,000	297,224	(7,776)
Fines and forfeitures	1,710,000	2,875,100	2,855,741	(19,359)
Miscellaneous	30,000	540,160	1,859,750	1,319,590
Total operating revenues	<u>46,999,454</u>	<u>52,362,015</u>	<u>53,621,190</u>	<u>1,259,175</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	5,437,561	5,391,611	5,424,537	(32,926)
Employee benefits	3,165,945	3,011,436	2,974,683	36,753
Services and supplies	10,546,573	10,970,578	10,525,524	445,054
Joint sewer plant	13,905,000	13,905,000	14,942,020	(1,037,020)
Depreciation and amortization	9,000,000	10,000,000	9,044,893	955,107
Total operating expenses	<u>42,055,079</u>	<u>43,278,625</u>	<u>42,911,657</u>	<u>366,968</u>
Operating income	<u>4,944,375</u>	<u>9,083,390</u>	<u>10,709,533</u>	<u>1,626,143</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal grants		303,217	479,998	176,781
Sewer connection charges			3,929,887	3,929,887
Investment income	80,000	100,000	150,208	50,208
Change in fair value of investments			(213,334)	(213,334)
Interest and fiscal charges	(2,501,212)	(2,518,652)	(2,206,803)	311,849
Gain (loss) on capital asset disposition			(131,786)	(131,786)
Truckee Meadows Water Reclamation Facility	(4,600,000)	(4,600,000)	(3,984,221)	615,779
Other		12,273		(12,273)
Total nonoperating revenues (expenses)	<u>(7,021,212)</u>	<u>(6,703,162)</u>	<u>(1,976,051)</u>	<u>4,727,111</u>
Income (loss) before capital contributions and transfers	<u>(2,076,837)</u>	<u>2,380,228</u>	<u>8,733,482</u>	<u>6,353,254</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions			3,787,113	3,787,113
<b>TRANSFERS</b>				
Transfers out	(112,000)	(112,000)	(112,000)	
<b>CHANGE IN NET POSITION</b>	<u>\$ (2,188,837)</u>	<u>\$ 2,268,228</u>	<u>12,408,595</u>	<u>\$ 10,140,367</u>
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			344,241,220	
Adjustment			(728,191)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			<u>343,513,029</u>	
NET POSITION, END OF YEAR			<u>\$ 355,921,624</u>	



# **NON-MAJOR ENTERPRISE FUNDS**



# **CITY OF RENO**

## **NON-MAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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

**Golf Course**

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

**Building Permit**

Accounts for resources provided by the issuance of building permit fees.



# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2013

	Golf Course	Building Permit	Non-major Enterprise Funds
<b>ASSETS</b>			
Current assets			
Cash, cash equivalents and investments	\$	\$ 4,156,037	\$ 4,156,037
Interest receivable		7,183	7,183
Inventories		2,914	2,914
Total current assets		4,166,134	4,166,134
Noncurrent assets			
Capital assets, net of accumulated depreciation and amortization			
Improvements other than buildings		294,124	294,124
Machinery, equipment and software		2,328	2,328
Total noncurrent assets		296,452	296,452
Total assets		4,462,586	4,462,586
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and other accrued liabilities		50,321	50,321
Accrued salaries and benefits		17,713	17,713
Due to other governments		2,609	2,609
Compensated absences		182,274	182,274
Total current liabilities		252,917	252,917
Noncurrent liabilities			
Compensated absences		231,734	231,734
Postemployment benefits other than pensions		806,551	806,551
Total noncurrent liabilities		1,038,285	1,038,285
Total liabilities		1,291,202	1,291,202
<b>NET POSITION</b>			
Net investment in capital assets		296,452	296,452
Restricted			
Unrestricted		2,874,932	2,874,932
Total net position	\$	\$ 3,171,384	\$ 3,171,384

# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	Golf Course	Building Permit	Non-major Enterprise Funds
OPERATING REVENUES			
Charges for services	\$	\$ 6,433,841	\$ 6,433,841
Total operating revenues	\$	6,433,841	6,433,841
OPERATING EXPENSES			
Salaries and wages		1,729,301	1,729,301
Employee benefits		948,390	948,390
Services and supplies		974,706	974,706
Depreciation and amortization		21,893	21,893
Total operating expenses		3,674,290	3,674,290
Operating income		2,759,551	2,759,551
NONOPERATING REVENUES (EXPENSES)			
Investment income		9,182	9,182
Change in fair value of investments		(14,894)	(14,894)
Gain (loss) on capital asset disposition		18,833	18,833
Loss on transfer of proprietary fund assets to general capital assets	(5,202,910)		(5,202,910)
Gain on transfer of proprietary fund liabilities to general long-term liabilities	2,046,497		2,046,497
Total nonoperating revenues (expenses)	(3,156,413)	13,121	(3,143,292)
Income before transfers	(3,156,413)	2,772,672	(383,741)
TRANSFERS			
Transfers out	(33,034)		(33,034)
CHANGE IN NET POSITION	(3,189,447)	2,772,672	(416,775)
NET POSITION, BEGINNING OF YEAR	3,189,447	398,712	3,588,159
NET POSITION, END OF YEAR	\$	\$ 3,171,384	\$ 3,171,384

# CITY OF RENO

## NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Golf Course</u>	<u>Building Permit</u>	<u>Non-major Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$	\$ 6,433,841	\$ 6,433,841
Cash payments for goods and services	(23,546)	(309,344)	(332,890)
Cash payments for employee services	(526)	(2,242,030)	(2,242,556)
Cash payments for interfund good and services		(541,595)	(541,595)
Cash payments for interfund employee benefits		(323,807)	(323,807)
Net cash provided by (used in) operating activities	<u>(24,072)</u>	<u>3,017,065</u>	<u>2,992,993</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(33,034)</u>		<u>(33,034)</u>
Net cash used in noncapital financing activities	<u>(33,034)</u>		<u>(33,034)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Proceeds received from disposal of capital assets		<u>126,150</u>	<u>126,150</u>
Net cash provided by capital financing activities		<u>126,150</u>	<u>126,150</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income received		3,902	3,902
Change in fair value of cash equivalent investments		<u>(14,894)</u>	<u>(14,894)</u>
Net cash used in investing activities		<u>(10,992)</u>	<u>(10,992)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,106)	3,132,223	3,075,117
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>57,106</u>	<u>1,023,814</u>	<u>1,080,920</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$</u>	<u>\$ 4,156,037</u>	<u>\$ 4,156,037</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income	\$	\$ 2,759,551	\$ 2,759,551
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation		21,893	21,893
Decrease in operating assets			
Inventories	30,931		30,931
Prepaid items		75,818	75,818
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses	(51,200)	45,825	(5,375)
Accrued salaries and benefits	(526)	5,663	5,137
Due to other governments		2,124	2,124
Deposits	(3,277)		(3,277)
Compensated absences		(6,584)	(6,584)
Postemployment benefits other than pensions		112,775	112,775
Total adjustments	<u>(24,072)</u>	<u>257,514</u>	<u>233,442</u>
Net cash provided by (used in) operating activities	<u>\$ (24,072)</u>	<u>\$ 3,017,065</u>	<u>\$ 2,992,993</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Transfer of proprietary fund assets to general fund	<u>\$ 5,202,910</u>	<u>\$</u>	<u>\$ 5,202,910</u>
Transfer of proprietary fund liabilities to general fund	<u>\$ 2,046,497</u>	<u>\$</u>	<u>\$ 2,046,497</u>

# CITY OF RENO

## GOLF COURSE ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Services and supplies	\$ _____	\$ 23,572	\$ _____	\$ 23,572
Operating loss	_____	(23,572)	_____	23,572
NONOPERATING REVENUES (EXPENSES)				
Loss on transfer of proprietary fund assets to general capital assets	_____	_____	(5,202,910)	(5,202,910)
Gain on transfer of proprietary fund liabilities to general long-term liabilities	_____	_____	2,046,497	2,046,497
Total nonoperating revenues (expenses)	_____	_____	(3,156,413)	(3,156,413)
Loss before transfers	_____	(23,572)	(3,156,413)	(3,132,841)
TRANSFERS				
Transfers out	_____	(33,034)	(33,034)	_____
CHANGE IN NET POSITION	\$ _____	\$ (56,606)	(3,189,447)	\$ (3,132,841)
NET POSITION, BEGINNING OF YEAR			\$ 3,189,447	

# 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES				
Charges for services	\$ 3,894,900	\$ 4,812,957	\$ 6,433,841	\$ 1,620,884
OPERATING EXPENSES				
Salaries and wages	1,707,870	1,732,173	1,729,301	2,872
Employee benefits	968,754	891,266	948,390	(57,124)
Services and supplies	775,965	1,005,437	974,706	30,731
Depreciation and amortization	40,000	21,000	21,893	(893)
Total operating expenses	<u>3,492,589</u>	<u>3,649,876</u>	<u>3,674,290</u>	<u>(24,414)</u>
Operating income	<u>402,311</u>	<u>1,163,081</u>	<u>2,759,551</u>	<u>1,596,470</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	940	4,000	9,182	5,182
Change in fair value of investments			(14,894)	(14,894)
Gain (loss) on capital asset disposition	1,000	18,833	18,833	
Total nonoperating revenues (expenses)	<u>1,940</u>	<u>22,833</u>	<u>13,121</u>	<u>(9,712)</u>
CHANGE IN NET POSITION	<u>\$ 404,251</u>	<u>\$ 1,185,914</u>	2,772,672	<u>\$ 1,586,758</u>
NET POSITION, BEGINNING OF YEAR			<u>398,712</u>	
NET POSITION, END OF YEAR			<u>\$ 3,171,384</u>	



# **INTERNAL SERVICE FUNDS**



# CITY OF RENO

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

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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, 2013

	<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	\$ 2,362,197	\$ 5,072,918	\$ 15,675,995	\$ 675,306	\$ 23,786,416
Accounts receivable	62,414	12,641	2,712		77,767
Interest receivable	4,241	9,196	29,120	1,379	43,936
Due from other governments	597			99,353	99,950
Inventories	172,408				172,408
Prepaid items		21,027	5,000	37,782	63,809
<b>Total current assets</b>	<b><u>2,601,857</u></b>	<b><u>5,115,782</u></b>	<b><u>15,712,827</u></b>	<b><u>813,820</u></b>	<b><u>24,244,286</u></b>
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	5,599,695				5,599,695
<b>Total noncurrent assets</b>	<b><u>5,599,695</u></b>				<b><u>5,599,695</u></b>
<b>Total assets</b>	<b><u>8,201,552</u></b>	<b><u>5,115,782</u></b>	<b><u>15,712,827</u></b>	<b><u>813,820</u></b>	<b><u>29,843,981</u></b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and other accrued liabilities	265,143	856	1,753	8,502	276,254
Accrued salaries and benefits	7,284	1,442		1,104	9,830
Compensated absences	70,569	14,389		6,682	91,640
Self-insurance liability		920,740	2,705,258	4,186,325	7,812,323
<b>Total current liabilities</b>	<b><u>342,996</u></b>	<b><u>937,427</u></b>	<b><u>2,707,011</u></b>	<b><u>4,202,613</u></b>	<b><u>8,190,047</u></b>
Noncurrent liabilities					
Compensated absences	63,380	13,937			77,317
Postemployment benefits other than pensions	320,661	48,512		48,903	418,076
Self-insurance liability		4,184,725		35,001,744	39,186,469
<b>Total noncurrent liabilities</b>	<b><u>384,041</u></b>	<b><u>4,247,174</u></b>		<b><u>35,050,647</u></b>	<b><u>39,681,862</u></b>
<b>Total liabilities</b>	<b><u>727,037</u></b>	<b><u>5,184,601</u></b>	<b><u>2,707,011</u></b>	<b><u>39,253,260</u></b>	<b><u>47,871,909</u></b>
<b>NET POSITION</b>					
Net investment in capital assets	5,599,695				5,599,695
Restricted					
Self-insurance liabilities			13,005,816		13,005,816
Unrestricted	1,874,820	(68,819)		(38,439,440)	(36,633,439)
<b>Total net position</b>	<b><u>\$ 7,474,515</u></b>	<b><u>\$ (68,819)</u></b>	<b><u>\$ 13,005,816</u></b>	<b><u>\$ (38,439,440)</u></b>	<b><u>\$ (18,027,928)</u></b>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	<u>Motor Vehicle</u>	<u>Risk Retention</u>	<u>Self-Funded Medical Plan</u>	<u>Self-Funded Workers Compensation</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,976,729	\$ 2,226,907	\$ 22,949,153	\$ 5,932,551	\$ 37,085,340
Miscellaneous	16,082	5,549	232,075	569,913	823,619
Total operating revenues	<u>5,992,811</u>	<u>2,232,456</u>	<u>23,181,228</u>	<u>6,502,464</u>	<u>37,908,959</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	710,597	137,688		100,032	948,317
Employee benefits	401,759	70,747		55,088	527,594
Services and supplies	2,859,047	4,041,225	23,241,202	6,463,953	36,605,427
Depreciation and amortization	2,065,355				2,065,355
Total operating expenses	<u>6,036,758</u>	<u>4,249,660</u>	<u>23,241,202</u>	<u>6,619,073</u>	<u>40,146,693</u>
Operating loss	<u>(43,947)</u>	<u>(2,017,204)</u>	<u>(59,974)</u>	<u>(116,609)</u>	<u>(2,237,734)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	6,686	14,966	51,548	10,417	83,617
Change in fair value of investments	(9,583)	(22,417)	(75,843)	(2,602)	(110,445)
Gain (loss) on capital asset disposition	68,028				68,028
Total nonoperating revenues (expenses)	<u>65,131</u>	<u>(7,451)</u>	<u>(24,295)</u>	<u>7,815</u>	<u>41,200</u>
Loss before transfers	<u>21,184</u>	<u>(2,024,655)</u>	<u>(84,269)</u>	<u>(108,794)</u>	<u>(2,196,534)</u>
<b>TRANSFERS</b>					
Transfers in		255,000			255,000
Transfers out	(50,000)				(50,000)
Total transfers	<u>(50,000)</u>	<u>255,000</u>			<u>205,000</u>
CHANGE IN NET POSITION	(28,816)	(1,769,655)	(84,269)	(108,794)	(1,991,534)
NET POSITION, BEGINNING OF YEAR	<u>7,503,331</u>	<u>1,700,836</u>	<u>13,090,085</u>	<u>(38,330,646)</u>	<u>(16,036,394)</u>
NET POSITION, END OF YEAR	<u>\$ 7,474,515</u>	<u>\$ (68,819)</u>	<u>\$ 13,005,816</u>	<u>\$ (38,439,440)</u>	<u>\$ (18,027,928)</u>

# CITY OF RENO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 5,897,362	\$ 2,252,189	\$ 23,010,241	\$ 5,932,551	\$ 37,092,343
Cash received from interfund services	107,581				107,581
Cash received from other sources	21,082	5,549	232,075	575,479	834,185
Cash payments for goods and services	(2,306,054)	(598,900)	(22,583,547)	(5,551,470)	(31,039,971)
Cash payments for employee services	(908,963)	(175,387)		(137,587)	(1,221,937)
Cash payments for interfund good and services	(488,499)	(517,542)	(432,935)	(152,658)	(1,591,634)
Cash payments for interfund employee benefits	(150,850)	(22,278)		(10,796)	(183,924)
Net cash provided by operating activities	<u>2,171,659</u>	<u>943,631</u>	<u>225,834</u>	<u>655,519</u>	<u>3,996,643</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in		255,000			255,000
Transfers out	(50,000)				(50,000)
Net cash provided by (used in) noncapital financing activities	<u>(50,000)</u>	<u>255,000</u>			<u>205,000</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(912,040)				(912,040)
Proceeds received from disposal of capital assets	157,810				157,810
Net cash provided by (used in) capital financing activities	<u>(754,230)</u>				<u>(754,230)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income received	4,685	12,941	52,012	20,526	90,164
Change in fair value of cash equivalent investments	(9,583)	(22,417)	(75,843)	(2,602)	(110,445)
Net cash provided by (used in) investing activities	<u>(4,898)</u>	<u>(9,476)</u>	<u>(23,831)</u>	<u>17,924</u>	<u>(20,281)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,362,531	1,189,155	202,003	673,443	3,427,132
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>999,666</u>	<u>3,883,763</u>	<u>15,473,992</u>	<u>1,863</u>	<u>20,359,284</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,362,197</u>	<u>\$ 5,072,918</u>	<u>\$ 15,675,995</u>	<u>\$ 675,306</u>	<u>\$ 23,786,416</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating loss	\$ (43,947)	\$ (2,017,204)	\$ (59,974)	\$ (116,609)	\$ (2,237,734)
Adjustments to reconcile operating loss to net cash provided by operating activities					
Depreciation	2,065,355				2,065,355
(Increase) decrease in operating assets					
Accounts receivable	28,214	25,282	61,088		114,584
Due from other governments	5,000			5,566	10,566
Inventories	(17,039)				(17,039)
Prepaid items		339,087		1,114	340,201
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	81,533	(3,515)	(3,204)	7,934	82,748
Accrued salaries and benefits	2,373	480		368	3,221
Compensated absences	4,318	1,186		48,659	54,163
Self-insurance liability		2,589,211	227,924	750,777	3,567,912
Postemployment benefits other than pensions	45,852	9,104		(42,290)	12,666
Total adjustments	<u>2,215,606</u>	<u>2,960,835</u>	<u>285,808</u>	<u>772,128</u>	<u>6,234,377</u>
Net cash provided by operating activities	<u>\$ 2,171,659</u>	<u>\$ 943,631</u>	<u>\$ 225,834</u>	<u>\$ 655,519</u>	<u>\$ 3,996,643</u>

# CITY OF RENO

## MOTOR VEHICLE ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,916,396	\$ 5,912,155	\$ 5,976,729	\$ 64,574
Miscellaneous			16,082	16,082
Total operating revenues	<u>5,916,396</u>	<u>5,912,155</u>	<u>5,992,811</u>	<u>80,656</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	712,126	721,737	710,597	11,140
Employee benefits	425,647	407,778	401,759	6,019
Services and supplies	3,284,399	3,230,776	2,859,047	371,729
Depreciation and amortization	2,000,000	2,000,000	2,065,355	(65,355)
Total operating expenses	<u>6,422,172</u>	<u>6,360,291</u>	<u>6,036,758</u>	<u>323,533</u>
Operating loss	<u>(505,776)</u>	<u>(448,136)</u>	<u>(43,947)</u>	<u>404,189</u>
<b>NONOPERATING REVENUES</b>				
Investment income	1,500	4,000	6,686	2,686
Change in fair value of investments			(9,583)	(9,583)
Gain (loss) on capital asset disposition		55,535	68,028	12,493
Other		16,082		(16,082)
Total nonoperating revenues	<u>1,500</u>	<u>75,617</u>	<u>65,131</u>	<u>(10,486)</u>
Income (loss) before transfers	<u>(504,276)</u>	<u>(372,519)</u>	<u>21,184</u>	<u>393,703</u>
<b>TRANSFERS</b>				
Transfers out		<u>(50,000)</u>	<u>(50,000)</u>	
CHANGE IN NET POSITION	<u>\$ (504,276)</u>	<u>\$ (422,519)</u>	(28,816)	<u>\$ 393,703</u>
NET POSITION, BEGINNING OF YEAR			<u>7,503,331</u>	
NET POSITION, END OF YEAR			<u>\$ 7,474,515</u>	

# CITY OF RENO

## RISK RETENTION ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,576,906	\$ 2,226,907	\$ 2,226,907	\$
Miscellaneous			5,549	5,549
Total operating revenues	<u>2,576,906</u>	<u>2,226,907</u>	<u>2,232,456</u>	<u>5,549</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	136,132	136,132	137,688	(1,556)
Employee benefits	67,345	71,580	70,747	833
Services and supplies	<u>2,377,422</u>	<u>2,377,422</u>	<u>4,041,225</u>	<u>(1,663,803)</u>
Total operating expenses	<u>2,580,899</u>	<u>2,585,134</u>	<u>4,249,660</u>	<u>(1,664,526)</u>
Operating loss	<u>(3,993)</u>	<u>(358,227)</u>	<u>(2,017,204)</u>	<u>(1,658,977)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	7,000	10,000	14,966	4,966
Change in fair value of investments			(22,417)	(22,417)
Other		<u>5,600</u>		<u>(5,600)</u>
Total nonoperating revenues	<u>7,000</u>	<u>15,600</u>	<u>(7,451)</u>	<u>(23,051)</u>
Income (loss) before transfers	<u>3,007</u>	<u>(342,627)</u>	<u>(2,024,655)</u>	<u>(1,682,028)</u>
<b>TRANSFERS</b>				
Transfers in	<u>255,000</u>	<u>255,000</u>	<u>255,000</u>	
CHANGE IN NET POSITION	<u>\$ 258,007</u>	<u>\$ (87,627)</u>	(1,769,655)	<u>\$ (1,682,028)</u>
NET POSITION, BEGINNING OF YEAR			<u>1,700,836</u>	
NET POSITION, END OF YEAR			<u>\$ (68,819)</u>	

# CITY OF RENO

## SELF-FUNDED MEDICAL PLAN ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services	\$ 22,550,000	\$ 22,645,000	\$ 22,949,153	\$ 304,153
Miscellaneous	<u>395,000</u>	<u>220,528</u>	<u>232,075</u>	<u>11,547</u>
Total operating revenues	<u>22,945,000</u>	<u>22,865,528</u>	<u>23,181,228</u>	<u>315,700</u>
OPERATING EXPENSES				
Services and supplies	<u>25,137,935</u>	<u>23,122,935</u>	<u>23,241,202</u>	<u>(118,267)</u>
Total operating expenses	<u>25,137,935</u>	<u>23,122,935</u>	<u>23,241,202</u>	<u>(118,267)</u>
Operating loss	<u>(2,192,935)</u>	<u>(257,407)</u>	<u>(59,974)</u>	<u>197,433</u>
NONOPERATING REVENUES				
Investment income	4,000	34,000	51,548	17,548
Change in fair value of investments			<u>(75,843)</u>	<u>(75,843)</u>
Total nonoperating revenues	<u>4,000</u>	<u>34,000</u>	<u>(24,295)</u>	<u>(58,295)</u>
CHANGE IN NET POSITION	<u>\$ (2,188,935)</u>	<u>\$ (223,407)</u>	(84,269)	<u>\$ 139,138</u>
NET POSITION, BEGINNING OF YEAR			<u>13,090,085</u>	
NET POSITION, END OF YEAR			<u>\$ 13,005,816</u>	

## CITY OF RENO

### SELF-FUNDED WORKERS COMPENSATION ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,068,965	\$ 6,334,777	\$ 5,932,551	\$ (402,226)
Miscellaneous			569,913	569,913
Total operating revenues	<u>6,068,965</u>	<u>6,334,777</u>	<u>6,502,464</u>	<u>167,687</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	132,092	102,857	100,032	2,825
Employee benefits	75,725	57,331	55,088	2,243
Services and supplies	5,443,908	5,601,421	6,463,953	(862,532)
Total operating expenses	<u>5,651,725</u>	<u>5,761,609</u>	<u>6,619,073</u>	<u>(857,464)</u>
Operating income (loss)	<u>417,240</u>	<u>573,168</u>	<u>(116,609)</u>	<u>(689,777)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	10,000	14,000	10,417	(3,583)
Change in fair value of investments			(2,602)	(2,602)
Total nonoperating revenues	<u>10,000</u>	<u>14,000</u>	<u>7,815</u>	<u>(6,185)</u>
CHANGE IN NET POSITION	<u>\$ 427,240</u>	<u>\$ 587,168</u>	(108,794)	<u>\$ (695,962)</u>
NET POSITION, BEGINNING OF YEAR			<u>(38,330,646)</u>	
NET POSITION, END OF YEAR			<u>\$ (38,439,440)</u>	



# **FIDUCIARY FUNDS**



# CITY OF RENO

## AGENCY FUNDS

**FOR THE YEAR ENDED JUNE 30, 2013**

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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, 2013

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	<u>Deposits</u>	<u>Special Assessments District</u>	<u>Total Agency Funds</u>
ASSETS			
Cash, cash equivalents and investments	\$ 4,909,485	\$ 6,528,924	\$ 11,438,409
Accounts receivable		36,132	36,132
Interest receivable	8,692	3,786	12,478
Special assessments receivable		1,068,322	1,068,322
Due from other governments		<u>23,447</u>	<u>23,447</u>
Total assets	<u>\$ 4,918,177</u>	<u>\$ 7,660,611</u>	<u>\$ 12,578,788</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 36,467	\$ 4,117	\$ 40,584
Deposits	4,881,710	54,175	4,935,885
Due to developers, employees and others		<u>7,602,319</u>	<u>7,602,319</u>
Total liabilities	<u>\$ 4,918,177</u>	<u>\$ 7,660,611</u>	<u>\$ 12,578,788</u>

# CITY OF RENO

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>DEPOSITS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 3,766,544	\$ 2,496,909	\$ 1,353,968	\$ 4,909,485
Interest receivable	7,119	8,692	7,119	8,692
Total assets	<u>\$ 3,773,663</u>	<u>\$ 2,505,601</u>	<u>\$ 1,361,087</u>	<u>\$ 4,918,177</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 58,734	\$ 3,873	\$ 26,140	\$ 36,467
Deposits	3,714,929	1,487,052	320,271	4,881,710
Total liabilities	<u>\$ 3,773,663</u>	<u>\$ 1,490,925</u>	<u>\$ 346,411</u>	<u>\$ 4,918,177</u>
<b>SPECIAL ASSESSMENTS DISTRICT</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 6,580,370	\$ 3,561,699	\$ 3,613,145	\$ 6,528,924
Accounts receivable	81,422	36,132	81,422	36,132
Interest receivable	3,550	384	148	3,786
Special assessments receivable	1,090,242	362	22,282	1,068,322
Due from other governments	6,929	23,509	6,991	23,447
Total assets	<u>\$ 7,762,513</u>	<u>\$ 3,622,086</u>	<u>\$ 3,723,988</u>	<u>\$ 7,660,611</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 3,472	\$ 91,541	\$ 90,896	\$ 4,117
Deposits	113,203	201,130	260,158	54,175
Due to developers, employees and others	7,645,838	2,456,481	2,500,000	7,602,319
Total liabilities	<u>\$ 7,762,513</u>	<u>\$ 2,749,152</u>	<u>\$ 2,851,054</u>	<u>\$ 7,660,611</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 10,346,914	\$ 6,058,608	\$ 4,967,113	\$ 11,438,409
Accounts receivable	81,422	36,132	81,422	36,132
Interest receivable	10,669	9,076	7,267	12,478
Special assessments receivable	1,090,242	362	22,282	1,068,322
Due from other governments	6,929	23,509	6,991	23,447
Total assets	<u>\$ 11,536,176</u>	<u>\$ 6,127,687</u>	<u>\$ 5,085,075</u>	<u>\$ 12,578,788</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	\$ 62,206	\$ 95,414	\$ 117,036	\$ 40,584
Deposits	3,828,132	1,688,182	580,429	4,935,885
Due to developers, employees and others	7,645,838	2,456,481	2,500,000	7,602,319
Total liabilities	<u>\$ 11,536,176</u>	<u>\$ 4,240,077</u>	<u>\$ 3,197,465</u>	<u>\$ 12,578,788</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**

Honorable Mayor and 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 20, 2013.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013 - 001, to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013 - 002 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 Responses to Findings.** 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.

We noted certain matters that we reported to management of the City in a separate letter dated December 20, 2013.

**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.

*Piercy Bomber Taylor & Kern*

Las Vegas, Nevada  
December 20, 2013

# **STATISTICAL SECTION**



# CITY OF RENO

## STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

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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, 2004	June 30, 2005	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
<b>Governmental activities</b>										
Net investment in capital assets	\$ 179,636,709	\$ 501,003,859	\$ 510,436,963	\$ 591,115,426	\$ 605,628,846	\$ 641,476,547	\$ 618,355,944	\$ 593,821,001	\$ 568,036,514	\$ 611,511,174
Restricted	140,155,187	59,321,040	72,827,824	103,243,224	125,756,908	119,297,774	124,107,635	109,063,215	109,857,977	67,160,649
Unrestricted	<u>(96,001,031)</u>	<u>(8,024,524)</u>	<u>3,486,919</u>	<u>(36,802,450)</u>	<u>(48,612,553)</u>	<u>(106,402,085)</u>	<u>(108,980,875)</u>	<u>(115,256,598)</u>	<u>(151,304,989)</u>	<u>(153,724,428)</u>
<b>Total governmental activities</b>	<u>223,790,865</u>	<u>552,300,375</u>	<u>586,751,706</u>	<u>657,556,200</u>	<u>682,773,201</u>	<u>654,372,236</u>	<u>633,482,704</u>	<u>587,627,618</u>	<u>526,589,502</u>	<u>524,947,395</u>
<b>Business-type activities</b>										
Net investment in capital assets	158,305,006	185,072,216	209,672,878	163,069,892	185,088,496	204,952,767	214,755,484	218,250,502	210,627,844	222,509,756
Restricted	3,187,697	5,206,160	5,010,153	1,682,273		24,416,215	21,826,023	19,801,326	15,873,574	13,193,945
Unrestricted	<u>79,524,841</u>	<u>62,198,502</u>	<u>53,146,772</u>	<u>125,437,544</u>	<u>118,104,121</u>	<u>93,516,176</u>	<u>93,237,985</u>	<u>104,776,619</u>	<u>109,992,320</u>	<u>111,933,729</u>
<b>Total business-type activities</b>	<u>241,017,544</u>	<u>252,476,878</u>	<u>267,829,803</u>	<u>290,189,709</u>	<u>303,192,617</u>	<u>322,885,158</u>	<u>329,819,492</u>	<u>342,828,447</u>	<u>336,493,738</u>	<u>347,637,430</u>
<b>Primary government</b>										
Net investment in capital assets	337,941,715	686,076,075	720,109,841	754,185,318	790,717,342	846,429,314	833,111,428	812,071,503	778,664,358	834,020,930
Restricted	143,342,884	64,527,200	77,837,977	104,925,497	125,756,908	143,713,989	145,933,658	128,864,541	125,731,551	80,354,594
Unrestricted	<u>(16,476,190)</u>	<u>54,173,978</u>	<u>56,633,691</u>	<u>88,635,094</u>	<u>69,491,568</u>	<u>(12,885,909)</u>	<u>(15,742,890)</u>	<u>(10,479,979)</u>	<u>(41,312,669)</u>	<u>(41,790,699)</u>
<b>Total primary government</b>	<u>\$ 464,808,409</u>	<u>\$ 804,777,253</u>	<u>\$ 854,581,509</u>	<u>\$ 947,745,909</u>	<u>\$ 985,965,818</u>	<u>\$ 977,257,394</u>	<u>\$ 963,302,196</u>	<u>\$ 930,456,065</u>	<u>\$ 863,083,240</u>	<u>\$ 872,584,825</u>

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, 2004	June 30, 2005	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
<b>Expenses</b>										
Governmental activities										
General government	\$ 17,721,359	\$ 15,624,299	\$ 21,455,932	\$ 19,254,318	\$ 22,890,393	\$ 19,248,275	\$ 18,574,403	\$ 29,313,696	\$ 32,686,051	\$ 31,516,451
Judicial	5,002,728	5,204,457	6,079,294	6,475,679	7,842,206	8,079,846	8,058,683	7,758,252	7,223,028	7,688,589
Public safety	105,852,283	113,359,504	113,978,737	118,317,386	135,546,892	110,480,548	130,335,490	124,769,041	114,990,532	115,072,376
Public works	24,934,712	51,600,829	55,125,179	58,003,230	67,445,200	94,140,944	60,159,772	71,642,584	57,540,323	55,111,936
Culture and recreation	17,439,791	19,470,362	19,697,196	21,160,776	22,368,698	21,812,749	21,762,316	16,526,697	14,526,095	18,749,736
Planning and community development	6,901,518	5,860,746	4,581,284	7,430,806	5,837,233	11,694,774	13,350,564	10,637,234	9,849,260	10,582,512
Urban development	2,516,724	3,454,927	5,683,381	3,276,761	3,552,503	4,122,270	3,349,279	2,258,852	1,248,972	2,086,290
Interest on long-term debt	17,655,983	17,540,449	13,411,829	20,328,025	20,945,037	25,547,548	23,447,574	23,291,115	29,368,720	27,179,603
Total governmental activities	<u>198,025,098</u>	<u>232,115,573</u>	<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>
Business-type activities										
Sanitary sewer	27,012,523	29,668,235	34,529,836	38,822,685	41,914,533	45,096,526	44,686,785	43,965,081	44,364,321	49,972,058
Golf course	1,970,295	1,938,796	2,036,125	1,802,658	1,779,539	1,548,215	1,503,904	1,318,299	1,295,630	
Building permit	5,370,592	6,151,551	7,569,511	7,929,433	7,773,077	6,724,452	4,225,351	3,899,577	3,605,348	3,784,827
Other	7,150,768	12,149,614	11,645,962	10,330,526	10,657,695	9,612,323	10,082,406			
Total business-type activities	<u>41,504,178</u>	<u>49,908,196</u>	<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>
Total primary government expenses	<u>\$ 239,529,276</u>	<u>\$ 282,023,769</u>	<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>
<b>Program revenues</b>										
Governmental activities										
Charges for services	\$ 62,357,096	\$ 68,945,754	\$ 67,393,776	\$ 72,856,478	\$ 74,080,131	\$ 77,008,349	\$ 79,659,622	\$ 78,773,277	\$ 78,782,531	\$ 71,230,131
Operating grants and contributions	6,183,124	4,518,286	6,113,851	6,948,651	7,053,153	8,649,970	14,233,258	11,018,024	11,298,769	16,166,706
Capital grants and contributions	48,469,078	47,852,071	63,266,466	96,546,791	75,035,849	48,153,632	14,822,589	8,523,226	11,601,446	45,488,140
Total governmental activities	<u>117,009,298</u>	<u>121,316,111</u>	<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>
Business-type activities										
Charges for services	34,902,252	40,237,859	46,295,954	47,365,660	48,925,709	47,927,811	49,324,337	50,079,335	51,870,951	60,037,239
Operating grants and contributions	45,822	54,914	26,375	315,375	255,064	413,600	209,258	168,668	31,055	32,194
Capital grants and contributions	15,028,222	13,753,915	19,082,843	26,183,221	20,534,505	23,216,960	9,666,201	4,408,097	3,722,997	8,170,432
Total business-type activities	<u>49,976,296</u>	<u>54,046,688</u>	<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>
Total primary government program revenues	<u>\$ 166,985,594</u>	<u>\$ 175,362,799</u>	<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>
Net (expenses) program revenues										
Governmental activities	\$ (81,015,800)	\$ (110,799,462)	\$ (103,238,739)	\$ (77,895,061)	\$ (130,259,029)	\$ (161,315,003)	\$ (170,322,612)	\$ (187,882,944)	\$ (165,750,235)	\$ (135,102,516)
Business-type activities	8,472,118	4,138,492	9,623,738	14,978,954	7,590,434	8,576,855	(1,298,650)	5,473,143	6,359,704	14,482,980
Primary government	<u>\$ (72,543,682)</u>	<u>\$ (106,660,970)</u>	<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>

(Continued)

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

	June 30, 2004	June 30, 2005	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
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 49,592,261	\$ 51,518,055	\$ 55,118,928	\$ 63,710,224	\$ 68,342,284	\$ 74,689,217	\$ 72,105,003	\$ 63,682,340	\$ 58,655,405	\$ 63,114,015
Intergovernmental consolidated taxes	47,480,733	52,372,923	54,708,166	55,256,937	51,266,041	43,552,723	38,859,576	39,326,558	40,909,269	42,849,236
Room taxes									7,168,308	7,833,957
Sales taxes restricted for debt service <sup>3</sup>	7,409,815	8,260,700	8,925,336	8,895,013	8,737,761	9,167,714	8,479,614	8,996,391	8,571,308	9,200,167
Other sales taxes <sup>3</sup>									269,141	271,025
Intergovernmental SCCR (AB104) taxes	3,475,827	3,601,134	3,602,340	3,568,290	3,413,261	2,938,194	2,674,326	2,655,300	2,667,490	2,781,495
Other taxes	9,462,124	9,823,511	10,634,323	11,005,390	15,838,338	21,896,196	11,382,500	11,579,095		
Intergovernmental gaming licenses	2,020,849	2,174,280	1,895,490	1,820,891	1,953,433	1,615,321	1,660,646	1,551,555	1,552,916	1,489,815
Investment income	1,406,368	4,222,553	5,376,707	8,064,540	7,677,210	4,521,600	2,517,574	2,360,479	2,037,971	1,942,762
Change in fair value of investments									157,483	(260,892)
Gain on disposal of capital assets									277,930	46,716
Miscellaneous	3,299,870	1,532,505	7,009,892	2,147,815	1,044,345	1,455,769	401,007	861,751	1,087,310	890,666
Transfers	(3,980,501)	(4,365,478)	(4,262,259)	(5,769,545)	(4,566,309)	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447
<b>Total governmental activities</b>	<b>120,167,346</b>	<b>129,140,183</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>
Business-type activities										
Property taxes	1,797,437	2,198,185	87,677							
Investment income <sup>3</sup>	(39,664)	468,596	715,402	1,455,917	837,324	641,075	60,941	165,705	101,805	159,390
Change in fair value of investments <sup>3</sup>									114,596	(228,228)
Gain on disposal of capital assets										18,833
Miscellaneous	2,008,515	288,583	1,471,656	155,489	8,841	6,036	10,968	126,155	99,035	12,164
Transfers	3,980,501	4,365,478	4,262,259	5,769,545	4,566,309	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)
<b>Total business-type activities</b>	<b>7,746,789</b>	<b>7,320,842</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>Total primary government general revenues and other changes in net position</b>	<b>\$ 127,914,135</b>	<b>\$ 136,461,025</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>
Change in net position										
Governmental activities	\$ 39,151,546	\$ 18,340,721	\$ 39,770,184	\$ 70,804,494	\$ 23,447,335	\$ (11,946,844)	\$ (40,403,441)	\$ (58,009,702)	\$ (42,996,114)	\$ (1,642,107)
Business-type activities	16,218,907	11,459,334	16,160,732	22,359,905	13,002,908	19,692,541	6,934,334	6,905,230	7,275,550	11,143,692
<b>Primary government</b>	<b>\$ 55,370,453</b>	<b>\$ 29,800,055</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>

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

# CITY OF RENO

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

	June 30, 2004	June 30, 2005	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
General fund										
Reserved	\$ 1,695,188	\$ 3,438,861	\$ 1,351,283	\$ 1,907,826	\$ 2,745,300	\$ 1,566,639	\$ 2,504,173	\$	\$	\$
Unreserved	15,597,870	13,334,149	15,300,632	13,573,339	10,398,438	8,500,411	5,123,776			
Nonspendable								688,328	494,775	454,285
Restricted								1,680,634	821,800	885,998
Assigned								187,626	171,147	224,188
Unassigned								2,948,665	5,018,570	5,895,188
Total general fund	<u>\$ 17,293,058</u>	<u>\$ 16,773,010</u>	<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>
Other governmental funds										
Reserved	\$ 241,401,679	\$ 117,776,135	\$ 66,023,924	\$ 82,122,834	\$ 87,381,222	\$ 138,925,867	\$ 111,417,520	\$	\$	\$
Unreserved										
Special revenue funds	8,695,310	5,786,466	2,593,727	9,425,040	8,957,581	1,173,909	3,500,599			
Capital projects funds	(118,289,314)	(60,269,078)	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
Restricted								53,944,358	33,346,579	35,626,928
Committed								68,188		
Assigned								11,277,020	15,503,200	19,137,930
Unassigned									(1,063,493)	(855,487)
Total other governmental funds	<u>\$ 131,807,675</u>	<u>\$ 63,293,523</u>	<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>

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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
<b>REVENUES</b>										
Taxes	\$ 61,490,644	\$ 64,246,504	\$ 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
Motor vehicle taxes									4,589,258	4,889,769
Room and construction taxes									7,565,981	8,761,171
Intergovernmental SCCR (AB104) taxes									2,667,490	2,781,495
Intergovernmental	91,674,996	95,757,876	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
Intergovernmental consolidated taxes									40,909,269	42,849,236
Intergovernmental gaming licenses									1,552,916	1,489,815
Franchise fees									22,710,178	23,713,630
Licenses, permits and other fees	27,758,399	31,153,624	32,283,822	35,975,919	36,567,669	35,398,399	37,212,757	36,289,020	15,294,161	18,096,605
Special assessments	2,317,235	4,040,392	4,157,862	2,701,017	2,871,440	2,607,993	3,168,898	3,143,163	3,152,638	3,562,917
Grants and contributions									14,277,737	22,035,375
Charges for services	13,592,054	7,314,653	8,494,849	7,958,794	8,178,560	19,177,677	19,671,203	14,181,291	13,355,685	12,781,829
Downtown district room surcharge									2,003,432	2,187,000
Intergovernmental shared revenues									20,327,167	9,621,894
Fines and forfeitures	2,745,003	2,806,405	3,624,141	4,524,164	4,574,634	4,185,139	3,990,373	3,365,867	3,429,246	2,957,839
Reimbursements and restitutions									2,902,289	2,425,290
Rents and royalties									2,063,066	2,064,286
Investment income	853,470	2,484,982	4,187,738	6,118,931	5,921,751	3,451,817	1,941,746	2,026,114	1,777,641	1,745,617
Change in fair value of investments									157,483	(260,892)
Miscellaneous	10,231,344	21,916,497	18,172,493	18,296,050	57,077,934	9,775,628	10,283,728	8,684,396	1,743,847	1,177,304
<b>Total revenues</b>	<b>210,663,145</b>	<b>229,720,933</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>EXPENDITURES</b>										
<b>Current</b>										
General government	13,961,260	15,603,717	17,080,258	17,777,657	17,731,055	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782
Judicial	4,524,392	4,915,250	5,615,114	5,645,431	6,596,015	7,299,633	7,011,359	7,004,347	6,651,618	6,931,295
Public safety	90,208,872	99,651,589	101,832,717	111,545,635	117,630,088	114,212,206	113,134,307	108,124,303	102,411,946	101,611,973
Public works	21,125,778	24,438,773	20,792,868	21,499,497	28,283,348	24,407,892	20,886,321	25,650,774	20,415,789	18,516,373
Culture and recreation	14,942,100	16,372,705	15,924,188	17,305,789	18,176,148	17,246,463	17,081,909	11,880,240	9,138,983	10,497,003
Planning and community development	6,226,999	6,975,537	4,289,182	7,084,598	6,907,616	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153
Urban redevelopment	1,548,241	2,071,514	2,347,178	2,288,753	2,983,836	3,834,292	3,055,179	1,239,530	787,315	754,499
Other	2,590,208	3,394,609	5,500,472	3,872,818	4,365,179	3,773,363	4,784,752	4,728,491	8,772,774	8,080,474
<b>Total current</b>	<b>155,127,850</b>	<b>173,423,694</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>Capital outlay</b>										
Public safety									388,294	21,541
Public works									20,260,185	8,118,958
Culture and recreation									830,499	1,210,489
Other	92,259,688	149,866,708	61,859,754	47,777,780	51,523,934	28,015,696	20,673,508	16,974,168		
<b>Total capital outlay</b>	<b>92,259,688</b>	<b>149,866,708</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>Debt service</b>										
Principal payments	8,206,423	9,399,109	9,830,437	9,490,866	9,755,905	11,943,401	13,506,867	16,160,660	15,551,744	16,590,010
Interest expense and fiscal charges	17,429,743	16,789,578	11,703,107	18,350,174	18,517,670	22,442,015	19,172,227	18,856,808	17,948,596	17,569,966
Debt issuance costs	52,810	120,226	8,806,979	1,053,997	9,378,659	1,570,557		413,003	74,835	
Administrative and other costs	121,582	432,854	885,460	809,851	1,022,214	1,902,391	2,784,617	2,747,770	2,784,943	2,480,894
<b>Total debt service</b>	<b>25,810,558</b>	<b>26,741,767</b>	<b>31,225,983</b>	<b>29,704,888</b>	<b>38,674,448</b>	<b>37,858,364</b>	<b>35,463,711</b>	<b>38,178,241</b>	<b>36,360,118</b>	<b>36,640,870</b>

(Continued)

# CITY OF RENO

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

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Total expenditures	<u>273,198,096</u>	<u>350,032,169</u>	<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>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(62,534,951)</u>	<u>(120,311,236)</u>	<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>
OTHER FINANCING SOURCES (USES)										
Debt issuance proceeds	2 5,422,760	55,738,063	313,969,210	45,000,934	207,337,856	83,543,362		17,091,000	2,167,075	366,602
Payment to advance refunding bond agent	(3,655,582)		(259,675,524)		(184,623,631)			(3,860,413)		(36,336,594)
Proceeds from capital asset disposal	353,115	89,074	2,046,722	439,594	10,068	66,925	6,070	935,745	160,188	555,513
Transfers in	41,888,902	41,696,731	119,902,244	40,899,555	47,548,305	30,813,975	32,877,213	28,962,823	16,408,268	20,324,192
Transfers out	(52,056,931)	(51,605,189)	(128,661,948)	(52,128,091)	(56,282,961)	(42,749,965)	(45,545,159)	(30,129,544)	(23,448,678)	(20,384,158)
Other			(478,872)	(20,405,473)		(30,731,864)		(218,949)		
Total other financing sources (uses)	<u>(8,047,736)</u>	<u>45,918,679</u>	<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>
CHANGE IN FUND BALANCE	<u>\$ (70,582,687)</u>	<u>\$ (74,392,557)</u>	<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>
Debt service as a percentage of noncapital expenditures	4 14.30 %	13.30 %	10.60 %	12.90 %	11.80 %	14.50 %	14.70 %	16.40 %	15.90 %	18.72 %

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>4</sup>	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value <sup>5</sup>
2004	\$	\$	\$	\$	\$	\$	\$	\$ 4,757,490 <sup>3</sup>	3.6380	\$ 13,592,829	35.00 %
2005								5,105,374 <sup>3</sup>	3.6478	14,586,783	35.00 %
2006		547,337	3,259,772	2,175,812	625,783	1,255	60,623	(1,073,606)	3.6477	15,991,361	35.00 %
2007		486,154	3,853,039	2,254,125	537,450	1,363	60,814	(1,075,872)	3.6475	17,477,351	35.00 %
2008		576,364	4,285,823	2,577,443	585,893	1,417	61,222	(1,282,063)	3.6470	19,445,997	35.00 %
2009		606,435	4,948,148	2,749,449	675,530	1,486	65,340	(1,366,826)	3.6462	21,941,606	35.00 %
2010		422,120	4,350,037	2,951,879	682,094	1,442	63,754	(1,536,966)	3.6462	19,812,457	35.00 %
2011		290,390	3,850,889	2,711,409	651,473	124	53,983	(1,490,256)	3.6463	17,337,177	35.00 %
2012		301,146	3,560,525	2,586,197	631,327	1,750	53,014	(1,462,807)	3.6458	16,203,291	35.00 %
2013		237,890	3,387,224	2,645,312	617,868	1,976	58,556	(1,526,435)	3.6600	15,492,546	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. A breakdown of property taxes by type for years 2004 and 2005 is not available.
4. The direct tax rate applicable to the total taxable assess value includes the City's total direct rate plus that of the State of Nevada, the School District, Special Districts and Washoe County.
5. 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	Reno Increment District <sup>3</sup>
2004	0.8555	0.0901	0.9456	0.1700	1.1385	1.3817	0.0022	0.5330
2005	0.8555	0.0901	0.9456	0.1700	1.1385	1.3917	0.0020	
2006	0.8767	0.0689	0.9456	0.1700	1.1385	1.3917	0.0019	
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	0.9310	0.0513	0.9823	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		

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
2004	2.7068	3.2398		9.1720	10.1176
2005	3.2398	3.2398		9.1818	10.1274
2006	3.4946	3.4946		9.6913	10.6369
2007	3.2500	3.2500	3.2500	12.4519	13.3975
2008		3.2623	3.2623	9.2260	10.1716
2009		3.2008	3.2008	9.1022	10.0845
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

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	2013			2004		
	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.	\$ 80,295	1	1.48 %	\$ 43,356	2	0.91 %
Golden Road Motor Inn Inc.	41,536	2	0.77 %	33,277	7	0.70 %
MPT of Reno LLC	27,993	3	0.52 %			
Circus & Eldorado Joint Venture	26,715	4	0.49 %	63,564	1	1.34 %
International Game Technology	24,850	5	0.46 %			
Prologis NA3 LLC	23,877	6	0.44 %	31,107	8	0.65 %
Reno Retail Company LLC	22,053	7	0.41 %			
Prologis NA3 NV IV LLC	20,590	8	0.38 %			
Charles Rivers Laboratories Inc	16,078	9	0.30 %			
Meadowood Mall SPE LLC	15,336	10	0.28 %			
El Dorado Resorts LLC				35,673	5	0.75 %
FHR Corporation				25,451	9	0.53 %
Harrah's Club				36,852	4	0.77 %
DP Industrial LLC				42,734	3	0.90 %
PNK (Reno) LLC				22,474	10	0.47 %
Washoe Medical Center Inc.				33,835	6	0.71 %
	<u>\$ 299,323</u>		<u>5.53 %</u>	<u>\$ 368,323</u>		<u>7.73 %</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>
2004	\$ 46,424	\$ 45,156	97.2687 %	\$ 1,268	\$ 46,424	100.0000 %
2005	48,263	47,836	99.1153 %	427	48,263	100.0000 %
2006	51,949	51,203	98.5640 %	746	51,949	100.0000 %
2007	59,649	59,075	99.0377 %	555	59,630	99.9681 %
2008	64,543	64,058	99.2486 %	352	64,410	99.7939 %
2009	63,794	62,672	98.2412 %	730	63,402	99.3855 %
2010	62,732	62,643	99.8581 %	73	62,716	99.9745 %
2011	57,261	56,444	98.5732 %	480	56,924	99.4115 %
2012	54,288	53,547	98.6351 %	519	54,066	99.5911 %
2013	52,893	52,490	99.2381 %		52,490	99.2381 %

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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Business licenses	\$ 10,813,952	\$ 11,901,676	\$ 12,320,382	\$ 13,868,588	\$ 13,419,739	\$ 12,633,107	\$ 11,287,373	\$ 11,364,176	\$ 11,781,860	\$ 12,476,307
City gaming licenses	2,646,162	2,848,771	2,367,783	2,548,837	2,364,451	2,201,449	2,046,810	2,028,215	2,000,542	1,972,027
Liquor licenses	1,091,867	1,141,170	1,030,430	1,180,837	1,151,688	1,294,792	1,277,056	1,264,106	1,293,439	1,399,924
Non-business licenses and permits	116,423	160,660	55,356	61,100	72,756	38,207	35,746	33,131	187,966	293,773
Electricity franchise fees	4,212,395	4,580,484	5,064,303	5,733,862	5,783,785	6,227,461	8,266,881	7,314,420	8,897,576	9,258,752
Telephone franchise fees	3,324,443	3,498,648	3,414,967	3,649,048	3,735,284	3,873,036	3,435,740	3,383,752	3,082,993	3,230,640
Natural gas franchise fees	1,617,493	1,728,638	2,071,950	2,458,676	2,368,616	2,205,186	3,396,125	2,817,106	2,656,784	2,107,487
Sanitation franchise fees	1,441,167	1,709,852	1,869,581	1,974,410	2,385,936	2,213,979	2,199,114	2,279,934	2,193,302	2,066,737
Water toll fees	920,836	939,670	961,514	1,007,879	998,524	959,311	1,376,897	1,448,400	1,511,903	2,306,041
Sewer-in-lieu-of-franchise fees		1,031,041	1,289,617	1,504,931	1,471,135	1,683,913	2,020,040	2,227,361	2,355,745	2,587,019
Cable television fees	1,406,222	1,419,899	1,692,421	1,886,280	2,463,954	1,832,294	1,784,686	2,005,415	2,011,875	2,156,954
	<u>\$ 27,590,960</u>	<u>\$ 30,960,509</u>	<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>

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

# CITY OF RENO

## RATIOS OF OUTSTANDING DEBT<sup>1</sup> BY TYPE LAST TEN FISCAL YEARS IN THOUSANDS, EXCEPT PER CAPITA (UNAUDITED)

For the Year Ended June 30,	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
	General Obligation Bonds	Tax Allocation Bonds	Pledged Revenue Bonds	Special Assessment Bonds	Other <sup>2</sup>	General Obligation/Pledged Revenue Bonds	Other <sup>2</sup>			
	2004	\$ 31,415	\$ 41,620	\$ 233,290	\$ 16,343	\$ 2,290	\$ 3,505			
2005	30,220	38,765	232,780	15,599	53,608	3,295		374,267	4.23 %	1,810
2006	28,480	35,755	338,986	25,401	3,090	29,395	43,070	504,177	5.37 %	2,352
2007	22,965	35,235	361,623	24,488	2,705	73,536	8,033	528,585	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	6.07 %	2,629
2012	44,885	30,155	383,120	20,303	18,547	84,885		581,895	5.60 %	2,532
2013	41,868	28,756	377,434	18,896	17,543	78,820		563,317	5.29 %	2,451

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

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</sup>

**JUNE 30, 2013**

**IN THOUSANDS**

**(UNAUDITED)**

	General Obligation Debt	Percent Applicable	Applicable General Obligation Debt
City of Reno	\$ 41,868	100.00 %	\$ 41,868
Overlapping governments			
Washoe County School District	529,914	46.10 %	244,290
Washoe County	170,456	46.10 %	78,580
State of Nevada	1,921,545	6.95 %	133,547
Total overlapping governments	2,621,915		456,417
Total direct and overlapping debt	2,663,783		\$ 498,285

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

2. Represents general obligation bonds repaid through general property taxes.

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

# 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
2004	\$ 31,415	\$ 3,505	\$ 34,920	0.26 %	\$ 175	\$ 7,104	\$ 27,816
2005	30,220	3,295	33,515	0.23 %	162	10,988	22,527
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 %	525	13	120,675

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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Total taxable assessed property value	<u>\$ 4,757,490</u>	<u>\$ 5,105,374</u>	<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>
Legal debt Margin										
Legal debt limit (15% of taxable assessed property value)	<u>\$ 713,624</u>	<u>\$ 765,806</u>	<u>\$ 839,546</u>	<u>\$ 917,561</u>	<u>\$ 1,020,915</u>	<u>\$ 1,151,934</u>	<u>\$ 1,040,154</u>	<u>\$ 910,202</u>	<u>\$ 850,673</u>	<u>\$ 813,359</u>
Debt applicable to debt limit										
Net general bonded debt	<u>27,816</u>	<u>22,527</u>	<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>
Legal debt margin	<u>\$ 685,808</u>	<u>\$ 743,279</u>	<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>
Total debt applicable to debt limit as a percentage of debt limit	<u>96.10 %</u>	<u>97.06 %</u>	<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>

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

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

Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds <sup>2</sup>						
Debt Service						
For the Year Ended June 30,	Room Tax Collections <sup>5</sup>	Sales Tax Collections <sup>5</sup>	Available Revenue	Principal	Interest	Coverage
2004	\$ 924,359	\$ 7,409,814	\$ 8,334,173		\$ 5,928,319	140.58 %
2005	948,736	8,260,700	9,209,436		5,928,319	155.35 %
2006	1,077,511	8,925,336	10,002,847		2,964,159	337.46 %
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 %

Capital Improvement (Events Center) Bonds <sup>3</sup>						
Debt Service						
For the Year Ended June 30,	Room Tax Collections <sup>6</sup>	Intergovernmental Consolidated Taxes (15%)	Available Revenue	Principal	Interest	Coverage
2004	\$ 5,980,798	\$ 7,122,110	\$ 13,102,908		\$ 5,776,525	226.83 %
2005	5,811,018	7,855,938	13,666,956		5,776,525	236.59 %
2006	6,053,375	8,206,225	14,259,600	130,000	3,841,973	359.01 %
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 %

Sales Tax Anticipation Revenue (STAR) Bonds <sup>4</sup>						
Debt Service						
For the Year Ended June 30,	Sales Tax Increment Collections		Available Revenue	Principal	Interest	Coverage
2004			\$	\$	\$	%
2005						%
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 %

Special Assessment Bonds						
Debt Service						
For the Year Ended June 30,	Special Assessment Collections <sup>8</sup>		Available Revenue	Principal <sup>9</sup>	Interest	Coverage
2004			\$ 2,087,010	\$ 753,406	\$ 689,194	144.67 %
2005			3,609,763	757,133	657,299	255.21 %
2006			3,984,792	324,087	614,051	424.76 % <sup>7</sup>
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 %

(Continued)

# CITY OF RENO

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

		Agency Special Assessment Bonds (Includes Sierra Corporation, Somerset and Double R)				11
		Debt Service				
For the Year Ended June 30,	Special Assessment Collections	Principal <sup>9</sup>	Interest	Coverage		
2004	\$ 2,687,902	\$ 230,000	\$ 1,376,001	167.37 %		
2005	3,172,448	1,180,000	1,635,204	112.69 %		
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 %		

		Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage)				12
		Debt Service				
For the Year Ended June 30,	Property Lease/Rent Collections <sup>6</sup>	Principal <sup>10</sup>	Interest	Coverage		
2004	\$	\$	\$	%		
2005				%		
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 %		

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.
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.
12. Began reporting FY 07/08. The bonds are variable rate tied to LIBOR.

# 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					
2004	199,249	\$ 8,171,998	\$ 41,014	\$ 35.9	\$ 31,271	\$ 1,692	3.8 %
2005	206,735	8,847,224	42,795	34.5	31,992	1,601	3.8 %
2006	214,371	9,390,093	43,803	35.3	31,692	1,810	4.0 %
2007	220,613	9,974,576	45,213	35.3	31,157	1,967	4.5 %
2008	223,012	10,170,908	45,607	35.7	31,126	2,042	6.4 %
2009	218,143	9,035,701	41,421	34.6	31,907	2,212	11.8 %
2010	217,282	9,140,185	42,066	34.5	31,743	2,392	13.4 %
2011	222,801	9,643,050	43,281	36.4	31,052	2,435	12.9 %
2012	229,859	10,389,167	45,198	37.0	30,916	2,520	11.7 %
2013	229,859	10,654,884	46,354	37.6	31,295	2,578	9.8 %

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

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

Taxpayer	December 31, 2012			December 31, 2003		
	Employees	Rank	Percentage of Total City of Reno Employment	Employees	Rank	Percentage of Total City of Reno Employment
Washoe County School District	8,250	1	3.72 %	6,250	1	2.99 %
University of Nevada-Reno	4,250	2	1.92 %	3,250	3	1.56 %
Washoe County	2,750	3	1.24 %	2,750	5	1.32 %
Renown Regional Medical Center	2,750	4	1.24 %	2,750	6	1.32 %
Peppermill Hotel Casino-Reno	2,250	5	1.01 %	4,250	2	2.03 %
Integrity Staffing Solutions	2,250	6	1.01 %			%
International Game Technology	2,250	7	1.01 %	2,750	7	1.32 %
Silver Legacy Hotel Casino	2,250	8	1.01 %	2,750	8	1.32 %
St Mary's	1,750	9	.79 %	2,250	10	1.08 %
Atlantis Hotel Casino	1,750	10	.79 %			%
Reno Hilton				2,750	4	1.32 %
El Dorado Hotel & Casino				2,250	9	1.08 %
						%

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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
General government										
Management	8	32	44	45	42	42	49	55	49	46
Records management/cashiering		12	12	12	12	12	12	10	8	7
Finance	4	32	33	32	33	33	33	33	20	12
Legal		34	34	35	35	35	35	35	26	25
Human resources	5	16	17	16	16	16	16	13	9	11
Information technology	6	24	27	29	28	30	30	29	17	17
Judicial										
Judges		4	4	4	4	4	4	4	4	4
Others		47	49	49	59	53	49	58	53	53
Police										
Sworn employees		342	369	370	365	373	373	383	294	304
Non-commissioned employees		109	99	104	105	111	110	109	52	52
Fire										
Authorized emergency personnel		308	336	336	345	339	344	345	213	229
Fire prevention officers		10	15	15	18	17	19	19	14	15
Others		31	20	21	20	29	22	22	13	13
Public works										
Engineers		27	20	25	31	35	38	38	16	11
Fleet maintenance		15	11	11	16	16	16	16	11	10
Others		125	141	134	138	129	125	128	73	98
Planning and community development		31	41	42	77	37	40	40	19	26
Culture and recreation		80	82	87	88	93	93	92	43	49
Urban development		7	7	6	7	14	9	5		
Sanitary sewer		59	63	67	64	69	69	67	54	50
Building permits		60	58	65	65	70	66	56	22	20
Golf course	7	7	6	6	6	6	6	4	4	4
Animal shelter	3	21	22							
Dispatch services		64	69	69	70	70	70	70	54	53
<b>Total full-time equivalent employees</b>		<b>1,497</b>	<b>1,579</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>

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, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
General government										
Active annual business licenses	16,716	20,640	24,461	25,089	25,574	25,574	22,456	22,329	23,506	23,457
Business license audits completed	65	70	90	95	186	197	294	288	185	282
Percentage of same day response to public requests for research of public documents	98 %	96 %	98 %	98 %	99 %	100 %	100 %	98 %	100 %	97 %
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	4,091	4,950	5,418	5,332	6,177	5,915	5,598	4,786	3,107	3,774
Cases filed in municipal court	25,750	25,779	41,207	44,416	38,844	39,788	35,866	31,968	23,406	21,586
Cases adjudicated in municipal court	24,954	27,632	27,632	42,459	30,327	40,737	36,711	29,778	21,849	16,146
Police										
Physical arrests	10,254	10,197	12,618	14,557	14,087	13,246	11,434	10,668	10,386	10,444
Misdemeanor citations	3,699	3,521	3,804	3,996	4,214	3,829	3,284	2,381	2,627	2,254
Traffic-related offenses cited	24,585	17,041	33,649	40,057	37,523	38,843	33,430	29,789	19,174	17,780
Fire										
Fire emergencies	1,272	1,087	1,238	1,388	3,228	4,790	1,026	10,636	11,068	8,141
Emergency medical calls	16,792	18,476	16,099	24,573	29,732	25,080	25,716	26,922	26,918	25,793
Inspections	6,871	5,741	18,180	14,775	19,494	8,382	8,216	6,207	6,708	6,036
Public works										
Streets reported in "fair" or better condition	79 %	82 %	84 %	85 %	84 %	85 %	88 %	89 %	89 %	89 %
Pothole calls received	200	185	336	168	143	167	130	136	132	71
Percent of pothole calls repaired within 24 hours	95 %	95 %	93 %	100 %	95 %	97 %	70 %	90 %	95 %	97 %
Culture and recreation										
Participants in senior recreation programs	37,453	26,618	6,327	3,864	4,473	6,094	5,216	5,479	6,477	6,899
Participants in youth programs	3,780	3,893	4,088	4,546	3,865	3,150	3,950	4,372	4,356	4,395
Instructional swimming classes offered	500	1,200	1,200	1,200	1,750	1,798	1,674	1,198	1,228	1,242
Planning and community development										
Jobs generated by businesses in Redevelopment area	87	123	167	963	384					
Affordable housing units developed in Redevelopment area		240		41	491					
Affordable housing units developed in non-RDA area									29	58
Housing rehabilitation projects completed	2	15	27	10	10				21	12
Code enforcement cases	2,714	3,367	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	3	3	4	4	4	4	4	4	4
Golf course										
Cost per acre per year to maintain golf courses	\$ 4,500	\$ 4,600	\$ 4,800	\$ 5,150	\$ 5,342	\$ 5,158	\$ 4,700	\$ 4,200	\$ 4,200	\$ 4,200
Building permits										
Building permits issued	11,607	13,171	9,294	9,109	7,272	5,580	5,023	5,510	5,348	6,211
Average number of monthly building inspections performed	6,886	10,618	11,171	8,171	5,351	3,363	2,348	2,190	2,750	2,748

(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

# CITY OF RENO

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

Function/program	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	4	4	4	3	1	1	1	2
Patrol units	2		220	254	252	252	248	239	242	243
Fire										
Stations	16	16	16	12	13	13	13	13	14	14
Fire fighting vehicles	4	31	35	36	54	59	41	37	36	36
Public works										
Paved streets (miles)	546	579	582	582	637	671	672	681	681	681
Unpaved streets (miles)	2	2	2	2	4	1	1	1	1	1
Culture and recreation										
Acreage	1,935	1,935	2,015	2,015	2,076	2,477	2,732	2,741	2,741	2,741
Park facilities	73	75	82	81	83	85	85	85	85	85
Playgrounds	51	51	51	70	52	51	51	51	51	51
Swimming pools	5	5	5	5	5	5	5	5	5	4
Sanitary sewer										
Sanitary sewer lines (miles)	650	696	716	710	743	743	748	756	756	756
Storm drains (miles)	285	394	404	382	444	444	444	481	481	481
Treatment capacity millions of gallons)	41	41	41	41	41	44	44	44	44	44
Golf courses	3	2	2	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

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



# **BUSINESS LICENSE FEES**



# CITY OF RENO

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2013

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, 2013		\$	11,794,886
Business license revenue for the year ended June 30, 2012 (base year)		\$	11,150,374
Adjustment to base year			
Percentage change in Consumer Price Index			<u>2.20 %</u>
Total adjustment to base year			<u>245,308</u>
Adjusted business license revenue base for the year ended June 30, 2013			<u>11,395,682</u>
Amount over allowable maximum		\$	<u>399,204</u>

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

Business license revenue for the year ended June 30, 2013		\$	4,053,371
Business license revenue for the year ended June 30, 2012 (base year)		\$	10,720,845
Adjustment to base year			
Percentage change in local government population			3.20 %
Percentage change in Consumer Price Index			<u>2.20 %</u>
Total adjustment to base year			<u>578,926</u>
Adjusted business license revenue base for the year ended June 30, 2013			<u>11,299,771</u>
Amount under allowable maximum		\$	<u>(7,246,400)</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**

Honorable Mayor and 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) *Circular A-133 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, 2013. 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, 2013.

**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 2013 - 003 through 2013 - 005. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2013, 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.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada  
December 20, 2013

# CITY OF RENO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
U.S Department of Agriculture			
Cooperative Forestry Assistance	10.664		\$ 63,828
Passes through State of Nevada, Department of Education, Office of Children Nutrition and School Health Child Nutrition Cluster Summer Food Service Program for Children	10.559		47,246
Passed through State of Nevada, Department of Administration Senior Farmers Market Nutrition Program Coupons	10.576		<u>24,780</u>
Total U.S Department of Agriculture			<u>135,854</u>
U.S. Department of Housing and Urban Development			
Homeless Prevention and Rapid Re-Housing Program Technical Assistance (ARRA)	14.262		10,325
Home Investment Partnerships Program	14.239		2,065,061
Supportive Housing Program	14.235		179,692
Emergency Solutions Grant Program	14.231		59,657
CDBG Entitlement Grants Cluster			
Community Development Block Grants / Entitlement Grants	14.218		1,739,051
Community Development Block Grants / Entitlement Grants	14.218		1,121,994
Community Development Block Grant ARRA Entitlement Grants (ARRA)	14.253		219,810
Passed through Nevada State Housing Division			
Home Investment Partnerships Program	14.239		140,115
Emergency Solutions Grant Program	14.231		<u>113,900</u>
Total U.S. Department of Housing and Urban Development			<u>5,649,605</u>
U.S. Department of the Interior			
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508*		333,632
Passed through Nevada State Parks			
Outdoor Recreation Acquisition, Development, and Planning	15.916	32-00311	50,000
Passed through Nevada State Historic Preservation Office			
Historic Preservation Fund Grants-In-Aid	15.904	32-12-41935(4)	<u>2,053</u>
Total U.S. Department of the Interior			<u>385,685</u>
U.S. Department of Justice			
Edward Byrne Memorial Competitive Grant Program	16.751		75,528
Public Safety Partnership and Community Policing Grants (ARRA)	16.710		362,716
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,763
Edward Byrne Memorial Justice Assistance Grant Program	16.738		139,883
Edward Byrne Memorial Justice Assistance Grant Program	16.738		51,485
Edward Byrne Memorial Justice Assistance Grant Program	16.738		38,746
Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government (ARRA)	16.804		87,442
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance			
Project Safe Neighborhoods	16.609	11-PSN-04	9,501

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal or Pass-through Grantor Number	Expenditures
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735		39,735
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	12-JAG-023	42,000
Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program (ARRA)	16.810*	09-RLE-03	348,988
JAG Program Cluster			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803		30,218
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	09-JAG-40	49,946
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services			
Crime Victim Assistance	16.575	VOCA13-089	54,773
Crime Victim Assistance / Discretionary Grants	16.582	SVAA13-01	1,573
Passed through Nevada Office of Attorney General			
Violence Against Women Formula Grants (ARRA)	16.588	2011-RAVAW-02	9,871
Violence Against Women Formula Grants	16.588	2011-STOP-03	24,183
Violence Against Women Formula Grants	16.588	2011-STOP-46	4,500
Passed through Nevada Juvenile Justice Commission, Division of Child and Family Services			
Enforcing Underage Drinking Laws Program	16.727	2011-AH-FX-0010	<u>20,000</u>
Total U.S. Department of Justice			<u>1,393,851</u>
U.S. Department of Transportation			
National Motor Carrier Safety	20.218		108,326
National Motor Carrier Safety	20.218		96,465
National Motor Carrier Safety	20.218		919
Passed through Nevada Department of Public Safety, Office of Traffic Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	22-JF-1.21	17,709
State and Community Highway Safety	20.600	23-JF-1.20	40,996
State and Community Highway Safety	20.600	22-AL-7	2,760
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	22-PS-3	15,869
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	23-PS-2	4,969
Passed through Nevada Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PR263-10-063	57,805
Highway Planning and Construction	20.205	PR221-10-063	<u>797,212</u>
Total U.S. Department of Transportation			<u>1,143,030</u>
National Endowment of the Arts			
Passed through Nevada Department of Tourism and Cultural Affairs			
Promotion of the Arts Partnership Agreements	45.025	AEP12:0:02	<u>1,454</u>
Total National Endowment of the Arts			<u>1,454</u>
U.S. Department of Veterans Affairs			
Passed through U.S. Paralympics			

(Continued)

**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

<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>
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034		<u>45,000</u>
Total U.S. Department of Veterans Affairs			<u>45,000</u>
U.S. Environmental Protection Agency			
Passed through Nevada Division of Environmental Protection Nonpoint Source Implementation Grants	66.460	DEP-S 12-024	<u>26,566</u>
Total U.S. Environmental Protection Agency			<u>26,566</u>
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		308,376
Passed through Nevada Governors Council on Developmental Disabilities Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SP019197	4,289
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1306XF3154	<u>15,000</u>
Total U.S. Department of Health and Human Services			<u>327,665</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083*		900,454
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083*		7,158,670
Assistance to Firefighters Grant	97.044		15,849
Assistance to Firefighters Grant	97.044		85,012
Passed through State of Nevada Department of Public Safety, Division of Emergency Management			
Emergency Management Performance Grants	97.042	9704211	141,558
Pre-Disaster Mitigation	97.047	97047R8	6,708
Homeland Security Grant Program	97.067*	97067HLO	110,580
Passed through United Way			
Emergency Food and Shelter National Board Program	97.024		<u>31,542</u>
Total U.S. Department of Homeland Security			<u>8,450,373</u>
Total federal expenditures			<u>\$ 17,559,083</u>

\* A major program

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2013**

### 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, 2013, the following awards (including amendments) were given to subrecipients:

Federal CFDA Number	Program Title	Award Amount
14.218	Community Development Block Grants – Entitlement Grants	\$ 445,432
14.231	Emergency Shelter Grants	97,564
16.738	Edward Byrne Memorial Justice Assistance Grant	152,461
16.804	Edward Byrne Memorial Justice Assistance Grant – ARRA	26,001
16.735	Protecting Inmates & Safeguarding Communities Discretionary Grant – State of Nevada	9,101
20.218	National Motor Carrier Safety High Priority Enforcement Grant	<u>25,840</u>
		<u>\$ 756,399</u>

### 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, 2013, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 182,178
14.239	Home Investment Partnerships Program Grant	<u>28,862,918</u>
		<u>\$ 29,045,096</u>

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FOR THE YEAR ENDED JUNE 30, 2013**

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### Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unqualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	15.508
Name of federal program or cluster	Providing Water to At-Risk Natural Desert Terminal Lakes
CFDA number	16.810
Name of federal program or cluster	Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program (ARRA)
CFDA number	97.083
Name of federal program or cluster	Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA number	97.067
Name of federal program or cluster	Homeland Security Grant Program
Dollar threshold used to distinguish between Type A and Type B programs	\$526,772
Auditee qualified as low-risk auditee	No

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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***

2013 - 001	
Criteria	Controls are designed to provide effective oversight and monitoring of policies and procedures to provide reasonable assurance that contributed capital assets transaction are communicated timely, appropriately recognized/valued and reviewed and the basic financial statements accurately presented, free of material errors, using the appropriate basis of accounting.
Condition	Proper evaluation was not performed by the finance department to determine that documentation provided by other departments to record contributed capital assets (streets and sewer related) was complete and accurate.
Effect	Significant audit adjustments were necessary to correct contributed capital assets, accumulated depreciation and net position balances related to valuation and completeness of contributed capital assets.
Cause	Ineffective oversight and monitoring of policies and procedures.
Recommendation	Management should ensure that proper review occurs and revise the controls over contributed capital assets to provide reasonable assurance that assets capitalized meet the criteria necessary and are properly accounted for and disclosed in the basic financial statements.
Management's response	Management informed us that going forward the finance department will request all source data that supports schedules and valuations provided by other departments so the finance department can verify their accuracy.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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* (continued)**

2013 - 002	
Criteria	Controls shall be designed to provide reasonable assurance that property tax revenues are properly classified, accounted for, and disclosed in the basic financial statements.
Condition	Proper evaluation was not performed by the finance department of treatment of property tax related settlement agreement.
Effect	Significant audit adjustment was necessary to record effects of a property tax related settlement to property tax receivables, due to and from other funds, revenues, and deferred revenues.
Cause	Ineffective oversight and monitoring of policies and procedures resulting from time constraints on management.
Recommendation	Management should ensure that a proper review occurs and controls are functioning and provide reasonable assurance that property tax revenues and related settlement agreements are accounted for and disclosed in the basic financial statements and monitor compliance therewith.
Management's response	Management informed us that they agree with the finding related to the evaluation and recordation of the property tax settlement and has committed to ensure that non-routine financial transactions will be vetted with senior management and key staff to ensure the appropriate accounting treatment.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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)

2013 - 003	
Program	Recovery Act Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program (CFDA #16.810)
Specific requirements	The Schedule of Expenditures of Federal Awards shall be complete and accurate, with all ARRA expenditures properly identified.
Condition and context	The Schedule of Expenditures of Federal Awards did not identify that the expenditures of one program were ARRA-funded.
Questioned costs	None.
Effect	The Schedule of Expenditures of Federal Awards was not complete and accurate, with all ARRA expenditures properly identified.
Cause	Supervisory reviews were not performed by persons possessing appropriate knowledge, skills, and abilities.
Recommendation	Management should review and revise the current controls to provide reasonable assurance that the Schedule of Expenditures of Federal Awards is complete and accurate, with all ARRA expenditures properly identified, and provide for supervisory review of grant reports by persons possessing appropriate knowledge, skills, and abilities and monitor compliance therewith.
Management's response	Management informed us that the omission resulted from an oversight by the staff member responsible for compiling the information provided by individual departments into the schedule of expenditures of federal awards. A procedure will be put in place for another staff member to verify the compilation against the source documents provided by the individual departments.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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)

2013 - 004	
Program	Providing Water to At-Risk Natural Desert Terminal Lakes (CFDA #15.508)
Specific requirements	Financial reports are complete and accurate, are prepared in accordance with the required accounting basis, and are submitted timely to the federal agency.
Condition and context	One Federal Financial Report was submitted 15 days beyond its respective deadline and two Federal Financial Reports reported inaccurate expenditures.
Questioned costs	None.
Effect	Financial reports were not submitted timely to the federal agency and reported inaccurate expenditures.
Cause	Supervisory reviews were not performed by persons possessing appropriate knowledge, skills, and abilities.
Recommendation	Management should review and revise the current controls to provide reasonable assurance that the financial reports are complete and accurate, are prepared in accordance with the required accounting basis, and are submitted timely to the federal agency.
Management's response	Management informed us that the finance department will work with the Public Works Department, who oversees this grant, to ensure that the Federal Financial Report tie to the reimbursement requests for each quarter, and that the Federal Financial Reports are filed on a timely basis.

(Continued)

# CITY OF RENO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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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)

2013 - 005 Program	Homeland Security Grant Program (CFDA #97.067) and Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program (ARRA) (CFDA #16.810)
Specific requirements	Review the procedures for verifying that an entity with which it plans to enter into a covered transaction and any of its principals is not debarred, suspended, or otherwise excluded.
Condition and context	The client was unable to provide documentation that demonstrated that a review of the entity with which it did business was not on the excluded parties list prior to entering into any transactions.
Questioned costs	None.
Effect	Without a review of the excluded parties list, vendors which are debarred or excluded could potentially be selected as recipients of grant funds.
Cause	Documentation confirming the review of the vendor used for grant expenditures was not maintained by the client.
Recommendation	Management should maintain documentation that they have conducted a search for any proposed vendors on the excluded parties list.
Management's response	Management informed us that there was a very quick turnaround that involved two different departments. The primary involved retired in the middle of the acquisition, and the individual who took over did check the SAMS website but could not recall whether the results of the search was originally printed in the rush. Regarding 16.810 the State of Nevada provided the funding notification for leftover ARRA money in March that had to be spent by June. The City then worked with the State of Nevada and various government and private entities on a state-wide upgrade of the Tiburon software system. Tiburon, who is one of the nation's top providers of law enforcement-related records management and dispatch software, was a sole source vendor for the upgrade. Various City departments were involved but the lead for the purchase did not understand the vendor verification requirement. Management has indicated that greater due diligence will be exercised in vendor verification in the future, and a department-wide communication reminding departments to verify vendor standing and print proof of the verification will be sent.