

COMMUNICATIONS AND REPORTS
JANUARY 23, 2024

The following communications and reports were received, duly noted, and ordered placed on file with the Clerk:

COMMUNICATIONS

- A. Fully executed Settlement Agreement and Release of Claims with Romeo Smith and Special Administrator of the Estate of Niko Smith for Agenda Item 5G2 of the June 13, 2017, Board of County Commissioners' meeting, Minute Item 17-0457.
- B. Fully executed Resolution adopting the amended South Valleys Area Plan for Agenda Item 16 of the October 23, 2007, Board of County Commissioners' meeting, Minute Item 07-1249.
- C. Fully executed Resolution adopting the updated Verdi Area Plan for Agenda Item 23 of the August 26, 2008, Board of County Commissioners' meeting, Minute Item 08-963.
- D. Notice of Appeal from the State of Nevada Department of Taxation dated December 19, 2023.

MONTHLY STATEMENTS/REPORTS

- A. Clerk of the Court Monthly Financial Statement for the month ending December 31, 2023.
- B. Office of the Washoe County Treasurer, Monthly Financial Statement for the month ending December 31, 2023.

ANNUAL STATEMENTS/REPORTS

- A. City of Reno Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.
- B. City of Sparks Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.
- C. Palomino Valley General Improvement District Financial Statements and Required Supplementary Information for fiscal year ended June 30, 2023.
- D. Truckee Meadows Water Authority Annual Comprehensive Financial Report for the fiscal years ended June 30, 2023 and 2022.

E. Truckee Meadows Water Reclamation Facility Financial Statements Fiscal Year Ended June 30, 2023.

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims (hereinafter "Agreement") is made and entered into by and between Plaintiffs Romeo Smith, and Special Administrator of the Estate of Niko Smith, and N.S., a minor by and through his guardian Jillian Cortez, (hereinafter referred to as "Plaintiffs") and Defendants, Washoe County Deputies Brandon Wood and Emmanuel Figueroa, and Washoe County Sergeant Corey Solferino (hereinafter referred to as "Defendants").

WHEREAS, Plaintiffs filed a lawsuit in the United States District Court of Nevada against Defendants in an action numbered 3:17-CV-00133-MMD-WGC";

WHEREAS, Romeo Smith was appointed Special Administrator of the Estate of Niko Smith in Docket No. PR17-00074 before the Probate Court of the Second Judicial District Court in and for Washoe County ("Probate Court");

WHEREAS, the parties desire to resolve and settle all existing claims concerning the issues that, as of the date of this Agreement, have been and could have been raised in the Litigation and concerning all matters, its subject matter and any and all disputes relating to the action.

NOW, THEREFORE, in consideration of the mutual covenants and promises and other good and valuable consideration set forth herein, Plaintiff and Defendants agree as follows:

1. SETTLEMENT PAYMENT AND RELEASE OF CLAIMS: For and in consideration of the payment of Seventy-Five Thousand Dollars and Zero Cents (\$75,000) to Plaintiffs by Defendants, by signature to this Agreement, the parties agree to fully and forever releases, acquits and discharges, as well as their administrators, agencies, agents, assignees, attorneys, contractors, departments, directors, divisions, employees, employers, executors, heirs, insurers, officers, principals, representatives, servants, subrogees, subsidiaries, successors, and spouses, of and from any and all attorney's fees, causes of action, claims, costs, damages, expenses, indemnities, liabilities, and obligations of every kind and nature, in law, equity or otherwise, filed or otherwise, presently known and unknown, suspected and unsuspected, disclosed and undisclosed, which they now have against Defendants by reason of any injury, loss and damages, actual and consequential, arising out of or in any way related to the subject of the Litigation,

The aforementioned payment will be satisfied by a check to payable jointly to Plaintiffs and his counsel of record, Terry Keyser-Cooper and Luke Busby, within 7 days of execution of this Agreement.

2. DISMISSAL OF ACTIONS WITH PREJUDICE: This Agreement is expressly contingent upon the Plaintiffs' dismissal with prejudice of the underlying Complaint against Defendants and the entire Litigation. Subsequent to the approvals required in Section 13 below,

Each party to the Litigation shall execute a Stipulation for Dismissal With Prejudice, dismissing all claims of all parties asserted in the Litigation, and providing that each party shall bear its own costs and attorney's fees.

3. NO ADMISSIONS: It is understood and agreed by the parties hereto that this Agreement represents a compromise settlement of various matters, and that the promises of payment made in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by any party hereto.

4. OTHER BENEFITS: Except as specifically set forth in this Agreement, the Plaintiff shall be entitled to no other benefits or other remuneration or compensation in settlement of his claims arising from and related to the matters that have and could have been raised in the Litigation, and concerning all matters relating to its subject and any disputes between the Plaintiff and Defendants.

5. ATTORNEY'S FEES AND COSTS: Each party shall pay its own attorney's fees and costs arising out of or in any way related to and or connected with the Litigation.

6. ASSIGNMENT: The parties hereto represent that they have not previously assigned any claims, demands, actions and or causes of action arising out of or in any way related to the Litigation.

7. CONSTRUCTION OF AGREEMENT: Each party to this Agreement has participated in the preparation and drafting of this Agreement. As such, the parties acknowledge that any doctrine of law which may operate to imply any ambiguity in this Agreement against any party hereto as the profferor of the Agreement is not applicable to this Agreement. Accordingly, this Agreement shall be interpreted as if the parties jointly and equally prepared and drafted each word, sentence and paragraph hereto.

8. APPLICABLE LAW: This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of Nevada, as applied to contracts made and to be performed entirely within Nevada. The parties hereto consent to the exclusive jurisdiction of the Second Judicial District Court of the State of Nevada, in and for the County of Washoe for the enforcement of this Agreement.

9. SUCCESSORS AND ASSIGNS: This Agreement shall inure to the benefit of each party and their affiliates, agencies, agents, assigns, contractors, departments, divisions, heirs, officers, directors, employees, independent representatives, parent corporations, partners, personal representatives, servants, shareholders, spouses, subsidiary corporations, and successors.

10. SEVERABILITY: The illegality or invalidity of any provision or portion of this Agreement shall not effect the validity of the remainder of the Agreement and this Agreement

shall be construed as if such provision did not exist. The unenforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.

11. ENTIRETY OF AGREEMENT: The parties hereto have carefully read this Agreement in its entirety before signing the same, and it is understood by the parties hereto that this Agreement constitutes the entire Agreement of the parties hereto and such is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. This Agreement contains the entire agreement between the parties hereto and all the terms and provisions of this Agreement are contractual and are not merely recitals. This Agreement was signed and executed voluntarily and without reliance upon any statement or representation not specifically set forth in this Agreement. No modification or amendment to this Agreement shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto.

12. AUTHORITY TO EXECUTE: The parties hereto represent that they have the authority to execute this Agreement on behalf of the persons and entities on whose behalf they are signing. The parties hereto further represent that the signatures on this Agreement are the genuine, usual and customary signatures of the persons executing this Agreement and are fully binding on such persons and entities, and each person signing is legally and mentally competent to sign this Agreement and is fully authorized by law to bind himself or the principal on whose behalf he is signing.

13. COURT APPROVAL REQUIRED: The Parties acknowledge and agree that this Agreement is subject to the review and approval of the United States District Court or the Second Judicial District Court for compromise of the claim of a minor pursuant to NRS 41.200 and the Probate Court pursuant to the Probate Court's February 24, 2017 Order appointing Romeo Smith as Special Administrator of the Estate of Niko Smith.

(signatures on following page)

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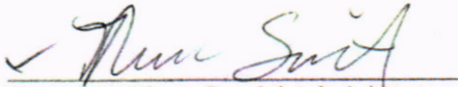
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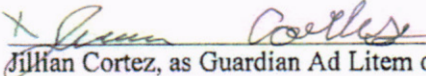
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WHEREFORE, THE FOLLOWING PERSONS FREELY AND VOLUNTARILY SIGN THIS AGREEMENT ON THE DATES INDICATED BELOW:

DATED this 6/15/17 day of June, 2017.



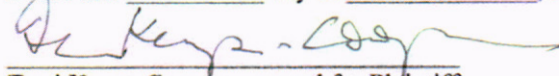
Romeo Smith, as Special Administrator of the Estate of Niko Smith



Julian Cortez, as Guardian Ad Litem of N.S.

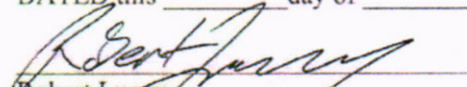
APPROVED AS TO FORM AND CONTENT:

Dated this 14 day of June, 2017.



Terri Keyer-Cooper, counsel for Plaintiff

DATED this _____ day of _____, 2017.

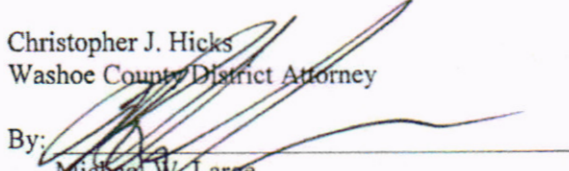


Robert Lucey,
Chairman - Washoe County Board of County Commissioners

APPROVED AS TO FORM AND CONTENT:

Dated this 13th day of June, 2017.

Christopher J. Hicks
Washoe County District Attorney

By: 
Michael W. Large
Deputy District Attorney
Attorneys for Defendants



WASHOE COUNTY COMMISSION

1001 E. 9th Street
P.O. Box 11130
Reno, Nevada 89520
775.328.2005

RESOLUTION
ADOPTING THE AMENDED SOUTH VALLEYS AREA PLAN (CP05-004),
A PART OF THE WASHOE COUNTY COMPREHENSIVE PLAN

WHEREAS, Sections 278.150, 278.170 and 278.210, Nevada Revised Statutes, specify that the Washoe County Planning Commission may prepare, adopt and amend a master (comprehensive) plan for all or any part of the County, subject to County Commission approval;

WHEREAS, Section 278.160, Nevada Revised Statutes, specifies that the master plan shall include the following subject matter or portions thereof as deemed appropriate: community design, conservation plan, economic plan, historic properties preservation plan, housing plan, land use plan, population plan, public buildings, public services and facilities, recreation plan, safety plan, seismic safety plan, solid waste disposal plan, streets and highways plan, transit plan, and transportation plan, and such other plans as judged necessary;

WHEREAS, Public hearings on the adoption of the amended SOUTH VALLEYS AREA PLAN, a part of the Washoe County Comprehensive Plan, were held on February 20, 2007 and July 11, 2007, by said Planning Commission;

WHEREAS, The Washoe County Planning Commission has found that the SOUTH VALLEYS AREA PLAN, a part of the Washoe County Comprehensive Plan, and the most recent amendment, together with the applicable maps and descriptive matter, provide a long-term general plan for the development of the County including the subject matter currently deemed appropriate for inclusion in the Comprehensive Plan, and has submitted the amendment to the SOUTH VALLEYS AREA PLAN to the Board of County Commissioners, Washoe County, with the recommendation for approval and adoption thereof;

WHEREAS, Section 278.220, Nevada Revised Statutes, specifies that the Board of County Commissioners of Washoe County, Nevada, may adopt and endorse plans for Washoe County as reported by the Planning Commission, in order to conserve and promote the public health, safety and general welfare;

WHEREAS, Public hearings on the adoption of the Washoe County Comprehensive Plan, including the SOUTH VALLEYS AREA PLAN, was first held on May 21, 1991, with the most recent amendment to the SOUTH VALLEYS AREA PLAN being held on May 22, 2007, July 24, 2007 and August 28, 2007, by the Board of County Commissioners of Washoe County, Nevada;

WHEREAS, at the conclusion of the public hearing of August 28, 2007 the Board of County Commissioners exercised its authority pursuant to Section 278.220 and endorsed that part of the amendment that pertains to the areas known as Steamboat and Pleasant Valleys, and did not endorse that part of the amendment that refers to the area known as Washoe Valley;

Adoption (Steamboat &
Pleasant Valley)
BCC 8/28/2007
07-999
Item 22

BCC 10/23/2007
07-1249
Item 16
(Resolution)

07-1249

WHEREAS, the resulting master plan will be a compilation of the language and maps endorsed by the Board of County Commissioners and the plan as it existed prior to amendment, such that the previously adopted plan will continue to be applied to Washoe Valley and the amended language and maps as endorsed and adopted by the Board of County Commissioners will be applied to Pleasant Valley and Steamboat Valley.

WHEREAS, the resulting master plan, an amendment to the SOUTH VALLEYS AREA PLAN, a part of the Washoe County Comprehensive Plan, pursuant to Section 278.0282, Nevada Revised Statutes, was endorsed for conformance review with the Truckee Meadows Regional Plan;

WHEREAS, A public hearing for the review of conformance of the Washoe County Comprehensive Plan, including the SOUTH VALLEYS AREA PLAN, was first held on October 23, 1991, with the most recent amendment to the SOUTH VALLEYS AREA PLAN being held on January 9, 2008, by the Truckee Meadows Regional Planning Commission, at which time the plan was deemed in conformance with the Truckee Meadows Regional Plan; and

WHEREAS, The amendment to the SOUTH VALLEYS AREA PLAN, a part of the Washoe County Comprehensive Plan, which is in conformance with the Truckee Meadows Regional Plan, has completed all the necessary requirements for adoption as specified in the Nevada Revised Statutes and Article 820, Amendment of Comprehensive Plan, of the Washoe County Development Code; now, therefore, it is hereby

RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, That the Board does hereby adopt and endorse the amended SOUTH VALLEYS AREA PLAN, a part of the Washoe County Comprehensive Plan, to serve as a guide for the orderly growth and development of Washoe County, Nevada.

ADOPTED This ____ day of _____, 2008.

WASHOE COUNTY COMMISSION

Robert M. Larkin
Robert M. Larkin, Chair

ATTEST:

Amy Harvey
Amy Harvey, County Clerk



07-1249



WASHOE COUNTY COMMISSION

1001 E. 9th Street
P.O. Box 11130
Reno, Nevada 89520
(775) 328-2005

**RESOLUTION
ADOPTING THE UPDATED VERDI AREA PLAN (CP06-007),
A PART OF THE WASHOE COUNTY COMPREHENSIVE PLAN**

WHEREAS, Sections 278.150, 278.170 and 278.210, Nevada Revised Statutes, specify that the Washoe County Planning Commission may prepare, adopt and amend a master (comprehensive) plan for all or any part of the County, subject to County Commission approval;

WHEREAS, Section 278.160, Nevada Revised Statutes, specifies that the master plan shall include the following subject matter or portions thereof as deemed appropriate: community design, conservation plan, economic plan, historic properties preservation plan, housing plan, land use plan, population plan, public buildings, public services and facilities, recreation plan, safety plan, seismic safety plan, solid waste disposal plan, streets and highways plan, transit plan, and transportation plan, and such other plans as judged necessary;

WHEREAS, A public hearing on the adoption of the amended VERDI AREA PLAN, a part of the Washoe County Comprehensive Plan, was held on July 15, 2008 by said Planning Commission;

WHEREAS, The Washoe County Planning Commission has found that the VERDI AREA PLAN, a part of the Washoe County Comprehensive Plan, together with the applicable maps and descriptive matter, provide a long-term general plan for the development of the County including the subject matter currently deemed appropriate for inclusion in the Comprehensive Plan, and has submitted the amendment to the VERDI AREA PLAN to the Board of County Commissioners, Washoe County, with the recommendation for approval and adoption thereof;

WHEREAS, Section 278.220, Nevada Revised Statutes, specifies that the Board of County Commissioners of Washoe County, Nevada, may adopt and endorse plans for Washoe County as reported by the Planning Commission, in order to conserve and promote the public health, safety and general welfare;

WHEREAS, A public hearing on the adoption of the Washoe County Comprehensive Plan, including the VERDI AREA PLAN, was first held on May 21, 1991, with the most recent amendment to the VERDI AREA PLAN being held on August 26, 2008 by the Board of County Commissioners of Washoe County, Nevada;

WHEREAS, at the conclusion of the public hearing, the Board of County Commissioners endorsed the amendment to the VERDI AREA PLAN, a part of the Washoe County Comprehensive Plan, pursuant to Section 278.0282, Nevada Revised Statutes, for conformance review with the Truckee Meadows Regional Plan;

08-963

WHEREAS, A public hearing for the review of conformance of the Washoe County Comprehensive Plan, including the VERDI AREA PLAN, was first held on October 23, 1991, with the most recent amendment to the VERDI AREA PLAN being held on October 8, 2008, by the Truckee Meadows Regional Planning Commission, at which time the plan was deemed in conformance with the Truckee Meadows Regional Plan; and

WHEREAS, The amendment to the VERDI AREA PLAN, a part of the Washoe County Comprehensive Plan, which is in conformance with the Truckee Meadows Regional Plan, has completed all the necessary requirements for adoption as specified in the Nevada Revised Statutes and Article 820, Amendment of Comprehensive Plan, of the Washoe County Development Code; now, therefore, it is hereby

RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA That the Board does hereby adopt and endorse the amended VERDI AREA PLAN, a part of the Washoe County Comprehensive Plan, to serve as a guide for the orderly growth and development of Washoe County, Nevada.

ADOPTED This 9th day of October, 2008.

WASHOE COUNTY COMMISSION



Robert M. Larkin, Chair

ATTEST:



Amy Harvey, County Clerk

08-963



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <https://tax.nv.gov>
Call Center: (866) 962-3707

LAS VEGAS OFFICE
700 E. Warm Springs Rd, Suite 200
Las Vegas, Nevada 89119
Phone (702) 486-2300
Fax (702) 486-2373

JOE LOMBARDO
Governor
GEORGE KELESIS
Chair, Nevada Tax Commission
SHELLIE HUGHES
Executive Director

CARSON CITY OFFICE
3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
Phone: (775) 684-2000
Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane, Suite L235
Reno, NV 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

December 19, 2023

To All counties, incorporated cities, and unincorporated towns of the State of Nevada:

Please consider this official notice, per Nevada Administrative Code 360.390(4), that the following jurisdictions have submitted letters of appeal regarding the draft 2023 Population Estimates, as estimated by the State Demographer: Town of Tonopah.

This is also official notice, per NAC 360.390(7), that in the event those appeals are not resolved, administrative hearings will be held on those appeals as follows:

January 19, 2024, at 9:00 a.m. – Town of Tonopah

If you have any questions, please do not hesitate to contact me.

Sincerely,

Adriane Roberts-Larson

Adriane Roberts-Larson
Deputy Executive Director
Nevada Department of Taxation

CLERK OF THE COURT
MONTHLY FINANCIAL STATEMENT
STATE OF NEVADA, COUNTY OF WASHOE
Month Ending December 31, 2023

Alicia L. Lerud, Clerk of the Court, in compliance with NRS 19.090, and being first duly sworn, and under penalty of perjury, deposes and says that the following is a full and correct statement of all fees, percentages or compensation received in my official capacity during the preceding month:

Clerk of the Court	Law Library Fund	\$	5,130.00
	Additional Divorce Filing Fee	\$	100.00
	*County General Fund	\$	98,760.50
	eFile Fee (General Fund)	\$	25,200.00
	State Civil Fee	\$	15,361.00
	Legal Aid Filing Fee	\$	20,996.00
	TOTAL		<u>\$165,547.50</u>


Alicia L. Lerud
District Court Administrator/Clerk of Court

* Included in County General Fund are the following fees: balance of civil action, certified copies of all miscellaneous.

CASH REGISTER READOUT	
T.R. Rec.No. (Doc. No)	

UNIT ID: CLERK - JUDICIAL
 Date: January 2, 2024

FOR AUDIT AND CONTROL PURPOSES PLEASE INDICATE THE REASON FOR THIS COLLECTION.
 (Attach any additional document if this would help to clarify the collection.)

DISTRICT COURT FEES COLLECTED FOR DEC 2023

ACCOUNTS TO BE CREDITED					AMOUNT	
CR/GF/OP	ACCOUNT DESCRIPTION	ACCOUNTING CODE NUMBERS				
		ORDER	COST CENTER	ACCOUNT		
OP	Legal Aid (Washoe Legal Services) (01)		990023	441007	10,904.50	legalaids \$ 20,996.00
OP	Legal Aid (Elderly Indigent) Sr. Center (02)		250411	460720	3,901.50	
OP	State Civil (03)		990019	441022	10,656.00	state civil \$ 15,361.00
GF	Law Library (04)		123100	460222	5,130.00	law library \$ 5,130.00
GF	Clerk Fees (05,6,7)		120101	460210	24,075.50	general \$ 123,960.50
CR	DC Technology SB106 (06)	20038	120105	460210	504.00	
OP	Legal Aid (Washoe Legal Services) (08)		990023	441078	6,190.00	
GF	Additional Divorce Answer Fee (09)		120231	460220	100.00	add'l div \$ 100.00
GF	Mediation (10)		120331	471205	2,320.00	
OP	Neighborhood Dispute Center (11)		270710	460225	2,320.00	
GF	Arbitration (11)		120111	471215	-	
OP	Displaced Homemakers (12)		990019	441021	2,760.00	
GF	Divorce Training (13)		120231	460223	475.00	
GF	Family Mediation Fee (14)		120331	471210	600.00	
GF	CD Recording/Record on CD (15,17)		120311	485300	575.00	
OP	Vital Statistics (State of NV) (18)		990019	441004	950.00	
OP	State of NV (CAC / Tech) (19)		990019	441020	630.00	
OP	State of NV (DAC / Judges) (20)		990019	441019	315.00	
CR	Court Expansion Fees AB65 (21)	20326		460211	57,367.00	
CR	Court Security Fees AB65 (22)	20335		460213	9,280.00	
CR	Mtn to Modify Div SB388 (23)	20408		460214	462.00	
CR	Opp Mtn to Mod Div SB388 (24)	20409		460215	164.00	
GF	eFile Subscription (25)		120106	460212	25,200.00	
GF	Attorney ID Badge Fee (26)		120101	485320	150.00	
GF	Attorney ID Badge Fee PW (27)		160100	485100	-	
GF	Law Library Fine/Fee (28)		123100	465100	-	
OP	Foreclosure Mediation State (34)		990019	460121	50.00	
GF	Foreclosure Mediator (35)	22414		460220	200.00	
GF	Over/Short (Filing Office) (36)		120231	711300	268.00	
TOTAL					\$ 165,547.50	

Prepared By: Valerie Moser

ACCEPTED BY: Justin Taylor
 Washoe County Treasurer



OFFICE OF THE WASHOE COUNTY TREASURER

MONTHLY STATEMENT OF WASHOE COUNTY TREASURER FOR
MONTH ENDING DECEMBER 31, 2023

BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA

RE: NRS 354.280

Honorable Commissioners:

I hereby submit this summary record of the source and amount of all receipts, apportionments to, payments from and balances in all funds and separate accounts as required by referenced statute. Detailed information is available in my office.

CASH ON DEPOSIT	OUTSTANDING	BOOK BALANCE
\$82,656,852.75	\$3,133,020.08	\$79,523,832.67

INVESTMENTS (Reported at Market – All Groups)
\$955,147,536.33

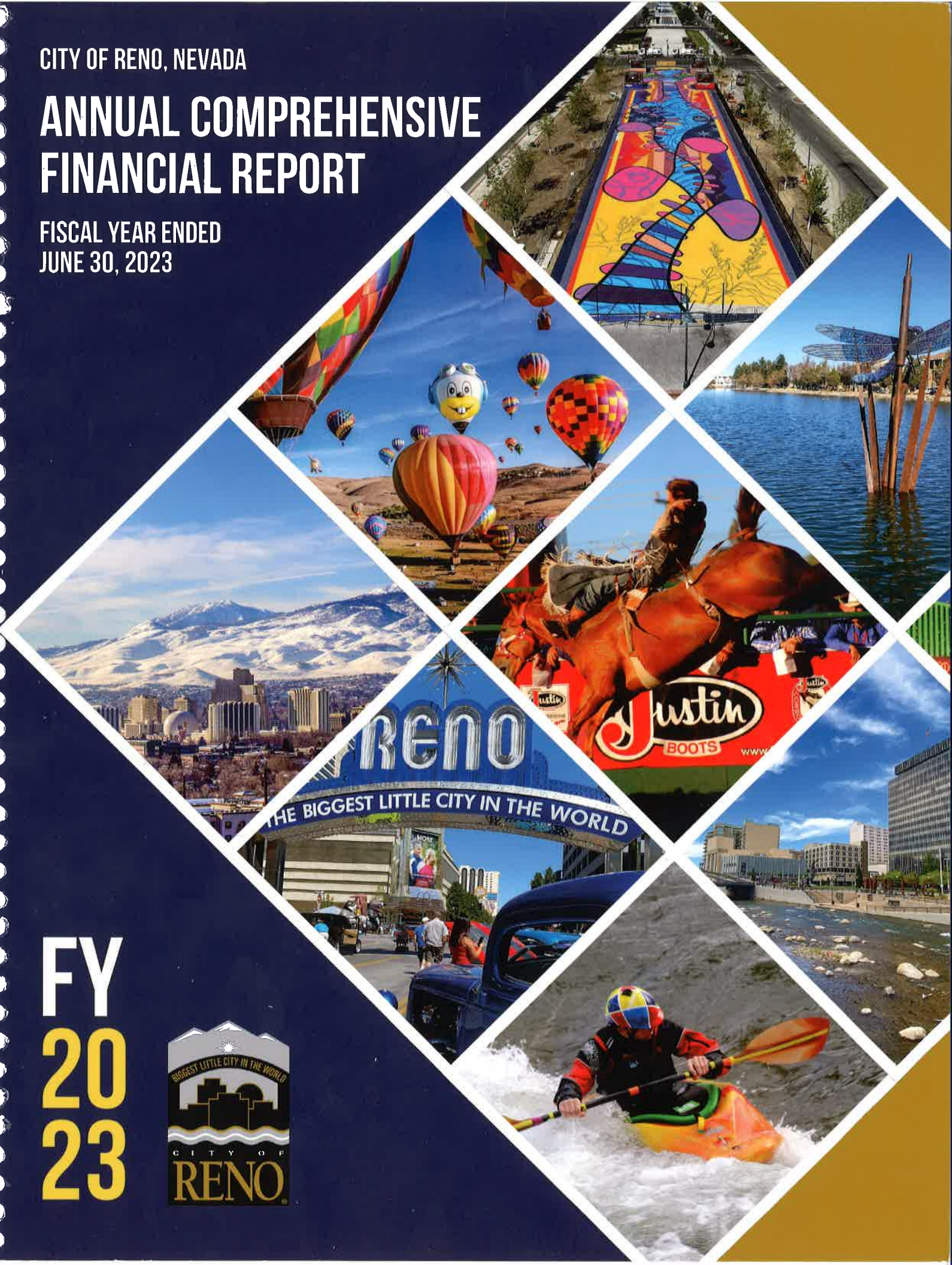
Unapportioned Funds (Secured & Unsecured)			
Washoe County	Restricted Funds	Other Agencies	Total
\$24,365,595.27	\$7,419,872.71	\$48,664,436.80	\$80,449,904.78

Brenda Mathers, Chief Deputy Treasurer

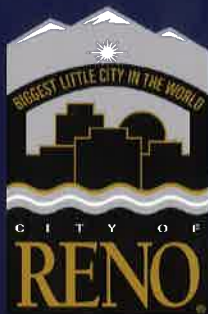
CITY OF RENO, NEVADA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2023



FY
20
23



City of Reno, Nevada

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023

Prepared by the Finance Department

Vicki Van Buren – Director of Finance
Matthew Taylor, CPA – Assistant Finance Director
Crystal Dean – Accounting Manager
Robert Carson – Senior Management Analyst
Mark Stone – Grants Administrator
Renee Beloit – Management Assistant
Travis Floyd – Accounting Assistant
Ayreen Mora – Accounting Assistant
Megan Jessop – Accounting Technician
Kayla Nguyen – Accounting Technician
Daniel Stephan – Accounting Technician

Special Thanks to the Budgeting and Sewer Billing
Divisions

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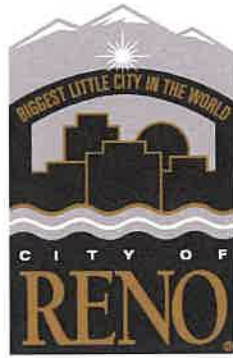
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Introductory Section



December 5, 2023

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Reno, Nevada:

The Annual Comprehensive Financial Report for the City of Reno for the fiscal year ended June 30, 2023 is hereby submitted. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

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

The City of Reno's financial statements have been audited by Moss Adams LLP. 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, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Reno's financial statements for fiscal year ended June 30, 2023, 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.

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

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

The City of Reno maintains budgetary controls to ensure compliance with legal provisions as part of the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. In April, the City Manager submits a tentative budget for the fiscal year to the City Council, the Nevada Department of Taxation, and the residents of Reno. The Nevada Department of Taxation notifies the City Council as to whether the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are discussed, must be held by the governing body not sooner than the third Monday in May and not later than the last day in May. The City Council adopts the budget prior to June 1st and submits it to the Department of Taxation for final approval no later than June 1st.

All amendments 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. Amendments 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. Unencumbered amounts lapse at year end. However, encumbrances generally are re-appropriated as part of the following year's first budget augmentation.

Local Economic Conditions

The region's economy has long relied on consumption-related activities such as logistics, construction, tourism, and gaming, and the area, known as Truckee Meadows, offers an extensive array of hospitality and casino options as well as vast recreational opportunities. Over the last decade, the economic structure of the region has expanded to include more technology-based industries. This economic diversification supports increased revenue stabilization for the City.

In June 2023, the unemployment rate in the Reno-Sparks region stood at 4.5%, which has increased over the past year with a low of 3.4% in September 2022 and a high of 4.5% in January, February and June

2023. Overall, Nevada had an unemployment rate of 5.4%, exceeding the national average of 3.6% in June 2023. This is mainly due to the large gaming and tourism industries that remain the largest economy in southern Nevada.

The median price of residential properties sold in Reno peaked during July 2022. City of Reno home values decreased 9% over the past year, with the median home price of a single-family home peaking in July 2022 at \$574,755. Since July, the median home value of a single-family home has fallen to \$562,500 in September 2023. Home sales for the month of September 2023 were 370 units, which is a decrease from the same month in 2022, where units peaked at 476. The inventory of homes on the market remains low, which is keeping prices stable even with the rising interest rates.

In fiscal year 2022/23, property taxes increased 8.1% and for fiscal year 2023/24, the City budgeted for property taxes to increase 5.0%. Due to the formula in Nevada Revised Statutes, there is a cap on the increase allowed in property taxes except for taxes generated by new construction. For fiscal year 2023/24, the projected increase was estimated to be 3.0% from existing residential and commercial properties and the remaining 2.0% from growth. The Washoe County Assessor anticipates property taxes will continue to rise, though at a modest pace. The housing market has slowed down for single family homes; however, there is continued growth in commercial construction.

Consolidated tax for fiscal years 2010/11 through 2021/22 showed steady increases, with an average increase of 7.8%. However, in FY2022/23 receipts declined due to inflation and recession concerns nationwide. A 6% increase was budgeted and consolidated tax came in under budget by 8.2%. Franchise fees showed significant growth during the year and came in over budget for the year in an amount that filled the gap caused by a decline in consolidated tax. This trend was recognized mid-year, and an adjustment was not needed in the overall revenue totals projected. For fiscal year 2023/24, the City adjusted the budget to reflect the flattening out of the revenue and as of August 2023, consolidated tax receipts are exceeding budget for FY 2023/24 by 2.2%.

The State of Nevada, Washoe County and City of Reno continue to focus efforts on diversifying the regional economy. Although tourism still represents a key role in Reno's tax and employment base, the region has slowly diversified into other industries including high-tech and health care. The City has benefitted from its growing local tax base and correlated operating revenues in the last several years, allowing the City to build up its accumulated general fund reserves.

The Economic Development Association of Western Nevada (EDAWN) reports that Reno is ranked number 1 in the top 50 Small Cities to live in the United States in 2020 and ranked among the top U.S. cities for young professionals in 2021. This is due to the natural beauty of the region as well as the pro-business attitude of the area's leaders. The City offers dense startup connections and an innovation-focused entrepreneurial culture. Increasingly, technology companies and a highly educated workforce are driving Reno's popularity with companies like Tesla, Amazon, and Google. Other factors that increase the appeal of Reno are the thriving restaurants and many special events. The Reno Aces AAA baseball team, as well as the myriad of year-round outdoor activities from alpine skiing to hiking to kayaking, all contribute to Outside Magazine naming Reno the happiest place to live in the U.S. in 2023.

The area climate boasts four distinct seasons, each with mild variations and few extremes. Winters typically see lows in the 20s, while summers bring highs in the 90s. With the low humidity characteristic of the high-desert, even the coldest days feel less cold and hot days not so hot. Cloudy days and rainfall are infrequent occurrences, with Reno enjoying over 250 days of abundant sunshine annually. While snowfall is certain during the winter, it tends to melt away 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.

City management continues to control expenses given the uncertainty of the economy and high inflation. Restructuring has occurred at all levels in the organization to promote efficiencies in operations and service delivery, and additional opportunities are constantly being identified and analyzed. The City continues to

review vacancies prior to recruitment to determine if there are opportunities to restructure or provide service differently.

Long-Term Financial Planning

The City continues to work with various community partners to recruit companies with high paying jobs in targeted industries, such as renewable energy and technology, to the area. Nevada has no corporate or personal income tax and is a right-to-work state which provides the opportunity for Reno to present itself as a desirable location for corporate headquarters, manufacturing, and logistics facilities in a number of high tech and service industries.

In order to position the City to successfully weather another long-term economic downturn while capitalizing on opportunities that can be developed under the current conditions, staff continues developing a number of financial planning tools. In addition to the measures mentioned above, a ten-year financial forecast is used to project future resource needs and adjust operating programs to meet the available resources.

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

Additionally, the management team has begun deploying different tactics designed to increase efficiency and effectiveness, including updated policies, process improvement initiatives and increased transparency.

Relevant Financial Policies

Rainy Day Reserves — In compliance with state law, the General Fund Financial Policy requires unreserved fund balance to be budgeted at 4% of prior year expenditures, which was included in the fiscal year 2022/23 adopted budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 15% for fiscal year 2023/24. In fiscal year 2014/15, the City committed \$2.1 million of consolidated tax revenues to begin funding a Stabilization Special Revenue Fund. The balance on June 30, 2023 is approximately \$3 million. The City recognizes the importance of these reserves, along with a conservative approach to spending, in giving the City a greater level of flexibility in responding to unforeseen revenue reductions. In addition, the City has funded a Contingency Account in the General Fund in the amount of \$1,000,000 for fiscal year 2023/24 for unanticipated expenditures.

OPEB Funding — The City's past practice of funding primarily pay-as-you-go costs rather than the full annual other post-employment benefit (OPEB) costs has resulted in continued growth in the City's net liability. The City does not have the resources, at this time, needed to fully fund the annual OPEB expense, including interest on the liability, but has created an OPEB trust so amounts may be put aside to fund this growing liability. Through the adoption of the Budget Guiding Principles, Council has begun a funding program through the allocation of a portion property tax growth to the OPEB trust. For the year ended June 30, 2023, the City transferred \$3,996,860 to the trust.

Risk Management – In fiscal year 2020/21, the City implemented a more robust risk management program to help control exposure to potential claims, and reduce costs. The current fiscal year is the second full year with this program closely monitoring revenues and expenditures. The City strives to aggressively litigate and resolve high exposure claims.

Major Initiatives

Each year, the Reno City Council revisits Reno's purpose, vision, mission, and values; from that, Council identifies strategic priorities which establish the programs and services funded for current and future fiscal years. The City continues to build upon the Council initiatives of re-visioning Reno, focusing on long-term fiscal planning, and performance management strategies to determine what services our residents need and want, and to identify resources for those services.

As part of a resilient budget strategy, two key financial planning tools were developed. A ten-year financial forecast to better project future resource needs, identify areas of concern and adjust operating programs to meet available resources is maintained. Second, a 20+ year history is maintained that tracks significant data points that assist with future projections. Although revenues have increased over the past decade, the future is still uncertain. The influx of federal stimulus funds has bolstered revenues. High inflation and market uncertainty are major concerns, and the full impact is difficult to predict. Long term planning that incorporates resilient budget practices is critical during uncertain economic times.

Efforts were also focused on addressing the challenges of unfunded liabilities, reallocation of resources, and reorganization of City operations. Throughout the year, management and Finance staff spent a great deal of time ensuring that the City's finances met all applicable standards and corrective actions were taken to ensure that all funds were brought into alignment with Council policies, state law, and GAAP. Attention continues to be focused on managing the City's debt portfolio. A key emphasis was on making changes that would support long-term stability by restructuring bonds when fiscally prudent.

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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 40th consecutive year that the City of Reno has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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 Moss Adams LLP. 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,



Vicki Van Buren
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Reno
Nevada**

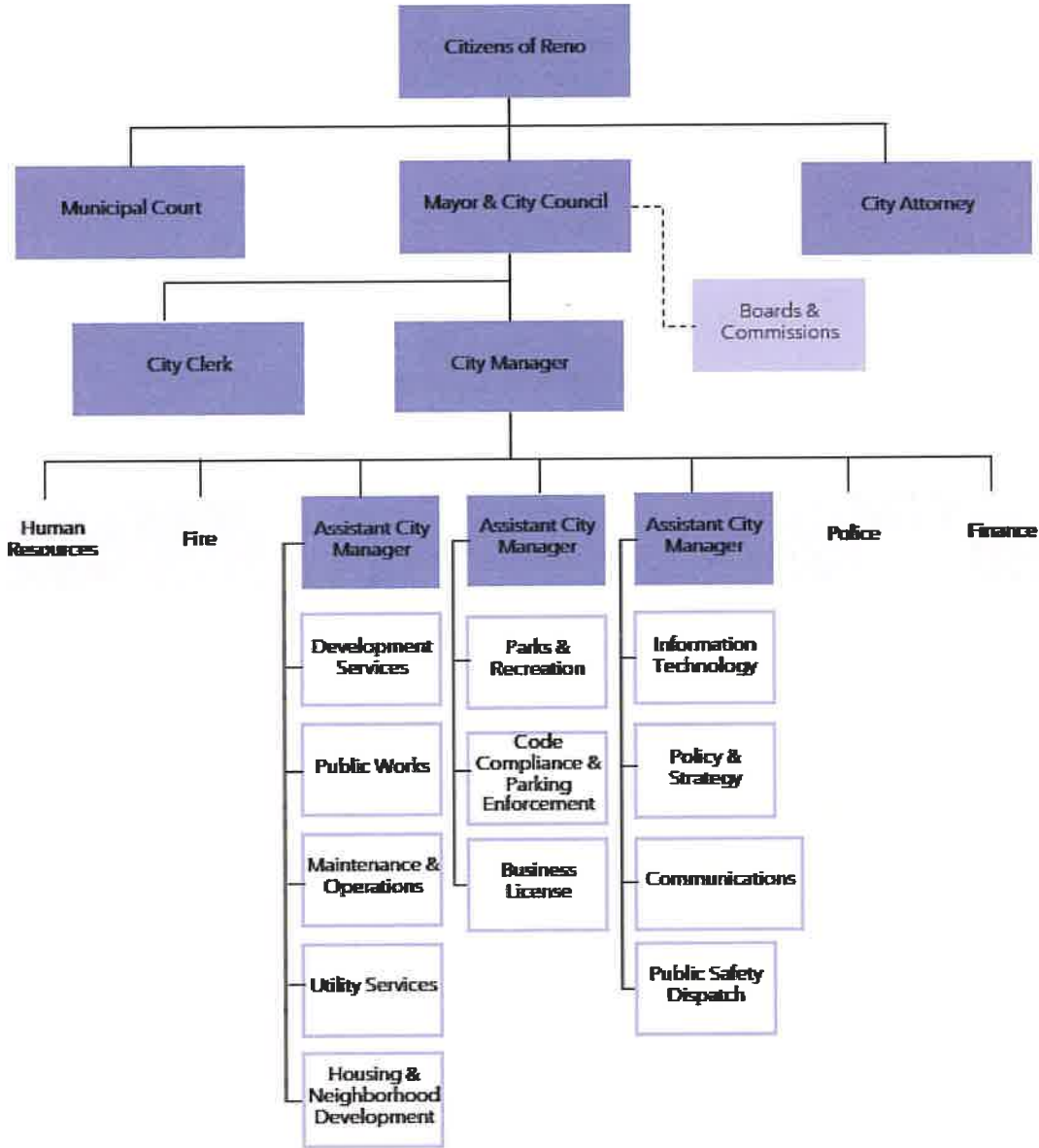
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Reno, Nevada
Organization Chart
For the Year Ended June 30, 2023



City of Reno, Nevada
City Officials
For the Year Ended June 30, 2023

CITY COUNCIL

Hillary Schieve, Mayor
Jenny Brekhus, Councilmember, Ward 1
Naomi Duerr, Councilmember, Ward 2
Miguel Martinez, Councilmember, Ward 3
Megan Ebert, Councilmember, Ward 4
Kathleen Taylor, Councilmember, Ward 5
Devon Reese, Councilmember, At Large

OTHER ELECTED OFFICIALS

Karl Hall, City Attorney
Gene Drakulich, Judge, Dept. 1
Shelly O'Neill, Judge, Dept. 2
Justin Champagne, Judge, Dept. 3
Christopher Hazlett-Stevens, Judge, Dept. 4

CITY MANAGEMENT

(Appointed by the City Council)

Doug Thornley, City Manager
Mikki Huntsman, City Clerk

(Appointed by City Manager)

Jackie Bryant, Assistant City Manager
JW. Hodge, Assistant City Manager
Eric Edelstein, Assistant City Manager
Vicki Van Buren, Finance Director
David Cochran, Fire Chief
Norma Santoyo, Human Resources Director
Craig Franden, Information Technology Director
Rebecca Venis, Director of Communications
Kathryn Nance, Police Chief
Calli Wilsey, Director of the Office of Policy & Strategy
Cynthia Esparza-Trigueros, Chief Equity and Community Relations Officer
Ashley Turney, Chief Innovation & Experience Officer
Kerrie Koski, Public Works Director
Travis Truhill, Director of Operations and Maintenance
John Flansberg, Regional Infrastructure Administrator
Trina Magoon, Utilities Services Director

(Appointed by Judges)

Veronica Lopez, Court Administrator

Financial Section



Report of Independent Auditors

Honorable Mayor and City Council Members
City of Reno, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Reno, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, postemployment benefits other than pension schedules, multiple-employer cost-sharing defined benefit plan schedules, and agent multiple-employer defined benefit pension plan schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the supplementary information) are presented for purposes of additional analysis and are 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of 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 solely 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 the effectiveness of City's 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.



Medford, Oregon
December 5, 2023

Management's Discussion and Analysis

City of Reno, Nevada
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The following management discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Reno (the City). The following document should be read in conjunction with the transmittal letter presented in the introductory section of this report to enhance the understanding of the financial information presented.

Financial Highlights

Summary of Selected Statement of Net Position Information

	Total Primary Government			
	2023	2022	Change	
Cash, cash equivalents and investments, unrestricted and restricted	\$ 526,259,938	\$ 474,117,935	\$ 52,142,003	11%
Truckee Meadows Water Reclamation Facility	83,340,822	83,128,787	212,035	0%
Capital assets, net	1,513,596,152	1,426,171,191	87,424,961	6%
Bonds and notes payable, net of unamortized premiums and discounts	518,325,293	470,857,329	47,467,964	10%
Net other post-employment benefits liability	121,310,461	133,546,458	(12,235,997)	-9%
Net pension liability	352,299,545	173,851,338	178,448,207	103%
Total net position	1,031,449,491	967,206,046	64,243,445	7%

The increase in cash, cash equivalents and investments is due to the funds received from the bond issued to construct the Public Safety Center and Moana Springs pool. There was also an increase in charges for services from business licenses as well as in the enterprise funds in sewer fees.

The increase experienced in the City's net position is largely attributable to an increase in cash due to 1) the issuance of long-term and medium-term obligations in the amount of \$68,639,002 for the construction of the Public Safety Center, Moana Springs Pool and police protective equipment 2) growth in property tax revenues and other intergovernmental shared revenues; and 3) growth in charges for service, particularly in the enterprise funds.

The City's investment in the Truckee Meadows Water Reclamation Facility remained consistent due to new capital contributions being equal to depreciation realized during the current fiscal year.

Capital assets, net of depreciation increased primarily due to dedicated streets, sewer lines and storm drains, as well as new construction in progress related to infrastructure, the new Public Safety Center and the Moana Springs Pool.

The City issued two obligations during the year amounting to a \$68.6 million increase for the Public Safety Center, Moana Springs Pool, Fire Headquarters, and police protective equipment. The City also recorded the final \$3.29 million in new draws on the \$55 million 2020 State Clean Water Revolving Loan Fund loan contract, the proceeds of which are being used to expand the Reno/Stead Water Reclamation Facility in the growing North Valleys. Now that the project is complete and all of the funds are drawn, the loan contract was converted to the 2020 bonds. Due to the additional draws and obligations, total bonds and notes payable increased net of scheduled principal reductions.

The City's other post-employment benefits other than pensions (OPEB) report for the fiscal year ending June 30, 2023, is a new valuation for the current fiscal year. No assumptions were changed from the previous valuation other than to increase the discount rate from 6.0% to 6.5%, the effect of which was a 9% decrease in the total OPEB liability. Deferred inflows related to OPEB declined by \$7.0 million and deferred outflows declined by \$0.5 million, so the net impact on the Statement of Net Position was a \$18.7 million decrease.

City of Reno, Nevada
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The net pension liability increased significantly at 103%. Deferred outflows of resources were 19% higher, while deferred inflows were 70% lower. In accordance with generally accepted accounting principles, the City records its proportionate share of PERS' unfunded liability and related amounts, even though Nevada Revised Statutes state that the City is not liable for such amounts.

Summary of Selected Statement of Activity Information

	Total Primary Government			
	2023	2022	Change	
Charges for services	\$ 202,313,059	\$ 182,041,843	\$ 20,271,216	11%
Operating grants and contributions	27,420,988	24,057,072	3,363,916	14%
Capital grants and contributions	74,512,432	33,427,552	41,084,880	123%
Property taxes	101,958,471	92,257,926	9,700,545	11%
Intergovernmental shared revenue, unrestricted	100,722,789	101,812,439	(1,089,650)	-1%
Total expenses	484,842,878	379,807,610	105,035,268	28%
Change in net position	64,243,446	67,271,735	(3,028,289)	-5%

Property tax collections continued to increase due to new construction that was started in prior years and the continued rebounding of property values although growth in assessed values is limited by caps established in 2005 by Nevada's State Legislature. Charges for service increased for business licensing activity, gaming licenses, and certain other activities, reflecting the effect of the reopening of businesses and State and local government offices. The City saw a tapering off in building permit activity. Intergovernmental shared revenues, led by consolidated tax revenues, decreased 1% as consumer spending was lowered due to increases in interest rates.

Capital grants and contributions increased significantly due to streets which were reconstructed by the Regional Transportation Commission of Washoe County, Nevada and belong to the City of Reno. The construction costs are recognized by the City as a contribution in the year the construction is completed.

Expenses increased by 28% as the City had large cost of living adjustments of 7% (on average) for staff as well as an increase in the overall number of full time equivalent staff members. The medium term obligation in the amount of \$9M was spent on police protective equipment that was not capitalized under the City's existing policy. The City also increased spending of the ARPA Funds that were received in FY 2021.

Financial Overview

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

A fund is a legal and accounting entity with a self-balancing set of accounts to record activity involving assets and liabilities. The City, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 84 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 (4) funds because they qualify as major funds under the GASB 34 definition: General Fund, Street Special Revenue Fund, Cabela's Debt Service Fund, and the City of Reno Capital Project Fund. Information for the remaining funds, which did not meet the definition of a major fund, is aggregated for reporting purposes.

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Other Information

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

City of Reno, Nevada
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Financial Statement Analysis

Government-wide Financial Statement Analysis

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

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current, restricted and other assets	\$ 401,814,016	\$ 357,619,340	\$ 202,483,791	\$ 197,217,467	\$ 604,297,807	\$ 554,836,807
Investment in Truckee Meadows Water Reclamation Facility			83,340,822	83,128,787	83,340,822	83,128,787
Capital Assets	1,023,200,391	960,978,841	490,395,761	465,192,349	1,513,596,152	1,426,171,190
Total Assets	1,425,014,407	1,318,598,181	776,220,374	745,538,603	2,201,234,781	2,064,136,784
Deferred Outflows of Resources						
Deferred amounts related to pensions	122,378,891	105,789,368	12,311,474	9,350,530	134,690,365	115,139,898
Deferred amounts related to OPEB	990,119	1,462,824	54,379	68,508	1,044,498	1,531,332
Deferred loss on debt refunding activity	17,960,925	18,545,787	-	-	17,960,925	18,545,787
Total Deferred Outflows of Resources	141,329,935	125,797,979	12,365,853	9,419,038	153,695,788	135,217,017
Liabilities						
Current liabilities	128,359,935	127,162,698	35,463,650	32,371,892	163,823,585	159,534,590
Long-term liabilities	999,912,460	772,844,552	95,259,020	82,274,504	1,095,171,480	855,119,056
	1,128,272,395	900,007,250	130,722,670	114,646,396	1,258,995,065	1,014,653,646
Deferred Inflows of Resources						
Deferred amount related to pensions	2,810,476	136,304,805	279,434	12,043,114	3,089,910	148,347,919
Deferred amounts related to OPEB	53,068,886	56,162,533	1,914,703	5,816,991	54,983,589	61,979,524
Deferred amounts related to leases	6,412,513	7,166,669	-	-	6,412,513	7,166,669
Total Deferred Inflows of Resources	62,291,875	199,634,007	2,194,137	17,860,105	64,486,012	217,494,112
Net Position						
Net investment in capital assets	607,909,984	599,449,583	423,519,492	400,350,066	1,031,429,476	999,799,649
Restricted	128,026,846	90,213,451	30,466,787	89,428,695	158,493,633	179,642,146
Unrestricted	(360,156,758)	(344,908,131)	201,683,140	132,672,379	(158,473,618)	(212,235,752)
Total Net Position	\$ 375,780,072	\$ 344,754,903	\$ 655,669,419	\$ 622,451,140	\$ 1,031,449,491	\$ 967,206,043

City of Reno, Nevada
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	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	Change		Change		Change	
Assets						
Current, restricted and other assets	\$ 44,194,676	12.36%	\$ 5,266,324	2.67%	\$ 49,461,000	8.91%
Investment in Truckee Meadows Water Reclamation Facility			212,035	0.26%	212,035	0.26%
Capital Assets	62,221,550	6.47%	25,203,412	5.42%	87,424,962	6.13%
Total Assets	106,416,226	8.07%	30,681,771	4.12%	137,097,997	6.64%
Deferred Outflows of Resources						
Deferred amounts related to pensions	16,589,523	15.68%	2,960,944	31.67%	19,550,467	16.98%
Deferred amounts related to OPEB	(472,705)	-32.31%	(14,129)	-20.62%	(486,834)	-31.79%
Deferred loss on debt refunding activity	(584,862)	-3.15%	-		(584,862)	-3.15%
Total Deferred Outflows of Resources	15,531,956	12.35%	2,946,815	31.29%	18,478,771	13.67%
Liabilities						
Current liabilities	1,197,237	0.94%	3,091,758	9.55%	4,288,995	2.69%
Long-term liabilities	227,067,908	29.38%	12,984,516	15.78%	240,052,424	28.07%
	228,265,145	25.36%	16,076,274	14.02%	244,341,419	24.08%
Deferred Inflows of Resources						
Deferred amount related to pensions	(133,494,329)	-97.94%	(11,763,680)	-97.68%	(145,258,009)	-97.92%
Deferred amounts related to OPEB	(3,093,647)	-5.51%	(3,902,288)	-67.08%	(6,995,935)	-11.29%
Deferred amounts related to leases	(754,156)	-10.52%	-		(754,156)	-10.52%
Total Deferred Inflows of Resources	(137,342,132)	-68.80%	(15,665,968)	-87.71%	(153,008,100)	-70.35%
Net Position						
Net investment in capital assets	8,460,401	1.41%	23,169,426	5.79%	31,629,827	3.16%
Restricted	37,813,395	41.92%	(58,961,908)	-65.93%	(21,148,513)	-11.77%
Unrestricted	(15,248,627)	4.42%	69,010,761	52.02%	53,762,134	-25.33%
Total Net Position	\$ 31,025,169	9.00%	\$ 33,218,279	5.34%	\$ 64,243,448	6.64%

Governmental Activities

The increase experienced in the City's current, restricted, and other assets relates primarily to the receipt of a \$60 million General Obligation Bond, issued in July 2022, for the purpose of constructing a Public Safety Center and the Moana Springs Aquatic Center.

Investment in capital assets, net of depreciation and amortization increased primarily due to dedicated streets, as well as new construction in progress related to infrastructure of the new Public Safety Center and the Moana Springs Aquatic Center.

The decrease in current liabilities is due to the recognition of the ARPA Funds that were recorded as unearned revenue when received in 2021 have been spent in the current year using the five major categories outlined by the U.S. Department of the Treasury.

An increase in long-term liabilities is due to the additional debt of a \$60 million General Obligation Bond issued in July 2022 and a \$160 million increase in the City's proportionate share of net pension liability as reported by the State of Nevada.

Business-type Activities

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

City of Reno, Nevada
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Net capital assets increased due to the number of sewer line rehabilitation projects in various stages of completion and the expansion in progress of the Reno-Sparks Water Reclamation Facility. The cost of these projects exceeded the effect of depreciation and asset disposals during the fiscal year. Other assets include a majority ownership interest in the Truckee Meadows Water Reclamation Facility (Facility).

The long-term liabilities for the City's business-type activities increased by 15.78% mainly due to an \$18 million increase in the City's proportionate share of net pension liability as reported by the State of Nevada

Statement of Changes in Net Position

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

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

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Summary Statement of Changes in Net Position

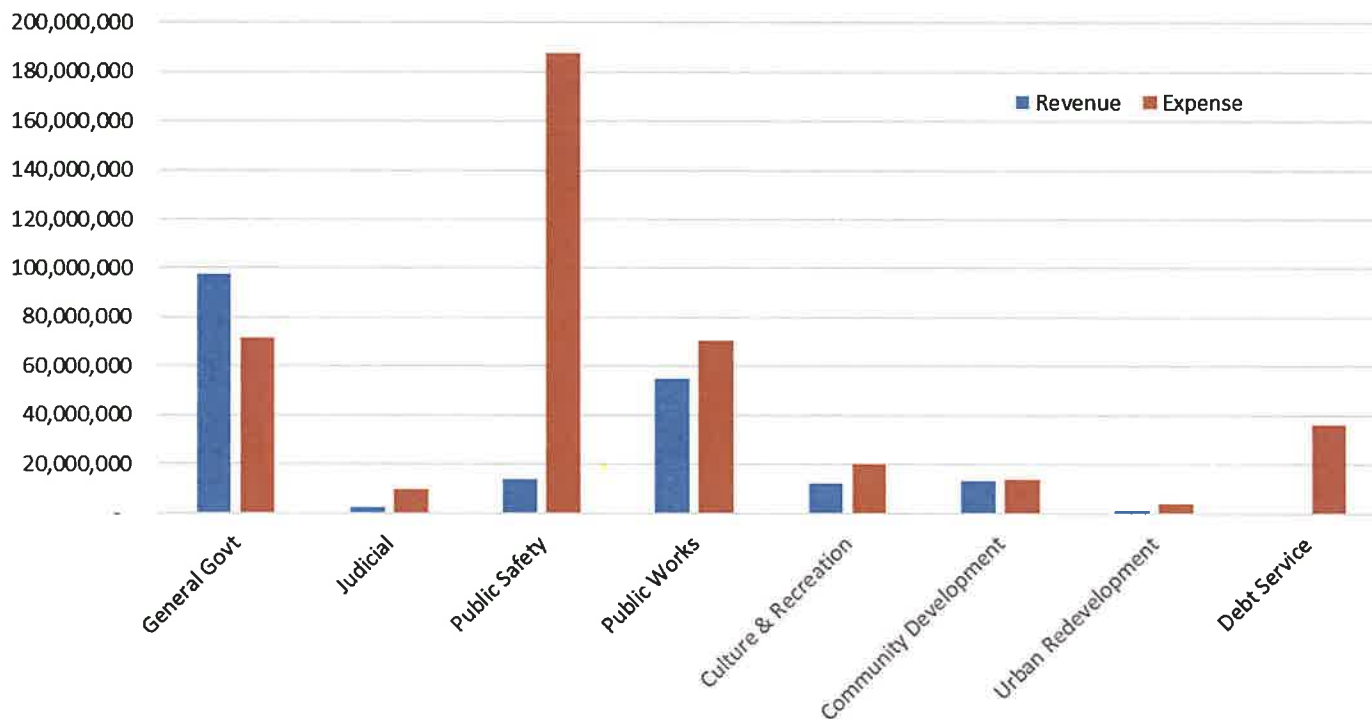
	Governmental Activities		Business-Type Activities		Total Primary Government	
	Change		Change		Change	
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 14,997,404	15.73%	\$ 5,273,812	6.08%	\$ 20,271,216	11%
Operating grants and contributions	984,020	4.09%	2,379,896	23798.96%	3,363,916	14%
Capital grants and contributions	43,200,428	237.95%	(2,115,548)	-13.85%	41,084,880	123%
Total Program Revenues	59,181,852	43.03%	5,538,160	5.43%	64,720,012	27%
<i>General revenues:</i>						
Property taxes	9,700,545	10.51%			9,700,545	11%
Room taxes	168,048	1.32%			168,048	1%
Sales tax dedicated to debt	799,054	5.60%			799,054	6%
Other sales taxes	14,510	0.55%			14,510	1%
Consolidated tax revenue	(1,052,322)	-1.11%			(1,052,322)	-1%
Intergov. shared revenue, unrestricted	(37,328)	-0.51%			(37,328)	-1%
Investment income	11,769,712	144.63%	8,177,897	-172.65%	19,947,609	-155%
Gain (loss) on disposal of capital assets	7,836,559	-110.49%	863,058		8,699,617	-109%
Miscellaneous	(933,814)	-19.95%	(18,952)	-100.00%	(952,766)	-20%
Total Revenue	87,446,816	24.94%	14,560,163	15.10%	102,006,979	23%
Expenses						
General government	14,171,757	22.83%			14,171,757	23%
Judicial	94,985	1.01%			94,985	1%
Public safety	66,420,898	54.81%			66,420,898	55%
Public works	27,665,459	64.61%			27,665,459	65%
Community development & support	(14,595,310)	-51.39%			(14,595,310)	-51%
Culture & recreation	807,234	4.17%			807,234	4%
Urban redevelopment	(139,461)	-3.36%			(139,461)	-3%
<i>Debt service:</i>						
Interest & fiscal charges	4,399,592	20.97%			4,399,592	21%
Sanitary sewer			4,370,199	7.27%	4,370,199	7%
Building permits			1,839,915	16.28%	1,839,915	16%
Total Expenses	98,825,154	32.05%	6,210,114	8.69%	105,035,268	28%
Change in net position	(11,594,789)	-27.28%	8,566,500	34.59%	(3,028,289)	-5%
Transfers	(104,451)	-48.26%	104,451	-48.26%	-	
Net position, beginning of year	42,507,956	14.06%	24,763,779	4.14%	67,271,735	7%
Net position, end of year	\$ 30,808,716	8.94%	\$ 33,218,279	5.34%	\$ 64,243,446	7%

City of Reno, Nevada
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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.

Program Revenue and Expenses - Governmental Activities



As indicated in the chart, expenses exceeded program revenues for all functions with the exception of general government. This indicates that services provided within those functions by the City are funded with tax dollars and other general revenues rather than from direct charges for those services. The gaps between expenses and program revenues for the public safety function and community development and support function are lessened due to the receipt of operating and capital grants from federal and state governments. The culture and recreation and judicial functions both generate a certain amount of charges for service that partially cover their operating expenses. Public Works receives contributed capital from developers and at times from the Regional Transportation Commission (RTC), which is classified as capital grants and contributions.

While the major source of debt payments for the recessed 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 became the largest revenue contributor at 25.03%, with property taxes a close second at 23.32%. Consolidated taxes were the third, contributing 23.04% of all revenues for governmental activities.

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Charges for services rose by 15.73% compared to the prior fiscal year. The primary increases in revenue related to an increase in business license revenues, an increase in electric franchise fees and an increase in EMS transport revenue. Business licenses and EMS transport revenues increased because of an increase in demand combined with a CPI increase in rates. Electric franchise fees increased because NV Energy increased rates and the winter for the fiscal year was colder and longer than normally for the area.

The 4.09% increase in operating grants and contributions primarily relates recognizing revenues from ARPA funds that were received in advance in 2021 and recorded in unearned revenue until the funds have been spent on approved projects.

The 237.95% increase in capital grants and contributions is the result of the dedication of streets, as well as new construction in progress related to the infrastructure for the new Public Safety Center and the Moana Springs Aquatic Center.

Property taxes had a 10.51% increase from the increased valuation of existing properties combined with additional homes being completed during the fiscal year.

The slight decrease in consolidated tax and unrestricted intergovernmental shared revenues is related to the slowdown of the local economy impacted from the increase in federal interest rates.

Interest and investment earnings saw a large increase due to the change in value of the City's investment portfolio. As interest rates change, the impact to unrealized gains and losses will increase and decrease depending on the City's current portfolio position. During the current year interest rates were on the rise and the City's investment portfolio was regularly reviewed for value opportunities to take advantage of increasing rates.

Most governmental functions experienced an increase in overall expenses, primarily due to higher salaries and wages from regularly scheduled merit increases, cost of living adjustments and adjustments for compensated absences accruals. The City also experienced higher employee benefits as contributions to the State of Nevada's Public Employees Retirement System are based on salaries and wages, and the contribution rate increases were realized for all employee types.

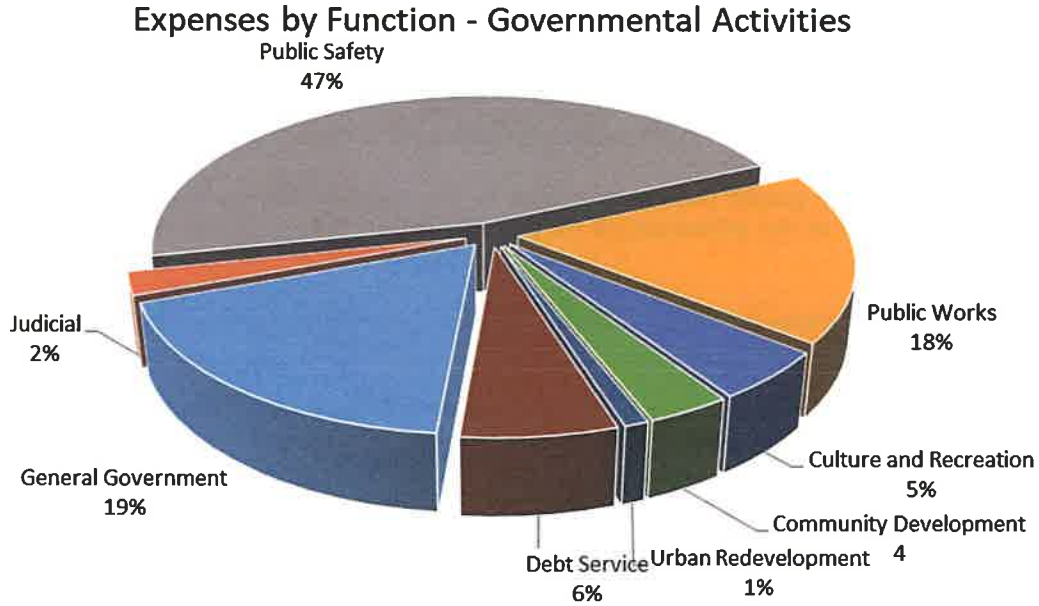
The increases in expenses for the general government, public safety, and public works functions are the net difference of increased salaries, benefits and number of employees at the City of Reno and the change in pension and OPEB valuation.

The 51.39% decrease in community development in the current year is because in the prior year there were many projects that were expensed due to not meeting the City's policy for capital assets. These expenses were not recorded as capital assets and depreciated over their useful lives, so the expense for the prior year was higher than in the current year.

Interest and fiscal charges increased 20.97% due to the fees associated with the new \$60 million bond issuance and associated interest payments for the new bond.

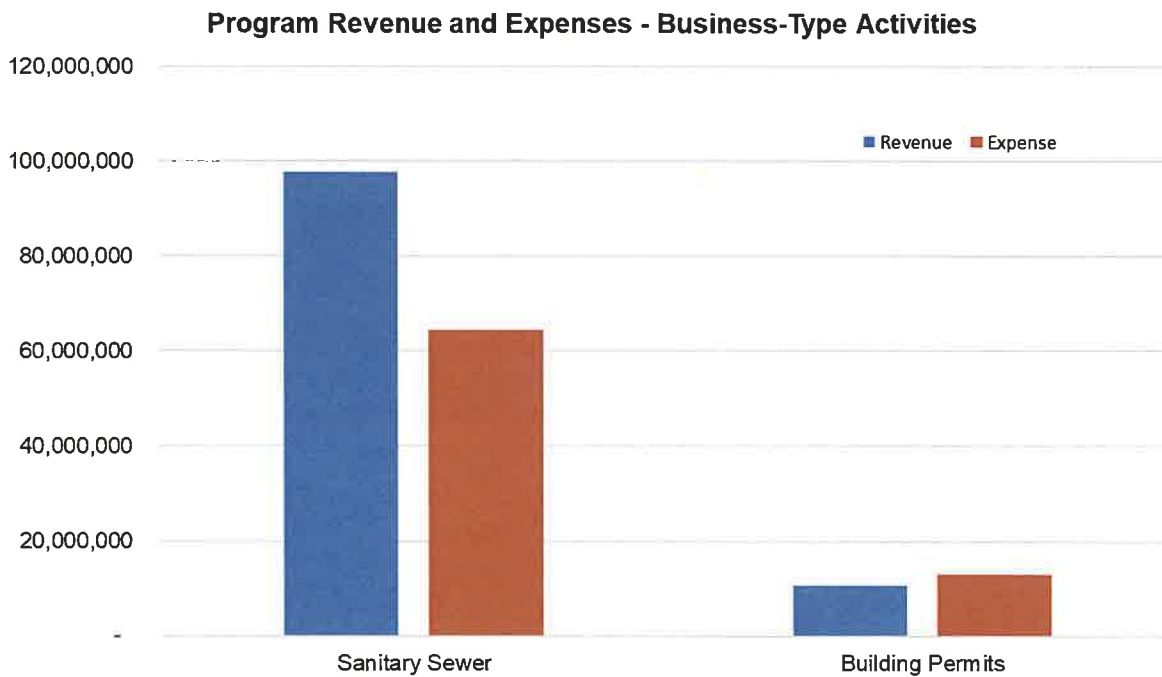
The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all government activities. The public safety function (police, fire and dispatch) continues to pose the largest cost to the City. The general government function is second for reasons previously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

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Business-type Activities

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



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Business-type activities realized a 5.43% increase in program revenue and a 15.10% increase in overall revenue. Much of the increase is due to the increase in the valuation of investments and the increase from sewer user fees. Expenses increased by 8.52%, resulting in 5.36% increase in net position for the business-type activities. Most of this increase in expenses was due to the increase related to OPEB and pension adjustments as well as additional employees hired for inspections and building permits.

The building permit function experienced a 20.10% decrease in overall building permits issued when compared to fiscal year 2021/22. The decline puts building permits back to similar levels as fiscal year 2020 prior to the pandemic. This translated into a 17.69% decrease in charges for service in the Building Permit Fund. The decrease in charges for services also relates to waived fees to promote low income housing. Expenses were 15.90% higher than the previous year due to higher salaries and wages from regularly scheduled merit increases, adjustments for cost of living and compensated absence accruals, and additional employees to cover the additional work from development expansion.

The sanitary sewer function continues to be self-supporting, with program revenues exceeding operating expenses. This allows the function to continue funding its capital needs without relying upon the issuance of debt except for the planned Stead wastewater treatment plant expansion. Sewer connection fee revenue remained consistent, which is expected given the decrease in building permits combined with connection fees being waived to promote low income housing and an increase in connection fees. Expenses increased 7.13% and charges for services increased by 6.78% which contributed to the increase in net position.

Financial Analysis of the Government's Funds

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

City of Reno, Nevada
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Total Assets - Governmental Funds

	2023	2022	Change	
General Fund	\$ 70,133,861	\$ 61,353,319	\$ 8,780,542	14.31%
Streets Special Revenue Fund	40,229,034	42,774,410	(2,545,376)	-5.95%
Cabela's Debt Service Fund	1,235,966	1,662,024	(426,058)	-25.63%
Public Works Capital Projects Fund	136,682,141	108,977,115	27,705,026	25.42%
Non-major Governmental Funds	92,056,981	87,291,349	4,765,632	5.46%

Total Liabilities - Governmental Funds

	2023	2022	Change	
General Fund	\$ 14,232,249	\$ 12,154,287	\$ 2,077,962	17.10%
Streets Special Revenue Fund	7,036,911	3,769,200	3,267,711	86.70%
Cabela's Debt Service Fund	16,424,488	14,449,238	1,975,250	13.67%
Public Works Capital Projects Fund	48,404,208	49,998,029	(1,593,821)	-3.19%
Non-major Governmental Funds	3,213,434	5,905,213	(2,691,779)	-45.58%

Total Fund Balance - Governmental Funds

	2023	2022	Change	
General Fund	\$ 48,218,827	\$ 41,254,404	\$ 6,964,423	16.88%
Streets Special Revenue Fund	32,913,113	38,793,234	(5,880,121)	-15.16%
Cabela's Debt Service Fund	(15,188,522)	(12,787,214)	(2,401,308)	18.78%
Public Works Capital Projects Fund	88,277,933	58,979,086	29,298,847	49.68%
Non-major Governmental Funds	85,113,676	75,210,989	9,902,687	13.17%

Total Revenues - Governmental Funds

	2023	2022	Change	
General Fund	\$ 278,451,477	\$ 257,655,124	\$ 20,796,353	8.07%
Streets Special Revenue Fund	34,551,988	32,116,317	2,435,671	7.58%
Cabela's Debt Service Fund	1,082,030	1,054,403	27,627	2.62%
Public Works Capital Projects Fund	21,378,639	5,003,669	16,374,970	327.26%
Non-major Governmental Funds	61,505,450	55,579,905	5,925,545	10.66%

Total Expenditures - Government Funds

	2023	2022	Change	
General Fund	\$ 265,828,670	\$ 230,520,516	\$ 35,308,154	15.32%
Streets Special Revenue Fund	40,342,109	27,824,776	12,517,333	44.99%
Cabela's Debt Service Fund	3,483,338	3,383,263	100,075	2.96%
Public Works Capital Projects Fund	64,848,055	28,119,779	36,728,276	130.61%
Non-major Governmental Funds	53,458,683	51,986,283	1,472,400	2.83%

Total Other Financing Sources (Uses) - Governmental Funds

	2023	2022	Change	
General Fund	\$ (5,658,384)	\$ (37,169,902)	\$ 31,511,518	-84.78%
Streets Special Revenue Fund	(90,000)	(101,329)	11,329	-11.18%
Cabela's Debt Service Fund	-	-	-	0.00%
Public Works Capital Projects Fund	72,768,264	41,753,103	31,015,161	74.28%
Non-major Governmental Funds	1,855,920	3,077,969	(1,222,049)	-39.70%

Of the above fund balances, \$3 million is categorized as nonspendable, \$104 million as restricted, \$105.2 million as assigned, and \$27 million as unassigned.

City of Reno, Nevada
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Major Governmental Funds

The primary operating fund of the City is the General Fund. At the end of the fiscal year presented, its total fund balance was \$48.2 million, an increase of 16.88% over the previous fiscal year. Unassigned fund balance increased by 22.63% in the current year to \$42.2 million which is due to increased salary and benefits for City employees; transfers to capital improvement funds for existing projects; netted against higher than anticipated property tax revenues, franchise fees and business licensing activity. One of the City's goals is to maintain a reserve in the general fund between 8.30% and 25.00% of the prior fiscal year's total operating expenditures. As of June 30, 2023, this calculation yielded a reserve of 15.92%.

The Streets Special Revenue Fund utilizes property tax overrides, motor vehicle fuel taxes and water toll fees to maintain arterial and neighborhood streets, as well as to perform neighborhood street rehabilitation projects. Fund balance decreased due to moderate revenue growth in property taxes as well as in excavation/encroachment fees, which are construction growth driven, and motor vehicle taxes based on increased driving as more of the population returned to work offset with increases in salary expenses and additional outside services for street repairs and maintenance.

The Cabela's Debt Service Fund is responsible for the payment of principal and interest on the outstanding 2007A and 2007B Sales Tax Increment (Cabela's) Bonds related to the construction of infrastructure assets installed as part of the construction of the Cabela's retail store. These bonds are paid solely from sales tax revenue collected in the City of Reno, Nevada Tourism Improvement District No. 2006-1 (Boomtown/Cabela's). Revenues have been insufficient to make timely debt service payments, causing matured principal and interest payable balances to rise, resulting in a negative fund balance. Prior to fiscal year 2019/2020 this debt service fund was included as part of the City Debt Service Fund.

The Public Works Capital Project Fund met the criteria for a major fund again this fiscal year due to the receipt of ARPA funds, which is reported as unearned revenue until such time as a formal, qualified spending plan is adopted by the City Council.

Non-major governmental funds consist primarily of special revenue and capital projects funds. Significant activities include the HUD and State housing grant fund created for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of lower income; collecting room taxes dedicated to improving parks and recreation facilities and to promote tourism; the collection and expenditure of certain court collection and administrative fees to enhance judicial programs; and the maintenance of and repairs and improvements to City owned facilities.

Major Proprietary Funds

The Sanitary Sewer Fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. The unrestricted net position at the end of the fiscal year amounted to \$189.1 million. Operating revenues were slightly higher at 55.19% from prior fiscal year level. Higher charges for service due to a modest sewer rate increase, the number of active sewer accounts and investment earnings were up from the prior fiscal year. Operating expenses increased 8.0% due to increased salaries and benefits. Capital projects increased during the year to work towards completion of the sewer plant expansion.

The City contributed \$1.7 million to the Truckee Meadows Reclamation Facility for capital improvements, and its share of the joint venture's loss was \$5.2 million, which was made up primarily of depreciation expense.

The Building Permit Fund accounts for resources provided by the issuance of building permit fees and performing plan checks/reviews related to new construction and remodeling/structure rehabilitation projects. Operationally, the fund's revenues were 17.69% lower than fiscal year 2021/22 levels due to slowing growth in the various categories of building permits issued. Operating expenses increased by 16.67% due to increased salaries and benefits, additional employees and due to an adjustment to pension and OPEB.

City of Reno, Nevada
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Budgetary Highlights for General Fund

Summary of Selected General Fund Budgetary to Actual Information

	Original Budget	Final Budget	Actual	Variance
Total Revenues	\$ 266,126,024	\$ 278,624,327	\$ 278,451,477	\$ (172,850)
Total Expenditures	254,813,410	282,101,984	265,828,670	16,273,314
Total Fund Balance	44,454,406	36,773,002	48,218,827	11,445,825

The functions represent the legal level of budgetary control. Budgeted revenues increased for reasons discussed previously. The expenditure budget for the general government function was increased to address the additional equipment purchased by the police department related to officer safety and retirement payouts for employees who left the organization in the current year. The public safety function specifically received budget increases related to grant-funded overtime and services and supplies and for payouts of compensated absences/leave balances upon retirement. Other department's budgets were increased modestly for various reasons. However, due to the conservative spending measures taken, every function's actual expenditures were less than their respective final budgets with the exception of public safety which went over budget in salaries and benefits due to unforeseen overtime costs and payouts of compensated absences/leave upon retirement.

Capital Assets Activity

At June 30, 2023, the City had total capital assets net of depreciation and amortization of \$1,513.6 million. This represents a 6.13% increase when compared to the prior year.

Major capital investment activities for fiscal year included:

- \$48.9 million increase in street infrastructure before depreciation, \$32.0 million of which was either contributed by developers or annexed and \$4.8 million of which was capitalized staff expenses.
- \$65.7 million in new construction in progress including the Public Safety Center and Moana Springs Pool, with completion of \$14.1 million of projects previously in construction in progress.
- \$3.7 million in new construction in progress related to the Reno/Stead Water Reclamation Facility which should be completed and placed into service in the subsequent fiscal year.
- \$28.2 million in new construction in progress in sewer line and storm drain rehabilitation and lift station improvement/replacement projects.

Additional information on capital assets is presented in Note 4 in the Notes to the Financial Statements section of this report.

Long-term Debt Activity

Bonds and notes payable outstanding at June 30, 2023, totaled \$518.3 million, net of premiums and discounts, a 10.08% increase when compared to the prior year. Debt for governmental activities represents 88.18% of total debt outstanding, with debt related to business type activities accounting for 11.82% of the total debt outstanding.

At June 30, 2023, the City had \$148.5 million of general obligation debt outstanding that is subject to the legal debt limit of \$2,079.3 million.

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

Additional information on long-term debt activity is presented in Note 6 in the Notes to the Financial Statements section of this report.

Known Economic Factors

For the first three months of fiscal year 2023/24, intergovernmental consolidated tax revenues have risen 2.86% over the first three months of fiscal year 2022/23. For June of 2023, statewide taxable sales were up 2.8% over June of 2022; whereas in Washoe County, taxable sales increased 0.5% for the same period. For the fiscal year as a whole, statewide taxable sales and Washoe County taxable sales for 2022/23 were 6.3% and 0.9%, respectively, higher over 2021/22 levels.

In June of 2023 the unemployment rate in the Reno-Sparks MSA was 4.5%, which is slightly lower than the state unemployment rate of 5.4% and higher than the national rate of 3.6%. This rate is significantly lower than the all-time high of 20.4% experienced in April of 2020, which was the first full month after the pandemic shutdown was instituted on March 17 by Nevada Governor Sisolak. The Reno MSA unemployment was 3.3% for the same time period one year ago.

The annual job growth rate for the Reno metropolitan area between June 2023 and June 2022 was 4.2% compared to the (8.6%) growth rate between June 2021 and June 2020. This percentage reflects a job recovery of 10,500. Statewide, job growth between June 2021 and June 2020 was 6.6%, or 90,400 jobs, with food service, hospitality, and leisure industries showing the strongest growth.

Requests for Information

This financial report is designed to provide a general overview of the financial activity and condition of the City to all having such an interest in the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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, Nevada
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Government Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 340,845,107	\$ 130,752,656	\$ 471,597,763
Cash, cash equivalents and investments, restricted	-	54,662,175	54,662,175
Receivables:			
Accounts	11,910,300	13,052,792	24,963,092
Leases	6,588,746	-	6,588,746
Taxes	874,296	-	874,296
Special assessments	4,180,600	-	4,180,600
Accrued interest on receivables	1,569,342	-	1,569,342
Due from other governments	31,229,310	2,725,012	33,954,322
Notes receivable	-	259,105	259,105
Inventories	1,471,617	421,219	1,892,836
Prepaid items	2,647,892	66,429	2,714,321
Property held for resale	1,041,209	-	1,041,209
Internal balances	(544,403)	544,403	-
Total current assets	<u>401,814,016</u>	<u>202,483,791</u>	<u>604,297,807</u>
Noncurrent assets:			
Joint Venture in TMWRF	-	83,340,822	83,340,822
Non-depreciated capital assets			
Construction in progress	72,966,926	108,162,024	181,128,950
Land	148,063,471	12,774,426	160,837,897
Water rights	1,125,000	1,812,114	2,937,114
Depreciable capital assets, net			
Buildings	144,929,533	5,891,790	150,821,323
Improvements other than buildings	244,384,635	347,810,409	592,195,044
Machinery, equipment and software	38,003,521	9,599,971	47,603,492
Infrastructure	368,471,763	-	368,471,763
Art and historical treasures	2,886,283	-	2,886,283
Subscription software	259,883	-	259,883
Right of use lease asset	2,109,376	4,345,027	6,454,403
Total noncurrent assets	<u>1,023,200,391</u>	<u>573,736,583</u>	<u>1,596,936,974</u>
TOTAL ASSETS	<u>1,425,014,407</u>	<u>776,220,374</u>	<u>2,201,234,781</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding activity	17,960,925	-	17,960,925
Deferred amounts related to pensions	122,378,891	12,311,474	134,690,365
Deferred amounts related to OPEB	990,119	54,379	1,044,498
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>141,329,935</u>	<u>12,365,853</u>	<u>153,695,788</u>

City of Reno, Nevada
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		Total
	Government Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	10,437,427	391,052	10,828,479
Accrued salaries and benefits	8,720,708	-	8,720,708
Contracts payable	19,621,302	8,126,118	27,747,420
Due to other governments	128,811	3,399,865	3,528,676
Deposits	2,288,857	11,241,187	13,530,044
Other liabilities	433,724	828,327	1,262,051
Unearned revenue	34,997,950	884,040	35,881,990
Long-term liabilities due within one year:			
Bonds and notes payable	15,468,371	8,321,724	23,790,095
Compensated absences	19,071,276	1,698,283	20,769,559
Self-insurance liability	9,921,117	-	9,921,117
Interest payable	6,895,100	450,847	7,345,947
Leases and subscription service liabilities	375,292	122,207	497,499
TOTAL CURRENT LIABILITIES	<u>128,359,935</u>	<u>35,463,650</u>	<u>163,823,585</u>
Noncurrent liabilities:			
Long-term liabilities due in more than one year:			
Bonds and notes payable	440,319,708	54,215,490	494,535,198
Compensated absences	10,931,068	913,487	11,844,555
Self-insurance liability	73,171,249	-	73,171,249
Interest payable	35,802,331	-	35,802,331
Net post employment benefits other than pensions	117,669,356	3,641,105	121,310,461
Net pension liability	320,027,455	32,272,090	352,299,545
Lease and subscription service liabilities	1,991,293	4,216,848	6,208,141
TOTAL NONCURRENT LIABILITIES	<u>999,912,460</u>	<u>95,259,020</u>	<u>1,095,171,480</u>
TOTAL LIABILITIES	<u>1,128,272,395</u>	<u>130,722,670</u>	<u>1,258,995,065</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,810,476	279,434	3,089,910
Deferred amounts related to OPEB	53,068,886	1,914,703	54,983,589
Deferred amounts related to leases	6,412,513	-	6,412,513
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>62,291,875</u>	<u>2,194,137</u>	<u>64,486,012</u>
NET POSITION			
Net investment in capital assets	607,909,984	423,519,492	1,031,429,476
Restricted for:			
Capital projects	36,257,528	30,466,787	66,724,315
Debt service	40,156,799	-	40,156,799
Public safety program	2,004,868	-	2,004,868
Cultural and development programs	2,942,261	-	2,942,261
Risk claims	23,934,513	-	23,934,513
Other government programs	22,730,877	-	22,730,877
Unrestricted (deficit)	(360,156,758)	201,683,140	(158,473,618)
TOTAL NET POSITION	<u>\$ 375,780,072</u>	<u>\$ 655,669,419</u>	<u>\$ 1,031,449,491</u>

See accompanying notes.

City of Reno, Nevada
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS							
Governmental activities							
General government	\$ 76,250,789	\$ 86,136,193	\$ 12,355,236	\$ -	\$ 22,240,640	\$ -	\$ 22,240,640
Judicial	9,490,006	1,650,964	594,289	-	(7,244,753)	-	(7,244,753)
Public safety	187,612,256	9,592,963	4,320,611	13,947	(173,684,735)	-	(173,684,735)
Public works	70,482,717	6,271,114	240,101	48,369,990	(15,601,512)	-	(15,601,512)
Culture and recreation	20,159,760	4,106,130	690,604	7,361,974	(8,001,052)	-	(8,001,052)
Community Development & Support	13,806,001	1,116,723	6,723,564	5,610,100	(355,614)	-	(355,614)
Urban redevelopment	4,015,348	1,448,579	106,687	-	(2,460,082)	-	(2,460,082)
Debt Service							
Interest Payments	25,061,641	-	-	-	(25,061,641)	-	(25,061,641)
Administrative/fiscal charges	316,647	-	-	-	(316,647)	-	(316,647)
Total governmental activities	<u>407,195,165</u>	<u>110,322,666</u>	<u>25,031,092</u>	<u>61,356,011</u>	<u>(210,485,396)</u>	<u>-</u>	<u>(210,485,396)</u>
Business-type activities							
Sanitary Sewer	64,505,805	81,391,470	2,389,896	13,156,421	-	32,431,982	32,431,982
Building Permit	13,141,908	10,598,923	-	-	-	(2,542,985)	(2,542,985)
Total business-type activities	<u>77,647,713</u>	<u>91,990,393</u>	<u>2,389,896</u>	<u>13,156,421</u>	<u>-</u>	<u>29,888,997</u>	<u>29,888,997</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 484,842,878</u>	<u>\$ 202,313,059</u>	<u>\$ 27,420,988</u>	<u>\$ 74,512,432</u>	<u>(210,485,396)</u>	<u>29,888,997</u>	<u>(180,596,399)</u>
GENERAL REVENUES							
Taxes							
Property taxes					101,958,471	-	101,958,471
Sales taxes restricted for debt service					15,058,567	-	15,058,567
Other sales taxes					2,662,465	-	2,662,465
Room Taxes					12,873,390	-	12,873,390
Unrestricted intergovernmental consolidated tax revenues					100,722,789	-	100,722,789
Unrestricted investment and interest earnings (losses)					(730,893)	1,216,001	485,108
Change in fair value of investments					4,362,886	2,225,281	6,588,167
Miscellaneous					3,747,057	-	3,747,057
Gain on sale of capital assets					743,831	-	743,831
Transfers (net)					112,000	(112,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>241,510,563</u>	<u>3,329,282</u>	<u>244,839,845</u>
CHANGE IN NET POSITION					<u>31,025,167</u>	<u>33,218,279</u>	<u>64,243,446</u>
NET POSITION, BEGINNING OF YEAR					<u>344,754,905</u>	<u>622,451,140</u>	<u>967,206,045</u>
NET POSITION, END OF YEAR					<u>\$ 375,780,072</u>	<u>\$ 655,669,419</u>	<u>\$ 1,031,449,491</u>

Fund Financial Statements

City of Reno, Nevada
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Streets Special Revenue Fund	Cabela's Sales Tax Increment Debt Service Fund	Public Works Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 30,482,067	\$ 36,215,607	\$ 1,061,249	\$ 133,085,132	\$ 77,982,633	\$ 278,826,688
Accounts receivable	7,953,863	783,302	-	250	601,680	9,339,095
Lease receivable	6,588,746	-	-	-	-	6,588,746
Accrued interest	1,510,489	-	-	-	59,510	1,569,999
Due from other governments	19,891,077	1,781,628	174,717	3,104,460	6,277,430	31,229,312
Taxes receivable	617,841	174,896	-	-	81,558	874,295
Special assessment current	-	-	-	-	1,581,675	1,581,675
Special assessments delinquent	11,508	-	-	-	2,070	13,578
Special assessments deferred	-	-	-	-	2,585,345	2,585,345
Due from other funds	1,444,634	-	-	-	-	1,444,634
Advances to other funds	-	310,007	-	-	-	310,007
Inventories	667,380	482,844	-	-	-	1,150,224
Prepaid items	966,256	480,750	-	-	861,848	2,308,854
Property held for resale	-	-	-	-	1,041,209	1,041,209
Notes receivable, net	-	-	-	492,299	982,023	1,474,322
Total assets	<u>\$ 70,133,861</u>	<u>\$ 40,229,034</u>	<u>\$ 1,235,966</u>	<u>\$ 136,682,141</u>	<u>\$ 92,056,981</u>	<u>\$ 340,337,983</u>
LIABILITIES						
Accounts payable	\$ 2,435,576	\$ 1,024,930	\$ -	\$ 632,003	\$ 2,142,402	\$ 6,234,911
Accrued salaries and benefits	8,720,709	-	-	-	-	8,720,709
Contracts and retained percentage payable	581,964	5,462,545	-	13,085,387	196,607	19,326,503
Accrued interest payable	-	-	-	-	45,233	45,233
Due to other funds	-	361,488	-	-	38,673	400,161
Due to other governments	64,497	40	-	-	64,274	128,811
Deposits	1,991,416	187,908	-	-	109,532	2,288,856
Other liabilities	433,566	-	-	-	-	433,566
Advances from other funds	-	-	-	-	310,007	310,007
Unearned Revenue	4,521	-	-	34,686,818	306,706	34,998,045
Interest payable	-	-	5,534,488	-	-	5,534,488
Debt obligations payable	-	-	10,890,000	-	-	10,890,000
Total liabilities	<u>14,232,249</u>	<u>7,036,911</u>	<u>16,424,488</u>	<u>48,404,208</u>	<u>3,213,434</u>	<u>89,311,290</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	617,841	174,896	-	-	81,558	874,295
Unavailable revenue, special assessments	11,508	-	-	-	2,630,918	2,642,426
Unavailable revenue, other	7,053,436	104,114	-	-	1,017,395	8,174,945
Total deferred inflows of resources	<u>7,682,785</u>	<u>279,010</u>	<u>-</u>	<u>-</u>	<u>3,729,871</u>	<u>11,691,666</u>
Total liabilities and deferred inflows of resources	<u>21,915,034</u>	<u>7,315,921</u>	<u>16,424,488</u>	<u>48,404,208</u>	<u>6,943,305</u>	<u>101,002,956</u>

City of Reno, Nevada
Balance Sheet – Governmental Funds (Continued)
June 30, 2023

	General Fund	Streets Special Revenue Fund	Cabela's Sales Tax Increment Debt Service Fund	Public Works Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (DEFICITS)						
Nonspendable						
Inventories	667,380	482,843	-	-	-	1,150,223
Prepaid items	966,256	28,021	-	-	861,848	1,856,125
Restricted						
Capital projects	-	-	-	36,257,528	-	36,257,528
Debt service	-	-	-	-	40,156,799	40,156,799
Court programs	36,033	-	-	-	-	36,033
Cultural & community devpt programs	-	-	-	-	2,942,261	2,942,261
Fire, police and other public safety programs	742,447	-	-	-	1,262,421	2,004,868
Other government programs	104,105	-	-	-	3,021,182	3,125,287
Capital improvement projects	22,879	771,294	-	-	18,775,384	19,569,557
Assigned						
Capital improvement projects	-	31,630,955	-	52,020,405	27,791	83,679,151
Fire, police and other public safety programs	-	-	-	-	165,474	165,474
Other government programs	3,473,880	-	-	-	17,900,516	21,374,396
Unassigned	42,205,847	-	(15,188,522)	-	-	27,017,325
Total fund balances (deficits)	<u>48,218,827</u>	<u>32,913,113</u>	<u>(15,188,522)</u>	<u>88,277,933</u>	<u>85,113,676</u>	<u>239,335,027</u>
Total liabilities and fund balances (deficits)	<u>\$ 70,133,861</u>	<u>\$ 40,229,034</u>	<u>\$ 1,235,966</u>	<u>\$ 136,682,141</u>	<u>\$ 92,056,981</u>	<u>\$ 340,337,983</u>

City of Reno, Nevada
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position – Governmental Activities
June 30, 2023

FUND BALANCE, GOVERNMENTAL FUNDS		\$ 239,335,027
Capital assets used in Governmental Activities are not financial resources; and, therefore, are not reported in Governmental Funds:		
Capital Assets	\$ 2,143,983,318	
Less Accumulated Depreciation	<u>(1,135,924,937)</u>	1,008,058,381
Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in government funds:		
Bonds, notes, and installment purchase agreements	(433,181,214)	
Lease liability	(232,529)	
Subscription service liability	(2,134,056)	
Unamortized premiums and discounts	(11,716,865)	
Unamortized deferred refunding charges	17,960,925	
Compensated absences payable	(29,821,525)	
Net Postemployment benefits other than pensions	(117,274,752)	
Net pension liability	(316,909,115)	
Deferred outflows related to other post-employment benefits	984,225	
Deferred inflows related to other post-employment benefits	(52,861,381)	
Deferred outflows related to pensions	121,189,277	
Deferred inflows related to pensions	<u>(2,783,476)</u>	(826,780,486)
Other liabilities are not due and payable in the current period; and, therefore, are not reported in governmental funds:		
Interest payable	<u>(37,093,711)</u>	(37,093,711)
Unavailable revenue represents amounts that were not available to fund current expenditures; and, therefore, are not reported in governmental funds:		
Unavailable revenue	<u>5,279,155</u>	5,279,155
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	(11,526,232)	
Internal services fund balance receivable from business-type activities from cumulative prior years' activities	(804,137)	
Internal service fund balance receivable from business-type activities for current year activity	<u>(687,925)</u>	(13,018,294)
TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET POSITION		<u>\$ 375,780,072</u>

City of Reno, Nevada

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Streets Special Revenue Fund	Cabela's Sales Tax Increment Debt Service Fund	Public Works Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 70,905,726	\$ 22,231,338	\$ -	\$ -	\$ 8,489,348	\$ 101,626,412
Room and construction taxes	-	-	-	-	16,127,041	16,127,041
Special assessments	3,033,322	-	-	-	1,674,430	4,707,752
Franchise fees	37,349,096	3,189,675	-	-	-	40,538,771
Licenses and permits	31,537,462	501,467	-	429,235	170,051	32,638,215
Intergovernmental consolidated tax revenue	93,449,652	-	-	-	-	93,449,652
Intergovernmental SCCR (AB104) taxes	6,013,848	-	-	-	-	6,013,848
Intergovernmental marijuana fees	272,253	-	-	-	-	272,253
Motor vehicle taxes	-	7,362,154	-	-	106,687	7,468,841
Intergovernmental gaming licenses	1,259,289	-	-	-	-	1,259,289
Intergovernmental, other	62,082	-	-	-	816,457	878,539
Dedicated sales tax revenues	2,662,465	-	-	-	-	2,662,465
Grants and contributions	4,129,853	236,609	1,043,167	15,623,901	27,819,005	48,852,535
Charges for services	20,842,424	-	-	-	18,745	20,861,169
Fines and forfeitures	3,291,391	5,044	-	-	86,426	3,382,861
Private grants and contributions	310,344	-	-	4,525,669	896,000	5,732,013
Interest & investment earnings	668,687	461,691	38,863	36,200	1,413,513	2,618,954
Change in fair value of investments	(299,154)	304,326	-	(209,434)	143,368	(60,894)
Rents and royalties	406,446	-	-	972,621	1,471,857	2,850,924
Reimbursements and restitution	2,484,382	148,559	-	447	521,979	3,155,367
Miscellaneous	71,909	111,125	-	-	1,750,543	1,933,577
TOTAL REVENUES	278,451,477	34,551,988	1,082,030	21,378,639	61,505,450	396,969,584
EXPENDITURES						
Current						
General government	37,963,141	-	-	4,531,157	1,955,931	44,450,229
Judicial	8,950,682	-	-	-	68,682	9,019,364
Public safety	170,442,767	-	-	6,437,944	73,968	176,954,679
Public works	10,356,250	24,512,516	-	979,031	481,727	36,329,524
Community Development & Support	5,099,243	-	-	100,744	8,403,175	13,603,162
Culture and recreation	14,019,130	-	-	183,256	14,397	14,216,783
Urban redevelopment	-	-	-	-	2,452,224	2,452,224
Non-Departmental	16,690,663	-	-	-	-	16,690,663
Debt service						
Principal retirement	688,457	-	2,610,000	-	16,175,626	19,474,083
Interest	-	-	869,238	-	16,758,772	17,628,010
Administrative charges	-	-	4,100	-	344,812	348,912
Debt issuance costs	-	-	-	-	1,959	1,959
Capital Outlay						
General government	798,236	-	-	435,892	101,080	1,335,208
Public safety	695,393	-	-	26,556,156	46,287	27,297,836
Public works	45,138	15,829,593	-	7,179,784	534,429	23,588,944
Culture and recreation	63,230	-	-	18,444,091	2,733,719	21,241,040
Community Development & Support	16,340	-	-	-	3,311,895	3,328,235
TOTAL EXPENDITURES	265,828,670	40,342,109	3,483,338	64,848,055	53,458,683	427,960,855
Excess (deficiency) of revenues over (under) expenditures	12,622,807	(5,790,121)	(2,401,308)	(43,469,416)	8,046,767	(30,991,271)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	60,717	-	-	64,081	-	124,798
Issuance of debt	5,912,631	-	-	-	60,000,000	65,912,631
Premium on bonds issued	-	-	-	-	2,726,371	2,726,371
Transfers in	2,916,000	-	-	72,840,183	5,255,633	81,011,816
Transfers out	(14,547,732)	(90,000)	-	(136,000)	(66,126,084)	(80,899,816)
Total other financing sources (uses)	(5,658,384)	(90,000)	-	72,768,264	1,855,920	68,875,800
Net change in fund balances	6,964,423	(5,880,121)	(2,401,308)	29,298,848	9,902,687	37,884,529
Fund balances - beginning	41,254,404	38,793,234	(12,787,214)	58,979,085	75,210,989	201,450,498
Fund balances - ending	\$ 48,218,827	\$ 32,913,113	\$ (15,188,522)	\$ 88,277,933	\$ 85,113,676	\$ 239,335,027

See accompanying notes.

City of Reno, Nevada
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, 2023

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES		\$ 37,884,529
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and depreciated over estimated useful lives:		
Expenditures for capital assets	76,782,489	
Less current year depreciation	(52,557,032)	
Deposition of capital assets	(584,819)	
Expense for staff engineering capitalized as part of infrastructure capital assets	4,803,832	
Expense of prior year construction in progress	<u>(20,856)</u>	
		28,423,614
Revenues in the Statement of Activities, which do not provide current financial resources, are not reported as revenues in governmental funds:		
Change in unavailable revenue	(1,885,929)	
Capital contributions	<u>32,045,755</u>	
		30,159,826
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 government funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Capitalized Leases	296,052	
Premiums from issuance of debt	(2,726,371)	
Debt principal payments	19,474,083	
Debt issuance proceeds	<u>(65,912,631)</u>	
		(48,868,867)
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 post-employment benefits other than pensions	14,310,780	
Change in net pension liability	(9,973,091)	
Change in compensated absences	(2,132,673)	
Amortization of deferred refunding charges	(8,552,693)	
Change of debt premiums and discounts	(2,020,059)	
Change in accrued interest	<u>3,211,944</u>	
		(5,155,792)
Inter activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	(10,730,218)	
The internal service funds change in net position related to business- type activities	<u>(687,925)</u>	
		<u>(11,418,143)</u>
		<u>\$ 31,025,167</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		

City of Reno, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2023

	Business-type Activities			Governmental Activities
			Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Building Permit		
ASSETS				
Current assets				
Cash, cash equivalents and investments	\$ 108,213,194	\$ 22,539,462	\$ 130,752,656	\$ 61,723,419
Receivables:				
Accounts Receivable	13,044,616	8,176	13,052,792	1,096,225
Due from other governments	2,725,012	-	2,725,012	-
Inventories	421,219	-	421,219	321,393
Prepaid expenses	53,493	12,936	66,429	339,040
Restricted assets				
Cash, cash equivalents and investments	54,662,175	-	54,662,175	295,000
Notes receivable, net	259,105	-	259,105	-
Total current assets	179,378,814	22,560,574	201,939,388	63,775,077
Noncurrent assets				
Investment in Truckee Meadows Water Reclamation Facility	83,340,822	-	83,340,822	-
Capital assets				
Land	12,774,426	-	12,774,426	-
Water rights	1,812,114	-	1,812,114	-
Buildings and building improvements	12,275,043	2,108,516	14,383,559	-
Improvements other than buildings	566,702,912	-	566,702,912	-
Machinery, equipment and software	12,610,397	77,383	12,687,780	37,676,561
Construction in progress	108,162,024	-	108,162,024	-
Less accumulated depreciation	(229,875,286)	(596,795)	(230,472,081)	(22,534,551)
Right of use lease assets	4,655,386	-	4,655,386	-
Less accumulated amortization	(310,359)	-	(310,359)	-
Total noncurrent assets	572,147,479	1,589,104	573,736,583	15,142,010
Total assets	751,526,293	24,149,678	775,675,971	78,917,087
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	7,508,954	4,802,520	12,311,474	1,191,174
Deferred amounts related to OPEB	33,261	21,118	54,379	4,334
Total deferred outflows of resources	7,542,215	4,823,638	12,365,853	1,195,508

City of Reno, Nevada
Statement of Net Position – Proprietary Funds (Continued)
June 30, 2023

	Business-type Activities			Governmental
	Sanitary Sewer	Building Permit	Total Enterprise Funds	Internal Service Funds
LIABILITIES				
Current liabilities				
Accounts payable	278,887	112,165	391,052	4,504,379
Contracts payable	6,186,012	10,450	6,196,462	17,000
Contracts payable from restricted assets	1,929,656	-	1,929,656	-
Interest payable	450,847	-	450,847	-
Self-insurance liability	-	-	-	13,076,930
Compensated absences	1,079,857	618,426	1,698,283	105,002
Due to other governments	3,376,422	23,443	3,399,865	-
Deposits	11,241,187	-	11,241,187	-
Due to other funds	586,827	360,832	947,659	96,813
Debt obligations	5,755,694	-	5,755,694	-
Other liabilities	828,330	-	828,330	-
Unearned Revenue	884,040	-	884,040	-
Leases and subscription service liabilities	122,207	-	122,207	-
Total current liabilities	<u>32,719,966</u>	<u>1,125,316</u>	<u>33,845,282</u>	<u>17,800,124</u>
Noncurrent liabilities:				
Self-insurance liability	-	-	-	70,015,436
Postemployment benefits other than pensions	2,227,103	1,414,002	3,641,105	394,604
Net Pension Liability	19,683,234	12,588,856	32,272,090	3,118,340
Compensated absences payable	601,142	312,345	913,487	75,817
Debt obligations payable	56,781,520	-	56,781,520	-
Lease liability	4,216,848	-	4,216,848	-
Total noncurrent liabilities	<u>83,509,847</u>	<u>14,315,203</u>	<u>97,825,050</u>	<u>73,604,197</u>
Total liabilities	<u>116,229,813</u>	<u>15,440,519</u>	<u>131,670,332</u>	<u>91,404,321</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	170,431	109,003	279,434	27,000
Deferred amounts related to OPEB	1,171,139	743,564	1,914,703	207,505
Total deferred inflows of resources	<u>1,341,570</u>	<u>852,567</u>	<u>2,194,137</u>	<u>234,505</u>
Total liabilities and deferred inflows of resources	<u>117,571,383</u>	<u>16,293,086</u>	<u>133,864,469</u>	<u>91,638,826</u>
Net investment in capital assets	421,930,388	1,589,104	423,519,492	15,142,010
Restricted for:				
Capital improvement projects	30,466,787	-	30,466,787	-
Claims	-	-	-	23,600,987
Unrestricted	189,099,952	11,091,126	200,191,078	(50,269,228)
Total net position	<u>\$ 641,497,127</u>	<u>\$ 12,680,230</u>	<u>654,177,357</u>	<u>\$ (11,526,231)</u>
			Difference between business-type adjustments to assets and liabilities.	1,492,062
			Net position of business-type activities	<u>\$ 655,669,419</u>

City of Reno, Nevada
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Building Permit	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 78,213,606	\$ 10,598,923	\$ 88,812,529	\$ 56,491,005
Licenses and permits	400,210	-	400,210	-
Fines and forfeitures	2,307,472	-	2,307,472	-
Miscellaneous	470,182	-	470,182	4,566,156
Total operating revenues	<u>81,391,470</u>	<u>10,598,923</u>	<u>91,990,393</u>	<u>61,057,161</u>
OPERATING EXPENSES				
Salaries and wages	9,965,055	6,376,368	16,341,423	1,694,561
Employee benefits	4,027,571	3,268,464	7,296,035	599,377
Services and supplies	15,993,076	3,562,782	19,555,858	68,255,099
Joint sewer plant	14,467,557	-	14,467,557	-
Loss on asset disposal	266,356	35,113	301,469	-
Depreciation and amortization	14,122,594	119,466	14,242,060	3,516,128
Total operating expenses	<u>58,842,209</u>	<u>13,362,193</u>	<u>72,204,402</u>	<u>74,065,165</u>
Operating income (loss)	<u>22,549,261</u>	<u>(2,763,270)</u>	<u>19,785,991</u>	<u>(13,008,004)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,927,777	297,504	2,225,281	823,581
Change in fair value of investments	1,004,890	211,111	1,216,001	250,352
Gain on asset disposal	-	-	-	436,163
Interest and fiscal charges	(957,916)	-	(957,916)	-
Net loss from Truckee Meadows Water Reclamation Facility	(5,588,612)	-	(5,588,612)	-
Capital contributions	-	-	-	-
Grants and contributions	2,389,896	-	2,389,896	-
Total nonoperating revenues (expenses)	<u>(1,223,965)</u>	<u>508,615</u>	<u>(715,350)</u>	<u>1,510,096</u>
Income (loss) before capital contributions and transfers	21,325,296	(2,254,655)	19,070,641	(11,497,908)
CAPITAL CONTRIBUTIONS AND TRANSFERS IN (OUT)				
Connection charges	11,064,442	-	11,064,442	-
Contribution of assets	2,091,979	-	2,091,979	767,690
Transfers out	(112,000)	-	(112,000)	-
Change in net position	<u>34,369,717</u>	<u>(2,254,655)</u>	<u>32,115,062</u>	<u>(10,730,218)</u>
Total net position - beginning	607,127,410	14,934,885	622,062,295	(796,013)
Total net position - ending	<u>\$ 641,497,127</u>	<u>\$ 12,680,230</u>	<u>\$ 654,177,357</u>	<u>\$ (11,526,231)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>1,103,217</u>	
Changes in net position of business-type activities			<u>\$ 33,218,279</u>	

City of Reno, Nevada
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Sanitary Sewer	Building Permit	Total Enterprise Funds	Internal Service
				Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 82,649,573	\$ 10,608,774	\$ 93,258,347	\$ 54,580,502
Cash from interfund	-	-	-	2,260,399
Cash Other	1,735,732	-	1,735,732	4,566,155
Payments to suppliers	(29,332,682)	(2,270,693)	(31,603,375)	(48,885,214)
Payments to employees	(12,817,853)	(8,389,236)	(21,207,089)	(2,160,814)
Cash payments for interfund goods and services	(3,040,329)	(1,425,844)	(4,466,173)	(1,116,388)
Cash payments for interfund employee benefits	(961,510)	(535,724)	(1,497,234)	(157,869)
Net cash provided (used) by operating activities	<u>38,232,931</u>	<u>(2,012,723)</u>	<u>36,220,208</u>	<u>9,086,771</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(112,000)	-	(112,000)	-
Cash received from grants	2,389,896	-	2,389,896	-
Net cash provided (used) by noncapital financing activities	<u>2,277,896</u>	<u>-</u>	<u>2,277,896</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(37,619,847)	-	(37,619,847)	(4,028,449)
Proceeds received from disposal of capital assets	-	-	-	436,163
Principal payments on debt	3,290,773	-	-	-
Proceeds from issuance of debt	(5,595,843)	-	(5,595,843)	-
Payments of interest and fiscal charges	(869,821)	-	(869,821)	-
Connection charges	11,064,442	-	11,064,442	-
Net cash provided (used) by capital and related financing activities	<u>(29,730,296)</u>	<u>-</u>	<u>(29,730,296)</u>	<u>(3,592,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Truckee Meadows Water Reclamation facility	(5,800,648)	-	(5,800,648)	-
Investment income received	2,259,463	349,611	2,609,074	942,704
Change in fair value of cash equivalent investments	1,004,890	211,111	1,216,001	250,352
Net cash provided (used) by investing activities	<u>(2,536,295)</u>	<u>560,722</u>	<u>(1,975,573)</u>	<u>1,193,056</u>
Net increase (decrease) in cash and cash equivalents	<u>8,244,236</u>	<u>(1,452,001)</u>	<u>6,792,235</u>	<u>6,687,541</u>
Balances - beginning of year	154,631,133	23,991,463	178,622,596	55,330,878
Balances - end of the year	<u>\$ 162,875,369</u>	<u>\$ 22,539,462</u>	<u>\$ 185,414,831</u>	<u>\$ 62,018,419</u>

City of Reno, Nevada
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
			Total Enterprise Funds	Internal Service Funds
	Sanitary Sewer	Building Permit		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 22,549,261	\$ (2,763,270)	\$ 19,785,991	\$ (13,008,004)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	14,122,594	119,466	14,242,060	3,516,128
Loss on asset disposal	266,356	-	266,356	-
Right to use lease asset	(196,173)	-	(196,173)	-
Changes in assets and liabilities				
Customer Receivables	524,284	9,853	534,137	349,898
Due from other governments	428,438	-	428,438	-
Inventory	(61,919)	-	(61,919)	(189,196)
Prepaid items	(7,213)	-	(7,213)	51,845
Accounts Payable - Interfund	586,828	360,832	947,660	3,649,839
Accounts Payable - Other	75,928	(27,720)	48,208	-
Accounts Payable - Supplier	(144,694)	38,322	(106,372)	-
Due to other governments	(586,686)	(32,158)	(618,844)	-
Contracts and retention payable	(1,022,708)	(205,342)	(1,228,050)	17,000
Deposits	2,072,200	-	2,072,200	-
Compensated absences	458,521	231,326	689,847	70,002
Self insurance liability	-	-	-	14,820,819
Postemployment benefits other than pensions	(2,643,314)	(1,317,436)	(3,960,750)	(473,568)
Net pension liability	1,811,228	1,573,404	3,384,632	282,008
Net cash provided (used) by operating activities	<u>\$ 38,232,931</u>	<u>\$ (2,012,723)</u>	<u>\$ 36,220,208</u>	<u>\$ 9,086,771</u>
Noncash investing, capital and financing activities				
Change in fair value of cash equivalent investments	\$ 1,004,890	\$ 211,111	\$ 1,216,001	\$ 250,352
Contribution of capital assets	1,825,621	-	1,825,621	767,690
Total noncash investing, capital and financing activities	<u>\$ 2,830,511</u>	<u>\$ 211,111</u>	<u>\$ 3,041,622</u>	<u>\$ 1,018,042</u>

City of Reno, Nevada
Statement of Net Position – Fiduciary Funds
June 30, 2023

	<u>Other Post- Employment Benefit Trust Fund</u>	<u>Special Assessment District Custodial Fund</u>
ASSETS		
Cash, cash equivalents and investments	\$ 25,951,629	\$ 6,401,211
Special assessments receivable	-	310
Total Cash	<u>25,951,629</u>	<u>6,401,521</u>
 Total assets	 <u>25,951,629</u>	 <u>6,401,521</u>
 LIABILITIES		
Accounts payable	-	109
Debt obligations payable	-	285,000
Total liabilities	<u>-</u>	<u>285,109</u>
 NET POSITION		
Restricted for:		
Other governments and organizations	25,951,629	6,116,412
Total net position	<u>\$ 25,951,629</u>	<u>\$ 6,116,412</u>

City of Reno, Nevada
Statement of Changes in Net Position – Fiduciary Funds
For the Year Ended June 30, 2023

	Other Post- Employment Benefit Trust Fund	Special Assessment District Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 4,162,643	\$ -
Plan members	165,783	-
Total contributions	4,328,426	-
Investment earnings		
Interest, dividends and other investment income	437,378	188,181
Net change in fair value of investment	2,341,851	65,548
Investment expense	(6,376)	-
Total investment earnings	2,772,853	253,729
Total additions	7,101,279	253,729
DEDUCTIONS		
Salaries and wages	-	33
Services and supplies	-	414,339
Interest and fiscal charges	-	31,080
Total deductions	-	445,452
Net increase (decrease) in fiduciary net position	7,101,279	(191,723)
Net Position -- beginning of the year	18,850,350	6,308,135
Net Position -- end of the year	\$ 25,951,629	\$ 6,116,412

Notes to Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Reno, Nevada (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 of Reno, Nevada 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; community development and support; urban redevelopment; 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 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 until 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 non-fiduciary 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, and 3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity 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 business-type activity, 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.

City of Reno, Nevada

Notes to Basic Financial Statements

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. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available as follows:

- A sixty-day availability period is used for revenue recognition for all revenues except grants and property (ad valorem) taxes.
- A ninety-day availability period is used for revenue recognition for grants.
- A thirty-day availability period is used for revenue recognition for property taxes. Anticipated refunds of property taxes are recorded as deferred inflows 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.
- All other revenue sources are considered to be available when cash is received.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes and county and state shared revenues.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and self-insurance liabilities, are recorded only when payment is due.

The City reports the following major governmental funds:

- *General Fund* – Accounts for all financial resources not accounted for in some other fund.
- *Streets Special Revenue Fund* – Accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.
- *Cabela's Debt Service Fund* – Accounts for the accumulation of resources for payment of the 2007A and 2007B Sales Tax Increment Bonds (and debt supported by dedicated revenue sources) issued for the purposes of constructing public improvements and a museum at the Cabela's Reno retail store.
- *City of Reno Capital Projects Fund* – accounts for reserves for safety improvements, public art maintenance, public building construction and maintenance, and designated capital expenditures relating to capital improvement projects that are not accounted for in other funds.

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

- *Special Revenue Funds* – Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- *Debt Service Funds* – Account for the accumulation of financial resources that are restricted, committed or assigned for the repayment of debt principal and interest.
- *Capital Projects Funds* – Account for financial resources that are restricted, committed or assigned to the improvement, acquisition, or construction of capital assets.

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

The City reports the following major enterprise funds:

- *Sanitary Sewer Fund* – Accounts for the provision of sewer services and connection fee revenues restricted for capital projects.
- *Building Permits Fund* – Accounts for resources provided by the issuance of building permit fees.

The City reports the following non-major proprietary type:

- *Internal Service Funds* – Account for the financing of goods or services provided by one department or agency to other departments or agencies of the City 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 types:

City of Reno, Nevada

Notes to Basic Financial Statements

- *Special Assessment District Custodial Fund* – Account for assets held by the City as an agent for individuals, private organizations, other governments or other funds including the collection and disbursement of special assessments.
- *Other Post-Employment Benefit Trust Fund* – Accounts for assets held in an irrevocable trust fund, which are to be used for payment of postemployment benefits other than pensions. The assets are invested by the State of Nevada Retirement Benefit Investment Fund. To date, the City has elected not to pay benefits out of the fund until such time as the fund has sufficient financial resources to meet those obligations.

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 proprietary funds may effectively withdraw amounts from the Pool at any time. Accordingly, amounts invested in the Pool 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 tax receivables 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, 2023, notes receivables are shown net of an allowance for uncollectible amounts totaling \$34,997,950.

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, a 6% penalty 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. 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.

City of Reno, Nevada
Notes to Basic 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 represents land held by the RACOR for eventual resale and the proceeds of such sales must be used for future redevelopment projects.

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

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	10–50
Depressed railroad trench improvement	100
Other improvements other than buildings	10–30
Machinery, equipment and software	2–20
Infrastructure	10–60
Art and historical treasures	1–40

Long-Term Liabilities – In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities on the statement of net position. Premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Debt issuance costs are reported as expenses in the period incurred. 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.

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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

City of Reno, Nevada

Notes to Basic Financial Statements

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 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 10, 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 may be required to, depending on the particular employee association, contribute up to 5% to the deferred compensation plan. The assets of these plans are held in trust outside the control of the City. Since the assets and income of these plans are not considered assets of the City and are not subject to the claims of the City's general creditors, these plans are not reported in the government-wide or fund financial statements.

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

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

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

Deferred Outflows and Inflows of Resources

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

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The governmental funds balance sheets report unavailable property tax revenues, leases, and special assessment revenues, which will be recognized as revenue in the period that the amounts become available. The government-wide and proprietary funds statement of net position reports amounts related to pensions, other post-employment benefits, and leases including 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on investments, which will be amortized over five years and 3) the recognition of leases revenues over the life of the lease.

Stabilization Arrangements

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

Resources for the stabilization fund include committed revenue from the general fund in an amount determined to be available for this purpose. The balance in the stabilization fund is limited to 10% of prior year general fund expenditures, excluding expenditure of federal funds. Cash, cash equivalents and investments, investment income, and fund balance in the stabilization fund may not revert to any other fund or be used as a surplus for any purpose other than specified in the foregoing paragraph.

Expenditures from this fund may only be made if the total actual revenue falls short of the total anticipated revenue in the general fund for the fiscal year in which the City uses that money; or to pay expenses incurred by the local government to mitigate the effects of a natural disaster.

Net Position

In the government-wide statements and proprietary fund 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 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 permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

City of Reno, Nevada

Notes to Basic Financial Statements

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by a formal action (creation of an ordinance or resolution, in which either are equally binding) of the City Council, which is the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City Council has set forth by resolution the manner of making fund balance assignments. Constraints imposed on the use of assigned fund balance mirror the requirements set forth in the applicable GASB statement for all funds except the general fund. The City Manager was given authority under the same resolution to determine assigned fund balances in the general fund. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

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

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 purpose, 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 due 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 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, other post-employment benefits, pension liability, and useful lives of capital assets.

Note 2 – Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

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

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

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

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

All unencumbered appropriations lapse at the fiscal year end.

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, there were no funds and/or functions where total expenditures/expenses exceeded appropriations.

For the year ended June 30, 2023, total expenditures exceed appropriations for the following funds and/or functions, which are exempt from the provisions of NRS 354.626:

Cabela's Sales Tax Increment Debt Service Fund, Debt Service Function - \$(600)
Debt Service Fund, Debt Service Function - \$(218)

City of Reno, Nevada

Notes to Basic Financial Statements

Redevelopment Agency Debt Service Fund, Debt Service Function - \$(17,658)

Risk Retention, Internal Service Fund - \$(63,367)

Self-Funded Workers Compensation, Internal Service Fund – \$(14,281,071)

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

Deficit Fund Balances or Net Position

At June 30, 2023, the Self-Funded Workers Compensation Internal Service Fund had a net position deficit of \$59,361,974. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung presumptive liability issue. The \$15,188,522 negative fund balance in the Cabela's Debt Service Fund is due to insufficient pledged revenues for the 2007A & B Sales Tax Increment Revenue Bonds.

Tax Abatements

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized by type of agreement/program and the gross, accrual basis reduction of the City's taxes for the year ended June 30, 2023, and are aggregated as follows:

Agreement/program description – Nevada Revised Statutes 360.753 – Partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft.

Amount abated during the year ended June 30, 2023 \$19,038

Specific tax being abated – Personal property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 360.754 – Partial abatement of certain taxes imposed on new or expanded data center

Amount abated during the year ended June 30, 2023 \$7,319,184

Specific tax being abated – Property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 374.357 – Partial abatement for eligible machinery or equipment used by certain new or expanded businesses

Amount abated during the year ended June 30, 2023 \$575,924

Specific tax being abated – Sales and use taxes

Agreement/program description – Nevada Revised Statutes 701A.370 – Partial abatement of certain taxes imposed on renewable energy facilities

Amount abated during the year ended June 30, 2023 \$102,380

Specific tax being abated – Property taxes and/or sales and use taxes

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the City implemented the following GASB Pronouncements:

GASB Statement No. 91, Conduit Debt Obligations. Issued May 2019, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There is no impact to the City for implementing this standards.

GASB Statement No. 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements. Issued March 2020, the primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). There is no impact to the City for implementing this standards.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Issued May 2020, the primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscriptions asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Please reference Note 7 under Subscriptions Payable for implementation of GASB Statement 96.

GASB Statement No. 99, Omnibus 2022. Issued April 2022, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. There is no impact to the City for implementing this standards.

New Accounting Pronouncements (not yet adopted)

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, Accounting Changes and Error Corrections. Issued June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 will be effective for the City for fiscal year ending June 30, 2024.

GASB Statement No. 101, Compensated Absences. Issued June 2022, Governments commonly provide benefits to employees in the form of compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 will be effective for the City for fiscal year ending June 30, 2025.

The City will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact on the City's financial statements.

City of Reno, Nevada
Notes to Basic Financial Statements

Note 3 – Cash, Cash Equivalents and Investments

At June 30, 2023, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	\$ 21,077,895
Cash equivalents	123,383,675
Investments	362,361,678
Total pooled cash, cash equivalents and investments	<u>506,823,248</u>
Non-pooled cash, cash equivalents and investments	
Petty cash	318,650
Cash in bank	743,003
Cash equivalents	24,776,248
Investments	25,951,629
Total non-pooled cash, cash equivalents and investments	<u>51,789,530</u>
Total pooled and non-pooled cash, cash equivalents and investments	<u>\$ 558,612,778</u>

At June 30, 2023, total cash, cash equivalents and investments (including restricted amounts) were presented on the City's financial statements as follows:

Total governmental activities	\$ 340,845,107
Total business-type activities	185,414,831
Total fiduciary funds	<u>32,352,840</u>
Total cash, cash equivalents and investments	<u>\$ 558,612,778</u>

When investing monies, the City is required to comply with the Nevada Revised Statutes (NRS). City monies must be deposited with federally insured banks. The City is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable City investments, described above, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

At year end, the City's carrying amount of deposits for cash in bank was \$22,139,549 and the bank balance was \$24,036,070. As of June 30, 2023, 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.

City of Reno, Nevada Notes to Basic Financial Statements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	5%	A-1	P-1
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	5 years	None	None	N/A	N/A
Notes and Bonds issued by U.S. Corporations	5 years	20%	None	A	A-2
Repurchase agreements	90 days	None	10%	N/A	N/A
U.S. Treasury obligations	10 years	None	None	N/A	N/A
U.S. Agency securities					
Federal National Mortgage	10 years	None	None	N/A	N/A
Federal Agricultural Mortgage Corporation	10 years	None	None	N/A	N/A
Federal Farm Credit Bank	10 years	None	None	N/A	N/A
Federal Home Loan Bank	10 years	None	None	N/A	N/A
Federal Home Loan Mortgage Corporation	10 years	None	None	N/A	N/A
Government National Mortgage Association	10 years	None	None	N/A	N/A
Local government and trust investment pools	None	None	None	N/A	N/A

GASB Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs are other observable inputs.

Level 3 – Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

City of Reno, Nevada

Notes to Basic Financial Statements

The estimated fair values of the City's U.S. Treasury obligations, commercial paper, notes, bonds and other obligations issued by U.S. Corporations are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of its U.S. Agency securities is based on matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs). The estimated fair value of the City's Local Government Investment Pool and Nevada RBIF Retirement System investments are based on the City's proportionate share of the value of the pooled investments (Level 3 inputs).

At June 30, 2023, the City had the following cash equivalents and investments:

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments						
U.S. Treasury obligations	0.25% - 3.0%	11/15/2023 to 2/15/2028	\$190,810,000	\$174,274,712	\$166,281,619	2.5
Commercial paper	0.0% - 2.72%	7/1/2022 to 11/22/2023	18,361,000	18,029,853	18,112,248	0.4
U.S. Agency securities						
Federal National Mortgage Association	1.38% - 4.88%	8/1/2027 to 11/1/2046	6,878,138	6,757,956	6,378,766	14.71
Federal Home Loan Bank	1.0% - 4.46%	12/25/2024 to 12/1/2026	24,495,462	24,342,471	23,379,950	9.9
Federal Agency Bond / Note	.38% - 1.50%	12/25/2039 to 11/17/2025	17,500,000	17,499,999	15,957,263	2.17
Local Government Investment Pool	Variable	On demand	-	123,730,064	123,383,675	N/A
Notes, bonds and other obligations issued by U.S. Corporations						
Asset-backed Securities	0.5% - 5.21%	12/6/2023 to 4/28/2028	72,274,000	72,459,754	69,545,206	3.03
Foreign Issues	0.34% - 5.23%	7/15/2024 to 6/15/2023	23,044,482	23,625,649	23,013,124	3.96
Money Market	0.5% - 5.72%	9/13/2023 to 6/9/2027	40,930,000	40,839,015	38,555,571	2.29
Total pooled cash equivalents and investments	Variable	On demand	<u>394,293,083</u>	<u>502,697,404</u>	<u>485,745,353</u>	
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	-	25,113,176	24,776,247	N/A
Nevada RBIF Retirement System Trust Units	Variable	On demand	-	25,951,629	25,951,629	N/A
Total non-pooled cash equivalents and investments			<u>-</u>	<u>51,064,805</u>	<u>50,727,876</u>	
Total cash equivalents and investments			<u>\$ 394,293,083</u>	<u>\$ 553,762,209</u>	<u>\$ 536,473,229</u>	

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

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

City of Reno, Nevada
Notes to Basic Financial Statements

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

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

<u>Pooled Investments</u>	Standard & Poor's	Moody's	Percent of Portfolio
U.S. Treasury Notes	*	*	34.23%
Commercial paper	A-1	P-1	3.73%
U.S. Agency Securities			
Federal National Mortgage Association	AA+	Aaa	1.31%
Federal Home Loan Bank			4.81%
Federal Agency Bond/Note	AA+	Aaa	3.29%
Local government investment pool	N/A	N/A	25.40%
Notes, bonds and other obligations issued by U.S. Corporations	BBB+ to AA+	Baa1 to Aa2	14.32%
Asset-Backed Securities	AAA	Aaa	4.74%
Foreign Issues	AAA	Aaa	7.94%
Money Market accounts			0.23%
Total Pooled Investments			<u>100.00%</u>
 <u>Non-Pooled Investments</u>			
Money Market accounts	AAA	Aaa	100.00%
Total Non-Pooled Investments			<u>100.00%</u>

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

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, 2023, were as follows:

	Percentage of Portfolio
U.S. Treasury Obligations	34.19 %
Federal Agencies	9.41 %
Local Government Investment Pool	25.40 %
Corporate Issues	14.31 %

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.

City of Reno, Nevada

Notes to Basic Financial Statements

Note 4 – Capital Assets

For the year ended June 30, 2023, capital asset activity was as follows:

Government Activities

	BALANCE AT JUNE 30, 2022	INCREASES	DECREASES	TRANSFERS	BALANCE AT JUNE 30, 2023
Capital assets not being depreciated or amortized					
Construction in progress	\$ 21,403,416	\$ 65,695,432	\$ (20,856)	\$ (14,111,066)	\$ 72,966,926
Land	144,988,764	3,074,707	-	-	148,063,471
Water rights	1,125,000	-	-	-	1,125,000
Total capital assets not being depreciated or amortized	167,517,180	68,770,139	(20,856)	(14,111,066)	222,155,397
Capital assets being depreciated or amortized					
Buildings	253,134,124	81,415	-	1,276,607	254,492,146
Improvements other than buildings	376,250,146	-	(81,415)	279,506	376,448,237
Machinery, equipment and software	87,883,973	12,381,650	(4,643,512)	479,012	96,101,122
Infrastructure	1,176,792,575	36,829,376	-	12,075,941	1,225,697,892
Art and historical artifacts	3,877,663	31,688	-	-	3,909,351
Subscription software	-	336,044	-	-	336,044
Right of use leased assets	2,393,783	136,128	(10,222)	-	2,519,690
Total capital assets being depreciated or amortized	1,900,332,264	49,796,301	(4,735,149)	14,111,066	1,959,504,482
Accumulated depreciation and amortization					
Buildings	(102,577,761)	(6,984,852)	-	-	(109,562,613)
Improvements other than buildings	(124,748,494)	(7,315,108)	-	-	(132,063,602)
Machinery, equipment & software	(56,106,866)	(6,474,595)	4,483,859	-	(58,097,601)
Infrastructure	(822,247,901)	(34,978,227)	-	-	(857,226,128)
Art and historical artifacts	(983,043)	(40,025)	-	-	(1,023,068)
Subscription software	-	(76,161)	-	-	(76,161)
Right of use lease assets	(206,539)	(203,776)	-	-	(410,315)
Total accumulated depreciation and amortization	(1,106,870,604)	(56,072,744)	4,483,859	-	(1,158,459,488)
Total Government Activities	\$ 960,978,840	\$ 62,493,696	\$ (272,146)	\$ -	\$ 1,023,200,391

Business Type Activities

	BALANCE AT JUNE 30, 2022	ADDITIONS	RETIREMENTS	TRANSFERS	BALANCE AT JUNE 30, 2023
Capital assets not being depreciated or amortized					
Construction in progress	\$ 89,428,695	\$ 35,834,529	\$ -	\$ (17,101,200)	\$ 108,162,024
Land	11,334,930	1,439,496	-	-	12,774,426
Water rights	1,812,114	-	-	-	1,812,114
Total capital assets not being depreciated or amortized	102,575,739	37,274,025	-	(17,101,200)	122,748,564
Capital assets being depreciated or amortized					
Buildings	14,383,559	-	-	-	14,383,559
Improvements other than buildings	547,527,877	2,073,835	-	17,101,200	566,702,912
Machinery & equipment	12,590,171	97,609	-	-	12,687,780
Right of use lease assets	4,655,386	-	-	-	4,655,386
Total capital assets being depreciated or amortized	579,156,993	2,171,444	-	17,101,200	598,429,637
Accumulated depreciation and amortization					
Buildings	(8,114,565)	(377,204)	-	-	(8,491,769)
Improvements other than buildings	(205,993,380)	(12,899,124)	-	-	(218,892,503)
Machinery & equipment	(2,277,258)	(810,552)	-	-	(3,087,809)
Right of use leased assets	(155,180)	(155,180)	-	-	(310,359)
Total accumulated depreciation and amortization	(216,540,383)	(14,242,060)	-	-	(230,782,440)
Tota business-type activities	\$ 465,192,349	\$ 25,203,409	\$ -	\$ -	\$ 490,395,761

City of Reno, Nevada
Notes to Basic Financial Statements

For the year ended June 30, 2023, charges, by function, for depreciation expense were as follows:

Government Activities:	Total
General government	2,377,868
Judicial	476,937
Police	330,967
Fire	2,335,143
Public works	39,316,123
Community development and support	160,084
Culture and recreation	5,996,785
Urban redevelopment	1,563,126
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,515,711
Total depreciation expense - governmental activities	<u>\$ 56,072,744</u>
Business-Type Activities:	
Sanitary Sewer Fund	14,122,594
Building Permit Fund	119,466
Total depreciation expense - business-type activities	<u>\$ 14,242,060</u>

Note 5 – Advances To and From Other Funds

Due to and From Other Funds

At June 30, 2023, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payment between funds are made, were as follows:

	Receivable	Payable
General fund	\$ 1,444,634	\$ -
Street special revenue fund	-	361,488
Sanitary sewer business-type fund	-	586,827
Building permit business-type fund	-	360,832
Non-major governmental funds	-	38,673
Internal service funds	-	96,814
	<u>\$ 1,444,634</u>	<u>\$ 1,444,634</u>

Advances to and From Other Funds

At June 30, 2023, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
Streets special revenue fund	\$ 310,007	\$ -
Non-major governmental funds	-	310,007
	<u>\$ 310,007</u>	<u>\$ 310,007</u>

The purpose of the advances in the following schedule, which summarized the related annual debt service requirements, was to internally finance sidewalk, curb and gutter improvements owed to the streets special revenue fund for the 2013 and 2019 SAD improvements.

City of Reno, Nevada
Notes to Basic Financial Statements

For the year ended June 30,	Special Assignment	
	Principal	Interest
2024	\$ 57,790	\$ 5,103
2025	34,488	3,533
2026	34,990	3,031
2027	35,500	2,521
2028	36,016	2,005
2029	36,540	1,481
2030	37,072	949
2031	37,611	409
	<u>\$ 310,007</u>	<u>\$ 19,032</u>

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	\$ 2,780,000
General Fund	Public Works Capital Project Fund	136,000
Public Works Capital Projects Fund	General Fund	9,494,099
Public Works Capital Projects Fund	Non-major Governmental Funds	63,346,084
Nonmajor Governmental Funds	General Fund	5,053,633
Nonmajor Governmental Funds	Street Fund	90,000
Nonmajor Governmental Funds	Sanitary Sewer Enterprise Fund	112,000
Total interfund transfers		<u>\$ 81,011,816</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following are the purposes of the transfers between funds:

Capital projects – Public Safety Center Construction	\$ 32,482,371
Capital projects – Moana Pool Construction	28,000,000
Capital projects – City Hall Remodel	4,000,000
Capital projects – Fire Apparatus Replacement	2,748,454
Capital projects – Fire Headquarters Planning	2,000,000
Capital projects – Moana Parking Lot Replacement	1,500,000
Capital projects – Other	2,109,358
Community assistance funding	147,500
Debt service	5,108,133
Lease revenues collected	136,000
Special Event and parks maintenance	2,780,000
Total Transfers	<u>\$ 81,011,816</u>

Note 6 – Long-term Debt Obligations

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 the principal and interest.

Pledge 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 revenue to repay these bonds.

Governmental Activities

Pledged Revenues - Up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2023	\$	200,235,738
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	7,839,288
Total pledge revenue for the year ended June 30, 2023	\$	14,017,448

Revenue Bonds issued and revenue pledge maturity

2005C Capital Improvement Revenue Refunding Bonds ¹	June 1, 2037
2013 A Capital Improvement Refunding (previously 2002 Capital Improvement Revenue Bonds) ²	June 1, 2032
2019A-1 Capital Improvement Revenue Refunding Bonds ³	June 1, 2046
2019A-2 Capital Improvement Revenue Refunding Bonds ⁴	June 1, 2024

1. This bond are also secured by room taxes, which was the primary bond repayment source for the fiscal year

2. This bond are also secured by room taxed, which was the primary bond repayment source for the fiscal year. Bonds were issued to refund the 2002 Capital Improvement Revenue Bonds.

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

4. Bonds were issued to partially advance refund the 2005C Capital Improvement Refunding Bonds

Pledge 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, 2023	\$	8,187,079
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	627,804
Total pledge revenue for the year ended June 30, 2023	\$	1,092,934
Revenue Tax Bonds issued and revenue pledge maturity		
2006 Taxale Senior Lien Room Tax Revenue Refunding Bonds		June 1, 2036

City of Reno, Nevada
Notes to Basic Financial Statements

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, 2023	\$	200,235,738
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	7,839,288
Total pledge revenue for the year ended June 30, 2023	\$	8,365,586

Revenue Bonds issued and revenue pledge maturity		
2005C Capital Improvement Revenue Refunding Bonds		June 1, 2037
2013 A Capital Improvement Refunding (previously 2002 Capital Improvement Revenue Bonds) ¹		June 1, 2032
2019A-1 Capital Improvement Revenue Refunding Bonds ²		June 1, 2046
2019A-2 Capital Improvement Revenue Refunding Bonds ³		June 1, 2024

1. Bonds were issued to refund the 2002 Capital Improvement Revenue Bonds
2. Bonds were issued to refund the 2005A and 2005B Capital Improvement Refunding Bonds
3. Bonds were issued to partially advance refund the 2005C Capital Improvement Refunding Bonds

Pledge 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, 2023	\$	34,050,988
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	2,497,113
Total pledge revenue for the year ended June 30, 2023	\$	1,043,167

Revenue Bonds issued and revenue pledge maturity		
2007 A Sales Tax Increment Bonds ¹		June 29, 2027
2007 B Sales Tax Increment Bonds ¹		June 29, 2027

1. There were insufficient revenues during the fiscal year to make scheduled and matured debt payments totalling \$16,424,487.50

City of Reno, Nevada
Notes to Basic Financial Statements

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, 2023	\$	1,036,590,894
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	14,372,209
Total pledge revenue for the year ended June 30, 2023	\$	14,624,291
Revenue Bonds issued and revenue pledge maturity		
2018 A 1st Lien Sales Tax Revenue Refunding Bonds		June 1, 2058
2018 B 2nd Lien Sales Tax Revenue Refunding Bonds		June 1, 2058
2018 C 1st Subordinate Sales Tax Revenue Refunding Bonds		June 1, 2047
2018 D 2nd Subordinate Sales Tax Revenue Refunding Bonds		July 1, 2059

Pledge revenue – Sewer fees

Total revenue bond principal and interest remaining to be paid at June 30, 2023	\$	62,537,214
Total revenue bond principal and interest paid during the year ending June 30, 2023	\$	6,505,244
Total pledge revenue for the year ended June 30, 2023	\$	80,921,153
Revenue Bonds issued and revenue pledge maturity		
2016 Sewer General Obligation Sewer Refunding Bonds		July 1, 2025
2020 Sewer General Obligation CWSRF Revenue Bonds		July 1, 2039

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 (as valorem) taxes.

Installment Purchase Agreements

The City entered into installment purchase agreements to finance solar panel installation, other clean energy conservation projects and parking meters. These agreements constitute general obligations of the City, and the full faith and credit of the City are pledged for payment of the principal and interest.

City of Reno, Nevada

Notes to Basic Financial Statements

Outstanding long-term debt obligations at June 30, 2023, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2023
Governmental Activities				
Tax Allocation Bonds:				
2007A Tax Increment Senior Lien (Taxable)	6/1/23	6.10%	\$ 4,000,000	\$ -
2007B Tax Increment Senior Lien (Tax-exempt)	6/1/27	5.00%	4,000,000	3,735,000
2007 C Tax Increment Subordinate Lien (Tax-exempt)	6/1/27	5.40%	12,690,000	6,375,000
Total Tax Allocation Bonds:			20,690,000	10,110,000
General Obligation Bonds:				
2013A Capital Improvemnet Refunding Bonds	6/1/32	4.00% - 5.00%	36,115,000	26,935,000
2013B Medium-term Various Purpose Bonds	6/1/23	2.00% - 5.00%	32,995,000	-
2022 General Purpose Bonds	6/1/52	4.00% - 5.00%	60,000,000	59,200,000
Total General Obligation Bonds:			129,110,000	86,135,000
Revenue Bonds:				
2005C Capital Improvement Bonds	6/1/37	5.78%	9,192,402	5,694,977
2006 Taxable Room Tax Reveue Bonds	6/1/36	5.94%	8,720,000	5,605,000
2018A 1st Lien ReTRAC Refunding Bonds	6/1/58	4.00% - 5.00%	123,275,000	117,480,000
2018B 2nd Lien ReTRAC Refunding Bonds	6/1/58	4.00% - 5.00%	32,680,000	31,115,000
2018C Subordinate Lien ReTRAC Refundng Bonds	7/1/58	6.15%	58,659,820	45,805,497
2018D 2nd Subordinate Lien ReTRAC Refunding Bonds	7/1/58	6.75%	16,115,490	16,115,490
2019A-1 Capital Improvement Refunding Bonds	6/1/46	3.75% - 5.00%	79,920,000	79,920,000
2019A-2 Taxable Capital Improvement Refunding Bonds	6/1/24	3.75%	5,245,000	1,180,000
Total Revenue Bonds:			333,807,712	302,915,964
Special Assessment Bonds:				
1999 Special Assessment District No. 2, Series 2016	6/1/25	1.45% - 3.00%	6,640,000	1,530,000
2001 Stead Special Improvement District No. 2	6/1/23	2.75% - 5.00%	2,470,000	-
2002 Special Improvement District No. 5	12/1/25	5.70% - 7.25%	7,500,000	1,830,000
Total Special Assessment Bonds:			16,610,000	3,360,000
Direct Borrowing and Direct Placements				
2017 Tax Increment Refunding (Taxable) Bonds	6/29/35	2.46%	655,000	504,000
2019 Medium-term Fire Apparatus Bonds	6/1/29	1.70%	6,327,000	3,887,000
2007A Sales Tax Increment Bonds (Cabela's)	6/29/27	4.00%	16,525,000	11,530,000
2007B Sales Tax Increment Bonds (Cabela's)	6/29/27	6.50%	18,175,000	13,600,000
2008B NV Taxable Local Improvement	5/1/26	7.01%	1,115,000	24,000
2010 Special Assessment District No. 2	11/1/41	4.00%	939,800	715,940
Axon Enterprise	12/1/25	0.00%	5,912,631	5,451,310
Artown	12/1/27	0.00%	875,000	625,000
Clean Energy Renewable IPA	12/15/23	1.00%	2,340,000	156,000
Qualified Energy Renewable IPA	6/1/25	6.45%	2,261,000	373,000
Recovery Zone Economic Devpt Bond IPA	6/1/27	6.45%	10,860,000	4,684,000
Total Direct Borrowing and Direct Placements			65,985,431	41,550,250
Total Governmental Activities				\$ 444,071,214

City of Reno, Nevada
Notes to Basic Financial Statements

Business-Type Activities

Direct Borrowings and Direct Placements					
2016 Sewer Revenue Refunding Bonds	7/1/25	1.61%	\$ 41,245,638	\$	7,537,214
2020 Sewer Revenue Bonds	6/1/40	1.42%	55,000,000		55,000,000
Total Business-Type Activities			<u>\$ 96,245,638</u>	<u>\$</u>	<u>62,537,214</u>
Total long-term debt obligations					<u>\$ 506,608,428</u>

At June 30, 2023, annual debt service requirements to maturity were as follows:

For the year Ending June 30,	Principal	Interest
<u>Governmental activities</u>		
General Obligation Bonds		
2024	\$ 3,105,000	\$ 3,960,463
2025	3,340,000	3,805,213
2026	3,600,000	3,638,213
2027	3,865,000	3,458,213
2028	4,125,000	3,292,363
2029-2033	21,130,000	13,155,863
2034-2038	8,755,000	9,434,500
2039-2043	11,170,000	7,016,000
2044-2048	13,840,000	4,345,400
2049-2052	13,205,000	1,346,200
Total General Obligation Bonds	<u>86,135,000</u>	<u>53,452,428</u>
Tax Allocation Bonds		
2024	2,335,000	531,000
2025	2,460,000	408,370
2026	2,590,000	279,170
2027	2,725,000	143,130
Total Tax Allocation Bonds	<u>10,110,000</u>	<u>1,361,670</u>
Revenue Bonds		
2024	3,225,000	10,193,037
2025	3,400,000	10,043,807
2026	3,595,000	9,870,940
2027	3,810,000	9,688,142
2028	4,020,000	9,494,411
2029-2033	23,007,752	49,195,294
2034-2038	29,387,225	58,883,752
2039-2043	55,500,000	30,872,006
2044-2048	48,030,000	18,959,844
2049-2052	30,215,000	11,153,644
2053-2057	36,805,000	4,562,281
2058-2059	61,920,987	766,142,545
Total Revenue Bonds	<u>302,915,964</u>	<u>989,059,703</u>

City of Reno, Nevada
Notes to Basic Financial Statements

For the year Ending June 30,	Principal	Interest
Special Assessment Bonds		
2024	1,320,000	158,094
2025	1,385,000	92,850
2026	655,000	23,744
Total Special Assessment Bonds	3,360,000	274,688
Direct Borrowings and Direct Placements		
2024	16,373,371	6,820,741
2025	5,806,411	921,335
2026	6,173,511	654,874
2027	7,744,641	353,521
2028	1,464,821	54,863
2029-2033	3,486,885	136,922
2034-2038	301,750	64,127
2039-2043	198,860	16,307
Total Direct Borrowings and Direct Placements	41,550,250	9,022,690
Total Governmental activities	\$ 444,071,214	\$ 1,053,171,179
Business-Type Activities		
Direct Borrowings and Direct Placements		
2024	8,321,724	868,820
2025	4,736,501	748,622
2026	3,249,367	690,364
2027	3,007,061	645,823
2028	3,049,913	602,971
2029-2033	15,914,025	2,350,399
2034-2038	17,080,713	1,183,711
2039-2043	7,177,910	127,859
Total Direct Borrowings and Direct Placements	62,537,214	7,218,569
Total Business-Type Activities	\$ 62,537,214	\$ 7,218,569

City of Reno, Nevada
Notes to Basic Financial Statements

Long-term liability activities for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within One Year
Governmental Activities					
Tax Allocation Bonds					
2007A Tax Increment Senior Lien (Taxable)	\$ 755,000	\$ -	\$ (755,000)	\$ -	\$ -
2007B Tax Increment Senior Lien (Tax-exempt)	3,795,000	-	(60,000)	3,735,000	865,000
2007 C Tax Increment Subordinate Lien (Tax-exempt)	7,775,000	-	(1,400,000)	6,375,000	1,470,000
Total Tax Allocation Bonds	12,325,000	-	(2,215,000)	10,110,000	2,335,000
General Obligation Bonds:					
2013A Capital Improvemnet Refunding Bonds	28,885,000	-	(1,950,000)	26,935,000	2,130,000
2013B Medium-term Various Purpose Bonds	100,000	-	(100,000)	-	-
2022 General Purpose Bonds	-	60,000,000	(800,000)	59,200,000	975,000
Total General Obligation Bonds:	28,985,000	60,000,000	(2,850,000)	86,135,000	3,105,000
Revenue Bonds					
2005C Capital Improvement Bonds	5,694,977	-	-	5,694,977	-
2006 Taxable Room Tax Reveue Bonds	5,885,000	-	(280,000)	5,605,000	300,000
2018A 1st Lien ReTRAC Refunding Bonds	118,785,000	-	(1,305,000)	117,480,000	1,375,000
2018B 2nd Lien ReTRAC Refunding Bonds	31,470,000	-	(355,000)	31,115,000	370,000
2018C Subordinate Lien ReTRAC Refundng Bonds	50,629,463	-	(4,823,966)	45,805,497	-
2018D 2nd Subordinate Lien ReTRAC Refunding Bonds	16,115,490	-	-	16,115,490	-
2019A-1 Capital Improvement Refunding Bonds	79,920,000	-	-	79,920,000	-
2019A-2 Taxable Capital Improvemnet Refunding Bonds	2,295,000	-	(1,115,000)	1,180,000	1,180,000
Total Revenue Bonds	310,794,930	-	(7,878,966)	302,915,964	3,225,000
Special Assessment Bonds:					
1999 Special Assessment District No. 2, Series 2016	2,260,000	-	(730,000)	1,530,000	755,000
2001 Stead Special Improvement District No. 2	30,000	-	(30,000)	-	-
2002 Special Improvement District No. 5	2,360,000	-	(530,000)	1,830,000	565,000
Total Special Assessment Bonds:	4,650,000	-	(1,290,000)	3,360,000	1,320,000
Direct Borrowing and Direct Placements					
2017 Tax Increment Refunding (Taxable) Bonds	540,000	-	(36,000)	504,000	36,000
2019 Medium-term Fire Apparatus Bonds	4,498,000	-	(611,000)	3,887,000	621,000
2007A Sales Tax Increment Bonds (Cabela's)	11,925,000	-	(395,000)	11,530,000	1,270,000
2007B Sales Tax Increment Bonds (Cabela's)	14,015,000	-	(415,000)	13,600,000	1,585,000
2008B NV Taxable Local Improvement	51,000	-	(27,000)	24,000	24,000
2010 Special Assessment District No. 2	740,600	-	(24,660)	715,940	25,670
Artown	750,000	-	(125,000)	625,000	125,000
Axon Enterprise	908,544	5,912,631	(1,369,865)	5,451,310	605,701
Clean Energy Renewable IPA	156,000	156,000	(156,000)	156,000	156,000
Qualified Energy Renewable IPA	552,000	-	(179,000)	373,000	184,000
Recovery Zone Economic Devpt Bond IPA	5,467,000	-	(783,000)	4,684,000	851,000
Total Direct Borrowing and Direct Placements	39,603,144	6,068,631	(4,121,525)	41,550,250	5,483,371
Unamortized premiums and discounts, net	9,696,807	2,726,371	(706,313)	11,716,865	-
Compensated absences	27,799,669	66,194,036	(63,991,361)	30,002,344	19,071,276
Self-insurance liability	68,271,547	66,186,258	(51,365,439)	83,092,366	9,921,117
Net postemployment benefits other than pensions	129,832,762	3,615,373	(15,778,779)	117,669,356	-
Net pension liability	159,688,504	172,782,050	(12,443,099)	320,027,455	-
Total Governmental Activities	\$ 791,647,363	\$ 377,572,719	\$ (162,640,482)	\$ 1,006,579,599	\$ 44,460,764

City of Reno, Nevada
Notes to Basic Financial Statements

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within One Year
Business-Type Activities					
Direct Borrowing and Direct Placements					
2016 Sewer Revenue Refunding Bonds	13,133,057	-	(5,595,843)	7,537,214	5,755,694
2020 Sewer Revenue Bonds	51,709,227	3,290,773	-	55,000,000	2,566,030
Total Direct Borrowing and Direct Placements	42,556,253	3,290,773	(5,595,843)	62,537,214	8,321,724
Unamortized premiums and discounts, net	-	-	-	-	-
Compensated absences	1,921,923	5,615,123	(4,925,277)	2,611,770	1,698,283
Net postemployment benefits other than pensions	3,713,696	4,591,965	(4,664,556)	3,641,105	-
Net pension liability	14,162,834	18,665,986	(556,730)	32,272,090	-
Total Business-Type Activities	\$ 62,354,706	\$ 32,163,848	\$ (15,742,406)	\$ 101,062,179	\$ 10,020,007

Unamortized deferred refunding charges

Pursuant to GASB No. 65, for current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred inflow or outflow of resources, and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prior to adoption of GASB No. 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2023, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2022	\$ 18,545,787	\$ -	\$ 18,545,787
Reductions	(584,862)	-	(584,862)
Balance June 30, 2023	\$ 17,960,925	\$ -	\$ 17,960,925

Variable Rate Debt

The City did not have any variable rate debt as of June 30, 2023.

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.

Debt Defeasance

In February of 2019, the City defeased a certain portion of the 2005C Taxable Capital Improvement Refunding Bonds by placing the proceeds of 2019A-2 Capital Improvement Refunding Bond in an irrevocable trust to provide for all future debt service payments on the partially defeased bond. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the City's financial statements. As June 30, 2023, \$3,497,425 of the \$3,497,425 in defeased debt remained outstanding, and the carrying value in the trust account is \$11,610,596. The fair value in the trust account is \$11,694,522.

New Debt Issued

On July 21, 2022, the City issued General Obligation (Limited Tax) Various Purpose Subordinate Lien Bonds, Series 2022. These bonds, not to exceed \$60 million, were for the purposes of acquiring, constructing, improving and equipping the Public Safety Center (a Building Project) and Moana Pool (a Recreational Project). The bonds will be payable semi-annually, over 30 years at an interest rate between 4% - 5% with the first principal payment due on June 1, 2023.

On September 22, 2021, the City entered into a medium-term obligation with Artown for the purchase of the Lear Theater located at 501 Riverside Drive and the adjacent parking lot located at 0 West First Street. The \$875,000 is payable at zero percent interest over seven years, with the first payment due at the inception and then annually thereafter.

Lines of Credit

The City does not have any lines of credit.

Arbitrage Rebate Requirement

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

Conduit Debt Obligations

The City has in the past 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 obligations or commitments with respect to the conduit debt after its issuance. Furthermore, 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.

There were no outstanding conduit debt obligations as of June 30, 2023.

Custodial Fund Special Assessment Debt

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

City of Reno, Nevada
Notes to Basic Financial Statements

Outstanding special assessment debt obligations accounted for in fiduciary fund at June 30, 2023, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2023
2002 Special Assessment District No. 4 Bonds (Somerset Parkway Project)	12/1/14 - 12/1/22	2.00% - 4.20%	\$ 5,535,000	\$ -
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	12/1/04 - 12/1/23	2.00% - 6.10%	7,100,000	285,000
			<u>\$ 12,635,000</u>	<u>\$ 285,000</u>

Segment Information

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

Note 7 – Other Information

Risk Management

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

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

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

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

Risk Retention and Self-Funded Workers Compensation Funds

All City funds participate in and make payments to the risk retention and self-funded workers compensation internal service funds based on actuarial estimates of the amounts needed to pay documented claims and establish a reserve for unknown claims.

City of Reno, Nevada
Notes to Basic Financial Statements

For the fiscal years ended June 30, 2023, 2022, and 2021 changes in unknown claims liability amounts and claims liability as June 30, 2023, included in self-insurance liability were as follows:

	Risk Retention Fund	Self-funded Workers Compensation Fund
Claims liability, July 1, 2021	\$ 2,336,969	\$ 56,535,066
Claims and changes in estimates	1,392,294	12,308,844
Claims payments	<u>(1,452,539)</u>	<u>(6,582,687)</u>
Claims liability, July 1, 2022	2,276,724	61,991,223
Claims and changes in estimates	152,296	22,742,386
Claims payments	<u>(514,689)</u>	<u>(7,346,774)</u>
Claims liability, June 30, 2023	\$ <u>1,914,331</u>	\$ <u>77,386,835</u>
Claims liability, due within one year	\$ <u>675,197</u>	\$ <u>8,611,970</u>
Claims liability, due in more than one year	\$ <u>1,239,134</u>	\$ <u>68,774,865</u>

Self-Funded Medical Plan Internal Service Fund

The City offers health care, dental, vision and life insurance coverage under a plan offered by the City, which offers three plan options -- The City of Reno Group Health Plan, the Hometown Health Plan (the City Plan), or The City of Reno High Deductible Health Plan -- to eligible City employees and their dependents. Eligibility, benefits and employee cost are dependent upon the applicable bargaining unit contract. The City maintains stop-loss coverage in the amount of \$400,000 per employee per year. With the implementation of the Affordable Healthcare Act of 2010, the City no longer has a maximum payment per individual per lifetime.

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

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

City of Reno, Nevada
Notes to Basic Financial Statements

For the fiscal years ended June 30, 2023, 2022, and 2021, changes in unknown claims liability amounts were as follows:

	Self-funded Medical Plan Fund
Claims liability, July 1, 2021	\$ 3,277,200
Claims and changes in estimates	33,252,064
Claims payments	<u>(32,525,664)</u>
Claims liability, July 1, 2022	4,003,600
Claims and changes in estimates	30,942,599
Claims payments	<u>(31,154,999)</u>
Claims liability, June 30, 2023	\$ <u>3,791,200</u>
Claims liability, due within one year	\$ <u>3,789,763</u>
Claims liability, due in more than one year	\$ <u>1,437</u>

Leases Receivable

GASB Statement No. 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Fiscal Year	Principal and Interest Expected to Maturity		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 716,093	\$ 77,442	\$ 793,535
2025	738,048	70,895	808,944
2026	712,196	64,182	776,379
2027	662,183	57,600	719,782
2028	438,389	51,297	489,686
2029 - 2033	1,467,590	193,959	1,661,549
2034 - 2038	539,390	127,216	666,606
2039 - 2043	307,330	99,312	406,641
2044 - 2048	369,057	70,516	439,573
2049 - 2053	443,936	35,989	479,924
2054 - 2055	194,534	3,305	197,839
	<u>\$ 6,588,746</u>	<u>\$ 851,714</u>	<u>\$ 7,440,459</u>

Subscriptions Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use and underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 161,727	\$ 4,302	\$ 166,029
2025	69,644	674	70,319
2026	1,157	3	1,160
	\$ 232,528	\$ 4,980	\$ 237,508

Special Ad Valorem Capital Projects Fund

For the year ended June 30, 2023, pursuant to NRS 354.598155 the Special Ad Valorem Capital Projects Fund expended \$872,144 on the following projects:

Machinery and equipment	\$ 872,144
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City of Reno, Nevada

Notes to Basic Financial Statements

Note 8 – Commitments

Operating Lease Commitments

Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. For additional information, refer to the disclosures below.

The City has entered into various non-cancelable leases, primarily for real property. Such leases expire at various times through June 2051. For the year ended June 30, 2023 lease expense totaled \$984,773, which included \$720,674 in amortization. At fiscal year end, the City's future minimum lease payments under these non-cancelable operating leases were as follows:

Fiscal Year	Principal and Interest Expected to Maturity					
	Governmental Activities			Business-type Activities		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2024	\$ 213,565	\$ 27,292	\$ 240,857	\$ 122,207	\$ 73,966	\$ 196,173
2025	217,055	24,281	241,336	124,290	71,883	196,173
2026	220,117	21,220	241,337	126,409	69,764	196,173
2027	223,226	18,111	241,337	128,563	67,610	196,173
2028	226,383	14,953	241,336	130,755	65,418	196,173
2029 - 2033	1,033,711	31,811	1,065,522	687,978	292,887	980,865
2034 - 2038	-	-	-	748,650	232,214	980,864
2039 - 2043	-	-	-	814,674	166,192	980,866
2044 - 2048	-	-	-	886,519	94,346	980,865
2048 - 2051	-	-	-	569,010	19,509	588,519
	<u>\$ 2,134,057</u>	<u>\$ 137,668</u>	<u>\$ 2,271,725</u>	<u>\$ 4,339,055</u>	<u>\$ 1,153,789</u>	<u>\$ 5,492,844</u>

Commitments Related to Contracts

Commitments outstanding for construction and construction-related services at June 30, 2023, for the City's non-enterprise funds totaled approximately \$5.6 million. Commitments were \$1.5 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2023, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, and treatment plant improvements. Outstanding commitments totaled \$53.2 million for City of Reno enterprise fund projects.

In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled \$9.46 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is approximately \$6.5 million.

Commitment Related to the P25 System

On June 23, 2020, the City of Reno became a partner agency in an interlocal agreement that provides for the financing, development, operation and management of the Washoe County Regional Communications P25 System, a regional emergency response system. The P25 System will be part of the Nevada Shared Radio System (NSRS) that includes the State of Nevada Department of Transportation and Nevada Energy and is replacing the current statewide 800MHz System. The P25 System Joint Operating Committee (Committee), which was formed under the provisions of the interlocal agreement, services as the executive committee. The City Managers of Reno and Sparks, the Washoe County Manager, and the Washoe County School District Superintendent or the designee service on the Committee. Other partner agencies are entitled to one representative of their own choosing to serve on the Committee.

To fulfill Washoe County's duties under the NSRS agreement, the initial cost of the P25 System was financed by Washoe County with a combination of cash and the issuance of municipal bonds. The partner agencies are invoiced for their share of the cost based on the number of radios they utilize, which can be paid in a lump sum or over the life of the bonds issued by Washoe County. Therefore, the City's portion is subject to change annually based on the participation and usage levels of other regional partners.

Washoe County Technology Services (WCTS) will maintain, operate, and repair the Radio Frequency and Microwave Backbone of the P25 system and will bill the partner and sponsored agencies on a monthly basis for operating costs related to the P25 system based on the number of radios utilized by those agencies. The cost of maintaining the actual radios will be borne by the partner and sponsored agencies.

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 and may be partially offset by payments from the City's liability insurance policies, discussed below under "Risk Management," and will not result in any material adverse future effect on the City's financial position, results of operation, or cash flows.

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

City of Reno, Nevada

Notes to Basic Financial Statements

Note 9 – Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks (the Cities) jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF or Facility). A committee known as the Reno-Sparks Coordinating Committee advises the Cities' Councils on matters relating to TMWRF. The Cities have joint control in approving budgets for the Facility and providing financing for the operations thereof. As of June 30, 2023, approximately 68.63% of the Facility's capacity was owned by Reno.

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

The City uses the equity method to account for its investment in TMWRF. At June 30, 2023, its investment as reported in its sanitary sewer enterprise fund totaled \$83,340,822, which represents 69.32% of TMWRF's net position. The City's share of TMWRF's net costs for the year ended June 30, 2023, was \$5,588,612, reported as non-operating expense.

The City obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2023, the City of Reno has recorded \$1,096,217 as a receivable from the City of Sparks for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest, coincide with the City of Reno's payment to the State of Nevada on the loan.

Commitments outstanding for construction projects and for non-construction contracts at TMWRF at June 30, 2023, totaled \$9.46M. These commitments will be shared by the City and the City of Sparks based upon their respective allocations related to the associated contracts.

Separate audited financial statements for the Facility are available by contacting the Truckee Meadows Water Reclamation Facility.

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

On October 10, 1996, the City, the City of Sparks, and Washoe County (the Joint Venture Participants) entered into a joint venture to purchase water rights pursuant to a 1998 settlement agreement with the Pyramid Lake Paiute Tribe of Indians, U.S. Departments of Justice and the Interior (DOI), the U.S. Environmental Protection Agency (EPA), and the Nevada Division of Environmental Protection. The settlement allowed the Joint Venture Participants to use the full capacity of the Truckee River Valley Water Quality Facility for a one-time cost of \$24,000,000, 50% payable by the DOI and 50% payable by the Joint Venture Participants. The Joint Venture has fulfilled its obligation. The "no equity" Joint Venture is administered by Washoe County and jointly managed by Washoe County, the City of Sparks, and DOI. Each Joint Venture Participant owns an undivided and equal interest in the property and water rights purchased.

Separate financial statements and information for the Joint Venture are available by contacting the Washoe Department of Water Resources, 4930 Energy Way, Reno, Nevada 89502.

Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority), is a joint powers authority formed in November 2000 pursuant to a Cooperative Agreement (the Agreement) among the Cities of Reno and Sparks and Washoe County (the Participants), for the purpose of purchasing the water assets and undertaking the water utility operations of Sierra Pacific Power Company (SPPCo), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority issued bonds to purchase the water system and do not constitute an obligation of the Participants or the State of Nevada. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. The Authority has a seven-member governing board consisting of director appointments by the City (3), the City of Sparks (2), and Washoe County (1), plus one elected at-large director.

The City provides the Authority with certain services related primarily to employee benefit administration for a monthly fee of \$4,806 for the year ended June 30, 2023. The City also provides maintenance services and fuel for the Authority's vehicles for a fee which totaled \$41,315 during fiscal year 2023.

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

Truckee River Flood Management Authority

The Truckee River Flood Management Authority (TRFMA) is a joint powers authority formed in March 2011, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County (members). The governing body of each Member appoints two directors who must be elected officials of the Member's governing body. The TRFMA was formed in order to regulate and control waters of the Truckee River that flow through their territories to reduce or mitigate flooding for the ongoing benefit of the Truckee Meadows community and is authorized to issue bonds that do not constitute an obligation of the City of Reno, City of Sparks, Washoe County, or State of Nevada. Under the terms of the Cooperative Agreement, the TRFMA Board of Directors has the power to periodically impose, assess, levy, collect, and enforce fees, rates, and charges in an amount sufficient for services or facilities, or both services or facilities and also to discharge any debt instruments or financial agreements. No such assessments have been made since the TRFMA's formation. The arrangement is considered a joint venture with no equity interest recorded on the City of Sparks' balance sheet as of June 30, 2023, because no explicit and measurable equity interest is deemed to exist.

Separate financial statements and information for this joint venture are available by contacting the Truckee River Flood Management Authority's Finance Department at 9390 Gateway Drive, Suite 230, Reno, NV 89521

City of Reno, Nevada

Notes to Basic Financial Statements

Note 10 – Defined Benefit Pension Plans

Aggregate Balances – At June 30, 2023, the City's aggregate pension plan balances were as follows:

	Public Employees' Retirement System of Nevada	Judicial Retirement System of Nevada	Aggregated Total
Net deferred outflows of resources related to pensions	\$ 134,215,037	\$ 475,328	\$ 134,690,365
Net pension liability	351,818,143	481,402	352,299,545
Net deferred inflows of resources related to pensions	3,046,281	43,629	3,089,910
Pension expense/(revenue)	\$ 36,698,935	\$ 131,211	\$ 36,830,146

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

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

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

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

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

1. 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2. The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

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

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

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

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at age 50 with twenty years of service, or at any age with thirty years of service. Police/fire members entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of service, or at any age with 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited service.

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

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The

City of Reno, Nevada

Notes to Basic Financial Statements

actuary funding method used is the entry age normal cost method. It is intended to meet the funding objective and results in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2023 and 2022, the required contribution rates for regular members is 15.5% and 22.75% for police/fire members. The EPC rate was 29.75% for regular and 44% for police/fire members.

PERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplemental information. This report is available on the PERS's website, www.nvpers.org under publications. PERS collective net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The following actuarial assumptions were applied to all periods included in the measurement and based on the results of an experience study covering the period from July 1, 2016 to June 30, 2020.

Actuarial valuation date	June 30, 2022
Inflation rate	2.50%
Payroll growth	5.00%, including inflation
Investment rate of return	7.25%
Discount rate	7.25%
Productivity pay increase	0.50%
Consumer price index	2.25%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases

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

Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.07%	0.04%	43.4	47.1
50	0.35%	0.24%	33.2	36.7
60	0.72%	0.43%	23.7	26.9
70	1.80%	1.19%	15.2	17.8
80	5.71%	3.75%	8.1	10.0

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

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

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

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

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

* As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2022, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

The City's proportionate share of the net pension liability at the actuarial valuation date using the selected discount rate of 7.25% and the estimated liability if the rate varied by 1% follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 540,155,938	\$ 351,818,143	\$ 196,411,203

Detailed information about PERS fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Annual Comprehensive Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's 1.94860% proportionate share of PERS' collective net pension liability at the actuarial valuation date was \$351,818,143. The City's relative contributions for the related fiscal year was used to determine its proportionate share. Contributions for employer pay dates within the fiscal year ended June 30, 2022, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022.

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For the period ending on the actuarial valuation date, the City's pension expense was \$147,911,896 and its reported deferred outflows and inflows of resources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,554,638	\$ 251,329
Changes of assumptions	45,193,493	-
Net difference between projected and actual earnings on investments	4,292,400	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	15,032,911	2,794,952
Contributions made subsequent to the measurement date	24,141,595	-
	<u>\$ 134,215,037</u>	<u>\$ 3,046,281</u>

At June 30, 2022, the average expected remaining service life is 5.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling \$24,141,595 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,	2024	\$ 16,417,878
	2025	15,581,560
	2026	13,911,747
	2027	53,828,093
	2028	7,287,883
	Thereafter	-
		<u>\$ 107,027,161</u>

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

Net pension liability, beginning of year	\$ 173,945,997
Pension (revenue)/expense	36,698,935
Employer contributions	(21,434,420)
Net change in deferred inflows and outflows of resources	<u>162,607,631</u>
Net pension liability, end of year	<u>\$ 351,818,143</u>

At June 30, 2023, accrued salaries and benefits included \$5,839,781 payable to PERS for required contributions relating to the last month of the fiscal year.

Agent Multiple-Employer Defined Benefit Pension Plan

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

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

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

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

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

Members enrolled in the JRS on or after July 1, 2015, will receive 3.1591% for each year of service. Each member is entitled to a benefit of not more than 75% and must contribute 50% of the contribution rate through payroll deductions.

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

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

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

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

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

City of Reno, Nevada

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

For JRS members entering the system on or after January 1, 2010, and prior to July 1, 2015, the post-retirement increases are the same as paragraph 1 above, except that the increases do not exceed 4% per year.

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

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

At June 30, 2022, JRS membership consisted of:

Active members	111
Inactive vested members	6
Retired members and beneficiaries	<u>93</u>
	<u>210</u>

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

In addition, effective with the January 1, 2009 valuation, assets are valued using five-year smoothing. The Actuarial Value of Assets (AVA) is further limited to not less than 70% or greater than 130% of market value.

For the fiscal year ended June 30, 2022, the required employer/employee matching rate was 25.25%.

The JRS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Reno, Nevada
Notes to Basic Financial Statements

The total JRS pension liability was determined using the following actuarial assumptions (based on the results of an experience study dated September 10, 2021):

Actuarial valuation date	June 30, 2022
Inflation rate	2.50%
Payroll growth	2.50% to 6.75%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Discount rate	7.25%
Consumer price index	2.75%
Asset valuation method	The actuarial value of assets is equal to the prior year's actuarial value of assets plus contributions and net transfers, less benefit payments and expenses, plus expected investment return, and 20% of each of the previous five years' gain/(loss) due to investment return greater/(less) than expected. The actuarial value of assets is further limited to not less than 70% or greater than 130% of the market value of assets.
Actuarial cost method	Entry age normal
Amortization method	Year-by-year closed amortization period as a level percent of pay (2.5% payroll growth assumed) where each amortization period will be set at 30 years for Supreme Court justices and district judges and 20 years for each non-state agency)
Mortality rates	<p>Post-retirement: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.</p> <p>For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee Mortality Tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016.</p> <p>Pre-retirement: Headcount-Weighted RP 2014 Employee Mortality Tables, projected to 2020 with Scale MP-2016.</p>

JRS policies which determine the investment portfolio target asset allocation are established by the JRS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of JRS. The following target asset allocation policy was adopted as of June 30, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	50.50%	6.65%
Developed International Equity	21.50%	7.18%
U.S. Fixed Income	28.00%	0.91%

City of Reno, Nevada

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The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made monthly at the actuarially determined contribution rates and the payment to amortize the unfunded actuarial liability is assumed to be paid annually, at the end of the year, for Supreme Court justices and district judges and monthly for municipal court judges and justices of the peace. Based on those assumptions, JRS's fiduciary net position at June 30, 2022, was projected to be available to make all projected future benefit payments of current active and inactive JRS members. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

The City's JRS net pension liability at June 30, 2021, calculated using the discount rate of 7.25%, as well as what the City's JRS net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current discount rate was as follows:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Net pension liability (asset)	\$ 946,772	\$ 481,402	\$ 90,593

JRS issues a publicly available Annual Financial Report that includes financial statements and required supplemental information. This report is available by writing to JRS at 693 West Nye Lane, Carson City, Nevada 89703. In addition, JRS is classified as a component unit of the State of Nevada, and as such JRS financial information is included in the State of Nevada's Comprehensive Annual Financial Report. JRS fiduciary net position and related additions to/deductions from it have been determined on the same basis used in the JRS Annual Financial Report. JRS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2022, the City reported a net pension liability of \$481,402, for the JRS plan. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the period ended June 30, 2022, the City's JRS pension expense was \$131,211 and its reported deferred outflows and inflows of resources related to JRS pensions as of June 30, 2022, were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,232	\$ 22,757
Changes of assumptions	128,643	-
Net difference between projected and actual earnings on investments	165,003	-
Other Changes	40,888	20,872
Contributions made subsequent to the measurement date	<u>126,562</u>	<u>-</u>
	<u>\$ 475,328</u>	<u>\$ 43,629</u>

At June 30, 2022, the average expected remaining service life is 4.62 years.

City of Reno, Nevada
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Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30,	2024	\$ (32,664)
	2025	106,296
	2026	42,139
	2027	189,366
		<u>\$ 305,134</u>

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

Net pension liability, beginning of year	\$ (94,660)
Pension (revenue)/expense	131,211
Employer contributions	(107,270)
Net change in deferred inflows and outflows of resources	<u>552,121</u>
Net pension liability, end of year	<u>\$ 481,402</u>

At June 30, 2023, accrued salaries and benefits included \$20,969 payable to JRS for required contributions relating to the last month of the fiscal year.

Note 11 – Postemployment Benefits Other Than Pensions (OPEB) and OPEB Trust Fund

Aggregate Balances – At June 30, 2023, the City's aggregate OPEB plan balances were as follows:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Net OPEB asset administered through an irrevocable employee benefit trust fund	\$ -	\$ 25,951,629	\$ 25,951,629
Net deferred outflows of resources related to OPEB	-	1,044,498	1,044,498
Total OPEB liability	2,360,055	144,902,035	147,262,090
Net OPEB liability	2,360,055	118,950,406	121,310,461
Net deferred inflows of resources related to OPEB	-	54,983,589	54,983,589
OPEB expense/(income)	(514,903)	(6,443,516)	(6,958,419)
Fiduciary Net Position as percentage of the Total OPEB Liability	0%	17.91%	17.62%

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

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

City of Reno, Nevada

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

Both plans provide healthcare, dental, vision and life insurance benefits. Eligible pre-Medicare retirees that are not eligible for PEBP, can receive coverage through the City Plan. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life.

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

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

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

City of Reno
 Finance Department
 One East First Street, P.O. Box 1900
 Reno, Nevada, 89505
 (775) 334-2080

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

The City is required to provide a subsidy, based on years of service for a closed group of its retirees that have enrolled in PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For 2023, this subsidy ranged from \$424 to \$854 per retiree, per month.

Eligibility and subsidy requirements for the City Plan are dependent upon the applicable bargaining unit contract. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life.

At June 30, 2022, employees covered by OPEB benefit terms consisted of:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Active members	-	1,246	1,246
Inactive employees currently receiving benefit payments	135	738	873
	<u>135</u>	<u>1,984</u>	<u>2,119</u>

City of Reno, Nevada
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The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Employee Benefit Program	City of Reno Plan
Actuarial valuation date	January 1, 2022	January 1, 2022
Measurement date	June 30, 2023	June 30, 2023
Inflation rate	2.50% per year	2.50% per year
Salary changes	N/A	City Plan – 3.0% per year, since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years PEBP – not applicable, there are no active employees in this plan
Discount rate	3.54% as of June 30, 2022 3.54% as of June 30, 2023	6.00% as of June 30, 2021 6.50% as of June 30, 2022
Discount rate source	Bond Buyer General Obligation 20-Bond Municipal Bond Index	Bond Buyer General Obligation 20-Bond Municipal Bond Index
Postemployment benefit changes	None	Monthly premium rates are the same for actives and retirees
Actuarial cost method	Entry Age Normal Cost, closed group, level percent of pay	Entry Age Normal Cost, closed group, level percent of pay
Healthcare cost trend rates	6.0%, decreasing to an ultimate rate of 3.9% for 2076 and subsequent years	5.8%, decreasing to an ultimate rate of 3.9% for 2076 and subsequent years
Asset valuation method	N/A	Market value of assets
Long-term return on assets		7.0% as of June 30, 2023, net of plan investment changes

For 2023, the monthly premium rates for retirees were made the same as for active employees for all but the Hartford Plan, which is currently available only to police and fire post-65 retirees.

The City Plan mortality rates were based on the following:

MacLeod Watts Scale 2022 applied generationally from 2010. The MacLeod Watts Scale 2022 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the board of trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period of 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions for the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step down in 2045 which is reflected in MacLeod Watts scale for years 2045 and thereafter. Over the ages of 95 to 118, the SSA improvement rate is graded to zero.

City of Reno, Nevada
Notes to Basic Financial Statements

The City's total OPEB and PEBP liabilities at June 30, 2023, calculated using the discount rate at 6.50% and 3.65% respectively, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% high than the current discount rate was as follows:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Total OPEB liability	\$ 163,095,208	\$ 144,902,035	\$ 131,662,108
Net OPEB liability	137,143,579	118,950,406	105,710,479
Total PEBP liability	2,593,493	2,360,055	2,160,512

The City's total OPEB and PEBP liabilities at June 30, 2023, calculated using the healthcare trend rate of 5.8%, decreasing to 3.9% by 2076 and 6.0%, decreasing to 3.9% by 2017 respectively, as well as what the City's total OPEB and PEBP liabilities would be if it were calculated using a healthcare trend rate that is 1.00% lower or 1% higher than the current healthcare trend rate was as follows:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Total OPEB liability	\$ 129,228,356	\$ 144,902,035	\$ 166,436,592
Net OPEB liability	103,276,727	118,950,406	140,484,963
Total PEBP liability	2,154,726	2,360,055	2,596,254

At June 30, 2023, changes in the City's total OPEB liability were as follows:

	<u>Public Employee Benefit Program</u>	<u>City of Reno Plan</u>	<u>Aggregate Total</u>
Service cost	\$ -	\$ 3,333,301	\$ 3,333,301
Interest on total OPEB liability	84,791	8,930,665	9,015,456
Changes in benefit terms	-	(1,132,555)	(1,132,555)
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	(23,914)	(8,127,188)	(8,151,102)
Benefit payments	<u>(192,107)</u>	<u>(7,226,599)</u>	<u>(7,418,706)</u>
Net change in total OPEB liability	(131,230)	(4,222,376)	(4,353,606)
Total OPEB liability, beginning of year	<u>2,491,285</u>	<u>149,124,411</u>	<u>151,615,696</u>
Total OPEB liability, end of year	2,360,055	144,902,035	147,262,090
Net OPEB assets administered through an irrevocable employee benefit trust fund	<u>-</u>	<u>25,951,629</u>	<u>25,951,629</u>
Net OPEB liability, end of year	<u>\$ 2,360,055</u>	<u>\$ 118,950,406</u>	<u>\$ 121,310,461</u>

City of Reno, Nevada
Notes to Basic Financial Statements

For the period ended June 30, 2023, the City's OPEB income was \$(6,443,516) and its reported deferred outflows and inflows of resources related to OPEB were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,349,658
Changes of assumptions	1,044,498	35,525,498
Differences in investment earnings	-	108,433
	\$ 1,044,498	\$ 54,953,589

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

For the year ended June 30,	2024		\$ (14,705,664)
	2025		(9,529,245)
	2026		(8,539,671)
	2027		(8,983,919)
	2028		(6,255,491)
	Thereafter		(5,925,101)
			\$ (53,939,091)

Employee Benefit Trust Fund

In a prior fiscal year, the City approved the creation of an employee benefit trust fund. The trust fund is intended to qualify as a government irrevocable trust established to provide an essential governmental function (to fund future OPEB obligations) under IRS Code Section 115 and pursuant to NRS 287.017. The trust fund assets are separate from the City's, are held for the future payment of OPEB plan obligations and is invested in the Retirement Benefits Investment Fund (RBIF), which is managed through an intrastate interlocal agreement with the Retirement Benefits Investment Board, located at 693 W. Nye Lane, Carson City, Nevada.

During fiscal year 2023, the City made contributions to the trust fund totaling \$11,389,242. Contributions are determined at the City's discretion through its annual budget process to be paid from the City's general, internal service and enterprise funds.

Note 12 – Other Information

Subsequent Events

On September 13, 2023, the Reno City Council approved a settlement agreement in the matter of Stan Lucas v. City of Reno in the amount of \$3.5 million for alleged damages resulting from the City's denial of an application for a tentative map and special use permit for a residential subdivision on approximately 955 acres in the Mortensen Garson Overlay District in Verdi. The settlement was paid for out of the City's Risk Fund in fiscal year ending June 30, 2024.

Required Supplementary Information

City of Reno, Nevada
Postemployment Benefits Other Than Pensions (OPEB)
Schedule of Changes in Total OPEB Liability
For the Year Ended June 30, 2023 and Last Ten Fiscal Years¹

	Service Cost	Interest on Total OPEB Liability	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Change in Assumptions or Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability, Beginning of Year	Total OPEB Liability, End of Year	Plan Fiduciary Net Position End of Year	Net OPEB Liability	Covered Employee Payroll	Total OPEB Liability, End of Year as a Percentage of Covered Employee Payroll
Public Employee Benefit Program													
2018	\$ -	\$ 83,677	\$ -	\$ -	\$ 55,285	\$ (203,156)	\$ (64,194)	\$ 2,774,952	\$ 2,710,758	\$ -	\$ 2,710,758	\$ -	237.33%
2019		76,343			221,622	(192,534)	105,431	2,710,758	2,816,189		2,816,189		210.13%
2020		95,137			679,646	(211,469)	563,314	2,816,189	3,379,503		3,379,503		155.07%
2021		72,501			18,233	(197,839)	(107,105)	3,379,503	3,272,398		3,272,398		135.86%
2022		88,466		(10,898)	(633,348)	(205,333)	(781,113)	3,272,398	2,491,285		2,491,285		112.54%
2023		84,791			(23,914)	(192,107)	(131,230)	2,491,285	2,360,055		2,360,055		94.83%
City of Reno Plan													
2018	7,838,012	6,869,650			6,955,870	(7,631,378)	14,032,154	215,455,315	229,487,469	7,753,129	221,734,340	96,695,325	237.33%
2019	8,593,105	6,837,062			(4,406,354)	(7,867,859)	3,155,974	229,487,469	232,643,443	9,405,532	223,237,911	110,713,117	210.13%
2020	8,103,033	8,335,903		(43,466,542)	(22,640,530)	(6,512,741)	(56,180,877)	232,643,443	176,462,566	11,569,332	164,893,234	113,794,793	155.07%
2021	5,218,217	8,010,998			(21,332,417)	(7,317,242)	(15,420,444)	176,462,566	161,042,122	17,293,549	143,748,573	118,531,405	135.86%
2022	4,272,717	8,865,482	2,513,641	(7,027,514)	(13,040,820)	(7,521,217)	(11,917,711)	161,042,122	149,124,411	18,850,349	130,274,062	132,509,144	112.54%
2023	3,333,301	9,930,665	(1,132,555)		(6,127,188)	(7,226,599)	(4,222,376)	149,124,411	144,902,035	25,951,629	118,950,406	152,795,720	94.83%

1. Information for Postemployment Benefits Other Than Pensions is not available for year prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent years.
2. The Public Employee Benefit Plan is a closed plan; therefore, there are no current covered employees.

City of Reno, Nevada
Postemployment Benefits Other Than Pensions (OPEB)
Actuarially Determined Contribution Information
For the Year Ended June 30, 2023 and Last Ten Fiscal Years¹

	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Public Employee Benefit Program					
2018	\$	² \$ 203,156	\$ 203,156	\$	³
2019		² 192,534	192,534		³
2020		² 211,469	211,469		³
2021		² 197,839	197,839		³
2022		² 205,333	205,333		³
2023		² 192,107	192,107		³
City of Reno Plan					
2018	11,798,534	8,886,036	(2,912,498)	106,539,966	8.34057%
2019	12,790,212	8,857,110	(3,933,102)	110,713,117	8.00005%
2020	11,584,067	8,046,690	(3,537,377)	113,794,793	7.07123%
2021	12,166,696	9,813,894	(2,352,802)	118,531,405	8.27957%
2022	12,084,543	10,659,947	(1,424,596)	132,509,144	8.04469%
2023	12,550,949	11,389,242	(1,161,707)	152,795,720	7.45390%

1. Information for the Postemployment Benefits Other Than Pensions plans is not available for the years prior to the fiscal year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information of the ten most recent fiscal years.
2. The Public Employee Benefit Program is funded on a pay-as-you-go basis. Therefore, the actuary did not determine contributions for this plan.
3. The Public Employee Benefit Program is a closed plan. Therefore, there are no currently covered employees.

City of Reno, Nevada
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of the Collective Net Pension Liability Information
For the Measurement Year Ended June 30, 2023 and Last Ten Fiscal Years¹

<u>For the Year Ended June 30,</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportion of the Collective Net Pension Liability as a Percentage of Covered Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	1.88407%	\$ 247,751,652	\$ 93,801,378	264.12368%	76.31210%
2015	1.80849%	207,243,295	81,971,840	252.82255%	75.12612%
2016	1.76966%	238,145,028	86,413,601	275.58744%	72.20000%
2017	1.86301%	247,778,053	96,062,490	257.93424%	74.41654%
2018	1.80951%	246,776,316	96,221,810	256.46609%	75.23537%
2019	1.83074%	249,638,697	101,018,373	247.12207%	76.45733%
2020	1.81050%	252,173,208	104,227,808	241.94427%	77.03999%
2021	1.90745%	173,945,998	109,254,447	159.21182%	86.50548%
2022	1.94860%	351,818,141	130,975,932	268.61282%	75.12034%

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

City of Reno, Nevada
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of Statutorily Required Contribution Information
For the Year Ended June 30, 2023 and Last Ten Fiscal Years¹

For the Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll
2015	\$ 28,070,303	\$ 28,070,303	\$ -	81,971,840	34.24384%
2016	29,918,043	29,918,043	-	86,413,601	34.62191%
2017	32,030,815	32,030,815	-	96,062,490	33.34373%
2018	33,581,449	33,581,449	-	96,221,810	34.90004%
2019	35,247,737	35,247,737	-	101,018,373	34.89240%
2020	37,737,169	37,737,169	-	104,227,808	36.20643%
2021	39,918,838	39,918,838	-	109,254,447	36.53749%
2022	42,588,297	42,588,297	-	115,524,654	36.86512%
2023	46,701,670	46,701,670	-	130,975,932	35.65668%

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

City of Reno, Nevada
Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Net Pension Liability
For the Measurement Year Ended June 30, 2023 and Last Ten Fiscal Years¹

<u>For the Year Ended June 30,</u>	<u>Net Pension Liability, Beginning of Year</u>	<u>Pension Expense</u>	<u>Employer Contributions</u>	<u>Change in Net Deferred Outflows and Inflows</u>	<u>Net Pension Liability, End of Year</u>
2014	\$ 633,551	\$ 81,208	\$ (137,885)	\$ (197,401)	\$ 379,473
2015	379,473	89,094	(140,414)	147,846	475,999
2016	475,999	51,209	(96,710)	(51,041)	379,457
2017	379,457	34,038	(92,679)	(15,485)	305,331
2018	305,331	23,832	(88,617)	(17,585)	222,961
2019	222,961	42,297	(89,120)	37,899	214,037
2020	214,037	39,943	(102,356)	44,436	196,060
2021	196,060	(4,744)	(89,495)	(196,481)	(94,660)
2022	(94,660)	131,211	(107,270)	552,121	481,402

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

City of Reno, Nevada
Agent Multiple-Employer Defined Benefit Pension Plan
Pension Plan Information
For the Measurement Year Ended June 30, 2023 and Last Ten Fiscal Years¹

For the Year Ended June 30,	Total Pension Plan Liability	Pension Plan Fiduciary Net Position	Net Pension Plan Liability	Pension Plan Fiduciary Net Position as a Percentage of Total Pension Plan Liability	Pension Plan Covered Payroll	Net Pension Plan Liability as a Percentage of Pension Covered Payroll
2014	\$ 2,495,730	\$ 2,116,257	\$ 379,473	84.79511%	\$ 454,597	83.47459%
2015	2,733,191	2,257,192	475,999	82.58450%	477,580	99.66896%
2016	2,073,143	1,693,686	379,457	81.69653%	499,655	75.94380%
2017	2,139,382	1,834,051	305,331	85.72807%	491,419	62.13249%
2018	2,299,779	2,076,818	222,961	90.30511%	350,579	63.59793%
2019	2,476,281	2,262,244	214,037	91.35652%	346,148	61.83396%
2020	2,908,031	2,711,971	196,060	93.25798%	390,525	50.20421%
2021	2,937,036	3,031,696	(94,660)	103.22298%	339,926	-27.84724%
2022	3,864,894	3,383,492	481,402	87.54424%	412,562	116.68598%

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

City of Reno, Nevada
Agent Multiple-Employer Defined Benefit Pension Plan
Actuarially Determined Contribution Information
For the Year Ended June 30, 2023 and Last Ten Fiscal Years¹

For the Year Ended June 30,	Actuarially Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Made as a Percentage of Covered Payroll
2015	\$ 140,925	\$ 140,414	\$ (511)	\$ 454,597	30.88758%
2016	103,271	102,435	(836)	477,580	21.44876%
2017	104,381	92,679	(11,702)	499,655	18.54860%
2018	90,754	87,316	(3,438)	491,419	17.76813%
2019	102,475	88,617	(13,858)	350,579	25.27733%
2020	97,150	89,120	(8,030)	346,148	25.74621%
2021	110,822	102,356	(8,466)	390,525	26.20985%
2022	93,280	89,495	(3,785)	339,926	26.32779%
2023	113,635	107,270	(6,365)	412,562	26.00094%

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

City of Reno, Nevada
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 69,759,029	\$ 69,759,029	\$ 70,905,726	\$ 1,146,697
Special assessments	3,156,763	3,156,763	3,033,322	(123,441)
Licenses and permits				
Business licenses and permits				
Business licenses	23,101,268	24,001,268	24,880,315	879,047
City gaming licenses	1,353,057	1,353,057	1,382,575	29,518
Liquor licenses	2,116,196	2,116,196	2,460,729	344,533
Non-business licenses and permits	6,000	2,690,268	2,813,843	123,575
Total licenses and permits	<u>26,576,521</u>	<u>30,160,789</u>	<u>31,537,462</u>	<u>1,376,673</u>
Franchise fees				
Electricity	11,612,653	11,612,653	15,095,468	3,482,815
Telephone	2,710,975	2,710,975	2,823,854	112,879
Natural gas	3,728,732	3,728,732	6,944,741	3,216,009
Sanitation	5,434,389	5,434,389	5,870,121	435,732
Sewer	4,109,700	4,109,700	4,683,762	574,062
Cable television	2,200,000	2,200,000	1,931,150	(268,850)
Total franchise fees	<u>29,796,449</u>	<u>29,796,449</u>	<u>37,349,096</u>	<u>7,552,647</u>
Intergovernmental				
Grants and contributions				
Federal grants	2,282,846	4,734,677	4,118,318	(616,359)
State grants	-	24,850	11,535	(13,315)
Total grants and contributions	<u>2,282,846</u>	<u>4,759,527</u>	<u>4,129,853</u>	<u>(629,674)</u>
State shared revenues				
Consolidated tax revenue	101,752,502	101,752,502	93,449,652	(8,302,850)
AB 104 revenue	6,885,949	6,885,949	6,013,848	(872,101)
Marijuana fees	200,000	200,000	272,253	72,253
Sales tax - tax increment districts	6,000,000	6,000,000	2,662,465	(3,337,535)
Total state shared revenues	<u>114,838,451</u>	<u>114,838,451</u>	<u>102,398,218</u>	<u>(12,440,233)</u>
Other local governmental shared revenue				
County gaming licenses	1,607,592	1,607,592	1,259,289	(348,303)
Contributions	-	123,124	182,390	59,266
Other	3,000	3,000	4,405	1,405
Total other local governmental shared revenue	<u>1,610,592</u>	<u>1,733,716</u>	<u>1,446,084</u>	<u>(287,632)</u>
Total intergovernmental	<u>118,731,889</u>	<u>121,331,694</u>	<u>107,974,155</u>	<u>(13,357,539)</u>
Charges for services				
General government				
Administrative fees	640,000	640,000	1,094,727	454,727
TMWA contract payment	59,000	59,000	57,677	(1,323)
Indirect cost allocations	4,887,190	4,887,190	4,887,190	-
Total general government	<u>5,586,190</u>	<u>5,586,190</u>	<u>6,039,594</u>	<u>453,404</u>
Judicial				
Municipal court charges	72,418	72,418	82,569	10,151
Total Judicial	<u>72,418</u>	<u>72,418</u>	<u>82,569</u>	<u>10,151</u>

City of Reno, Nevada
General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual (continued)
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Safety				
Police services charges	520,000	520,000	651,937	131,937
Work permits	30,000	30,000	38,996	8,996
Fire service charges	1,487,500	2,487,500	1,218,087	(1,269,413)
Strike team reimbursements	20,000	2,040,591	6,293,028	4,252,437
Dispatch charges	250,000	314,922	454,995	140,073
Total Public Safety	2,307,500	5,393,013	8,657,043	3,264,030
Public Works				
Parking receipts	799,930	799,930	1,040,367	240,437
Total Public Works	799,930	799,930	1,040,367	240,437
Community Development & Support				
Planning fees	100,000	100,000	145,684	45,684
Planning application fees	700,000	700,000	637,362	(62,638)
Other community development revenue	63,500	63,500	77,226	13,726
Total Community Development & Support	863,500	863,500	860,272	(3,228)
Culture and Recreation				
Swimming pool fees	402,000	402,000	503,573	101,573
Recreation facility fees	3,422,226	3,422,226	3,591,251	169,025
Parks and recreation fees	100,000	100,000	125,432	25,432
Total Culture and Recreation	3,924,226	3,924,226	4,220,256	296,030
Total charges for services	13,553,764	16,639,277	20,900,101	4,260,824
Fines and forfeitures				
General government parking ticket fines	120,000	620,000	407,012	(212,988)
Municipal court fines	1,545,422	1,545,422	1,353,645	(191,777)
Administrative code citations	100,000	100,000	77,976	(22,024)
Delinquent license penalties	900,000	1,400,000	1,452,758	52,758
Total fines and forfeitures	2,665,422	3,665,422	3,291,391	(374,031)
Miscellaneous				
Interest & investment earnings	400,000	900,000	668,687	(231,313)
Change in fair value of investments	-	-	(299,154)	(299,154)
Private grants and contributions	-	157,999	127,954	(30,045)
Rents and royalties	475,000	475,000	406,446	(68,554)
Reimbursements and restitution	952,000	2,522,718	2,484,382	(38,336)
Other	59,187	59,187	71,909	12,722
Total miscellaneous	1,886,187	4,114,904	3,460,224	(654,680)
Total revenues	266,126,024	278,624,327	278,451,477	(172,850)
EXPENDITURES				
Current				
General government				
City Council				
Salaries and wages	603,494	603,494	603,643	(149)
Employee benefits	432,952	432,952	423,511	9,441
Services and supplies	773,396	707,713	687,550	20,163
Total City Council	1,809,842	1,744,159	1,714,704	29,455

City of Reno, Nevada
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual (continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Clerk				
Salaries and wages	703,516	703,516	692,574	10,942
Employee benefits	370,658	370,658	341,926	28,732
Services and supplies	529,372	535,372	358,379	176,993
Total City Clerk	1,603,546	1,609,546	1,392,879	216,667
City Manager				
Salaries and wages	5,544,820	5,788,060	5,398,763	389,297
Employee benefits	2,512,066	2,611,669	2,306,433	305,236
Services and supplies	5,076,447	7,134,008	5,734,570	1,399,438
Total City Manager	13,133,333	15,533,737	13,439,766	2,093,971
Finance				
Salaries and wages	1,895,140	1,489,168	1,385,869	103,299
Employee benefits	961,759	760,278	692,340	67,938
Services and supplies	442,894	437,394	493,736	(56,342)
Total Finance	3,299,793	2,686,840	2,571,945	114,895
City Attorney				
Salaries and wages	3,274,715	3,274,715	3,402,545	(127,830)
Employee benefits	1,597,008	1,597,008	1,557,797	39,211
Services and supplies	318,210	318,210	237,617	80,593
Total City Attorney	5,189,933	5,189,933	5,197,959	(8,026)
Human Resources				
Salaries and wages	1,275,597	1,702,262	1,584,759	117,503
Employee benefits	731,288	940,314	852,794	87,520
Services and supplies	549,183	804,483	533,925	270,558
Total Human Resources	2,556,068	3,447,059	2,971,478	475,581
Civil Service				
Salaries and wages	487,567	487,567	479,117	8,450
Employee benefits	281,202	281,202	253,453	27,749
Services and supplies	163,369	183,369	160,722	22,647
Total Civil Service	932,138	952,138	893,292	58,846
Communications and Technology				
Salaries and wages	2,620,752	2,620,752	2,573,987	46,765
Employee benefits	1,313,725	1,313,725	1,195,753	117,972
Services and supplies	5,614,655	6,331,475	6,011,378	320,097
Total Communications and Technology	9,549,132	10,265,952	9,781,118	484,834
Total general government	38,073,785	41,429,364	37,963,141	3,466,223
Judicial				
Municipal Court				
Salaries and wages	5,076,963	5,076,963	4,821,703	255,260
Employee benefits	2,829,167	2,829,167	2,529,660	299,507
Services and supplies	1,200,988	1,620,921	1,599,319	21,602
Total Judicial	9,107,118	9,527,051	8,950,682	576,369

City of Reno, Nevada
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual (continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety				
Police Department				
Salaries and wages	46,656,829	51,436,010	51,339,510	96,500
Employee benefits	28,977,911	28,619,823	29,248,495	(628,672)
Services and supplies	9,776,640	16,915,959	16,104,288	811,671
Total Police Department	<u>85,411,380</u>	<u>96,971,792</u>	<u>96,692,293</u>	<u>279,499</u>
Fire Department				
Salaries and wages	33,872,995	38,576,939	37,708,702	868,237
Employee benefits	22,562,125	23,250,506	23,125,078	125,428
Services and supplies	3,736,205	5,563,640	5,098,627	465,013
Total Fire Department	<u>60,171,325</u>	<u>67,391,085</u>	<u>65,932,407</u>	<u>1,458,678</u>
Dispatch				
Salaries and wages	5,104,869	5,169,791	4,906,074	263,717
Employee benefits	2,883,533	2,883,533	2,640,244	243,289
Services and supplies	506,639	506,639	271,749	234,890
Total Dispatch	<u>8,495,041</u>	<u>8,559,963</u>	<u>7,818,067</u>	<u>741,896</u>
Total Public Safety	<u>154,077,746</u>	<u>172,922,840</u>	<u>170,442,767</u>	<u>2,480,073</u>
Public Works				
Salaries and wages	3,638,259	3,536,208	3,397,686	138,522
Employee benefits	1,863,156	1,812,084	1,655,463	156,621
Services and supplies	5,945,122	5,784,540	5,303,101	481,439
Total Public Works	<u>11,446,537</u>	<u>11,132,832</u>	<u>10,356,250</u>	<u>776,582</u>
Culture and Recreation				
Salaries and wages	8,589,543	8,150,943	8,167,830	(16,887)
Employee benefits	3,445,444	3,445,444	3,080,275	365,169
Services and supplies	2,544,315	3,118,111	2,771,025	347,086
Total Culture and Recreation	<u>14,579,302</u>	<u>14,714,498</u>	<u>14,019,130</u>	<u>695,368</u>
Community Development & Support				
Salaries and wages	2,888,313	2,912,313	2,838,699	73,614
Employee benefits	1,559,017	1,559,017	1,444,689	114,328
Services and supplies	973,962	1,043,962	815,855	228,107
Total Community Development & Support	<u>5,421,292</u>	<u>5,515,292</u>	<u>5,099,243</u>	<u>416,049</u>
Non-Departmental				
Salaries and wages	200,000	-	-	-
Employee benefits	4,974,080	4,974,080	4,974,080	-
Services and supplies	6,848,700	9,486,825	5,933,564	3,553,261
Retired employee insurance expense	8,976,000	8,976,000	5,783,019	3,192,981
Total Non-Departmental	<u>20,998,780</u>	<u>23,436,905</u>	<u>16,690,663</u>	<u>6,746,242</u>
Total current	<u>253,704,560</u>	<u>278,678,782</u>	<u>263,521,876</u>	<u>15,156,906</u>
Debt service				
Principal retirement	240,000	845,701	688,457	157,244
Total debt service	<u>240,000</u>	<u>845,701</u>	<u>688,457</u>	<u>157,244</u>

City of Reno, Nevada
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual (continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Capital outlay				
General government				
City Manager	-	28,485	38,767	(10,282)
Communications and Technology	-	1,320,472	759,469	561,003
Total general government	-	1,348,957	798,236	550,721
Public Safety				
Police Department	522,600	411,734	288,730	123,004
Fire Department	250,000	532,274	406,663	125,611
Total Public Safety	772,600	944,008	695,393	248,615
Public Works	17,500	45,938	45,138	800
Total Public Works	17,500	45,938	45,138	800
Culture and Recreation	56,000	215,848	63,230	152,618
Total Culture and Recreation	56,000	215,848	63,230	152,618
Community Development & support	22,750	22,750	16,340	6,410
Total capital outlay	868,850	2,577,501	1,618,337	959,164
Total expenditures	254,813,410	282,101,984	265,828,670	16,273,314
Excess (deficiency) of revenues over expenditures	11,312,614	(3,477,657)	12,622,807	16,100,464
OTHER FINANCING SOURCES (USES)				
Proceeds on sale of assets	-	42,354	60,717	18,363
Issuance of debt	-	5,912,631	5,912,631	-
Contingency	1,000,000	-	-	-
Transfers in	2,916,000	2,916,000	2,916,000	-
Transfers out	(12,028,614)	(9,874,732)	(14,547,732)	(4,673,000)
Total other financing sources (uses)	(8,112,614)	(1,003,747)	(5,658,384)	(4,654,637)
Net change in fund balances	3,200,000	(4,481,404)	6,964,423	11,445,827
Fund balances - beginning	41,254,404	41,254,404	41,254,404	-
Fund balances - ending	\$ 44,454,404	\$ 36,773,000	\$ 48,218,827	\$ 11,445,827

Major Special Revenue Funds

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

Streets – accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.

City of Reno, Nevada
Streets Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 21,941,203	\$ 21,941,203	\$ 22,231,338	\$ 290,135
Franchise fees	3,200,000	3,200,000	3,189,675	(10,325)
Licenses and permits	396,000	396,000	501,467	105,467
Motor vehicle taxes	7,440,000	7,440,000	7,362,154	(77,846)
Grants and contributions	-	-	236,609	236,609
Fines and forfeitures	-	-	5,044	5,044
Interest & investment earnings	25,000	25,000	461,691	436,691
Change in fair value of investments	-	-	304,326	304,326
Reimbursements and restitution	-	71,276	148,559	77,283
Miscellaneous	-	-	111,125	111,125
Total revenues	<u>33,002,203</u>	<u>33,073,479</u>	<u>34,551,988</u>	<u>1,478,509</u>
EXPENDITURES				
Current				
Public Works				
Salaries and wages	6,527,479	6,557,639	6,118,755	438,884
Employee benefits	3,768,049	3,785,844	3,278,426	507,418
Services and supplies	8,100,775	11,001,452	14,986,362	(3,984,910)
Retired employees insurance	200,000	200,000	128,973	71,027
Total current	<u>18,596,303</u>	<u>21,544,935</u>	<u>24,512,516</u>	<u>(2,967,581)</u>
Capital outlay				
Public Works	22,641,750	36,627,468	15,829,593	20,797,875
Total capital outlay	<u>22,641,750</u>	<u>36,627,468</u>	<u>15,829,593</u>	<u>20,797,875</u>
Total expenditures	<u>41,238,053</u>	<u>58,172,403</u>	<u>40,342,109</u>	<u>17,830,294</u>
Excess (deficiency) of revenues over expenditures	<u>(8,235,850)</u>	<u>(25,098,924)</u>	<u>(5,790,121)</u>	<u>19,308,803</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(90,000)	(90,000)	(90,000)	-
Total other financing sources (uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Net change in fund balances	<u>(8,325,850)</u>	<u>(25,188,924)</u>	<u>(5,880,121)</u>	<u>19,308,803</u>
Fund balances - beginning	38,793,234	38,793,234	38,793,234	-
Fund balances - ending	<u>\$ 30,467,384</u>	<u>\$ 13,604,310</u>	<u>\$ 32,913,113</u>	<u>\$ 19,308,803</u>

City of Reno, Nevada
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Note 1 – Postemployment Benefits Other Than Pensions

For the year ended June 30, 2023, no significant events occurred that effected the benefit provision, size or composition of those covered by the postemployment benefit plans.

At June 30, 2023, \$25,951,629 assets were accumulated in a qualifying trust in which the assets contributed and earnings thereon are irrevocable, dedicated solely to providing postemployment benefits and are legally protected from creditors.

Actuarial information for postemployment benefits other than pensions is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years. Additional information related to postemployment benefits other than pensions can be found in Note 11 to the basic financial statements.

Note 2 – Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2023 there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2022.

The actuarial valuation report dated June 30, 2014, was the first valuation for the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations. Additional pension plan information can be found in Note 10 to the basic financial statements.

Note 3 – Agent Multiple-Employer Defined Benefit Pension Plan

For the year ended June 30, 2023, there were no changes in the pension benefit plan terms or the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2022.

The actuarial valuation reports dated June 30, 2014, was the first valuation for the agent multiple-employer defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations. Additional pension plan information can be found in Notes 10 to the basic financial statements.

Note 4 – Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual fund data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent. Additional budgetary information can be found in Note 2 to the basic financial statements.

**Combining and Individual Fund
Financial Statements and Schedules**

Major Governmental Funds

Cabela's Sales Tax Increment Debt Service Fund – accounts for the accumulation of resources for payment of bonds issued to build the public infrastructure and museum for the Cabela's retail store.

Public Works Capital Project Fund – accounts for reserves for safety improvements, public art maintenance, public buildings, and designated capital expenditures relating to capital improvement projects that are not accounted for in other funds.

City of Reno, Nevada
Cabela's Sales Tax Increment Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Dedicated sales tax revenues	\$ 1,300,000	\$ 1,300,000	\$ 1,043,167	\$ (256,833)
Interest & investment earnings	500	500	38,863	38,363
Total revenues	1,300,500	1,300,500	1,082,030	(218,470)
EXPENDITURES				
Debt service				
Principal retirement	2,610,000	2,610,000	2,610,000	-
Interest	869,238	869,238	869,238	-
Administrative charges	3,500	3,500	4,100	(600)
Total expenditures	3,482,738	3,482,738	3,483,338	(600)
Net change in fund balances	(2,182,238)	(2,182,238)	(2,401,308)	(219,070)
Fund balances - beginning	(12,787,214)	(12,787,214)	(12,787,214)	-
Fund balances - ending	\$ (14,969,452)	\$ (14,969,452)	\$ (15,188,522)	\$ (219,070)

City of Reno, Nevada
Public Works Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants and contributions	\$ -	\$ 30,559,998	\$ 15,623,901	\$ (14,936,097)
Licenses and permits	450,000	450,000	429,235	(20,765)
Interest & investment earnings	-	8	36,200	36,192
Change in fair value of investments	-	-	(209,434)	(209,434)
Reimbursements and restitution	-	-	447	447
Private grants and contributions	-	9,000,000	4,525,669	(4,474,331)
Rents and royalties	-	-	972,621	972,621
Total revenues	450,000	40,010,006	21,378,639	(18,631,367)
EXPENDITURES				
Current				
General Government				
Salaries and wages	-	-	8,691	(8,691)
Services and supplies	-	25,956,231	4,522,466	21,433,765
Public Safety				
Police Department				
Services and supplies	1,000,000	1,000,000	5,870,000	(4,870,000)
Fire Department				
Services and supplies	-	-	567,944	(567,944)
Public Works				
Services and supplies	25,759,998	249,500	979,031	(729,531)
Culture and Recreation				
Services and supplies	-	25,912	183,256	(157,344)
Community Development & Support				
Services and supplies	-	88,726	100,744	(12,018)
Total current	26,759,998	27,320,369	12,232,132	15,088,237
Capital outlay				
General Government				
Public Safety	-	1,016,217	435,892	580,325
Fire Department				
Police Department	684,000	8,806,729	5,642,599	3,164,130
Public Works				
Police Department	31,000,000	54,297,732	20,913,557	33,384,175
Public Works	6,500,000	24,287,580	7,179,784	17,107,796
Parks and Recreation	27,400,000	52,744,024	18,444,091	34,299,933
Total capital outlay	65,584,000	141,152,282	52,615,923	88,536,359
Total expenditures	92,343,998	168,472,651	64,848,055	103,624,596
Excess (deficiency) of revenues over expenditures	(91,893,998)	(128,462,645)	(43,469,416)	84,993,229
OTHER FINANCING SOURCES (USES)				
Gain (loss) on sale of asset disposal	-	64,081	64,081	-
Transfers in	67,748,454	87,916,697	79,916,697	(8,000,000)
Transfers out	(136,000)	(6,582,771)	(7,212,514)	(629,743)
Total other financing sources (uses)	67,612,454	81,398,007	72,768,264	(8,629,743)
Net change in fund balances	(24,281,544)	(47,064,638)	29,298,848	76,363,486
Fund balances - beginning	58,979,085	58,979,085	58,979,085	-
Fund balances - ending	\$ 34,697,541	\$ 11,914,447	\$ 88,277,933	\$ 76,363,486

Non-Major Governmental Funds

City of Reno, Nevada
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 23,974,080	\$ 33,958,542	\$ 20,050,011	\$ 77,982,633
Accounts Receivable	601,680	-	-	601,680
Accrued interest	(119)	59,763	(134)	59,510
Due from other governments	1,125,990	4,947,094	204,346	6,277,430
Taxes receivable	43,303	38,255	-	81,558
Special assessment current	-	1,581,675	-	1,581,675
Special assessments delinquent	-	2,070	-	2,070
Special assessments deferred	-	2,585,345	-	2,585,345
Prepaid items	-	861,848	-	861,848
Property held for resale	1,041,209	-	-	1,041,209
Notes receivable, net	982,023	-	-	982,023
Total assets	<u>\$ 27,768,166</u>	<u>\$ 44,034,592</u>	<u>\$ 20,254,223</u>	<u>\$ 92,056,981</u>
LIABILITIES				
Accounts payable	\$ 41,912	\$ 29,033	\$ 2,071,457	\$ 2,142,402
Contracts and retained percentage payable	116,948	-	79,659	196,607
Accrued interest payable	45,233	-	-	45,233
Due to other funds	38,673	-	-	38,673
Due to other governments	64,274	-	-	64,274
Deposits	93,800	7,732	8,000	109,532
Advances from other funds	-	310,007	-	310,007
Unearned Revenue	306,706	-	-	306,706
Total liabilities	<u>707,546</u>	<u>346,772</u>	<u>2,159,116</u>	<u>3,213,434</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	43,303	38,255	-	81,558
Unavailable revenue, special assessments	-	2,630,918	-	2,630,918
Unavailable revenue, other	1,017,395	-	-	1,017,395
Total deferred inflows of resources	<u>1,060,698</u>	<u>2,669,173</u>	<u>-</u>	<u>3,729,871</u>
Total liabilities and deferred inflows of resources	<u>1,768,244</u>	<u>3,015,945</u>	<u>2,159,116</u>	<u>6,943,305</u>
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	861,848	-	861,848
Restricted				
Capital improvement projects	708,068	-	18,067,316	18,775,384
Cultural & community devpt programs	2,942,261	-	-	2,942,261
Debt service	-	40,156,799	-	40,156,799
Fire, police and other public safety programs	1,262,421	-	-	1,262,421
Other government programs	3,021,182	-	-	3,021,182
Assigned				
Capital improvement projects	-	-	27,791	27,791
Fire, police and other public safety programs	165,474	-	-	165,474
Other government programs	17,900,516	-	-	17,900,516
Total fund balances (deficits)	<u>25,999,922</u>	<u>41,018,647</u>	<u>18,095,107</u>	<u>85,113,676</u>
Total liabilities and fund balances (deficits)	<u>\$ 27,768,166</u>	<u>\$ 44,034,592</u>	<u>\$ 20,254,223</u>	<u>\$ 92,056,981</u>

City of Reno, Nevada
Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Special Revenue	Debt Service Funds	Capital Projects Funds	Total Nonmajor
	Funds			Governmental Funds
REVENUES				
Property taxes	\$ 5,957,051	\$ 2,532,297	\$ -	\$ 8,489,348
Room and construction taxes	3,414,871	9,458,520	3,253,650	16,127,041
Licenses and permits	170,051	-	-	170,051
Charges for services	18,745	-	-	18,745
Fines and forfeitures	76,765	9,661	-	86,426
Reimbursements and restitution	521,979	-	-	521,979
Rents and royalties	1,471,857	-	-	1,471,857
Special assessments	-	1,674,430	-	1,674,430
Grants and contributions	13,119,896	14,699,109	-	27,819,005
Motor vehicle taxes	106,687	-	-	106,687
Miscellaneous	1,734,637	15,906	-	1,750,543
Change in fair value of investments	(81,591)	151,470	73,489	143,368
Interest & investment earnings	205,257	970,308	237,948	1,413,513
Intergovernmental, other	-	-	816,457	816,457
Private grants and contributions	5,000	-	891,000	896,000
Total revenues	<u>26,721,205</u>	<u>29,511,701</u>	<u>5,272,544</u>	<u>61,505,450</u>
EXPENDITURES				
Current				
General Government	1,169,867	-	786,064	1,955,931
Judicial	68,682	-	-	68,682
Public Safety	73,968	-	-	73,968
Public Works	-	-	481,727	481,727
Culture and Recreation	-	-	14,397	14,397
Community Development & Support	8,403,175	-	-	8,403,175
Urban Redevelopment	2,452,224	-	-	2,452,224
Total current	<u>12,167,916</u>	<u>-</u>	<u>1,282,188</u>	<u>13,450,104</u>
Debt service				
Principal retirement	125,000	16,050,626	-	16,175,626
Interest	-	16,758,772	-	16,758,772
Debt issuance costs	-	1,959	-	1,959
Administrative charges	-	344,812	-	344,812
Total debt service	<u>125,000</u>	<u>32,809,398</u>	<u>-</u>	<u>33,281,169</u>
Capital outlay				
General Government	15,000	-	86,080	101,080
Culture and Recreation	-	-	2,733,719	2,733,719
Public safety	46,287	-	-	46,287
Public works	-	-	534,429	534,429
Community Development & Support	3,311,895	-	-	3,311,895
Total capital outlay	<u>3,373,182</u>	<u>-</u>	<u>3,354,228</u>	<u>6,727,410</u>
Total expenditures	<u>15,666,098</u>	<u>33,156,169</u>	<u>4,636,416</u>	<u>53,458,683</u>
Excess (deficiency) of revenues over expenditures	<u>11,055,107</u>	<u>(3,644,468)</u>	<u>636,128</u>	<u>8,046,767</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	60,000,000	-	60,000,000
Transfers in	147,500	5,108,133	-	5,255,633
Transfers out	(2,780,000)	(63,346,084)	-	(66,126,084)
Premium on bonds issued	-	2,726,371	-	2,726,371
Total other financing sources (uses)	<u>(2,632,500)</u>	<u>4,488,420</u>	<u>-</u>	<u>1,855,920</u>
Net change in fund balances	8,422,607	843,952	636,128	9,902,687
Fund balances - beginning	17,577,315	40,174,695	17,458,979	75,210,989
Fund balances - ending	<u>\$ 25,999,922</u>	<u>\$ 41,018,647</u>	<u>\$ 18,095,107</u>	<u>\$ 85,113,676</u>

Special Revenue Funds

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

HUD and State Housing Grants – accounts for Community Development Block Grants, HOME Grants, and other federal and state grants received for the purpose of providing housing, improved living conditions, and economic opportunities for persons of low and moderate income.

Community Assistance – accounts for federal, state, and private grants and local government contributions received to fund particular programs, including temporary shelters, rental and utility assistance, and long-term housing.

Drainage Facility Impact Fee – accounts for the collection and distribution of impact fees for a drainage facility in the South Meadows/Damonte Ranch areas.

Performance Deposits – accounts for refundable performance deposits, cash bonds, and other deposits.

Stabilization – accounts for funds to be used only if the total actual revenue falls short of the total anticipated revenue in the General Fund or to pay expenses incurred to mitigate the effects of a natural disaster.

Room Tax – accounts for a 1% tax imposed upon the gross income from room rentals, which by ordinance must be used one-half for developing, building, maintaining, expanding, or repairing parks and other recreation facilities; and one-half for the improvement or betterment of the City as a final destination for visitors and tourism.

Courts – accounts for 1) the collection of court administrative assessment fees to be used to improve the courts as required by Nevada Revised Statutes (NRS) 176.059; 2) the collection and expenditure of municipal court collection fees as allowed by NRS 176.064; and 3) the collection and expenditure of construction fees as allowed by NRS 176.0611.

Drug Forfeiture – accounts for revenue sources restricted for expenditures to enforce the provisions of NRS 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.

Opioid Recoveries – accounts for revenue sources restricted for current and potential future funds which are related to opioid settlements.

City of Reno, Nevada
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2023

	HUD and State Housing Grants	Community Assistance Center	Performance Deposit	Drainage Facility Impact Fee	Room Tax
ASSETS					
Cash and investments	\$ 1,679,007	\$ 1,128,433	\$ 4,761,644	\$ 20,257	\$ 1,135,844
Accounts Receivable	-	10,716	-	-	-
Accrued interest	-	(15)	(27)	(1)	(12)
Taxes receivable	-	-	-	-	-
Due from other governments	127,216	15,876	-	-	856,300
Property held for resale	-	-	-	-	-
Notes receivable, net	982,023	-	-	-	-
Total assets	<u>\$ 2,788,246</u>	<u>\$ 1,155,010</u>	<u>\$ 4,761,617</u>	<u>\$ 20,256</u>	<u>\$ 1,992,132</u>
LIABILITIES					
Accounts payable	\$ 11,089	\$ 6,093	\$ -	\$ 18,990	\$ 2,065
Contracts and retained percentage payable	116,948	-	-	-	-
Accrued interest payable	-	-	45,233	-	-
Due to other funds	28,428	10,245	-	-	-
Deposits	-	-	18,700	-	-
Unearned Revenue	-	306,706	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>156,465</u>	<u>323,044</u>	<u>63,933</u>	<u>18,990</u>	<u>2,065</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	-	-	-	-	-
Unavailable revenue, other	1,017,395	-	-	-	-
Total deferred inflows of resources	<u>1,017,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,173,860</u>	<u>323,044</u>	<u>63,933</u>	<u>18,990</u>	<u>2,065</u>
FUND BALANCES (DEFICITS)					
Restricted					
Capital improvement projects	-	-	-	-	-
Fire, police and other public safety programs	-	-	-	-	-
Cultural & community devpt programs	1,614,386	286,667	-	-	-
Other government programs	-	-	-	-	-
Assigned					
Fire, police and other public safety programs	-	-	-	-	-
Other government programs	-	545,299	4,697,684	1,266	1,990,067
Total fund balances (deficits)	<u>1,614,386</u>	<u>831,966</u>	<u>4,697,684</u>	<u>1,266</u>	<u>1,990,067</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,788,246</u>	<u>\$ 1,155,010</u>	<u>\$ 4,761,617</u>	<u>\$ 20,256</u>	<u>\$ 1,992,132</u>

City of Reno, Nevada
Non-Major Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2023

	Stabilization	Courts	Drug Forfeiture	Opioid Recoveries	Redevelopment Agency	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	\$ 3,021,203	\$ 1,581,668	\$ 1,426,930	\$ 425,150	\$ 8,793,944	\$ 23,974,080
Accounts Receivable	-	-	965	-	589,999	601,680
Accrued interest	(21)	(10)	-	-	(33)	(119)
Taxes receivable	-	-	-	-	43,303	43,303
Due from other governments	-	-	-	-	126,598	1,125,990
Property held for resale	-	-	-	-	1,041,209	1,041,209
Notes receivable, net	-	-	-	-	-	982,023
Total assets	<u>\$ 3,021,182</u>	<u>\$ 1,581,658</u>	<u>\$ 1,427,895</u>	<u>\$ 425,150</u>	<u>\$ 10,595,020</u>	<u>\$ 27,768,166</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,675	\$ 41,912
Contracts and retained percentage payable	-	-	-	-	-	116,948
Accrued interest payable	-	-	-	-	-	45,233
Due to other funds	-	-	-	-	-	38,673
Deposits	-	-	-	-	75,100	93,800
Unearned Revenue	-	-	-	-	-	306,706
Due to other governments	-	64,274	-	-	-	64,274
Total liabilities	<u>-</u>	<u>64,274</u>	<u>-</u>	<u>-</u>	<u>78,775</u>	<u>707,546</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	-	-	-	-	43,303	43,303
Unavailable revenue, other	-	-	-	-	-	1,017,395
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,303</u>	<u>1,060,698</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>64,274</u>	<u>-</u>	<u>-</u>	<u>122,078</u>	<u>1,768,244</u>
FUND BALANCES (DEFICITS)						
Restricted						
Capital improvement projects	-	708,069	-	-	-	708,069
Fire, police and other public safety programs	-	-	1,262,421	-	-	1,262,421
Cultural & community devpt programs	-	-	-	-	1,041,208	2,942,261
Other government programs	3,021,182	-	-	-	-	3,021,182
Assigned						
Fire, police and other public safety programs	-	-	165,474	-	-	165,474
Other government programs	-	809,315	-	425,150	9,431,734	17,900,515
Total fund balances (deficits)	<u>3,021,182</u>	<u>1,517,384</u>	<u>1,427,895</u>	<u>425,150</u>	<u>10,472,942</u>	<u>25,999,922</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,021,182</u>	<u>\$ 1,581,658</u>	<u>\$ 1,427,895</u>	<u>\$ 425,150</u>	<u>\$ 10,595,020</u>	<u>\$ 27,768,166</u>

City of Reno, Nevada
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	HUD and State Housing Grants	Community Assistance Center	Performance Deposit	Drainage Facility Impact Fee	Room Tax
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Room and construction taxes	-	-	-	-	3,414,871
Motor vehicle taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Grants and contributions	7,410,009	4,538,346	-	-	491,262
Charges for services	-	-	-	18,745	-
Fines and forfeitures	-	-	-	-	-
Interest & investment earnings	4,982	22,762	-	-	17,613
Change in fair value of investments	-	-	(9,810)	245	29,937
Rents and royalties	-	23,278	-	-	-
Reimbursements and restitution	(43)	96,872	-	-	-
Miscellaneous	384,772	5,207	1,300,502	-	-
Private grants and contributions	-	5,000	-	-	-
Total revenues	<u>7,799,720</u>	<u>4,691,465</u>	<u>1,290,692</u>	<u>18,990</u>	<u>3,953,683</u>
EXPENDITURES					
Current					
General Government	-	-	360,704	-	809,163
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development & Support	3,734,750	4,649,435	-	18,990	-
Urban Redevelopment	-	-	-	-	-
Total current	<u>3,734,750</u>	<u>4,649,435</u>	<u>360,704</u>	<u>18,990</u>	<u>809,163</u>
Debt service					
Principal retirement	-	-	-	-	125,000
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Capital outlay					
General Government	-	-	-	-	15,000
Public safety	-	-	-	-	-
Community Development & Support	3,311,895	-	-	-	-
Total capital outlay	<u>3,311,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>7,046,645</u>	<u>4,649,435</u>	<u>360,704</u>	<u>18,990</u>	<u>949,163</u>
Excess (deficiency) of revenues over expenditures	<u>753,075</u>	<u>42,030</u>	<u>929,988</u>	<u>-</u>	<u>3,004,520</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	147,500	-	-	-
Transfers out	-	-	-	-	(2,780,000)
Total other financing sources (uses)	<u>-</u>	<u>147,500</u>	<u>-</u>	<u>-</u>	<u>(2,780,000)</u>
Net change in fund balances	753,075	189,530	929,988	-	224,520
Fund balances - beginning	861,311	642,436	3,767,696	1,266	1,765,547
Fund balances - ending	<u>\$ 1,614,386</u>	<u>\$ 831,966</u>	<u>\$ 4,697,684</u>	<u>\$ 1,266</u>	<u>\$ 1,990,067</u>

City of Reno, Nevada
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2023

	Stabilization	Courts	Drug Forfeiture	Opioid Recoveries	Redevelopment Agency	Total Nonmajor Special Revenue Funds
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,957,051	\$ 5,957,051
Room and construction taxes	-	-	-	-	-	3,414,871
Motor vehicle taxes	-	-	-	-	106,687	106,687
Licenses and permits	-	170,051	-	-	-	170,051
Grants and contributions	-	-	680,279	-	-	13,119,896
Charges for services	-	-	-	-	-	18,745
Fines and forfeitures	-	-	76,765	-	-	76,765
Interest & investment earnings	38,252	19,124	2,680	-	99,844	205,257
Change in fair value of investments	17,442	3,265	-	-	(122,670)	(81,591)
Rents and royalties	-	-	-	-	1,448,579	1,471,857
Reimbursements and restitution	-	-	-	425,150	-	521,979
Miscellaneous	-	44,156	-	-	-	1,734,637
Private grants and contributions	-	-	-	-	-	5,000
Total revenues	55,694	236,596	759,724	425,150	7,489,491	26,721,205
EXPENDITURES						
Current						
General Government	-	-	-	-	-	1,169,867
Judicial	-	68,682	-	-	-	68,682
Public Safety	-	-	73,968	-	-	73,968
Community Development & Support	-	-	-	-	-	8,403,175
Urban Redevelopment	-	-	-	-	2,452,224	2,452,224
Total current	-	68,682	73,968	-	2,452,224	12,167,916
Debt service						
Principal retirement	-	-	-	-	-	125,000
Total debt service	-	-	-	-	-	125,000
Capital outlay						
General Government	-	-	-	-	-	15,000
Public safety	-	-	46,287	-	-	46,287
Community Development & Support	-	-	-	-	-	3,311,895
Total capital outlay	-	-	46,287	-	-	3,373,182
Total expenditures	-	68,682	120,255	-	2,452,224	15,666,098
Excess (deficiency) of revenues over expenditures	55,694	167,914	639,469	425,150	5,037,267	11,055,107
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	147,500
Transfers out	-	-	-	-	-	(2,780,000)
Total other financing sources (uses)	-	-	-	-	-	(2,632,500)
Net change in fund balances	55,694	167,914	639,469	425,150	5,037,267	8,422,607
Fund balances - beginning	2,965,488	1,349,470	788,426	-	5,435,675	17,577,315
Fund balances - ending	\$ 3,021,182	\$ 1,517,384	\$ 1,427,895	\$ 425,150	\$ 10,472,942	\$ 25,999,922

City of Reno, Nevada
HUD and State Housing Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants and contributions	\$ 5,386,096	\$ 8,386,096	\$ 7,410,009	\$ (976,087)
Interest & investment earnings	-	-	4,982	4,982
Reimbursements and restitution	-	-	(43)	(43)
Miscellaneous	344,100	344,100	384,772	40,672
Total revenues	<u>5,730,196</u>	<u>8,730,196</u>	<u>7,799,720</u>	<u>(930,476)</u>
EXPENDITURES				
Current				
Community Development & Support				
Salaries and wages	368,568	568,568	444,857	123,711
Employee benefits	237,039	287,039	232,640	54,399
Services and supplies	144,356	144,356	179,312	(34,956)
Community projects	2,480,233	4,019,521	2,877,941	1,141,580
Total Community Development & Support	<u>3,230,196</u>	<u>5,019,484</u>	<u>3,734,750</u>	<u>1,284,734</u>
Total current	<u>3,230,196</u>	<u>5,019,484</u>	<u>3,734,750</u>	<u>1,284,734</u>
Capital outlay				
Community Development & Support	2,500,000	4,572,022	3,311,895	1,260,127
Total capital outlay	<u>2,500,000</u>	<u>4,572,022</u>	<u>3,311,895</u>	<u>1,260,127</u>
Total expenditures	<u>5,730,196</u>	<u>9,591,506</u>	<u>7,046,645</u>	<u>2,544,861</u>
Excess (deficiency) of revenues over expenditures	-	(861,310)	753,075	1,614,385
Net change in fund balances	-	(861,310)	753,075	1,614,385
Fund balances - beginning	-	861,310	861,311	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,386</u>	<u>\$ 1,614,386</u>

City of Reno, Nevada
Community Assistance Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants and contributions	\$ 3,184,000	\$ 4,284,000	\$ 4,538,346	\$ 254,346
Interest & investment earnings	9,200	9,200	22,762	13,562
Reimbursements and restitution	250,000	250,000	96,872	(153,128)
Rents and royalties	-	-	23,278	23,278
Miscellaneous	-	-	5,207	5,207
Private grants and contributions	-	-	5,000	5,000
Total revenues	3,443,200	4,543,200	4,691,465	148,265
EXPENDITURES				
Community Development & Support				
Salaries and wages	312,394	312,394	243,607	68,787
Employee benefits	169,277	169,277	125,808	43,469
Services and supplies	3,106,529	4,851,465	4,280,020	571,445
Total expenditures	3,588,200	5,333,136	4,649,435	683,701
Excess (deficiency) of revenues over expenditures	(145,000)	(789,936)	42,030	831,966
OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	147,500	147,500	-
Total other financing sources (uses)	145,000	147,500	147,500	-
Net change in fund balances	-	(642,436)	189,530	831,966
Fund balances - beginning	-	642,436	642,436	-
Fund balances - ending	\$ -	\$ -	\$ 831,966	\$ 831,966

City of Reno, Nevada
Performance Deposits Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Change in fair value of investments	\$ -	\$ -	\$ (9,810)	\$ (9,810)
Miscellaneous	1,050,000	1,050,000	1,300,502	250,502
Total revenues	1,050,000	1,050,000	1,290,692	240,692
EXPENDITURES				
General Government				
Services and supplies	1,050,000	4,817,696	360,704	4,456,992
Total expenditures	1,050,000	4,817,696	360,704	4,456,992
Net change in fund balances	-	(3,767,696)	929,988	4,697,684
Fund balances - beginning	-	3,767,696	3,767,696	-
Fund balances - ending	\$ -	\$ -	\$ 4,697,684	\$ 4,697,684

City of Reno, Nevada
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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 500,000	\$ 500,000	\$ 18,745	\$ (481,255)
Change in fair value of investments	-	-	245	245
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>18,990</u>	<u>(481,010)</u>
EXPENDITURES				
Community Development & Support				
Community Development & Support				
Services and supplies	500,000	501,266	18,990	482,276
Total expenditures	<u>500,000</u>	<u>501,266</u>	<u>18,990</u>	<u>482,276</u>
Net change in fund balances	-	(1,266)	-	1,266
Fund balances - beginning	-	1,266	1,266	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,266</u>	<u>\$ 1,266</u>

City of Reno, Nevada
Room Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Room and construction taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,414,871	\$ 414,871
Grants and contributions	-	-	491,262	491,262
Interest & investment earnings	-	-	17,613	17,613
Change in fair value of investments	-	-	29,937	29,937
Federal grants	-	35,000	-	(35,000)
Total revenues	<u>3,000,000</u>	<u>3,035,000</u>	<u>3,953,683</u>	<u>918,683</u>
EXPENDITURES				
Current				
General Government				
Services and supplies	984,269	1,027,284	809,163	218,121
Total current	<u>984,269</u>	<u>1,027,284</u>	<u>809,163</u>	<u>218,121</u>
Debt service				
Principal retirement	-	125,000	125,000	-
Total debt service	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Capital outlay				
General Government	50,000	138,116	15,000	123,116
Total capital outlay	<u>50,000</u>	<u>138,116</u>	<u>15,000</u>	<u>123,116</u>
Total expenditures	<u>1,034,269</u>	<u>1,290,400</u>	<u>949,163</u>	<u>341,237</u>
Excess (deficiency) of revenues over expenditures	<u>1,965,731</u>	<u>1,744,600</u>	<u>3,004,520</u>	<u>1,259,920</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,780,000)	(2,780,000)	(2,780,000)	-
Total other financing sources (uses)	<u>(2,780,000)</u>	<u>(2,780,000)</u>	<u>(2,780,000)</u>	<u>-</u>
Net change in fund balances	(814,269)	(1,035,400)	224,520	1,259,920
Fund balances - beginning	1,410,393	1,765,547	1,765,547	-
Fund balances - ending	<u>\$ 596,124</u>	<u>\$ 730,147</u>	<u>\$ 1,990,067</u>	<u>\$ 1,259,920</u>

City of Reno, Nevada
Stabilization Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest & investment earnings	\$ -	\$ -	\$ 38,252	\$ 38,252
Change in fair value of investments	-	-	17,442	17,442
Total revenues	<u>-</u>	<u>-</u>	<u>55,694</u>	<u>55,694</u>
EXPENDITURES				
General Government				
Services and supplies	-	2,965,488	-	2,965,488
Total expenditures	<u>-</u>	<u>2,965,488</u>	<u>-</u>	<u>2,965,488</u>
Net change in fund balances	-	(2,965,488)	55,694	3,021,182
Fund balances - beginning	-	2,965,488	2,965,488	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,021,182</u>	<u>\$ 3,021,182</u>

City of Reno, Nevada
Courts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 205,250	\$ 205,250	\$ 170,051	\$ (35,199)
Interest & investment earnings	6,500	6,500	19,124	12,624
Change in fair value of investments	-	-	3,265	3,265
Miscellaneous	80,479	80,479	44,156	(36,323)
Total revenues	<u>292,229</u>	<u>292,229</u>	<u>236,596</u>	<u>(55,633)</u>
EXPENDITURES				
Judicial				
Services and supplies	292,229	1,641,699	68,682	1,573,017
Total expenditures	<u>292,229</u>	<u>1,641,699</u>	<u>68,682</u>	<u>1,573,017</u>
Net change in fund balances	-	(1,349,470)	167,914	1,517,384
Fund balances - beginning	-	1,349,470	1,349,470	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,517,384</u>	<u>\$ 1,517,384</u>

City of Reno, Nevada
Drug Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants and contributions	\$ 100,000	\$ 100,000	\$ 680,279	\$ 580,279
Fines and forfeitures	-	-	76,765	76,765
Interest & investment earnings	-	-	2,680	2,680
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>759,724</u>	<u>659,724</u>
EXPENDITURES				
Current				
Public Safety				
Police Department				
Services and supplies	100,000	888,426	73,968	814,458
Total Public Safety	<u>100,000</u>	<u>888,426</u>	<u>73,968</u>	<u>814,458</u>
Total current	<u>100,000</u>	<u>888,426</u>	<u>73,968</u>	<u>814,458</u>
Capital outlay				
Public Safety				
Police Department	-	-	46,287	(46,287)
Total capital outlay	<u>-</u>	<u>-</u>	<u>46,287</u>	<u>(46,287)</u>
Total expenditures	<u>100,000</u>	<u>888,426</u>	<u>120,255</u>	<u>768,171</u>
Net change in fund balances	-	(788,426)	639,469	1,427,895
Fund balances - beginning	-	788,426	788,426	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427,895</u>	<u>\$ 1,427,895</u>

City of Reno, Nevada
Opioid Recoveries Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Reimbursements and restitution	\$ -	\$ -	\$ 425,150	\$ 425,150
Total revenues	-	-	425,150	425,150
Net change in fund balances	-	-	425,150	425,150
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 425,150	\$ 425,150

City of Reno, Nevada
Redevelopment Agency Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 4,360,918	\$ 4,360,918	\$ 5,957,051	\$ 1,596,133
Motor vehicle taxes	128,024	128,024	106,687	(21,337)
Interest & investment earnings	1,500	1,500	99,844	98,344
Change in fair value of investments	-	-	(122,670)	(122,670)
Rents and royalties	650,000	1,275,000	1,448,579	173,579
Total revenues	<u>5,140,442</u>	<u>5,765,442</u>	<u>7,489,491</u>	<u>1,724,049</u>
EXPENDITURES				
Urban Redevelopment				
Services and supplies	<u>3,209,014</u>	<u>3,834,014</u>	<u>2,452,224</u>	<u>1,381,790</u>
Total expenditures	<u>3,209,014</u>	<u>3,834,014</u>	<u>2,452,224</u>	<u>1,381,790</u>
Net change in fund balances	1,931,428	1,931,428	5,037,267	3,105,839
Fund balances - beginning	4,882,629	4,882,629	5,435,675	553,046
Fund balances - ending	<u>\$ 6,814,057</u>	<u>\$ 6,814,057</u>	<u>\$ 10,472,942</u>	<u>\$ 3,658,885</u>

Debt Service Funds

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

Railroad – accounts for the accumulation of resources for payment of bonds issued for the purpose of constructing and expanding the below ground, railroad grade and related beautification projects.

Downtown Events Center – accounts for the accumulation of resources for payment of bonds issued for the purposes of acquiring the National Bowling Stadium and constructing the Reno Events Center and the Reno Ballroom Facility.

Special Assessment Districts – accounts for the accumulation of resources for payment of special assessment bonds

Redevelopment Agency – accounts for the accumulation of resources for the payment of tax allocation bonds issued for the benefit of redevelopment projects that are not required to be accounted for in proprietary funds.

City of Reno, Nevada
Non-Major Debt Service Funds
Combining Balance Sheet
June 30, 2023

	City of Reno Debt Service Fund	Railroad	Downtown Events Center	Special Assessment Districts	Redevelopment Agency	Total Nonmajor Debt Service Funds
ASSETS						
Cash and investments	\$ 294,093	\$ 23,699,352	\$ 4,609,688	\$ 2,821,159	\$ 2,534,250	\$ 33,958,542
Accrued interest	(4)	35,230	(41)	581	23,997	59,763
Taxes receivable	-	-	-	-	38,255	38,255
Special assessment current	-	911,289	608,681	61,705	-	1,581,675
Special assessments delinquent	-	8	56	2,006	-	2,070
Special assessments deferred	-	947,741	999,503	638,102	-	2,585,346
Due from other governments	-	3,844,897	1,074,450	-	27,747	4,947,094
Prepaid items	-	465,659	396,189	-	-	861,848
Total assets	<u>\$ 294,089</u>	<u>\$ 29,904,176</u>	<u>\$ 7,688,526</u>	<u>\$ 3,523,553</u>	<u>\$ 2,624,249</u>	<u>\$ 44,034,593</u>
LIABILITIES						
Accounts payable	\$ 1,275	\$ 777	\$ 45	\$ 2,936	\$ 24,000	\$ 29,033
Deposits	-	1,069	3	6,660	-	7,732
Advances from other funds	-	-	-	310,007	-	310,007
Total liabilities	<u>1,275</u>	<u>1,846</u>	<u>48</u>	<u>319,603</u>	<u>24,000</u>	<u>346,772</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	-	-	-	-	38,255	38,255
Unavailable revenue, special assessments	-	947,749	999,559	683,611	-	2,630,919
Total deferred inflows of resources	<u>-</u>	<u>947,749</u>	<u>999,559</u>	<u>683,611</u>	<u>38,255</u>	<u>2,669,174</u>
Total liabilities and deferred inflows of resources	<u>1,275</u>	<u>949,595</u>	<u>999,607</u>	<u>1,003,214</u>	<u>62,255</u>	<u>3,015,946</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	465,659	396,189	-	-	861,848
Restricted	292,814	28,488,922	6,292,730	2,520,339	2,561,994	40,156,799
Total fund balances (deficits)	<u>292,814</u>	<u>28,954,581</u>	<u>6,688,919</u>	<u>2,520,339</u>	<u>2,561,994</u>	<u>41,018,647</u>
Total liabilities and fund balances (deficits)	<u>\$ 294,089</u>	<u>\$ 29,904,176</u>	<u>\$ 7,688,526</u>	<u>\$ 3,523,553</u>	<u>\$ 2,624,249</u>	<u>\$ 44,034,593</u>

City of Reno, Nevada
Non-Major Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	City of Reno Debt Service Fund	Railroad	Downtown Events Center	Special Assessment Districts	Redevelopment Agency	Total Nonmajor Debt Service Funds
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,532,297	\$ 2,532,297
Room and construction taxes	-	1,092,934	8,365,586	-	-	9,458,520
Special assessments	-	961,473	608,891	104,066	-	1,674,430
Grants and contributions	74,817	14,624,292	-	-	-	14,699,109
Fines and forfeitures	-	2,551	-	7,110	-	9,661
Interest & investment earnings	72,149	516,643	254,254	75,356	51,906	970,308
Change in fair value of investments	8,145	176,760	38,261	-	(71,696)	151,470
Miscellaneous	-	3,867	9,638	2,401	-	15,906
Total revenues	<u>155,111</u>	<u>17,378,520</u>	<u>9,276,630</u>	<u>188,933</u>	<u>2,512,507</u>	<u>29,511,701</u>
EXPENDITURES						
Debt service						
Principal retirement	2,629,000	7,493,966	3,595,000	81,660	2,251,000	16,050,626
Interest	2,802,117	8,303,850	4,919,075	41,013	692,717	16,758,772
Debt issuance costs	-	-	-	1,959	-	1,959
Administrative charges	256,219	37,878	29,619	13,437	7,659	344,812
Total debt service	<u>5,687,336</u>	<u>15,835,694</u>	<u>8,543,694</u>	<u>138,069</u>	<u>2,951,376</u>	<u>33,156,169</u>
Total expenditures	<u>5,687,336</u>	<u>15,835,694</u>	<u>8,543,694</u>	<u>138,069</u>	<u>2,951,376</u>	<u>33,156,169</u>
Excess (deficiency) of revenues over expenditures	<u>(5,532,225)</u>	<u>1,542,826</u>	<u>732,936</u>	<u>50,864</u>	<u>(438,869)</u>	<u>(3,644,468)</u>
OTHER FINANCING SOURCES (USES)						
Premium on bonds issued	2,726,371	-	-	-	-	2,726,371
Transfers in	5,108,133	-	-	-	-	5,108,133
Transfers out	(63,346,084)	-	-	-	-	(63,346,084)
Issuance of debt	60,000,000	-	-	-	-	60,000,000
Total other financing sources (uses)	<u>4,488,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,488,420</u>
Net change in fund balances	<u>(1,043,805)</u>	<u>1,542,826</u>	<u>732,936</u>	<u>50,864</u>	<u>(438,869)</u>	<u>843,952</u>
Fund balances - beginning	<u>1,336,619</u>	<u>27,411,755</u>	<u>5,955,983</u>	<u>2,469,475</u>	<u>3,000,863</u>	<u>40,174,695</u>
Fund balances - ending	<u>\$ 292,814</u>	<u>\$ 28,954,581</u>	<u>\$ 6,688,919</u>	<u>\$ 2,520,339</u>	<u>\$ 2,561,994</u>	<u>\$ 41,018,647</u>

City of Reno, Nevada
City of Reno Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Grants and contributions	-	-	74,817	74,817
Interest & investment earnings	25,000	25,000	72,149	47,149
Change in fair value of investments	-	-	8,145	8,145
Rents and royalties	1,000,000	1,000,000	-	(1,000,000)
Total revenues	1,060,000	1,060,000	155,111	(904,889)
EXPENDITURES				
Debt service				
Principal retirement	4,229,000	2,629,000	2,629,000	-
Interest	1,631,145	2,802,118	2,802,117	1
Administrative charges	12,000	256,000	256,219	(219)
Total expenditures	5,872,145	5,687,118	5,687,336	(218)
Excess (deficiency) of revenues over expenditures	(4,812,145)	(4,627,118)	(5,532,225)	(905,107)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	60,000,000	60,000,000	60,000,000	-
Premium on bonds issued	-	2,726,371	2,726,371	-
Transfers in	5,537,160	5,108,133	5,108,133	-
Transfers out	(60,000,000)	(63,346,084)	(63,346,084)	-
Total other financing sources (uses)	5,537,160	4,488,420	4,488,420	-
Net change in fund balances	725,015	(138,698)	(1,043,805)	(905,107)
Fund balances - beginning	2,254,389	1,336,619	1,336,619	-
Fund balances - ending	\$ 2,979,404	\$ 1,197,921	\$ 292,814	\$ (905,107)

City of Reno, Nevada
Railroad Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Room and construction taxes	\$ 900,000	\$ 900,000	\$ 1,092,934	\$ 192,934
Dedicated sales tax revenues	12,000,000	12,000,000	14,624,292	2,624,292
Special assessments	901,286	901,286	961,473	60,187
Fines and forfeitures	3,000	3,000	2,551	(449)
Interest & investment earnings	302,539	302,539	516,643	214,104
Change in fair value of investments	-	-	176,760	176,760
Miscellaneous	-	-	3,867	3,867
Total revenues	<u>14,106,825</u>	<u>14,106,825</u>	<u>17,378,520</u>	<u>3,271,695</u>
EXPENDITURES				
Debt service				
Principal retirement	2,670,000	8,769,840	7,493,966	1,275,874
Interest	7,027,973	7,027,973	8,303,850	(1,275,877)
Administrative charges	34,500	114,500	37,878	76,622
Total expenditures	<u>9,732,473</u>	<u>15,912,313</u>	<u>15,835,694</u>	<u>76,619</u>
Net change in fund balances	4,374,352	(1,805,488)	1,542,826	3,348,314
Fund balances - beginning	24,257,448	27,411,754	27,411,755	1
Fund balances - ending	<u>\$ 28,631,800</u>	<u>\$ 25,606,266</u>	<u>\$ 28,954,581</u>	<u>\$ 3,348,315</u>

City of Reno, Nevada
Downtown Events Center Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Room and construction taxes	\$ 7,000,000	\$ 7,000,000	\$ 8,365,586	\$ 1,365,586
Special assessments	566,388	566,388	608,891	42,503
Interest & investment earnings	179,632	179,632	254,254	74,622
Change in fair value of investments	-	-	38,261	38,261
Miscellaneous	-	-	9,638	9,638
Total revenues	<u>7,746,020</u>	<u>7,746,020</u>	<u>9,276,630</u>	<u>1,530,610</u>
EXPENDITURES				
Debt service				
Principal retirement	3,595,000	31,445,000	3,595,000	27,850,000
Interest	4,919,077	4,919,077	4,919,075	2
Administrative charges	35,000	185,000	29,619	155,381
Total expenditures	<u>8,549,077</u>	<u>36,549,077</u>	<u>8,543,694</u>	<u>28,005,383</u>
Excess (deficiency) of revenues over expenditures	<u>(803,057)</u>	<u>(28,803,057)</u>	<u>732,936</u>	<u>29,535,993</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	28,000,000	-	(28,000,000)
Total other financing sources (uses)	<u>-</u>	<u>28,000,000</u>	<u>-</u>	<u>(28,000,000)</u>
Net change in fund balances	(803,057)	(803,057)	732,936	1,535,993
Fund balances - beginning	7,155,777	5,955,982	5,955,983	1
Fund balances - ending	<u>\$ 6,352,720</u>	<u>\$ 5,152,925</u>	<u>\$ 6,688,919</u>	<u>\$ 1,535,994</u>

City of Reno, Nevada
Special Assessment Districts Center Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 140,729	\$ 140,729	\$ 104,066	\$ (36,663)
Fines and forfeitures	-	-	7,110	7,110
Interest & investment earnings	57,400	57,400	75,356	17,956
Miscellaneous	-	-	2,401	2,401
Total revenues	<u>198,129</u>	<u>198,129</u>	<u>188,933</u>	<u>(9,196)</u>
EXPENDITURES				
Debt service				
Principal retirement	81,660	81,660	81,660	-
Interest	34,056	34,056	41,013	(6,957)
Debt issuance costs	7,500	7,500	1,959	5,541
Administrative charges	229,450	229,450	13,437	216,013
Total expenditures	<u>352,666</u>	<u>352,666</u>	<u>138,069</u>	<u>214,597</u>
Net change in fund balances	(154,537)	(154,537)	50,864	205,401
Fund balances - beginning	2,531,669	2,469,476	2,469,475	(1)
Fund balances - ending	<u>\$ 2,377,132</u>	<u>\$ 2,314,939</u>	<u>\$ 2,520,339</u>	<u>\$ 205,400</u>

City of Reno, Nevada
Redevelopment Agency Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,864,746	\$ 1,864,746	\$ 2,532,297	\$ 667,551
Interest & investment earnings	4,000	4,000	51,906	47,906
Change in fair value of investments	-	-	(71,696)	(71,696)
Total revenues	<u>1,868,746</u>	<u>1,868,746</u>	<u>2,512,507</u>	<u>643,761</u>
EXPENDITURES				
Debt service				
Principal retirement	2,251,000	2,251,000	2,251,000	-
Interest	668,718	668,718	692,717	(23,999)
Administrative charges	14,000	14,000	7,659	6,341
Total expenditures	<u>2,933,718</u>	<u>2,933,718</u>	<u>2,951,376</u>	<u>(17,658)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,064,972)</u>	<u>(1,064,972)</u>	<u>(438,869)</u>	<u>626,103</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund balances	(64,972)	(64,972)	(438,869)	(373,897)
Fund balances - beginning	2,964,118	2,964,118	3,000,863	36,745
Fund balances - ending	<u>\$ 2,899,146</u>	<u>\$ 2,899,146</u>	<u>\$ 2,561,994</u>	<u>\$ (337,152)</u>

Capital Projects Funds

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

Non-major Capital Project Funds:

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.

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.

Parks – accounts for resources provide by park land and residential construction tax fees that are to be used for the acquisition and improvement of parks, playgrounds, and recreational facilities.

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

Downtown Events Center – accounts for the improvements to the Ballroom facility.

City Bonds – accounts for resources provided by bond issuances that are to be used for constructing and equipping public park improvements, public safety improvements, street improvements, and recreational facilities.

City of Reno, Nevada
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2023

	Room Tax Surcharge	Special Ad Valorem	Park Districts	Streets	Downtown Events Centers	City Bonds	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	\$ 2,579,425	\$ 1,157,167	\$ 13,767,911	\$ 2,099,133	\$ 419,512	\$ 26,863	\$ 20,050,011
Accrued interest	(15)	(11)	(97)	(8)	(3)	-	(134)
Due from other governments	144,053	60,293	-	-	-	-	204,346
Total assets	<u>\$ 2,723,463</u>	<u>\$ 1,217,449</u>	<u>\$ 13,767,814</u>	<u>\$ 2,099,125</u>	<u>\$ 419,509</u>	<u>\$ 26,863</u>	<u>\$ 20,254,223</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 123	\$ 2,071,334	\$ -	\$ -	\$ 2,071,457
Contracts and retained percentage payable	40,000	-	39,659	-	-	-	79,659
Deposits	-	8,000	-	-	-	-	8,000
Total liabilities	<u>40,000</u>	<u>8,000</u>	<u>39,782</u>	<u>2,071,334</u>	<u>-</u>	<u>-</u>	<u>2,159,116</u>
Total liabilities and deferred inflows of resources	<u>40,000</u>	<u>8,000</u>	<u>39,782</u>	<u>2,071,334</u>	<u>-</u>	<u>-</u>	<u>2,159,116</u>
FUND BALANCES (DEFICITS)							
Restricted	2,683,463	1,209,449	13,728,032	-	419,509	26,863	18,067,316
Assigned	-	-	-	27,791	-	-	27,791
Total fund balances (deficits)	<u>2,683,463</u>	<u>1,209,449</u>	<u>13,728,032</u>	<u>27,791</u>	<u>419,509</u>	<u>26,863</u>	<u>18,095,107</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,723,463</u>	<u>\$ 1,217,449</u>	<u>\$ 13,767,814</u>	<u>\$ 2,099,125</u>	<u>\$ 419,509</u>	<u>\$ 26,863</u>	<u>\$ 20,254,223</u>

City of Reno, Nevada
Non-Major Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Room Tax Surcharge	Special Ad Valorem	Park Districts	Streets	Downtown Events Centers	City Bonds	Total Nonmajor Capital Projects Funds
REVENUES							
Room and construction taxes	\$ 1,282,676	\$ -	\$ 1,970,974	\$ -	\$ -	\$ -	\$ 3,253,650
Intergovernmental, other	-	816,457	-	-	-	-	816,457
Interest & investment earnings	31,733	18,349	181,180	1,031	5,312	343	237,948
Change in fair value of investments	6,505	7,621	51,016	4,944	2,422	981	73,489
Private grants and contributions	-	-	891,000	-	-	-	891,000
Total revenues	<u>1,320,914</u>	<u>842,427</u>	<u>3,094,170</u>	<u>5,975</u>	<u>7,734</u>	<u>1,324</u>	<u>5,272,544</u>
EXPENDITURES							
Current							
General Government	-	786,064	-	-	-	-	786,064
Public Works	469,727	-	-	-	-	12,000	481,727
Culture and Recreation	-	-	14,397	-	-	-	14,397
Total current	<u>469,727</u>	<u>786,064</u>	<u>14,397</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>1,282,188</u>
Capital outlay							
General Government	-	86,080	-	-	-	-	86,080
Culture and Recreation	-	-	2,733,719	-	-	-	2,733,719
Public works	534,429	-	-	-	-	-	534,429
Total capital outlay	<u>534,429</u>	<u>86,080</u>	<u>2,733,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,354,228</u>
Total expenditures	<u>1,004,156</u>	<u>872,144</u>	<u>2,748,116</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>4,636,416</u>
Net change in fund balances	316,758	(29,717)	346,054	5,975	7,734	(10,676)	636,128
Fund balances - beginning	2,366,705	1,239,166	13,381,978	21,816	411,775	37,539	17,458,979
Fund balances - ending	<u>\$ 2,683,463</u>	<u>\$ 1,209,449</u>	<u>\$ 13,728,032</u>	<u>\$ 27,791</u>	<u>\$ 419,509</u>	<u>\$ 26,863</u>	<u>\$ 18,095,107</u>

City of Reno, Nevada
Room Tax Surcharge Capital Projects Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest & investment earnings	\$ -	\$ -	\$ 31,733	\$ 31,733
Change in fair value of investments	-	-	6,505	6,505
Room and construction taxes	1,000,000	1,000,000	1,282,676	282,676
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,320,914</u>	<u>320,914</u>
EXPENDITURES				
Current				
Public Works				
Services and supplies	-	4,350	469,727	(465,377)
Total current	<u>-</u>	<u>4,350</u>	<u>469,727</u>	<u>(465,377)</u>
Capital outlay				
Public Works	3,000,000	3,362,355	534,429	2,827,926
Total capital outlay	<u>3,000,000</u>	<u>3,362,355</u>	<u>534,429</u>	<u>2,827,926</u>
Total expenditures	<u>3,000,000</u>	<u>3,366,705</u>	<u>1,004,156</u>	<u>2,362,549</u>
Net change in fund balances	(2,000,000)	(2,366,705)	316,758	2,683,463
Fund balances - beginning	2,000,000	2,366,705	2,366,705	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,683,463</u>	<u>\$ 2,683,463</u>

City of Reno, Nevada
Special Ad Valorem Capital Projects Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental, other	\$ 700,000	\$ 700,000	\$ 816,457	\$ 116,457
Interest & investment earnings	-	-	18,349	18,349
Change in fair value of investments	-	-	7,621	7,621
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>842,427</u>	<u>142,427</u>
EXPENDITURES				
Current				
General Government				
Services and supplies	600,000	916,717	786,064	130,653
Total General Government	<u>600,000</u>	<u>916,717</u>	<u>786,064</u>	<u>130,653</u>
Public Safety - Police				
Services and supplies	100,000	1,022,449	-	1,022,449
Total Public Safety	<u>100,000</u>	<u>1,022,449</u>	<u>-</u>	<u>1,022,449</u>
Total current	<u>700,000</u>	<u>1,939,166</u>	<u>786,064</u>	<u>1,153,102</u>
Capital outlay				
General Government	-	-	86,080	(86,080)
Total capital outlay	<u>-</u>	<u>-</u>	<u>86,080</u>	<u>(86,080)</u>
Total expenditures	<u>700,000</u>	<u>1,939,166</u>	<u>872,144</u>	<u>1,067,022</u>
Net change in fund balances	-	(1,239,166)	(29,717)	1,209,449
Fund balances - beginning	-	1,239,166	1,239,166	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,209,449</u>	<u>\$ 1,209,449</u>

City of Reno, Nevada
Parks Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Room and construction taxes	\$ 2,200,000	\$ 2,200,000	\$ 1,970,974	\$ (229,026)
Interest & investment earnings	-	-	181,180	181,180
Change in fair value of investments	-	-	51,016	51,016
Private grants and contributions	-	-	891,000	891,000
Total revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>3,094,170</u>	<u>894,170</u>
EXPENDITURES				
Current				
Culture and Recreation				
Services and supplies	172,772	172,684	14,397	158,287
Total current	<u>172,772</u>	<u>172,684</u>	<u>14,397</u>	<u>158,287</u>
Capital outlay				
Culture and Recreation				
Total capital outlay	300,000	3,921,491	2,733,719	1,187,772
Total expenditures	<u>300,000</u>	<u>3,921,491</u>	<u>2,733,719</u>	<u>1,187,772</u>
Total expenditures	<u>472,772</u>	<u>4,094,175</u>	<u>2,748,116</u>	<u>1,346,059</u>
Net change in fund balances	1,727,228	(1,894,175)	346,054	2,240,229
Fund balances - beginning	11,370,590	13,381,979	13,381,978	(1)
Fund balances - ending	<u>\$ 13,097,818</u>	<u>\$ 11,487,804</u>	<u>\$ 13,728,032</u>	<u>\$ 2,240,228</u>

City of Reno, Nevada
Streets Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest & investment earnings	\$ -	\$ -	\$ 1,031	\$ 1,031
Change in fair value of investments	-	-	4,944	4,944
Total revenues	-	-	5,975	5,975
EXPENDITURES				
Public Works				
Services and supplies	-	21,816	-	21,816
Total Public Works	-	21,816	-	21,816
Total expenditures	-	21,816	-	21,816
Net change in fund balances	-	(21,816)	5,975	27,791
Fund balances - beginning	-	21,816	21,816	-
Fund balances - ending	\$ -	\$ -	\$ 27,791	\$ 27,791

City of Reno, Nevada
Downtown Events Center Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest & investment earnings	\$ -	\$ -	\$ 5,312	\$ 5,312
Change in fair value of investments	-	-	2,422	2,422
Miscellaneous	100,000	100,000	-	(100,000)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>7,734</u>	<u>(92,266)</u>
EXPENDITURES				
Public Works				
Services and supplies	50,000	50,000	-	50,000
Total Public Works	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	50,000	50,000	7,734	(42,266)
Fund balances - beginning	437,352	411,775	411,775	-
Fund balances - ending	<u>\$ 487,352</u>	<u>\$ 461,775</u>	<u>\$ 419,509</u>	<u>\$ (42,266)</u>

City of Reno, Nevada
City Bonds Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest & investment earnings	\$ -	\$ -	\$ 343	\$ 343
Change in fair value of investments	-	-	981	981
Total revenues	-	-	1,324	1,324
EXPENDITURES				
Public Works				
Services and supplies	-	37,539	12,000	25,539
Total Public Works	-	37,539	12,000	25,539
Total expenditures	-	37,539	12,000	25,539
Net change in fund balances	-	(37,539)	(10,676)	26,863
Fund balances - beginning	-	37,539	37,539	-
Fund balances - ending	\$ -	\$ -	\$ 26,863	\$ 26,863

Proprietary Funds

Major Enterprise Funds

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

Sanitary Sewer – accounts for the provision of sewer and storm water services and connection fee revenues restricted for capital projects.

Building Permit – accounts for resources provided by the issuance of building permits.

City of Reno, Nevada
Sanitary Sewer Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 73,250,000	\$ 73,250,000	\$ 78,213,606	\$ 4,963,606
Licenses and permits - Sanitary Sewer	330,000	330,000	400,210	70,210
Fines and forfeitures	1,502,000	1,502,000	2,307,472	805,472
Miscellaneous	-	-	470,182	470,182
Total operating revenues	<u>75,082,000</u>	<u>75,082,000</u>	<u>81,391,470</u>	<u>6,309,470</u>
OPERATING EXPENSES				
Salaries and wages	9,255,689	9,851,534	9,965,055	(113,521)
Employee benefits	7,238,214	7,552,965	4,027,571	3,525,394
Services and supplies	14,696,457	18,876,091	15,993,076	2,883,015
Joint sewer plant	18,907,434	18,907,434	14,467,557	4,439,877
Gain on asset disposal	-	-	266,356	(266,356)
Depreciation and amortization	15,000,000	15,000,000	14,122,594	877,406
Total operating expenses	<u>65,097,794</u>	<u>70,188,024</u>	<u>58,842,209</u>	<u>11,345,815</u>
Operating income (loss)	<u>9,984,206</u>	<u>4,893,976</u>	<u>22,549,261</u>	<u>17,655,285</u>
NONOPERATING REVENUES (EXPENSES)				
Grants and contributions	-	-	2,389,896	2,389,896
Investment earnings	560,000	560,000	1,927,777	1,367,777
Interest and fiscal charges	(7,116,882)	(7,274,450)	(957,916)	6,316,534
Change in fair value of investments	-	-	1,004,890	1,004,890
Issuance of debt	34,000,000	34,000,000	-	(34,000,000)
Net loss from Truckee Meadows Water Reclamation Facility	(5,600,000)	(5,600,000)	(5,588,612)	11,388
Total nonoperating revenues (expenses)	<u>21,843,118</u>	<u>21,685,550</u>	<u>(1,223,965)</u>	<u>(22,909,515)</u>
Income (loss) before contributions and transfers	<u>31,827,324</u>	<u>26,579,526</u>	<u>21,325,296</u>	<u>(5,254,230)</u>
CAPITAL CONTRIBUTIONS IN (OUT)				
Sewer connection charges	11,090,000	11,090,000	11,064,442	(25,558)
OPERATING TRANSFERS				
Transfers out	(112,000)	(112,000)	(112,000)	-
Total operating transfers	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	<u>-</u>
Capital contributions	-	-	2,091,979	2,091,979
Change in net position	42,805,324	37,557,526	34,369,717	(3,187,809)
Total net position - beginning	106,258,979	176,031,133	607,127,410	431,096,277
Total net position - ending	<u>\$ 149,064,303</u>	<u>\$ 213,588,659</u>	<u>\$ 641,497,127</u>	<u>\$ 427,908,468</u>

City of Reno, Nevada
Building Permit Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 12,711,000	\$ 12,711,000	\$ 10,598,923	\$ (2,112,077)
Total operating revenues	<u>12,711,000</u>	<u>12,711,000</u>	<u>10,598,923</u>	<u>(2,112,077)</u>
OPERATING EXPENSES				
Salaries and wages	6,741,087	6,741,087	6,376,368	364,719
Employee benefits	4,123,554	4,123,554	3,268,464	855,090
Services and supplies	4,026,318	4,678,252	3,562,782	1,115,470
Loss on asset disposal	-	-	35,113	(35,113)
Depreciation and amortization	150,000	150,000	119,466	30,534
Total operating expenses	<u>15,040,959</u>	<u>15,692,893</u>	<u>13,362,193</u>	<u>2,330,700</u>
Operating income (loss)	<u>(2,329,959)</u>	<u>(2,981,893)</u>	<u>(2,763,270)</u>	<u>218,623</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	100,000	100,000	297,504	197,504
Change in fair value of investments	-	-	211,111	211,111
Total nonoperating revenues (expenses)	<u>100,000</u>	<u>100,000</u>	<u>508,615</u>	<u>408,615</u>
Income (loss) before contributions and transfers	<u>(2,229,959)</u>	<u>(2,881,893)</u>	<u>(2,254,655)</u>	<u>627,238</u>
Change in net position	(2,229,959)	(2,881,893)	(2,254,655)	627,238
Total net position - beginning	23,123,465	24,641,463	14,934,885	(9,706,578)
Total net position - ending	<u>\$ 20,893,506</u>	<u>\$ 21,759,570</u>	<u>\$ 12,680,230</u>	<u>\$ (9,079,340)</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Vehicle – accounts for the acquisition of motor vehicles and the operation 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 Worker's Compensation – accounts for the operations of the self-funded worker's compensation program.

City of Reno, Nevada
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

	Motor Vehicle	Risk Retention	Self-Funded Medical Plans	Self-Funded Workers Compensation	Total Nonmajor Internal Service Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	\$ 11,113,361	\$ 7,588,004	\$ 25,484,962	\$ 17,537,092	\$ 61,723,419
Restricted Cash	-	-	-	295,000	295,000
Accounts Receivable	61,663	(48)	681,507	353,103	1,096,225
Inventories	321,393	-	-	-	321,393
Prepaid items	-	250,087	5,000	83,953	339,040
Total current assets	<u>11,496,417</u>	<u>7,838,043</u>	<u>26,171,469</u>	<u>18,269,148</u>	<u>63,775,077</u>
Noncurrent assets					
Machinery, equipment and software	37,676,561	-	-	-	37,676,561
Depreciation	(22,534,551)	-	-	-	(22,534,551)
Total noncurrent assets	<u>15,142,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,142,010</u>
Total assets	<u>26,638,427</u>	<u>7,838,043</u>	<u>26,171,469</u>	<u>18,269,148</u>	<u>78,917,087</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	854,659	336,515	-	-	1,191,174
Deferred amounts related to OPEB	4,334	-	-	-	4,334
Total deferred outflows of resources	<u>858,993</u>	<u>336,515</u>	<u>-</u>	<u>-</u>	<u>1,195,508</u>
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	356,374	3,543,631	360,087	244,287	4,504,379
Contracts payable	-	17,000	-	-	17,000
Due to other funds	65,453	31,360	-	-	96,813
Compensated absences	90,811	14,191	-	-	105,002
Self-insurance liability	-	675,197	3,789,763	8,611,970	13,076,930
Total current liabilities	<u>512,638</u>	<u>4,281,379</u>	<u>4,149,850</u>	<u>8,856,257</u>	<u>17,800,124</u>
Noncurrent liabilities					
Compensated absences	47,536	28,281	-	-	75,817
Self-insurance liability	-	1,239,134	1,437	68,774,865	70,015,436
Net Pension Liability	2,240,320	878,020	-	-	3,118,340
Postemployment benefits other than pensions	290,179	104,425	-	-	394,604
Total noncurrent liabilities	<u>2,578,035</u>	<u>2,249,860</u>	<u>1,437</u>	<u>68,774,865</u>	<u>73,604,197</u>
Total liabilities	<u>3,090,673</u>	<u>6,531,239</u>	<u>4,151,287</u>	<u>77,631,122</u>	<u>91,404,321</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	19,398	7,602	-	-	27,000
Deferred amounts related to OPEB	152,593	54,912	-	-	207,505
Total deferred inflows of resources	<u>171,991</u>	<u>62,514</u>	<u>-</u>	<u>-</u>	<u>234,505</u>
NET POSITION					
Net investment in capital assets	15,142,010	-	-	-	15,142,010
Restricted for:					
Claims	-	1,580,805	22,020,182	-	23,600,987
Unrestricted	9,092,746	-	-	(59,361,974)	(50,269,228)
Total net position	<u>\$ 24,234,756</u>	<u>\$ 1,580,805</u>	<u>\$ 22,020,182</u>	<u>\$ (59,361,974)</u>	<u>\$ (11,526,231)</u>

City of Reno, Nevada
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	Motor Vehicle	Risk Retention	Self-Funded Medical Plans	Self-Funded Workers Compensation	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 10,325,490	\$ 2,260,399	\$ 33,507,619	\$ 10,397,497	\$ 56,491,005
Miscellaneous	47,155	2,694,875	1,480,974	343,152	4,566,156
Total operating revenues	<u>10,372,645</u>	<u>4,955,274</u>	<u>34,988,593</u>	<u>10,740,649</u>	<u>61,057,161</u>
OPERATING EXPENSES					
Salaries and wages	1,148,406	546,155	-	-	1,694,561
Employee benefits	447,485	151,892	-	-	599,377
Services and supplies	3,563,118	6,498,209	33,960,184	24,233,588	68,255,099
Depreciation and amortization	3,516,128	-	-	-	3,516,128
Total operating expenses	<u>8,675,137</u>	<u>7,196,256</u>	<u>33,960,184</u>	<u>24,233,588</u>	<u>74,065,165</u>
Operating income (loss)	<u>1,697,508</u>	<u>(2,240,982)</u>	<u>1,028,409</u>	<u>(13,492,939)</u>	<u>(13,008,004)</u>
NONOPERATING REVENUES (EXPENSES)					
Proceeds from sale of assets	436,163	-	-	-	436,163
Capital contributions	767,690	-	-	-	767,690
Investment earnings	140,349	137,088	325,339	220,805	823,581
Change in fair value of investments	24,597	90,949	91,997	42,809	250,352
Total nonoperating revenues (expenses)	<u>1,368,799</u>	<u>228,037</u>	<u>417,336</u>	<u>263,614</u>	<u>2,277,786</u>
Income (loss) before contributions and transfers	<u>3,066,307</u>	<u>(2,012,945)</u>	<u>1,445,745</u>	<u>(13,229,325)</u>	<u>(10,730,218)</u>
Change in net position	<u>3,066,307</u>	<u>(2,012,945)</u>	<u>1,445,745</u>	<u>(13,229,325)</u>	<u>(10,730,218)</u>
Total net position - beginning	<u>21,168,449</u>	<u>3,593,750</u>	<u>20,574,437</u>	<u>(46,132,649)</u>	<u>(796,013)</u>
Total net position - ending	<u>\$ 24,234,756</u>	<u>\$ 1,580,805</u>	<u>\$ 22,020,182</u>	<u>\$ (59,361,974)</u>	<u>\$ (11,526,231)</u>

City of Reno, Nevada
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	Motor Vehicle	Risk Retention	Self-Funded Medical Plans	Self-Funded Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 10,278,766	\$ 149	\$ 34,037,911	\$ 10,263,676	\$ 54,580,502
Cash from interfund	-	2,260,399	-	-	2,260,399
Cash Other	47,155	2,694,874	1,480,974	343,152	4,566,155
Payments to suppliers	(3,711,360)	(3,349,298)	(33,436,303)	(8,388,253)	(48,885,214)
Payments to employees	(1,473,441)	(687,373)	-	-	(2,160,814)
Cash payments for interfund good and services	(303,276)	(72,884)	(513,711)	(226,517)	(1,116,388)
Cash payments for interfund employee benefits	(129,668)	(28,201)	-	-	(157,869)
Net cash provided (used) by operating activities	4,708,176	817,666	1,568,871	1,992,058	9,086,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,028,449)	-	-	-	(4,028,449)
Proceeds received from disposal of capital assets	436,163	-	-	-	436,163
Net cash provided (used) by capital and related financing activities	(3,592,286)	-	-	-	(3,592,286)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	186,372	241,825	468,515	296,344	1,193,056
Net cash provided (used) by investing activities	186,372	241,825	468,515	296,344	1,193,056
Net increase (decrease) in cash and cash equivalents	1,302,262	1,059,491	2,037,386	2,288,402	6,687,541
Balances - beginning of year	9,811,099	6,528,513	23,447,576	15,543,690	55,330,878
Balances - end of the year	\$ 11,113,361	\$ 7,588,004	\$ 25,484,962	\$ 17,832,092	\$ 62,018,419
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (loss)	\$ 1,697,508	\$ (2,240,982)	\$ 1,028,409	\$ (13,492,939)	\$ (13,008,004)
Depreciation and amortization	3,516,128	-	-	-	3,516,128
Changes in assets and liabilities:					
Customer Receivables	(46,724)	149	530,294	(133,821)	349,898
Inventory	(189,196)	-	-	-	(189,196)
Prepaid items	25,892	(107,201)	153,791	(20,637)	51,845
Accounts Payable	(222,761)	3,559,980	68,777	243,843	3,649,839
Compensated absences	54,116	15,886	-	-	70,002
Self insurance liability	-	(362,393)	(212,400)	15,395,612	14,820,819
Postemployment benefits other than pensions	(342,069)	(131,499)	-	-	(473,568)
Net pension liability	215,282	66,726	-	-	282,008
Contracts and retention payable	-	17,000	-	-	17,000
Net cash provided (used) by operating activities	\$ 4,708,176	\$ 817,666	\$ 1,568,871	\$ 1,992,058	\$ 9,086,771
Noncash investing, capital and financing activities					
Change in fair value of cash equivalent investments	24,597	90,949	91,998	42,808	250,352
Contributed assets received	767,690	-	-	-	767,690
Total noncash investing, capital and financing activities	\$ 792,287	\$ 90,949	\$ 91,998	\$ 42,808	\$ 1,018,042

City of Reno, Nevada
Motor Vehicle Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 10,312,540	\$ 10,312,540	\$ 10,325,490	\$ 12,950
Miscellaneous	-	-	47,155	47,155
Total operating revenues	<u>10,312,540</u>	<u>10,312,540</u>	<u>10,372,645</u>	<u>60,105</u>
OPERATING EXPENSES				
Salaries and wages	1,116,600	1,116,600	1,148,406	(31,806)
Employee benefits	828,131	1,159,678	447,485	712,193
Services and supplies	3,097,891	3,704,468	3,563,118	141,350
Depreciation and amortization	3,500,000	3,500,000	3,516,128	(16,128)
Total operating expenses	<u>8,542,622</u>	<u>9,480,746</u>	<u>8,675,137</u>	<u>805,609</u>
Operating income (loss)	<u>1,769,918</u>	<u>831,794</u>	<u>1,697,508</u>	<u>865,714</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	15,000	15,000	140,349	125,349
Change in fair value of investments	-	-	24,597	24,597
Proceeds from capital asset disposal	-	300,000	436,163	136,163
Capital contributions	-	-	767,690	767,690
Total nonoperating revenues (expenses)	<u>15,000</u>	<u>315,000</u>	<u>1,368,799</u>	<u>1,053,799</u>
Change in net position	1,784,918	1,146,794	3,066,307	1,919,513
Total net position - beginning	<u>8,307,377</u>	<u>13,411,098</u>	<u>21,168,449</u>	<u>7,757,351</u>
Total net position - ending	<u>\$ 10,092,295</u>	<u>\$ 14,557,892</u>	<u>\$ 24,234,756</u>	<u>\$ 9,676,864</u>

City of Reno, Nevada
Risk Retention Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,254,270	\$ 2,254,270	\$ 2,260,399	\$ 6,129
Miscellaneous	-	2,684,268	2,694,875	10,607
Total operating revenues	<u>2,254,270</u>	<u>4,938,538</u>	<u>4,955,274</u>	<u>16,736</u>
OPERATING EXPENSES				
Salaries and wages	495,958	495,958	546,155	(50,197)
Employee benefits	252,917	252,917	151,892	101,025
Services and supplies	3,284,484	6,384,014	6,498,209	(114,195)
Total operating expenses	<u>4,033,359</u>	<u>7,132,889</u>	<u>7,196,256</u>	<u>(63,367)</u>
Operating income (loss)	<u>(1,779,089)</u>	<u>(2,194,351)</u>	<u>(2,240,982)</u>	<u>(46,631)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	25,000	25,000	137,088	112,088
Change in fair value of investments	-	-	90,949	90,949
Total nonoperating revenues (expenses)	<u>25,000</u>	<u>25,000</u>	<u>228,037</u>	<u>203,037</u>
Change in net position	(1,754,089)	(2,169,351)	(2,012,945)	156,406
Total net position - beginning	<u>6,470,777</u>	<u>6,528,513</u>	<u>3,593,750</u>	<u>(2,934,763)</u>
Total net position - ending	<u>\$ 4,716,688</u>	<u>\$ 4,359,162</u>	<u>\$ 1,580,805</u>	<u>\$ (2,778,357)</u>

City of Reno, Nevada
Self-Funded Medical Plan Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 31,975,300	\$ 31,975,300	\$ 33,507,619	\$ 1,532,319
Miscellaneous	-	-	1,480,974	1,480,974
Total operating revenues	<u>31,975,300</u>	<u>31,975,300</u>	<u>34,988,593</u>	<u>3,013,293</u>
OPERATING EXPENSES				
Services and supplies	<u>34,137,711</u>	<u>36,137,711</u>	<u>33,960,184</u>	<u>2,177,527</u>
Total operating expenses	<u>34,137,711</u>	<u>36,137,711</u>	<u>33,960,184</u>	<u>2,177,527</u>
Operating income (loss)	<u>(2,162,411)</u>	<u>(4,162,411)</u>	<u>1,028,409</u>	<u>5,190,820</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	103,000	103,000	325,339	222,339
Change in fair value of investments	-	-	91,997	91,997
Total nonoperating revenues (expenses)	<u>103,000</u>	<u>103,000</u>	<u>417,336</u>	<u>314,336</u>
Change in net position	(2,059,411)	(4,059,411)	1,445,745	5,505,156
Total net position - beginning	<u>25,920,951</u>	<u>23,447,576</u>	<u>20,574,437</u>	<u>(2,873,139)</u>
Total net position - ending	<u>\$ 23,861,540</u>	<u>\$ 19,388,165</u>	<u>\$ 22,020,182</u>	<u>\$ 2,632,017</u>

City of Reno, Nevada
Self-Funded Workers Compensation Internal Service Fund
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget to Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 10,471,273	\$ 10,471,273	\$ 10,397,497	\$ (73,776)
Miscellaneous	-	-	343,152	343,152
Total operating revenues	<u>10,471,273</u>	<u>10,471,273</u>	<u>10,740,649</u>	<u>269,376</u>
OPERATING EXPENSES				
Services and supplies	8,452,517	9,952,517	24,233,588	(14,281,071)
Total operating expenses	<u>8,452,517</u>	<u>9,952,517</u>	<u>24,233,588</u>	<u>(14,281,071)</u>
Operating income (loss)	<u>2,018,756</u>	<u>518,756</u>	<u>(13,492,939)</u>	<u>(14,011,695)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	50,000	50,000	220,805	170,805
Change in fair value of investments	-	-	42,809	42,809
Total nonoperating revenues (expenses)	<u>50,000</u>	<u>50,000</u>	<u>263,614</u>	<u>213,614</u>
Change in net position	2,068,756	568,756	(13,229,325)	(13,798,081)
Total net position - beginning	<u>16,415,316</u>	<u>15,543,690</u>	<u>(46,132,649)</u>	<u>(61,676,339)</u>
Total net position - ending	<u>\$ 18,484,072</u>	<u>\$ 16,112,446</u>	<u>\$ (59,361,974)</u>	<u>\$ (75,474,420)</u>

Statistical Section

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 Balance, Governmental Funds
- Changes in Fund Balance, 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, Nevada
Net Position by Component
Last Ten Fiscal Years (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 595,550,858	\$ 585,575,771	\$ 586,905,472	\$ 586,413,361	\$ 495,323,814	\$ 517,184,024	\$ 564,788,939	\$ 599,592,166	\$ 599,449,583	\$ 607,909,984
Restricted	61,109,252	63,141,142	62,938,668	69,911,871	84,631,336	85,416,143	81,364,743	92,968,067	90,213,451	128,026,846
Unrestricted	(161,747,541)	(377,534,397)	(377,992,156)	(397,845,441)	(468,562,389)	(458,474,598)	(424,534,435)	(390,313,284)	(352,073,214)	(350,156,758)
Total governmental activities net position	494,912,569	271,182,516	271,851,984	258,479,791	113,397,762	144,125,959	221,619,247	302,746,949	337,589,820	375,780,072
Business-type activities:										
Net investment in capital assets	240,575,536	246,425,571	265,284,816	287,321,065	304,619,062	322,228,682	342,507,959	380,253,875	400,380,066	423,519,492
Restricted	9,571,325	15,740,934	12,461,499	11,426,497	15,117,358	20,477,340	32,962,201	31,929,920	89,426,695	30,466,787
Unrestricted	124,758,772	123,604,942	136,950,922	148,407,980	154,661,330	174,853,406	181,665,639	185,503,566	132,842,361	201,663,140
Total business-type activities net position	374,905,633	385,771,447	414,697,237	447,155,542	474,397,750	517,559,428	557,136,799	597,687,361	622,451,142	655,669,419
Primary government:										
Net investment in capital assets	836,126,394	832,001,342	852,190,288	873,734,426	799,942,876	839,412,706	907,296,898	979,846,041	999,829,649	1,031,429,476
Restricted	70,680,577	78,882,076	75,400,167	81,338,368	99,748,694	105,893,483	114,326,944	124,897,987	179,642,146	158,493,633
Unrestricted	(36,988,769)	(253,929,455)	(241,041,234)	(249,437,461)	(311,501,058)	(283,621,192)	(242,668,796)	(204,809,718)	(219,430,833)	(158,473,618)
Total primary government net position	\$ 869,818,202	\$ 656,953,963	\$ 686,549,221	\$ 705,635,333	\$ 587,790,512	\$ 661,684,997	\$ 778,755,046	\$ 859,934,310	\$ 960,040,962	\$ 1,031,449,491

City of Reno, Nevada
Changes in Net Position
Last Ten Fiscal Years (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 34,595,215	\$ 34,959,761	\$ 37,047,462	\$ 41,978,398	\$ 41,281,443	\$ 43,077,447	\$ 45,217,904	\$ 68,005,239	\$ 61,897,710	\$ 76,250,789
Judicial	7,297,142	7,064,894	7,492,820	6,981,342	6,790,019	7,719,808	8,143,954	8,025,002	9,395,021	9,490,006
Public Safety	117,170,198	117,967,671	113,837,313	125,044,792	140,378,971	135,931,879	130,320,615	136,326,145	121,191,358	187,612,256
Public works	59,149,082	56,800,273	58,151,262	53,569,579	54,783,301	52,539,862	53,686,101	55,350,681	40,624,026	70,482,717
Culture and recreation	15,499,368	16,203,541	15,136,956	15,900,003	15,812,351	16,968,478	16,725,753	16,555,698	19,352,526	20,159,760
Community development and support	13,676,995	12,900,777	9,751,297	10,222,340	11,879,768	12,844,761	13,671,197	20,632,518	28,401,311	13,806,001
Urban redevelopment	2,359,947	3,377,771	3,604,756	3,298,662	14,091,779	5,188,558	6,689,551	9,940,636	6,565,353	4,015,348
Interest and fiscal charges, debt service	26,974,140	25,747,130	26,635,439	25,215,536	43,638,851	31,492,922	21,828,693	21,369,103	23,834,557	25,378,288
Subtotal, governmental activities expense	276,722,087	275,021,818	271,657,305	282,210,652	328,656,483	305,753,715	296,284,068	336,205,022	311,261,862	407,195,165
Business-type activities:										
Sanitary sewer	44,818,778	45,501,401	46,827,174	48,310,736	51,557,336	55,576,663	59,110,441	59,047,828	58,206,541	64,505,805
Building permits	3,663,078	4,512,814	7,581,879	8,526,753	7,637,116	7,558,741	10,380,414	7,178,512	11,301,993	13,141,908
Subtotal, business-type activities expense	48,481,856	50,414,215	54,419,053	56,837,489	59,194,452	63,135,404	69,490,855	66,224,340	69,508,534	77,647,713
Total primary government expenses	325,203,943	325,436,033	326,076,358	339,048,141	387,850,935	368,889,119	365,774,923	402,429,362	380,770,396	484,842,878
Program Revenues (See Schedule 1.3)										
Governmental activities:										
Charges for service	77,386,117	87,763,470	80,983,532	82,952,588	85,601,102	89,634,449	79,589,048	91,735,005	94,287,699	110,322,666
Operating grants and contributions	14,509,325	6,112,837	4,638,289	6,239,951	8,577,398	11,141,118	30,299,717	45,416,199	23,283,098	25,031,092
Capital grants and contributions	35,491,658	24,379,900	38,873,140	25,213,159	26,611,594	58,129,633	63,775,489	70,185,512	18,069,496	61,356,011
Subtotal, governmental activities program revenue	117,386,100	118,256,207	124,494,961	114,405,698	120,790,194	158,965,200	173,664,254	207,330,716	135,640,293	196,709,769
Business-type activities:										
Charges for services:										
Sanitary sewer	57,352,256	59,599,214	64,593,085	66,316,367	67,640,096	70,399,634	70,607,378	72,855,628	73,839,692	81,391,470
Building permits	7,275,680	7,747,443	7,445,385	8,088,911	10,009,688	11,557,584	11,453,706	15,556,406	12,876,889	10,598,923
Operating grants and contributions	17,003	12,415	100,000	2,014,816	2,107,002	2,016,429	53,150	5,639	-	2,389,896
Capital grants and contributions	11,832,463	11,670,370	12,798,509	12,722,105	15,084,733	18,823,851	21,662,897	18,958,091	-	13,156,421
Subtotal, business-type activities program revenue	76,477,402	79,229,442	84,936,979	89,142,199	94,841,519	102,797,496	103,797,131	107,375,764	86,716,581	107,536,710
Total primary government program revenues	\$ 193,863,502	\$ 197,485,649	\$ 209,431,940	\$ 203,547,897	\$ 215,631,713	\$ 261,762,696	\$ 277,461,385	\$ 314,712,480	\$ 222,356,874	\$ 304,246,479
Net (Expense)/Revenue										
Governmental activities	(159,332,987)	(156,765,611)	(147,162,344)	(167,804,954)	(207,866,289)	(146,828,515)	(122,619,814)	(128,868,306)	(175,621,569)	(210,485,396)
Business-type activities	27,995,546	28,815,227	30,517,526	32,304,710	35,647,067	39,662,094	34,306,276	41,151,424	17,208,047	29,888,997
Total primary government net expense	\$ (131,337,441)	\$ (127,950,384)	\$ (116,644,818)	\$ (135,500,244)	\$ (172,219,222)	\$ (107,166,421)	\$ (88,313,538)	\$ (87,716,882)	\$ (158,413,522)	\$ (180,596,399)

City of Reno, Nevada
Changes in Net Position
Last Ten Fiscal Years (Unaudited) (Continued)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government	\$ 59,509,742	\$ 71,460,161	\$ 66,610,567	\$ 66,360,453	\$ 68,300,425	\$ 72,491,758	\$ 65,858,632	\$ 101,228,835	\$ 80,624,908	\$ 98,491,429
Judicial	3,163,766	2,743,813	2,314,330	2,023,950	2,125,975	2,133,326	2,115,362	2,118,792	2,597,399	2,245,253
Public safety	13,345,036	5,687,038	6,932,148	6,381,436	10,201,759	6,546,097	27,858,199	9,432,270	9,832,979	13,927,521
Public works	24,574,348	23,418,631	34,914,632	24,385,717	19,207,684	58,886,694	61,893,049	68,581,541	19,000,598	54,881,205
Culture and recreation	5,608,553	5,892,732	5,435,011	6,845,408	8,647,232	7,746,273	6,256,494	6,780,581	7,308,700	12,158,708
Community development and support	10,283,717	8,276,325	7,446,261	7,465,043	10,903,920	10,519,260	8,732,329	18,438,688	15,550,911	13,450,387
Urban redevelopment	692,968	777,507	842,012	940,239	1,403,199	1,081,792	950,189	756,009	724,800	1,555,266
Subtotal, governmental activities revenues	<u>117,388,070</u>	<u>118,256,207</u>	<u>124,494,961</u>	<u>114,402,245</u>	<u>120,790,194</u>	<u>158,905,200</u>	<u>173,664,254</u>	<u>207,336,716</u>	<u>135,640,295</u>	<u>196,709,789</u>
Business-type activities:										
Sanitary sewer	69,201,722	71,481,989	77,491,594	81,053,288	84,831,507	91,239,914	92,343,425	91,819,358	89,121,661	97,937,787
Building permits	7,275,680	7,747,443	7,445,385	8,088,911	10,010,012	11,557,584	11,453,705	15,556,406	12,876,889	10,598,923
Subtotal, business-type activities revenues	<u>76,477,402</u>	<u>79,229,432</u>	<u>84,936,979</u>	<u>89,142,199</u>	<u>94,841,519</u>	<u>102,797,498</u>	<u>103,797,131</u>	<u>107,375,764</u>	<u>101,998,550</u>	<u>108,536,710</u>
Total primary government revenues	\$ 193,865,472	\$ 197,485,639	\$ 209,431,940	\$ 203,544,445	\$ 215,631,713	\$ 261,702,698	\$ 277,461,385	\$ 314,712,480	\$ 237,638,845	\$ 305,246,479

City of Reno, Nevada
Changes in Net Position
Last Ten Fiscal Years (Unaudited) (Continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem taxes	\$ 57,082,120	\$ 59,584,697	\$ 62,911,698	\$ 64,741,866	\$ 67,914,073	\$ 70,869,469	\$ 77,331,483	\$ 84,269,593	\$ 92,257,926	\$ 101,958,471
Consolidated taxes	46,470,929	51,516,367	56,213,644	57,547,949	66,080,349	68,927,870	71,946,998	85,628,594	94,501,975	93,448,652
Room taxes	7,807,221	8,159,606	9,447,442	10,122,000	11,251,668	11,353,561	8,713,540	8,602,326	12,705,342	12,873,390
SCCR taxes -- AB104	2,976,670	3,213,482	3,457,174	3,900,032	4,154,478	3,946,925	4,596,688	5,004,314	5,989,148	6,013,848
Sales taxes, restricted	9,903,240	10,185,663	10,741,137	10,759,268	11,839,077	12,021,468	12,513,819	14,295,419	14,259,513	15,058,567
Other taxes	-	389,190	335,196	344,552	940,212	1,247,683	3,344,550	5,705,200	2,647,965	2,682,465
Intragovernmental county gaming contributions	1,521,371	1,573,515	1,438,528	1,551,623	1,436,547	1,394,201	957,176	1,266,284	1,321,316	1,259,289
Unrestricted investment and interest earnings	1,948,550	1,757,244	1,916,744	1,737,946	2,142,261	5,797,725	7,787,303	1,427,622	(8,137,719)	3,631,993
Miscellaneous	272,370	1,293,456	1,097,297	3,272,471	1,259,772	1,060,843	8,350,853	217,689	4,680,871	3,747,057
Gain on sale of capital assets	462,903	96,478	50,704	261,648	2,317,168	96,342	1,285	2,396,079	(7,092,728)	743,831
Special item	-	-	-	-	-	-	-	-	-	-
Transfers	(852,787)	(560,821)	(222,254)	(153,406)	(846,396)	(214,932)	(367,831)	(682,888)	(216,451)	(112,000)
Subtotal, governmental activities	129,298,161	138,332,519	147,831,816	154,392,761	170,182,001	176,930,819	195,911,526	209,496,008	213,350,050	241,510,563
Business-type activities:										
Taxes:										
Ad valorem taxes	-	-	-	-	-	-	-	-	-	-
Investment and interest earnings	95,418	184,305	421,470	289,188	775,338	3,676,463	5,627,143	(34,947)	(7,965,772)	3,441,282
Miscellaneous	30,026	8,531	14,720	17,815	14,579	38,053	10,782	117,973	18,834	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	(863,058)	-
Transfers	(852,787)	(560,821)	(222,254)	(153,406)	(846,396)	(214,932)	(367,831)	(682,888)	(216,451)	(112,000)
Subtotal, business-type activities	(727,343)	(367,985)	213,936	153,595	(56,479)	3,499,594	5,270,094	(599,862)	(9,026,447)	3,329,282
Total primary government	128,570,818	137,964,534	148,045,752	154,546,356	170,125,522	180,430,403	201,181,620	208,896,146	204,323,603	244,839,845
Change in Net Position										
Governmental activities	(30,034,826)	(16,433,092)	669,472	(13,412,193)	(37,684,288)	30,102,304	73,291,712	80,627,702	37,728,461	31,025,167
Business-type activities	27,268,203	28,447,242	30,731,662	32,456,305	35,590,568	43,161,678	39,576,370	40,551,562	8,181,600	33,218,279
Total primary government	\$ (2,766,623)	\$ 10,014,150	\$ 31,401,334	\$ 19,046,112	\$ (2,093,700)	\$ 73,263,982	\$ 112,868,082	\$ 121,179,264	\$ 45,910,061	\$ 64,243,446

City of Reno, Nevada
Fund Balance, Governmental Funds
Last Ten Fiscal Years (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 411,578	\$ 582,723	\$ 692,173	\$ 780,792	\$ 959,180	\$ 1,199,686	\$ 1,518,292	\$ 1,665,292	\$ 1,716,504	\$ 1,633,636
Restricted	878,979	584,162	423,202	470,150	391,853	350,888	350,151	501,342	829,481	905,464
Committed	-	-	-	-	-	-	-	4,043,500	-	-
Assigned	351,624	179,048	1,098,548	1,110,415	1,374,662	6,017,002	28,988,546	1,927,315	1,599,177	3,473,880
Unassigned	10,588,880	10,419,632	17,405,569	18,681,120	28,566,273	24,952,874	28,936,280	43,152,249	37,003,665	42,205,847
Total general fund	\$ 12,231,061	\$ 11,765,565	\$ 19,619,492	\$ 21,042,477	\$ 31,291,968	\$ 32,520,450	\$ 59,793,269	\$ 51,289,698	\$ 41,148,827	\$ 48,218,827
All Other Governmental Funds										
Nonspendable	1,332,978	1,457,301	1,226,450	435,662	1,971,184	1,522,168	1,468,233	1,811,608	1,381,733	1,372,712
Restricted	35,827,565	42,270,001	44,450,952	48,627,137	56,262,302	54,198,616	55,983,599	59,848,840	63,698,493	103,186,869
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	23,416,652	32,308,796	33,538,800	32,365,381	33,227,735	45,568,417	59,978,883	81,824,067	107,043,317	101,745,141
Unassigned	(638,540)	(131)	(17,857)	(693,235)	(2,406,912)	(3,801,442)	(8,435,353)	(10,458,354)	(11,927,448)	(15,188,522)
Total all other governmental funds	\$ 59,938,655	\$ 76,035,967	\$ 79,198,345	\$ 80,534,945	\$ 89,054,309	\$ 97,487,759	\$ 108,995,362	\$ 133,026,161	\$ 160,196,095	\$ 191,116,200

City of Reno, Nevada
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes										
Property Taxes	\$ 59,001,032	\$ 59,807,585	\$ 63,487,873	\$ 65,039,147	\$ 68,248,692	\$ 70,763,557	\$ 74,585,542	\$ 84,292,886	\$ 92,488,511	\$ 101,626,412
Motor Vehicle Taxes	5,218,458	5,876,302	6,115,040	6,437,051	6,961,022	7,244,915	6,718,549	7,172,888	7,515,343	7,468,841
Room and Construction Taxes	8,791,459	9,980,712	10,672,001	12,289,177	14,114,632	14,205,481	11,005,162	12,364,316	15,724,260	16,127,041
Intergovernmental SCCR(AB104) Taxes	2,976,670	3,213,482	3,457,174	3,900,032	4,154,478	3,946,925	4,596,888	5,004,314	5,989,148	6,013,848
Intergovernmental Capital Project Taxes	489,208	491,796	528,611	538,392	582,288	587,765	7,065	673,079	725,439	878,539
Intergovernmental Consolidated Taxes	46,470,929	51,516,367	56,213,644	57,547,949	66,080,349	68,927,869	71,946,998	85,628,594	94,501,974	93,448,652
Intergovernmental Gaming Taxes	1,521,371	1,573,515	1,438,526	1,551,623	1,438,546	1,394,201	957,176	1,288,284	1,321,316	1,259,289
Intergovernmental Marijuana fee					319,349	310,579	305,580	308,193	259,670	272,253
Franchise Taxes & Telecom Fees	29,503,338	29,783,710	29,024,849	27,598,329	29,571,102	29,964,081	30,930,480	29,956,960	34,235,963	40,538,771
Licenses, Permits and Other Fees	16,638,013.00	19,272,102.00	20,166,644	19,935,183	20,170,727	23,040,239	21,720,759	25,166,906	28,047,254	32,636,215
Special Assessments	3,768,781.00	3,280,470.00	3,070,181	3,446,857	3,448,256	3,924,225	4,450,921	4,582,715	4,433,412	4,707,752
Grants and Contributions	19,483,785	12,521,874	22,517,462	9,040,356	11,151,351	11,097,425	5,794,989	54,990,345	24,906,122	48,852,534
Charges for Service	13,286,822	12,006,097	12,263,731	13,293,982	13,896,609	15,496,952	34,954,389	13,633,909	16,895,787	20,661,169
Downtown District Room Surcharge	2,144,842	1,965,290	1,936,490	1,821,970	1,899,848	1,714,799	1,321,520	670,858	303,083	-
Dedicated Sales Taxes	9,903,240	10,574,853	11,076,333	11,103,820	12,779,289	13,269,151	4,852,925	20,000,619	18,395,012	8,394,478
Fines and Forfeitures	3,971,584	3,736,055	2,962,315	2,710,589	2,701,997	2,993,486	2,926,323	2,901,606	3,217,458	3,382,861
Reimbursements and Restitutions	2,390,854	9,032,184	1,540,854	3,187,150	2,097,703	2,320,909	4,753,934	4,708,851	4,734,287	3,155,364
Rents and Royalties	1,997,409	2,090,023	2,287,341	2,376,010	2,446,625	2,288,618	427,445	2,051,244	2,058,651	2,850,924
Investment Income	1,646,587	1,654,695	1,750,523	1,600,608	1,766,719	4,433,138	2,813,226	1,225,282	(5,605,895)	2,558,060
Miscellaneous	1,067,842	2,799,447	1,700,361	2,355,626	4,724,793	3,069,847	1,414,429	1,532,591	1,375,585	1,933,575
Total revenues	229,272,024	240,976,559	252,209,753	245,773,851	268,552,385	280,994,162	286,084,100	358,140,418	351,200,380	396,969,584
Expenditures										
General Government	17,031,363	17,833,189	19,889,312	21,745,472	22,568,456	24,726,227	25,261,581	47,496,837	37,651,878	44,450,229
Judicial	6,521,204	6,298,950	6,841,408	6,713,612	7,066,810	7,387,621	7,577,587	7,875,610	8,364,481	9,019,364
Public Safety	102,085,861	101,481,555	108,765,678	115,533,392	123,882,849	128,015,634	133,515,411	143,276,622	152,309,331	176,954,879
Public works	19,143,703	18,625,469	21,998,362	19,925,198	20,672,791	23,874,547	24,000,767	25,559,638	29,334,426	36,329,524
Culture and recreation	9,722,309	9,735,128	10,134,955	10,537,381	10,713,778	10,842,955	10,133,219	11,059,179	12,101,558	14,225,555
Community dev't and support	12,088,497	10,174,232	8,981,627	9,967,714	12,076,757	12,660,136	12,533,526	21,803,703	26,933,031	13,603,162
Urban redevelopment	737,761	755,744	1,097,947	858,024	917,804	2,071,484	2,053,273	1,861,228	2,849,753	2,452,224
Intergovernmental	9,034,265	8,789,937	8,777,588	9,712,505	9,865,177	10,875,945	13,588,789	20,277,340	11,823,219	16,690,663
Capital outlay	8,916,557	8,568,147	22,142,797	13,434,534	13,392,177	12,258,390	29,799,669	35,116,127	25,288,627	76,782,491
Debt service:										
Principal	69,942,333	25,573,149	15,795,203	25,731,849	19,508,515	16,129,495	14,382,941	15,505,149	19,496,288	19,474,083
Interest	16,141,074	15,578,936	14,629,271	14,068,466	13,472,380	14,430,248	15,896,331	15,544,247	15,519,754	17,628,010
Payment to current bond refunding agent					233,854,262	81,364,497				
Bond issue costs	997,570	-	-	236,407	1,894,589	993,009	70,000		2,066	1,959
Administrative and other costs	2,773,560	2,717,256	2,605,268	1,980,711	2,251,974	427,997	108,556	115,571	160,206	346,912
Total expenditures	275,116,057	226,131,692	241,459,414	250,443,295	491,940,129	346,078,165	288,921,630	345,461,251	341,834,614	427,960,855
Excess of revenues over (under) expenditures	(45,844,033)	14,844,867	10,750,339	(4,669,414)	(223,387,744)	(65,084,003)	(2,837,530)	12,649,167	9,365,766	(30,991,271)

City of Reno, Nevada
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years (Unaudited) (Continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Debt issuance proceeds	76,940,715	187,512	112,710	7,295,000	232,495,415	85,165,000	6,327,000	-	3,210,880	88,037,428
Debt issuance premiums	5,588,737	-	-	(55,202)	7,348,789	1,032,815	-	-	-	2,726,371
Payments to Others	-	-	-	-	-	-	-	-	-	-
Payments to advance refunding bond agent ¹	(34,897,247)	-	-	-	-	(11,810,598)	-	-	-	-
Refund of cash SAD prepayments	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	4,498,279	187,437	41,258	35,795	2,202,415	48,718	2,191,499	2,786,083	4,237,162	-
Transfers in	22,480,457	31,898,195	18,724,088	14,801,880	18,514,508	23,983,577	18,183,973	35,904,827	52,848,591	88,111,054
Transfers out	(22,224,097)	(31,486,195)	(18,612,068)	(14,448,274)	(16,402,508)	(23,871,577)	(18,081,873)	(35,792,827)	(52,430,140)	(87,999,054)
Total other financing sources (uses)	55,375,844	788,949	265,966	7,428,999	242,158,599	74,745,935	8,630,499	2,878,083	7,664,293	88,875,800
Net change in fund balances	\$ 9,531,811	\$ 15,631,816	\$ 11,016,305	\$ 2,759,585	\$ 18,768,855	\$ 9,661,932	\$ 5,792,969	\$ 15,527,230	\$ 17,030,059	\$ 37,884,529
Debt service as a percentage of non-capital expenditures²	32.62%	18.91%	13.87%	16.79%	8.89%	9.15%	11.69%	10.00%	11.06%	10.57%

¹ Proceeds from borrowing and proceeds from refunding are net of original issue premiums and discounts.

² Formula also takes into consideration capital-related costs that were included in current expenditures.

City of Reno, Nevada
Assessed and Estimated Actual Value of Taxable Property^{1,2}
Last Ten Fiscal Years (Unaudited)
In Thousands

Fiscal Year	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2014	231,608	3,423,927	2,590,618	615,433	1,946	60,557	1,496,914	5,427,175	\$ 0.9598	15,506,214
2015	240,007	3,903,189	2,644,638	638,864	1,700	60,587	1,517,309	5,971,676	\$ 0.9598	17,061,931
2016	243,012	4,337,102	2,613,750	661,846	1,695	58,940	1,513,970	6,402,375	\$ 0.9598	18,292,500
2017	246,019	4,700,708	2,684,041	730,455	1,726	56,117	1,504,636	6,914,430	\$ 0.9598	19,755,514
2018	265,777	4,935,778	2,736,131	759,955	1,669	57,617	1,513,963	7,242,964	\$ 0.9598	20,694,183
2019	366,846	5,961,618	3,010,168	859,475	545	61,832	1,630,665	8,631,819	\$ 0.9598	24,662,340
2020	349,066	6,505,817	3,167,149	951,987	314	61,880	1,693,523	9,342,690	\$ 0.9598	26,693,400
2021	331,893	6,803,136	3,096,543	931,474	230	57,031	1,679,785	9,540,522	\$ 0.9598	27,258,634
2022	376,738	7,702,375	3,300,907	1,030,190	244	56,305	1,686,001	10,780,758	\$ 0.9598	30,802,166
2023	430,305	9,490,120	3,788,680	1,273,384	235	60,720	1,921,073	13,122,371	\$ 0.9598	37,492,489

- Notes:
- 1 Source-Nevada State Department of Taxation and Office of the Washoe County Assessor
 - 2 The Direct Tax Rate applicable to the Total Assessed Value includes the City's total direct rate
 - 3 Pursuant to State statute, all property is assessed at 35% of its estimated value.

City of Reno, Nevada
Property Tax Rates¹ – Direct and Overlapping Governments
(Per \$100 of Assess Value²)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates			
	City Operations	General Obligation Debt Service	City Total	State of Nevada	School District	Washoe County	Special Districts
2014	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2015	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2016	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2017	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2018	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2019	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2020	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2021	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2022	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-
2023	0.9598	0.0000	0.9598	0.1700	1.1385	1.3917	-

Fiscal Year	Redevelopment Agency General Fund	Redevelopment Agency Debt Service	Redevelopment Agency #1 Total	Redevelopment Agency District #2	Redevelopment Agency #2 Debt Service	Redevelopment Agency #2 Total
	2014	-	-	3.0960		
2015	-	-	2.8927			2.8927
2016	-	-	2.9072			2.9072
2017	-	-	2.8981			2.8981
2018	-	-	2.8825			2.8825
2019	-	-	2.8765			2.8765
2020	-	-	2.8795			2.8795
2021	-	-	2.8835			2.8835
2022	-	-	2.8878			2.8878
2023	-	-	2.8948			2.8948

1 Source: State of Nevada, Department of Taxation's "Local Government Finance Redbook"

City of Reno, Nevada
Principal Property Taxpayers¹
Current and Nine Years Ago (Unaudited)

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Peppermill Casino Inc	\$ 113,781	1	1.09%	\$ 80,722	1	1.35%
Gage Village Commercial	75,561	2	0.72%	16,024	10	0.27%
Golden Road Motor Inn Inc	62,591	3	0.60%	43,817	3	0.73%
Prime Healthcare Services Reno	58,744	4	0.56%			
Circus & Eldorado Joint Venture	57,926	5	0.55%	31,790	5	0.53%
Sparks Family Hospital	44,033	6	0.42%			
Icon Reno Property Owner Pool 3 NE	43,982	7	0.42%			
AGNL Slots LLC	38,047	8	0.36%			
Icon Reno Prop Owner Pool 6 WEST	31,180	9	0.30%			
CP Logistics NVCC IV LLC	30,733	10	0.29%			
ICON Reno Property Owner	-			50,730	2	0.85%
MPT of Reno LLC	-			38,863	4	0.65%
International Gaming Technology	-			24,850	6	0.42%
Charles River Laboratories Inc	-			16,078	9	0.27%
G & I VII Reno Operating LLC	-			16,024	7	0.27%
Total	\$ 556,578		5.32%	\$ 318,898		5.34%

Source: Office of the Washoe County Assessor, Statistical Section, "Top Reno Taxpayers" washoecounty.gov/assessor/online_data/CurrentStatisticalReports.php

Taxable Assessed Value is 35% of Appraised Value & the City of Reno Annual Report

NOTE: Does not include utility companies as these are centrally assessed by the State.

City of Reno, Nevada
Property Tax Levies and Collections¹
Last Ten Fiscal Years (Unaudited)
In Thousands

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Levy Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	55,900	55,427	99.1538	473	55,900	100.0000
2015	56,998	56,643	99.3772	355	56,998	100.0000
2016	59,638	59,480	99.7351	233	59,713	100.1258
2017	61,992	61,700	99.5290	292	61,992	100.0000
2018	64,859	64,538	99.5051	273	64,811	99.9260
2019	68,417	62,592	91.4860	275	62,867	91.8880
2020	67,720	67,484	99.6515	236	67,720	100.0000
2021	79,337	72,842	91.8134	301	73,143	92.1928
2022	84,986	77,612	91.3233	158	77,770	91.5092
2023	92,514	84,200	91.0133	-	84,200	91.0133

¹ Source: Washoe County Assessor and Treasurer and City of Reno Finance Department

² Excludes centrally assessed property tax and Reno Redevelopment Agency.

City of Reno, Nevada
Licenses and Permits by Category¹
Last Ten Fiscal Years (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business licenses	\$ 12,969,765	\$ 15,458,489	\$ 16,231,251	\$ 16,118,729	\$ 16,170,577	\$ 18,365,130	\$ 16,950,200	\$ 18,001,649	\$ 20,174,187	\$ 22,641,194
City gaming licenses	1,929,494	1,917,251	1,971,267	1,810,594	1,785,717	1,935,624	1,210,573	1,581,804	1,598,182	1,382,575
Liquor licenses	1,473,174	1,642,761	1,754,494	1,787,426	1,876,915	1,999,702	1,710,670	2,036,702	2,164,824	2,460,729
Marijuana sales (3%)							1,307,906	2,060,715	2,464,878	2,239,121
Non-business licenses and permits	-	3,306	5,096	9,052	8,372	-	8,073	5,290	128,646	145,684
Subtotal - licenses and permits	<u>16,372,433</u>	<u>19,021,807</u>	<u>19,962,108</u>	<u>19,725,801</u>	<u>19,841,580</u>	<u>22,300,456</u>	<u>21,187,422</u>	<u>23,686,160</u>	<u>26,530,718</u>	<u>28,869,303</u>
Telephone licensing fees	3,164,583	2,993,460	3,078,404	2,970,414	2,769,691	2,777,762	2,693,005	2,633,805	2,709,409	2,823,854
Electricity franchise fees	11,634,425	11,330,372	10,251,397	9,389,603	10,671,343	10,459,152	10,087,371	9,499,691	12,065,192	15,095,468
Natural gas franchise fees	3,622,350	4,068,093	3,917,603	3,028,718	3,277,400	3,147,058	3,908,825	3,326,036	4,249,372	6,944,741
Sanitation franchise fees	2,465,678	3,205,038	3,378,650	3,607,572	3,951,866	4,456,330	4,898,138	5,204,026	5,545,438	5,870,121
Water toll fees ²	-	-	-	-	-	-	-	-	-	-
Sewer-in-lieu-of-franchise fees ³	2,788,314	3,053,773	3,322,613	3,470,429	3,562,554	3,729,957	3,996,315	3,876,553	4,702,076	4,683,762
Cable television fees	2,242,873	2,407,101	2,441,541	2,362,450	2,476,689	2,342,652	2,330,550	2,307,415	2,102,736	1,931,150
Subtotal - franchise fees	<u>22,753,640</u>	<u>24,064,377</u>	<u>23,311,804</u>	<u>21,858,772</u>	<u>23,939,852</u>	<u>24,135,149</u>	<u>25,221,199</u>	<u>24,213,721</u>	<u>28,664,813</u>	<u>37,349,096</u>
Total	<u>39,126,073</u>	<u>43,086,184</u>	<u>43,273,912</u>	<u>41,584,573</u>	<u>43,781,433</u>	<u>46,435,604</u>	<u>46,408,621</u>	<u>47,899,881</u>	<u>55,195,531</u>	<u>66,218,399</u>

Note:

¹ Licenses and permits are presented for the General Fund only.

Excludes administration fees related to business licensing

² Effective FY 2014 water toll fees have been moved to the streets special revenue fund that uses these fees and to reduce transfers.

³ Includes franchise fee audit recoveries

City of Reno, Nevada
Ratios of Outstanding Debt¹ by Type
Last Ten Fiscal Years (Unaudited)
In Thousands, Except Per Capita

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income ³	Per Capita ³
	General Obligation Bonds	Redevelopment Tax Allocation Bonds	Revenue Backed (Incl. Room Tax and/or Sales Tax) Bonds	Special Assessment Bonds	Other ²	General Obligation/ Pledged Revenue Bonds	Other ²			
2014	76,616	27,280	327,345	16,979	17,796	74,474	-	540,490	5.02%	2,300
2015	64,472	25,724	318,789	15,660	16,207	69,495	-	510,347	4.22%	2,135
2016	58,836	24,094	312,899	14,473	14,626	64,377	-	489,305	3.88%	2,022
2017	52,887	22,457	307,118	12,140	12,476	59,118	-	466,196	3.34%	1,903
2018	45,506	20,727	364,443	10,849	12,058	53,710	-	507,293	3.29%	2,037
2019	37,476	18,932	377,403	9,425	10,660	48,147	-	502,043	3.11%	1,969
2020	41,213	17,019	370,910	8,084	9,251	45,043	-	491,520	2.44%	1,862
2021	38,518	14,999	354,088	6,761	7,809	42,556	-	464,731	2.32%	1,760
2022	30,865	14,420	362,680	5,960	-	74,899	-	488,824	2.47%	1,852
2023	90,545	10,113	310,213	3,339	41,550	62,537	-	518,297	2.50%	1,963

Notes:

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

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

³ See the "Demographics and Economic Statistics" table for personal income and population data. Personal income data for 2006 forward us from Applied Analysis, 10100 W. Charleston Blvd Ste 200, Las Vegas, NV 89135 or www. Appliedanalysis.com

City of Reno, Nevada
Direct and Overlapping Governmental Activities Debt^{1,2}
June 30, 2023
In Thousands

Governmental Unit	Total Debt Outstanding ²	Percentage Applicable ¹	Estimated Share of Overlapping Debt
Direct			
City of Reno			
General activity bonds	\$ 86,135	100.00%	\$ 86,135
Revenue bonds	303,516		
Special assessment bonds	3,360	100.00%	
Notes and capital leases	41,550		\$ 41,550
Tax allocation bonds	10,110		
General activity bonds w/ pledged revenue	62,537		
Direct Debt	507,208	25.17%	127,685
Washoe County School District	1,121,165	56.82%	636,994
Washoe County	97,293	48.65%	47,331
State of Nevada	1,132,610	8.04%	91,010
Overlapping Debt	2,351,068		775,335
Total Direct & Overlapping Debt	\$ 2,858,276		\$ 903,020

Notes:

¹ Calculation based on present assessed valuation of Reno compared to Washoe County, Washoe Co. School District, and State of Nevada, respectively.

² Includes all governmental debt activities and are net of related discounts and premiums

Overlapping debt represents general obligation bonds repaid through general property taxes.

Source: Washoe County for County and State information

City of Reno, Nevada
Ratios of General Bonded Debt Outstanding and Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General bonded debt outstanding										
General obligation bonds	76,816	64,472	54,329	52,887	45,508	37,476	41,213	38,518	30,865	88,135
Sanitary sewer bonds	74,474	69,495	64,312	58,118	53,710	48,147	45,043	42,556	74,899	62,537
Total	151,090	133,967	118,641	112,005	99,218	85,623	86,256	81,074	105,764	148,672
Percentage of estimated actual property value ¹	2.78%	2.24%	1.85%	1.62%	1.37%	0.99%	0.92%	0.86%	1.05%	1.47%
Per capita ²	841.92	581.44	489.93	6.02	6.44	5.30	4.28	4.04	1.46	2.06
Less: Amounts set aside to repay general debt	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)
Total net debt applicable to debt limit	150,665	133,542	118,216	111,580	98,791	85,198	85,831	80,649	105,339	148,247
Legal debt limit ³	814,076	895,751	960,358	1,037,165	1,086,445	1,294,773	1,401,404	1,415,385	1,516,758	1,516,758
Legal debt margin ⁴	663,412	762,209	842,140	925,585	987,654	1,209,575	1,315,573	1,334,736	1,411,419	1,368,511
Legal debt margin as a percentage of the debt limit	81.40%	85.09%	87.69%	89.24%	90.91%	93.42%	93.86%	94.30%	93.05%	90.23%

Notes:

- 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 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 268.600 and the Reno Municipal Code.

**City of Reno, Nevada
Pledged Revenue Bond¹ Coverage
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds ¹						Capital Improvement (Events Center) Bonds ²						Sales Tax Anticipation Revenue (STAR) Bonds ³			
	Room Tax Collections ⁴	Sales Tax Collections ⁴	Total Available Revenue	Principal	Interest	Coverage	Room Tax Collections ⁵	Consolidated Taxes (15%) ⁵	Total Available	Principal	Interest	Coverage	Sales Tax Increment Collections	Principal	Interest	Coverage
2014	703,885	7,872,343	8,376,228	1,945,000	4,822,321	121.97%	5,158,134	8,970,839	12,128,773	1,550,000	3,961,748	220.05%	1,897,367	1,010,000	1,629,375	75.68%
2015	710,154	8,227,820	8,937,974	2,095,000	4,854,414	128.81%	5,406,411	7,727,455	13,133,866	1,725,000	4,075,616	226.42%	1,957,843	1,140,000	1,616,275	71.03%
2016	854,988	8,864,540	9,719,529	2,250,000	4,723,039	139.39%	6,217,456	8,432,047	14,649,503	1,900,000	3,960,242	249.98%	1,876,597	1,280,000	1,555,250	68.19%
2017	887,957	8,976,874	9,864,831	2,400,000	5,084,471	132.16%	6,850,707	8,632,193	15,282,900	2,100,000	4,007,853	250.21%	1,782,394	1,435,000	1,486,138	61.02%
2018	1,025,199	10,211,963	11,237,162	2,575,000	5,035,864	147.65%	7,308,361	9,912,052	17,220,413	3,335,000	3,854,972	239.51%	1,627,114	1,595,000	1,408,675	54.17%
2019	1,037,858	10,724,252	11,762,110	1,405,000	6,785,788	143.80%	7,353,585	10,127,524	17,481,109	1,325,000	3,618,913	353.52%	1,297,216	1,775,000	1,322,013	41.89%
2020	688,373	11,205,444	11,893,817	3,880,250	7,370,293	105.62%	5,782,083	10,658,586	16,440,679	2,390,000	5,121,314	218.88%	1,308,375	1,965,000	1,225,300	41.01%
2021	559,093	13,037,210	13,586,303	4,458,590	7,493,404	113.76%	5,938,294	12,844,289	18,782,583	2,605,000	5,013,313	246.55%	1,258,209	2,160,000	1,118,175	38.38%
2022	1,815,745	14,893,577	16,309,323	4,956,517	7,684,517	129.22%	8,482,457	14,175,296	22,837,753	5,860,000	7,743,477	185.20%	1,053,480	2,380,000	989,763	31.17%
2023	1,992,834	14,824,291	15,717,226	6,763,968	8,238,046	104.78%	8,365,586	14,017,448	22,383,033	3,065,000	4,787,188	285.78%	1,043,167	2,610,000	889,238	29.98%

Fiscal Year	Special Assessment Bonds			Agency Special Assessment District Bonds ⁷			Taxable Lease Revenue Bonds ⁸					
	Special Assessment Collections	Principal ⁹	Interest	Coverage	Special Assessment Collections	Principal ⁹	Interest	Coverage	Rent Collections	Principal ⁹	Interest	Coverage
2014	3,206,260	1,919,200	1,269,729	100.54%	2,622,893	1,385,000	622,977	130.62%	907,589	339,000	75,858	218.77%
2015	2,808,343	1,321,910	1,153,487	113.45%	2,414,225	1,315,000	456,191	136.31%	864,294	560,000	50,871	141.49%
2016	2,436,020	1,180,840	1,069,984	107.76%	2,099,830	1,420,000	394,573	115.72%	989,960	606,000	59,167	148.83%
2017	2,742,139	1,313,400	544,811	147.58%	2,025,385	1,345,000	341,945	120.06%	953,555	856,000	83,480	128.95%
2018	2,125,279	1,299,190	541,007	115.49%	1,887,591	1,340,000	289,463	115.84%	1,068,771	1,286,000	129,711	75.49%
2019	2,115,801	1,434,010	488,136	110.19%	1,841,434	1,570,000	215,545	91.93%	980,112	884,000	160,969	115.96%
2020	2,008,461	1,327,000	397,380	116.47%	1,376,394	1,025,000	151,335	117.01%	865,132	737,000	112,113	113.66%
2021	2,019,868	1,331,760	372,989	118.48%	1,328,353	885,000	103,828	137.14%	980,247	804,000	24,315	118.34%
2022	1,999,074	1,023,809	651,933	119.31%	1,129,461	-	56,696	1992.13%	-	-	0	0.00%
2023	1,811,428	1,341,680	253,743	119.81%	1,795,177	-	31,080	5775.96%	-	-	-	-

City of Reno, Nevada
Pledged Revenue Bond¹ Coverage (Continued)
Last Ten Fiscal Years
(Unaudited)

- Notes:
- ¹ 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.
 - ² On 10/26/05 the Series 2002 Capital Improvement Revenue Bonds were partially refunded with the issuance of the Series 2005 A Bonds; the Series 2005 B & C Bonds were also issued. The Series 2005 A Bonds, which were auction rate securities, were converted to Variable Rate Demand Bonds on 02/05/09. Totals do not reflect SAD balances. On 07/09/13, the balance of the Series 2002 Capital Improvement Revenue Bonds were refunded with the issuance of the 2013A G. O. Capital Improvement Refunding Bonds. Therefore, fiscal year 2014 includes only the payments made on the Series 2005A Bonds. On 2/26/19, the Series 2005A&B Capital Improvement Bonds were refunded with the issuance of the 2019A-1 Bonds, and the 2005C Bonds were partially advance refunded through the issuance of the 2019A-2 Bonds. Therefore, fiscal year 2019 does not include a June principal or interest payment for the 2005A Bonds nor a principal payment for the 2019A-1 and 2019A-2 bonds.
 - ³ On 10/23/08, the Series 2007 A & B Cabela's STAR Bonds were issued. Payments shown are based on amortization schedules and not on actuals.
 - ⁴ 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.
 - ⁵ Capital Improvement (Events Center) Bonds are backed by an irrevocable pledge on certain taxes imposed on the rental of transient lodging within Washoe County, as well as up to 15% of consolidated tax revenues. Amounts in FY 2017 and FY 2018 reflect adjustments related to the AT&T sales and use tax refund given by the NV State Dept of Taxation.
 - ⁶ Principal payments may include early principal redemptions based upon excess fund balance availability.
 - ⁷ In FY 10/11 added table for Agency SAD's reported as agency funds.
On 03/27/14, the City refunded the 2002 Special Assessment District No. 4 Limited Obligation Improvement Bonds with the Series 2014 Local Improvement Refunding Bonds (Somerset Parkway). Fiscal year 2014 includes the December 1 payment on the refunded bonds and the June 1 payment on the Series 2014 bonds.
 - ⁸ On 03/05/14, the City of Reno refinanced the Series 2006 Taxable Lease Revenue Bonds and the Series 2007 Taxable Lease Revenue Bonds with the issuance of the Series 2014 Taxable Lease Revenue Bonds. The transaction included a principal paydown using \$2.5 million realized from the sale of the land underneath the former Fitzgerald's parking garage. In fiscal year 2018, property whose rents are dedicated to the payments of the bonds were sold, with the proceeds used to make an additional principal payment. The interest rate on these bonds are tied to LIBOR.
 - ⁹ An additional principal payment of \$3,163,316 was due to sale of property collateralizing the ReTRAC Lease Revenue Bonds and a reduction of cash representing excess lease revenue.

City of Reno, Nevada
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income ³	Median Age ⁴	Public School Enrollment ⁶	Charter School Enrollment ⁶	Unemployment Rate ⁵
2014	235,371	10,812,944	45,940	37.8	32,786	2,564	7.3%
2015	238,615	11,978,234	50,199	37.1	32,210	1,626 *	6.4%
2016	242,158	12,585,436	51,972	34	34,256	2,818	5.9%
2017	244,612	13,591,377	55,563	35.1	39,669	2,959	4.0%
2018	248,806	14,922,140	59,975	35.3	39,735	2,900	4.7%
2019	255,170	15,846,823	62,103	35.5	42,466	3,084	3.4%
2020	258,230	16,967,002	65,705	35.6	39,284	2,876	8.7%
2021	264,318	18,895,830	71,489	35.8	38,304	2,841	4.9%
2022	274,129	19,793,210	72,204	35.8	35,114	2,751	3.3%
2023	274,129	20,695,783	75,497	36.1	35,148	3,192	4.4%

Sources:

- ¹ Nevada State Demographer's office 1999-2007
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
Correct Prior year estimate with new data from State of Nevada, Demographer
State of Nevada Department of Taxation, Demographer-2010 Certified Figures from the Governor's office
Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year 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)
Calculate FY using the 2nd Qtr of Personal Income from BEA website* 43% as this is the population % for Reno/Sparks Metro area
FY 14-15 BEA website has 2011-2013 figures-Updated calculate 2014 & 2015 as above
- ⁴ Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999
State Demographer Office, UNR Small Business Development Center, 2000
Washoe County Department of Community Development, 2001-2003
Median age is for the entire County (WC Stat Section Sch 4.1)
- ⁵ State of Nevada, Department of Employment, Training and Rehabilitation
Rate is for the entire County.
2006 - Nevada Workforce Informer - rate is for the entire county. This runs approximately 2 years in the past.
2008-Nevada Workforce Informer - rate is up to date as of 6/2008
- ⁶ Washoe County School District - added Charter Schools to 05/06 to enrollment amounts
***FY 11/12 corrected previous years-used tax records to verify address in Reno or County.

*Not all charter school information was available with count day totals
www.nevadareportcard.com

City of Reno, Nevada
Principal Employers^{1,2}
Current and Nine Years Ago
(Unaudited)

Employer	December, 2022			December, 2015		
	Rank	(Average) Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Washoe County School District	1	7,500	2.84%	1	8,750	3.95%
Renown Reginal Medical Ctr	2	7,500	2.84%	3	2,750	1.24%
Washoe County	3	3,000	1.13%	4	2,250	1.01%
Peppermill Hotel Casino	4	3,000	1.13%	5	2,250	1.01%
Nugget Casino Resort	5	3,000	1.13%			
Grand Sierra Resort & Casino	7	3,000	1.13%	9	1,750	
Harrah's Reno Casino	6	3,000	1.13%			
St. Mary's Regional Medical Center	8	3,000	1.13%	10	1,250	0.56%
Eldorado Resort Casino	9	3,000	1.13%			
Silver Legacy Resort Casino	10	3,000	1.13%	8	1,750	0.79%
University of Nevada-Reno				2	4,750	2.14%
Atlantis Hotel Casino				7	1,750	0.79%
IGT-International Gaming Technology				6	1,750	0.79%
Total		39,000	14.75%		29,000	12.29%

Source: 2009 - Current found at Department of Employment Training & Rehabilitation (Nevada State Website)
2004/2012-nevadaworkforce.com-Updated on an annual basis only use mid FY data for Stat section

*Formerly Washoe Medical Center

Note: Does not include utility companies as these are centrally assessed by the State.

City of Reno, Nevada
Full-Time Equivalent City Government Employees by Function/Program¹
Last Ten Fiscal Years
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/Program										
General Government:										
Management ³	44.0	47.0	44.0	51.0	51.0	46.0	42.0	44.0	58.0	123.0
Records management/cashiering	7.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0	9.0	8.0
Finance	14.0	15.0	15.0	13.0	18.0	19.0	24.0	25.0	21.0	21.0
Legal	24.5	27.0	28.0	29.0	28.0	28.0	28.0	28.0	29.0	28.0
Human resources & Civil Service	9.0	9.0	12.0	11.0	10.0	9.0	9.0	9.0	21.0	25.0
Information technology	16.0	15.0	20.0	19.0	19.0	21.0	21.0	22.0	23.0	24.0
Judicial:										
Judges	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Others	44.0	44.0	43.0	44.0	46.0	46.0	46.0	46.0	48.0	51.0
Police:										
Sworn employees	318.0	296.0	319.0	329.0	322.0	327.0	336.0	337.0	337.0	348.0
Non-commissioned employees	46.0	51.0	64.5	52.0	67.5	71.5	71.75	73.75	81.00	84.00
Dispatch services	53.0	47.0	53.0	53.0	54.0	54.0	57.0	56.0	58.0	57.0
Fire:										
Authorized emergency personnel	192.0	213.0	231.0	231.0	231.0	234.0	232.0	241.0	273.0	278.0
Fire prevention officers	12.0	12.0	11.0	14.0	14.0	14.0	16.0	16.0	16.0	16.0
Others	13.0	9.0	11.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0
Public works: ⁴										
Engineers	11.5	11.0	11.0	13.0	13.0	14.0	17.0	8.2	2.0	13.0
Fleet maintenance	10.0	11.0	10.1	10.0	11.0	11.0	11.0	11.1	6.0	13.0
Others-Maintenance & Operations	106.0	89.1	91.4	91.0	101.5	111.5	120.9	97.2	159.0	136.0
Community development & support	22.8	27.2	24.7	25.0	46.0	28.0	41.1	42.6	66.0	31.0
Neighborhood Services	0.0	0.0	0.0	0.0	0.0	25.0	27.0	27.0	0.0	13.0
Culture and recreation	68.5	69.0	70.5	71.0	73.0	74.0	74.5	75.8	81.0	85.0
Sanitary sewer	48.5	62.9	64.5	72.0	57.5	47.0	43.0	0.0	0.0	0.0
Building permits	27.2	26.8	44.5	51.0	35.0	35.0	34.0	37.5	40.0	41.0
Utility Services										
Engineers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	3.0	9.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.7	26.0	24.0
Total City Employees	<u>1,091.0</u>	<u>1,093.0</u>	<u>1,180.2</u>	<u>1,199.0</u>	<u>1,217.5</u>	<u>1,235.0</u>	<u>1,271.25</u>	<u>1,293.50</u>	<u>1,369.00</u>	<u>1,440.00</u>

Note:
¹ 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.
² Rosewood Lakes Golf course sold May 2014
³ City Manager & Staff, Council, and Department Heads
⁴ FY 20/21 Utility Services was established separate from Public Works accounting for decreases

Source: City of Reno Adopted Budget Book for the respective years

City of Reno, Nevada
Operating Indicators by Function/Program¹
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Active business licenses	23,634	23,851	25,173	25,363	24,478	25,766	22,518	-	25,302	25,668
Business license audits completed	296	311	231	202	186	174	116	20	40	35
Percentage of same day response to public requests for research of public documents (No longer performance measure)	98%	98%	98%							
Total number of public records requests and average time open in days ⁷				1399/ <1	4550/ 7	17138/6	19045/5	19325/6	19240/6	18892/-
Judicial										
Criminal cases prepared for trial (excl minor traffic cases)	2,971	2,843	2,256	2,916	3,149	3,152	2,573	3,253	3,099	2,962
Cases filed in municipal court	9,032	21,569	19,685	18,130	20,856	20,462	17,899	18,211	19,324	16,403
Cases adjudicated in municipal court	17,989	21,613	18,394	17,344	19,219	19,559	15,962	19,005	19,558	15,802
Police¹										
Physical arrests	10,713	10,400	10,134	10,410	11,644	11,212	9,445	7,709	8,149	8,286
Misdemeanor citations	2,246	2,135	2,289	2,566	3,191	3,316	1,878	1,713	1,781	1,837
Traffic-related offenses cited	17,750	12,557	10,385	10,306	10,667	10,526	11,066	12,207	13,053	13,856
Fire²										
Fire emergencies	8,870	10,468	8,424	10,915	13,253	13,634	14,441	16,267	17,390	14,190
Emergency medical calls	28,403	25,250	25,272	26,749	28,816	28,093	28,426	27,962	27,968	30,608
Inspections	6,914	6,686	7,735	5,103	7,676	9,455	6,886	7,730	7,633	10,166
Public works										
Streets reported in "fair" or better condition	91%	92%	92%	93%	93%	94%	94%	95%	95%	95%
Pothole calls received/% repaired within 24 hrs ⁵	54/100%	63/100%	52/75%	274/50%	212/30%	361/36%	123/66%	95/94%	114/95%	457/95%
Culture and recreation										
Participants in senior recreation programs	7,071	7,123	7,200	6,840	8,183	8,039	6,381	4,113	5,491	4,002
Participants in youth programs	4,672	4,709	3,928	4,240	4,575	5,059	5,838	2,115	4,132	4,281
Instructional swimming classes offered ⁸	1,233	923	925	1,084	1,595	1,224	855	303	820	953

City of Reno, Nevada
Operating Indicators by Function/Program¹(Continued)
Last Ten Fiscal Years
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Community devp't & support-HAND:										
Affordable housing units developed in non-RDA area ³	-	-	11	89	314	360	7	-	-	565
Rental assistance for individuals previously homeless	-	-	-	-	371	438	432	694	1,688	1,405
Housing rehabilitation/accessibility projects completed	-	-	75	147	183	7	-	-	-	-
Code enforcement cases	2,814	3,680	3,651	3,917	4,115	3,990	3,878	3,010	2,908	3,866
Sanitary Sewer:										
Lineal feet of sewer lines & storm drains maintained	6.8 mil	6.8 mil	6.8 mil	6.9 mil	7.0 mil	7.1 mil	7.2 mil	7.3 mil	7.3 mil	7.3 mil
Building:										
Building permits issued	6,846	7,345	9,080	9,058	10,101	10,323	9,625	12,287	12,002	9,589
Avg. # of monthly building inspections performed	3,115	3,423	3,423	4,782	5,126	5,324	6,626	7,525	7,113	5,282

Notes:

Figures in italics indicate targeted figure based on upcoming FY Budget Document that was prepared prior to final year-end figures becoming available.
All Figures are trued up the following year based on new projections and actuals reported during budget process

¹ Traffic violation information provided by the Reno Police Department

² FY 12-13-Changed methodology for reporting Fire Incidents. ALL calls reflected not just actual fires. Total calls for service received minus medical calls left the # of fire emergencies
Fire Inspection figures are a lot higher in FY 2019 due to implementation of new tracking through the Fire Department

³ FY 22-23 Affordable Housing units Approved - HAND is a separate department effective 7/1/23 will update measures for next FY

⁴ FY 13-14-Rosewood Lakes Golf Course no longer operated/maintained by the City of Reno

⁵ FY 17-18 Public Works changed its pothole repair program to repair potholes based on geographic location; only potholes on very high traffic streets are repaired within 24 hours.

⁶ FY 17-18 New Measure added for Rental Assistance from Homelessness

⁷ FY 18-19 Increase due to the first full FY including all Public Safety Divisions to City Clerk's centralized records request program. Only Muni Ct is excluded.

⁸ FY 20-Updated FY 19 to reflect adjusted # of instructional swimming classes from 748 to 1224

City of Reno, Nevada
Capital Asset Statistics by Function/Program¹
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	0	1	1	2	2	2	2	2	2
Patrol units ¹	250	248	245	288	284	286	329	270	182	190
Fire:										
Stations	14	14	14	14	14	14	14	14	14	14
Fire fighting vehicles ³	29	29	31	34	35	36	33	36	36	36
Specialty response fire vehicles ³			26	26	26	26	17	15	15	15
Ambulances ⁴			2	4	4	4	2	1	2	2
Public works:										
Paved streets (miles)	681.2	689.3	691.0	708.9	710.0	723.5	730.5	742.4	746.7	746.7
Unpaved streets (miles)	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Culture and recreation:										
Acreage	2,741	2,741	2,741	2,744	2,744	2,745	2,834	2,894	3,373	3,373
Park facilities	85	85	85	85	85	86	88	87	87	87
Playgrounds	51	51	51	51	51	51	52	55	55	55
Swimming pools	4	4	4	4	4	4	4	4	4	4
Sanitary sewer:										
Sanitary sewer lines (miles)	751.0	769.0	769.0	784.0	786.0	803.0	817.0	825.0	828.0	828.0
Storm drains (miles)	528.0	528.0	528.0	530.0	534.0	548.0	562.0	565.0	568.0	568.0
Treatment capacity (millions of gallons)	44.0	44.0	46.3	46.3	39.8	44.0	44.6	44.0	46.5	46.5
Golf:										
Golf courses ²	1	1	1	1	1	1	1	1	1	1

Source: Finance Department, Budget Division, Annual Budget Book, Department Contacts

Notes:

- ¹ Fleet Mgmt provided total # of PD vehicles, including undercover and SAVE, increasing the # of vehicles FY 17.
- ² Beginning May 1, 2014, Rosewood Lakes is operated/maintained by First Tee/Duncan Group. In FY 16 Rosewood Lakes closed due to construction of the SouthEast connector.
- ³ Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. In FY 2010 4 vehicles went to auction per Fire Dept-Fleet Maintenance. Also in FY 2014 the number for fire vehicles were reduced to exclude non-fire fighting vehicles and HAZMAT vehicles, but those specialty vehicles have been added back effective FY 2016.
- ⁴ In FY 2016 the Fire Department added ambulance services as part of its Emergency Management System.

Business License Fees

City of Reno, Nevada
Schedule of Business License Fees
For the Year Ended June 30, 2023

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.

Flat/Fixed Fees:

Business license revenue for the year ended June 30, 2022-Adjusted Base	\$	<u>15,684,590</u>
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Adjustment to Base:

1. Percentage increase in population of the local government	0.97%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated	<u>6.20%</u>	
Total adjustment percentage	<u>7.17%</u>	
Adjustment amount (base x percentage)		<u>1,124,585</u>
Adjusted Base, June 30, 2023		16,809,175
Actual Revenue		<u>6,451,628</u>
Amount Over (Under) Allowable Amount	\$	<u><u>(10,357,547)</u></u>

Fees Calculated As A Percentage Of Gross Revenue:

Business license revenue for year ended June 30, 2022	\$	17,608,888
Percentage Increase In The Consumer Price Index	6.20%	<u>1,091,751</u>
Adjusted Base, June 30, 2023		18,700,639
Actual Revenue		<u>19,872,590</u>
Amount Over (Under) Allowable Amount	\$	<u><u>1,171,951</u></u>

Auditor Comments



Report of Independent Auditors 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 City Council Members
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 City of Reno, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Medford, Oregon
December 5, 2023



Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council Members
City of Reno, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Reno, Nevada's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Medford, Oregon
December 5, 2023

City of Reno
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Award Number or Pass-Through Award Number	Federal Expenditures	Payments to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Watershed Rehabilitation Program	10.916	NR209327XXXXC001	\$ 75,976	\$ -
Passed through State of Nevada Division of Forestry				
State Fire Assistance Wildland Urban Interface Grant	10.664	19-GD-110460000-612	50,331	-
Total U.S. Department of Agriculture			<u>126,307</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Direct Programs:				
<i>Economic Development Cluster</i>				
Investments for Public Works & Economic Development Facilities	11.300	07-01-07561	267,366	-
Total U.S. Department of Commerce			<u>267,366</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
<i>CDBG Entitlement Cluster:</i>				
Community Development Block Grants-Entitlement	14.218		4,490,149	-
COVID-19 Community Development Block Grants-CV (CARES Act Funding)	14.218	B-20-MW-32-0002	404,995	-
Total CDBG Entitlement Cluster			<u>4,895,144</u>	<u>-</u>
Direct Programs:				
Emergency Solutions Grants Program	14.231	E-20-MC-32-0002	13,805	-
Emergency Solutions Grants Program	14.231	E-21-MC-32-0002	158,257	-
Emergency Solutions Grants Program	14.231	E-22-MC-32-0003	29,123	-
COVID-19 Emergency Solutions Grants Program CV (CARES Act Funding)	14.231	E-20-MW-32-00002	728,165	-
HOME Investment Partnerships Program	14.239	M-21-DP-32-0234	17,870	-
Passed through Nevada State Housing Division:				
Emergency Solutions Grants Program	14.231	E20-DW-32-0001	100,000	-
Emergency Solutions Grants Program	14.231	E21-DC-32-0001	14,553	-
Subtotal ALN 14.231			<u>1,043,903</u>	<u>-</u>
HOME Investment Partnerships Program	14.239		1,633,822	-
Subtotal ALN 14.239			<u>1,651,692</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>7,590,738</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
Passed through the NV State Historic Preservation Office:				
Historic Preservation Fund Grants In-Aid	15.904	NV-22-10016	3,956	-
Total U.S. Department of Interior			<u>3,956</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Harold Rogers Prescription Drug Monitoring Program	16.754	2018-AR-BX-K093	69,492	14,709
Edward Byrne Memorial Justice Assistance Grant Program-FY18	16.738	2018-WY-BX-0005	168,350	58,067
Edward Byrne Memorial Justice Assistance Grant Program-FY19	16.738	2019-DJ-BX-0830	16,545	16,545
Edward Byrne Memorial Justice Assistance Grant Program-FY20	16.738	2020-DJ-BX-0494	46,635	24,539
Edward Byrne Memorial Justice Assistance Grant Program-FY21	16.738	15BPJA-21-GG-01710-JAGX	75,802	46,857
Edward Byrne Memorial Justice Assistance Grant Program-FY22	16.738	15BPJA-22-GG-02180-JAGX	1,194	1,194
Drug Court Discretionary Grant Program - Reno Veterans Treatment Court	16.585	2018-VC-BX-0014	76,104	-
Drug Court Discretionary Grant Program - Fresh Start Therapeutic Program	16.585	2020-DC-BX-0163	180,388	-
Drug Court Discretionary Grant Program - CAMO-RNO VTC	16.585	2020-VC-BX-0162	114,909	-
Drug Court Discretionary Grant Program - Reno Municipal Court Community	16.585	2020-DC-BX-0040	113,503	-
Subtotal ALN 16.585			<u>484,903</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

City of Reno
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Award Number or Pass-Through Award Number	Federal Expenditures	Payments to Subrecipients
Passed through Nevada Department of Public Safety, Office of Criminal Justice Assistance:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-11	38,332	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-23	21,275	-
Forensics and Evidence Unit Start Up	16.738	20-JAG-29	31,556	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-JAG-10	53,101	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22-JAG-14	29,596	-
<i>Subtotal ALN 16.738</i>			482,385	147,201
Passed through Nevada Department of Health and Human Services, Division of Child and Family Services:				
Crime Victim Assistance Grant	16.575	16575-20-045	27,163	-
Crime Victim Assistance Grant	16.575	16575-20-127	147,987	-
<i>Subtotal ALN 16.575</i>			175,150	-
Passed through Nevada Office of Attorney General:				
Violence Against Women Formula Grants	16.588	2021-VAWA-58	65,973	-
Violence Against Women Formula Grants	16.588	2022-VAWA-58	42,069	-
<i>Subtotal ALN 16.588</i>			108,041	-
Total U.S. Department of Justice			1,353,671	161,910
<u>U.S. Department of Transportation</u>				
Direct Programs:				
High Priority Motor Carrier Safety Assistance Program - FMCSA Cluster	20.237	FM-MHP-0586-21-01-00	145,782	-
Passed through Nevada Department of Public Safety, Office of Traffic Safety:				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	JF-2022-RPD-00036	24,894	-
State and Community Highway Safety	20.600	JF-2023-RPD-00022	47,579	-
State and Community Highway Safety	20.600	JF-2022-RPD-00127	9,369	-
State and Community Highway Safety	20.600	LFD-2022-RPD-00003	9,997	-
<i>Subtotal ALN 20.600</i>			91,840	-
National Priority Safety Program	20.616(h)	TS-2022-RPD-00125	16,101	-
National Priority Safety Program	20.616(h)	TS-2023-RPD-00065	23,221	-
National Priority Safety Program	20.616(h)	TS-2022-RPD-00126	1,957	-
National Priority Safety Program	20.616(h)	TS-2023-RPD-00066	18,650	-
<i>Subtotal ALN 20.616(h)</i>			59,930	-
<i>Total Highway Safety Cluster</i>			151,770	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	TS-2022-RPD-00118	18,257	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	TS-2023-RPD-00064	47,314	-
<i>Subtotal ALN 20.608</i>			65,571	-
Total U.S. Department of Transportation			363,122	-
<u>US Department of the Treasury</u>				
Direct Program:				
COVID-19 Emergency Rental Assistance Program	21.023		14,503	-
COVID-19 Emergency Rental Assistance Program	21.023		3,162,097	-
<i>Subtotal ALN 21.023</i>			3,176,600	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		12,243,930	2,595,550
Total US Department of the Treasury			15,420,530	2,595,550

See notes to schedule of expenditures of federal awards.

City of Reno
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Award Number or Pass-Through Award Number	Federal Expenditures	Payments to Subrecipients
<u>National Endowment of the Arts</u>				
Direct Programs:				
Promotion of the Arts Grants to Organizations and Individuals	45.024	1895916-66-22	393,207	393,207
Total National Endowment of the Arts			393,207	393,207
<u>U.S. Department of Veterans Affairs</u>				
Direct Programs:				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	SPORTS-21-093	3,615	-
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	SPORTS-22-078	40,569	-
Passed through Nevada Department of Veterans Services				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	Sports-21-084-RENO	21,286	-
<i>Subtotal ALN 64.034</i>			65,471	-
Total U.S. Department of Veterans Affairs			65,471	-
<u>U.S. Environmental Protection Agency</u>				
Passed through Nevada Division of Environmental Protection				
<i>Clean Water State Revolving Fund Cluster:</i>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	4C-98T49601-0	3,376,811	-
<i>Total Clean Water State Revolving Fund Cluster</i>			3,376,811	-
Nonpoint Sources 319(h) C9-97908121 - Chalk Creek	66.460	DEPS 21-031	38,162	-
Total U.S. Environmental Protection Agency			3,414,973	-
<u>U.S. Department of Health and Human Services</u>				
Passed through Christopher and Dana Reeve Foundation				
1st Cycle Direct Effect Quality of Life Grant	93.325		24,899	-
Total U.S. Department of Health and Human Services			24,899	-
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Assistant to Firefighters Grant	97.044	EMW-2019-FP-00037	10,553	-
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00040	69,763	-
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2020-FF-00435	2,408,060	-
<i>Subtotal ALN 97.083</i>			2,477,824	-
Passed through State of Nevada Department of Public Safety, Division of Emergency Management:				
Emergency Management Performance Grant (Quarters 1-3)	97.042	EMF-2020-EP-00005	124,429	-
Emergency Management Performance Grant 4th Quarter	97.042	EMF-2020-EP-00005	55,403	-
Emergency Management Performance Grant Vehicle Purchase	97.042	EMF-2020-EP-00005	25,500	-
EMPG COVID-19 Supplemental FFY 2020	97.042	EMF-2020-EP-00017-S01	28,650	-
<i>Subtotal ALN 97.042</i>			233,982	-
Pre-disaster Mitigation Grant (Seismic Retrofit)	97.047	9704720-3400	3,366,255	-
Homeland Security Formula Grant	97.067	DHS-21-GPD-067-00-02	255,795	-
Homeland Security Formula Grant	97.067	DHS-22-GPD-067-00-02	163,857	-
<i>Subtotal ALN 97.067</i>			419,652	-
Passed through the United Way:				
Emergency Food and Shelter National Board Grant	97.024	LRO-589600-023	50,000	-
Total U.S. Department of Homeland Security			6,558,265	-
Total Expenditures of Federal Awards			\$ 35,582,506	\$ 3,150,667

See notes to schedule of expenditures of federal awards.

City of Reno
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Reno (the City) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balances

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. Outstanding balances do not have continuing compliance requirements.

At June 30, 2023, outstanding loan balances were as follows:

<u>Federal ALN Number</u>	<u>Program Title</u>	<u>Loan Balance Receivable</u>
14.239	HOME Investment Partnerships Program	<u>\$ 41,134,467</u>
		<u>\$ 41,134,467</u>

City of Reno
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified
21.023	COVID-19 Emergency Rental Assistance Program	Unmodified
97.047	Pre-disaster Mitigation Grant (Seismic Retrofit)	Unmodified
14.239	HOME Investment Partnerships Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 1,067,475

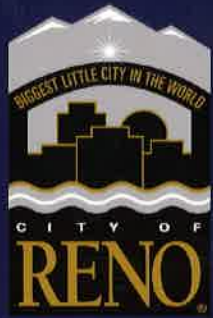
Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported





December 12, 2023

Washoe County Clerk
Jan Galassini
1001 E. Ninth Street
Reno, NV 89512

Re: Fiscal Year 2023 Audit

Ms. Galassini,

Enclosed please find copies of the City of Sparks Annual Comprehensive Financial Report and the Truckee Meadows Water Reclamation Facility audited financial statements for the year ended June 30, 2023 in accordance with NRS 354.624 (6).

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Tiffany Pugh".

Tiffany Pugh, CPA
Accounting Manager
Phone: 775-353-7835
Fax: 775-353-7899
Email: tpugh@cityofsparks.us



November 29, 2023

Eide Bailly LLP
5441 Kietzke Lane, Suite 150
Reno, NV 89511

This representation letter is provided in connection with your audit of the financial statements of the City of Sparks, which comprise the statement of financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 29, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 10, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. We have a process to track the status of audit findings and recommendations.
6. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
7. With respect to the preparation of the auditee portion of the data collection form, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
8. Significant assumptions used by us in making accounting estimates are reasonable.

9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of uncorrected misstatements summarized below and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole:
 - Development Services Fund and Business-Type Activities:
 - Understatement of accounts payable and expenses by \$25,823
 - Capital Projects Fund:
 - Understatement of accounts payable and expenditures by \$84,248
 - Governmental Activities:
 - Reversal of prior year understatement of gas tax revenue by \$229,469
 - Understatement of accounts payable and expenses by \$84,248
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
14. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
15. All funds and activities are properly classified.
16. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
17. All net position components and fund balance classifications have been properly reported.
18. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under this policy.
19. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
20. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
21. All interfund and intra-entity transactions and balances have been properly classified and reported.
22. There were no special items or extraordinary items that were required to be reported.
23. Deposit and investment risks have been properly and fully disclosed.
24. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
25. All required supplementary information is measured and presented within the prescribed guidelines.
26. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.

27. With regard to pensions and OPEB:
- a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We are unable to determine the possibility of a withdrawal liability from the State of Nevada Public Employee Benefits Program (PEBP), the City of Sparks OPEB Plan, or the State of Nevada Public Employees Retirement System (PERS), of which we are a sponsor and are not currently contemplating withdrawing from the PEBP, the City of Sparks OPEB Plan, or PERS.
 - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.

Information Provided

28. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
29. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
30. All transactions have been recorded in the accounting records and are reflected in the financial statements.
31. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
32. We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
33. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
34. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
35. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
36. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
37. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
38. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
39. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

40. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
41. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
42. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
43. The City of Sparks has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
44. We have disclosed to you all guarantees, whether written or oral, under which the City of Sparks is contingently liable.
45. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
46. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
47. The City of Sparks has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
48. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
49. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
50. In connection with your review of the assertion in accordance with Nevada Revised Statute 354.624(5)(a), we provide the following:
 - a. The identified funds are being used expressly for the purposes for which it was created,
 - b. The fund is administered in accordance with accounting principles generally accepted in the United States of America,
 - c. The net position of the fund was reasonable and necessary to carry out the purposes of the fund at June 30, 2023 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
 - d. The sources of revenues available are as noted in the financial statements,
 - e. The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2023,
 - f. The balances and net position of the fund is as noted in the financial statements.
51. With respect to the management's discussion and analysis, the schedule of changes in total OPEB liability and related ratios, the schedule of the City's share of net pension liability, and the schedule of the City's contributions accompanying the financial statements (RSI):
 - a. We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
 - b. We believe the RSI, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the RSI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

<i>Significant Assumption or Interpretation</i>	<i>Basis for Assumption or Interpretation</i>
Other Post-Employment Benefits Schedule of Changes in the OPEB Liability and Related Ratios	Actuarial Valuation
Pension Contributions and Net Pension Liability	Actuarial Valuation and 805 Report

52. With respect to the combining and individual fund statements and schedules, including budgetary comparisons, the Schedule of Federal Awards, and other supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the combining and individual fund statements and schedules, including budgetary comparisons, the Schedule of Federal Awards, and other supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - We believe the combining and individual fund statements and schedules, including budgetary comparisons, the Schedule of Federal Awards, and other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe there are no significant assumptions or interpretations underlying the measurement or presentation of the supplementary information described above.
 - When the combining and individual fund statements and schedules, including budgetary comparisons, the Schedule of Federal Awards, and other supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
53. We agree with the findings of specialists in evaluating the liability for OPEB, pension, and workers' compensation claim reserves and claims incurred but not reported (IBNR), and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
54. We have reviewed capital assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.

Single Audit

55. With respect to federal awards, we represent the following to you:
- We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
 - We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.

- g. We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any) and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- i. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- j. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- k. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- l. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- m. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
- n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- o. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- q. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- r. We have monitored subrecipients, as necessary, to determine if they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- s. We have issued management decisions for audit findings that relate to federal awards we make to subrecipients and such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed-up ensuring that the subrecipients have taken the appropriate and timely action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
- t. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- u. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- v. We have charged costs to federal awards in accordance with applicable cost principles.
- w. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.


- x. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- y. The reporting package does not contain personally identifiable information.
- z. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- bb. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- cc. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- dd. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.



Jeff Cronk, CPA, Chief Financial Officer



Tiffany Pugh, CPA, Accounting Manager – Systems and Compliance



CITY OF SPARKS
NEVADA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

City of Sparks, Nevada

Annual Comprehensive Financial Report

for the Fiscal Year Ended
June 30, 2023

Prepared by the Compliance Division of the Financial Services Department
Jeffrey D Cronk, CPA – Chief Financial Officer
Tiffany Pugh, CPA – Accounting Manager
Rick Parton – Senior Accountant
Derek Haren – Accountant
Monica Nall – Accounting Specialist

Special Thanks to the Budgeting and Operating Divisions

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November 29, 2023

Honorable Mayor, Members of the City Council,
City Manager and Citizens of Sparks, Nevada:

The Annual Comprehensive Financial Report (ACFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2023, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

Responsibility for both the accuracy of the data and fairness of the presentation, including all note disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Sparks, in accordance with generally accepted accounting principles.

The City's external auditors, Eide Bailly LLP, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this ACFR fairly and materially represent the financial position and results of operations of the City of Sparks. Their report is located on page 10 of the financial section of this report.

The ACFR is presented in four sections:

1. **Introductory Section** - the Introductory Section is unaudited and includes this letter of transmittal, the City's organizational chart, list of principal officials and the GFOA Certificate of Achievement for fiscal year 2021-2022.
2. **Financial Section** - this section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and related footnotes, combining and individual statements for major and nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found beginning on page 14, immediately following the Independent Auditor's Report.

3. **Statistical Section** - the Statistical Section is also unaudited and includes selected financial and demographic information, generally presented on a multi-year basis.

4. **Compliance Section** - the Compliance Section includes the annual Single Audit Report by the independent auditor on the City's compliance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Also included are the Schedule of Expenditures of Federal Awards and the Schedule of Findings and Questioned Costs. Additionally, the auditor's report on the internal control structure and compliance with laws and regulations is included as required by Government Auditing Standards.

Profile of the Government

The City of Sparks, incorporated in 1905, with an estimated population of 107,489 as reported by the Nevada Department of Taxation for fiscal year 2022-2023, is the fifth largest incorporated city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

Sparks operates under a mayor-council form of government. The Mayor is elected at-large in the City, serving as the non-voting chairman of the City Council. Five City Council members are elected ward-only as representatives of specific City Wards and serve as the legislative powers of the City. All legislative powers of the City as outlined in the municipal charter, Nevada Revised Statutes and State Constitution, are vested in the City Council.

The City provides a full range of municipal services including police services; fire protection and paramedic services; the construction and maintenance of streets, traffic engineering and infrastructure; recreational activities and cultural events; wastewater treatment; and planning and zoning for new development. The City does not operate hospitals, schools or libraries. Utilities, such as gas and electric services, are provided by a privately owned utility. The City, as a member of a joint powers authority called the Truckee Meadows Water Authority, acquired an interest in the water service division of Sierra Pacific Power Company (now called NV Energy) on June 11, 2001. Washoe County and the City of Reno are the other members of the Authority. Sewer service and wastewater treatment are provided by the Truckee Meadows Water Reclamation Facility, a joint venture between the Cities of Reno and Sparks which is not a component unit for financial reporting purposes in either entity in accordance with the pronouncements of the Governmental Accounting Standards Board.

This report includes all funds of the primary government (City of Sparks) as well as its blended component unit. A blended component unit is a legally separate entity but in substance, is part of the City's operations and is included as part of the governmental funds of the city. The Redevelopment Agency, Areas No. 1 and No. 2, of the City of Sparks is considered the City's blended component unit. The Redevelopment Agency is an organization for which the primary government is financially accountable, and whose governing body is substantially the same as the City's. All five City Council members comprise the governing body for the Agency. The Mayor, who cannot vote on City agenda items, is a voting Agency member.

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created January 23, 1978. The state's first redevelopment district was set to expire after 30 years under existing statutory limits. However, subsequent Legislative actions allowed for the extension of the district's term for 15 additional years, an action taken by the Sparks Redevelopment Agency on May 8, 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until fiscal year 2022-2023. Redevelopment Agency Area No. 1 expired on June 30, 2023.

On June 28, 1999, a second redevelopment district was created, Redevelopment Agency Area No. 2. The newer district is comprised of three noncontiguous areas - the Marina Park area, Oddie Boulevard area (an aging commercial/industrial strip along a state-controlled roadway with poor access) and the so-called Conductor Heights (south-west industrial) section, one of the oldest in Sparks, where very small residential lots have become interspersed with commercial uses. A special assessment district was formed in 2002 to construct infrastructure needed for new development to the Sparks Marina area. Redevelopment Agency Area No. 2 is set to expire on June 30, 2029.

Local Economy

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

Since the Great Recession, which was driven by a historic collapse in property values, stabilization of the local economy has been fueled by a strong rebound in property values which have been a key driver of improved City revenues. However, revenues from the collection of Consolidated Taxes, which is comprised mostly of sales taxes, have shown even greater strength due to greater economic diversity.

The Reno-Sparks Metropolitan Statistical Area is attracting technology-driven companies and is now home to several large and influential companies including Apple, Google, Amazon, Tesla, Switch, and others. Prior to 2020, as a result of this greater economic diversity, the Northern Nevada region experienced high employment growth since the Great Recession. The COVID-19 pandemic that began in 2020 has certainly caused great harm to Northern Nevada's public and economic health; however, the revitalized and diversified regional economy has created an economic infrastructure that allowed the regional economy to rebound in relatively short order as evidenced by the reduction in the unemployment rate to 3.3% as of August 2022, down from the peak of 18.2% during the pandemic.

In the recent year, the City has seen a slight increase in the unemployment rate to 4.5% as of August 2023 and has seen rising costs due in large part to the rising levels of inflation experienced nationwide.

The growth in the number of companies locating to the area has improved the local economy and created a demand for housing which will have to be met in order to prevent the shifting of jobs to other more affordable areas. The population of Sparks has grown an additional 4.1% in the last year. To meet the growing population needs, housing permit activity in recent years within Sparks has generally shifted from single family homes to multi-family homes.

However, the resulting expected growth in existing property assessed value is expected to continue to outpace the property tax growth that is allowed under Nevada property depreciation and tax cap laws.

The property tax cap laws that were implemented by the Nevada Legislature in 2005 (AB 489) resulted in unintended and unanticipated consequences. Specifically, the laws currently provide for a "ceiling" that limits property tax revenue growth to 8% for general property (essentially defined as all non-owner occupied property) and 3% for residential (owner occupied) property, yet does not provide for a similar "floor" limiting property tax revenue declines should property valuations dramatically decline (as they did during the Great Recession). Furthermore, the property tax cap formulas put limitations on tax revenue by way of a secondary calculation that is based on the greater of the 10-year rolling average of assessed value growth in the county or two times the Consumer Price Index (CPI). Additionally, depreciation is applied to land improvements at 1.5% each year up to 50 years, resulting in a maximum cumulative depreciation rate of 75%.

Thus, the combination of property tax caps and depreciation of land improvements, has led Nevada local governments to rely upon property tax revenue generated from new development (which is exempt from property tax cap laws and depreciation during the first year on the tax rolls) to help keep pace with the rising cost to provide services. The property tax laws in their current form have resulted in a situation whereby property tax revenues are not keeping pace with the overall economic recovery and are hindering the ability of local governments throughout Nevada to meet the growing service needs within their communities. A resulting consequence is that the City of Sparks must continually rely more on the less stable Consolidated Tax revenue source which is primarily derived from taxable sales.

In fiscal year 2015, the Sparks City Council approved an increase of the City's operating property tax rate from \$.9161 to \$.9598 per \$100 of assessed value. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall

tax rate is at the statutory cap of \$3.66. This includes two cents that were added to the state tax rate by the Nevada Legislature for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.

On July 1, 2017 the State of Nevada legalized the purchase of recreational marijuana. The City of Sparks provides licenses to distributors whose renewal of business license fees are based on gross receipts. In addition to licensing revenue, the City receives a modest distribution from the State to help mitigate expenses expected to be incurred related to the legalization of recreational marijuana.

With the passage of the American Rescue Plan Act (or ARPA Act) on March 11, 2021, the City of Sparks was allocated significant federal assistance to respond to the multitudinous effects of the COVID-19 pandemic. \$16.2 million was allocated to the City from the ARPA and is planned to be fully expended or obligated by December 31, 2024, in accordance with provisions of the Act.

Long-Term Financial Planning

The City uses a multi-year financial forecasting model to assist with budget and capital planning. The City has also completed a comprehensive facilities plan, which will guide City capital spending priorities and help to formulate the five-year Capital Improvement Plan (CIP). The CIP is updated annually in conjunction with the budget process, and is integrated with the City's budget upon adoption of the plan.

Relevant Financial Policies

Accounting and Budget Controls

The internal accounting controls employed by the City are designed to provide reasonable assurance that assets will be safeguarded against loss from unauthorized use or disposition, and that financial records will be reliable for use in preparing financial statements and determining accountability for assets. The City's accounting system provides controls to assure compliance with the budget. Budgetary control is maintained at the departmental service level in the General Fund, because the functional level identified in state statutes crosses departmental authorities and dilutes the responsibility for adhering to budget constraints. City management may transfer appropriations between functions in the General Fund and within individual funds, and must notify the City Council of such transfers. Any other increases in appropriations also require City Council approval. Budgetary control is further enhanced through the use of encumbrance accounting.

State statutes require the City's Chief Financial Officer to submit a tentative budget for the ensuing fiscal year to the Nevada Department of Taxation by April 15. The Department of Taxation notifies the City whether or not the budget is in compliance with the law and related regulations. The City is required to hold a public hearing to review public input on the tentative budget no sooner than the third Monday in May and not later than the last day in May. The City Council must adopt a final budget no later than June 1, which is then filed with the Department of Taxation. State statutes allow for the local government entities to file amended final budgets for a fiscal year which is impacted by actions approved by the Nevada State Legislature.

Cash Management

The City is authorized by statute to invest in bonds or other obligations of the United States Treasury, its agencies and instrumentalities; bonds of the State of Nevada; obligations of other local governments of the State of Nevada; certificates of deposit and bankers acceptances; notes, bonds and other unconditional obligations by corporations organized and operating in the United States; and obligations of other state and local governments if they are rated "A" or better by one of the nationally recognized credit rating agencies. The City may also invest in repurchase agreements for securities if, in lieu of possession of the securities, it obtains sole, fully perfected, first-priority security interest in those securities. State law also allows investment in money market mutual funds invested solely in treasury/agency securities.

The City, in effect, pools its cash for investment purposes and has invested primarily in certificates of deposit, money market instruments and agency securities. Due to the federal fiscal policies reversing course and raising interest rates, investment earnings have increased from prior years. For fiscal year 2022-2023, the average interest rate earned on investments maturing during the year was 3.90 percent.

Risk Management

The City has three funds related to the administration of its self-funded insurance programs: general liability, group health, and workers' compensation. The Municipal Self-Insurance Fund covers general liability claims, and the City carries excess insurance coverage as well. In addition, the City has property insurance for buildings and contents, and a blanket bond policy for all City employees.

The Group Insurance Self-Insurance Fund provides all of the health benefits for City employees, retirees, and dependents. Employee premiums are paid by the City via interfund charges through the payroll system, and dependent premiums are paid by the City and the Employee via interfund charges and payroll deductions. Retiree and their dependent premiums are paid either from converted sick leave balances or from the retiree directly. The City carries a specific stop loss policy for individual claims.

The City's Workers' Compensation Insurance Fund has excess insurance coverage for each occurrence. The City has experienced several disability claims for public safety retirees related to heart, lung and cancer (HLC) benefits, all of which were presumed to be job-related under state law. The impact of legislation passed by the 2015 Nevada Legislature significantly decreased the projected HLC liability in 2014-2015. However, legislation passed in June 2019 increased the projected HLC liability, as well as including new benefits for post-traumatic stress disorders. We expect any significant changes to this liability in the future will continue to be primarily driven by legislation enacted by the Nevada Legislature.

Pension Information

Full-time and eligible part-time employees of the City are covered by the State of Nevada Public Employees' Retirement System (PERS). The cost-sharing, multiple-employer, defined benefit plan is administered by a seven member board appointed by the Governor, who has sole discretion over plan investments. The City reports a portion of the PERS net pension liability prorated by participating entity contributions.

Postemployment Benefits Other Than Pensions (OPEB)

The City provides a variety of post-retirement health care benefits to certain retirees and their dependents. The benefits are financed on a pay-as-you-go basis and are reported as a liability in the City's financial statements.

Additional information on the City's pension and OPEB benefits can be found in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Annual Comprehensive Financial Report (ACFR) for each fiscal year ended June 30, 1981 through 2022. Fiscal year 2021-2022 was the forty-second consecutive year in which the City of Sparks has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one fiscal year only. We believe that fiscal year 2022-2023 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

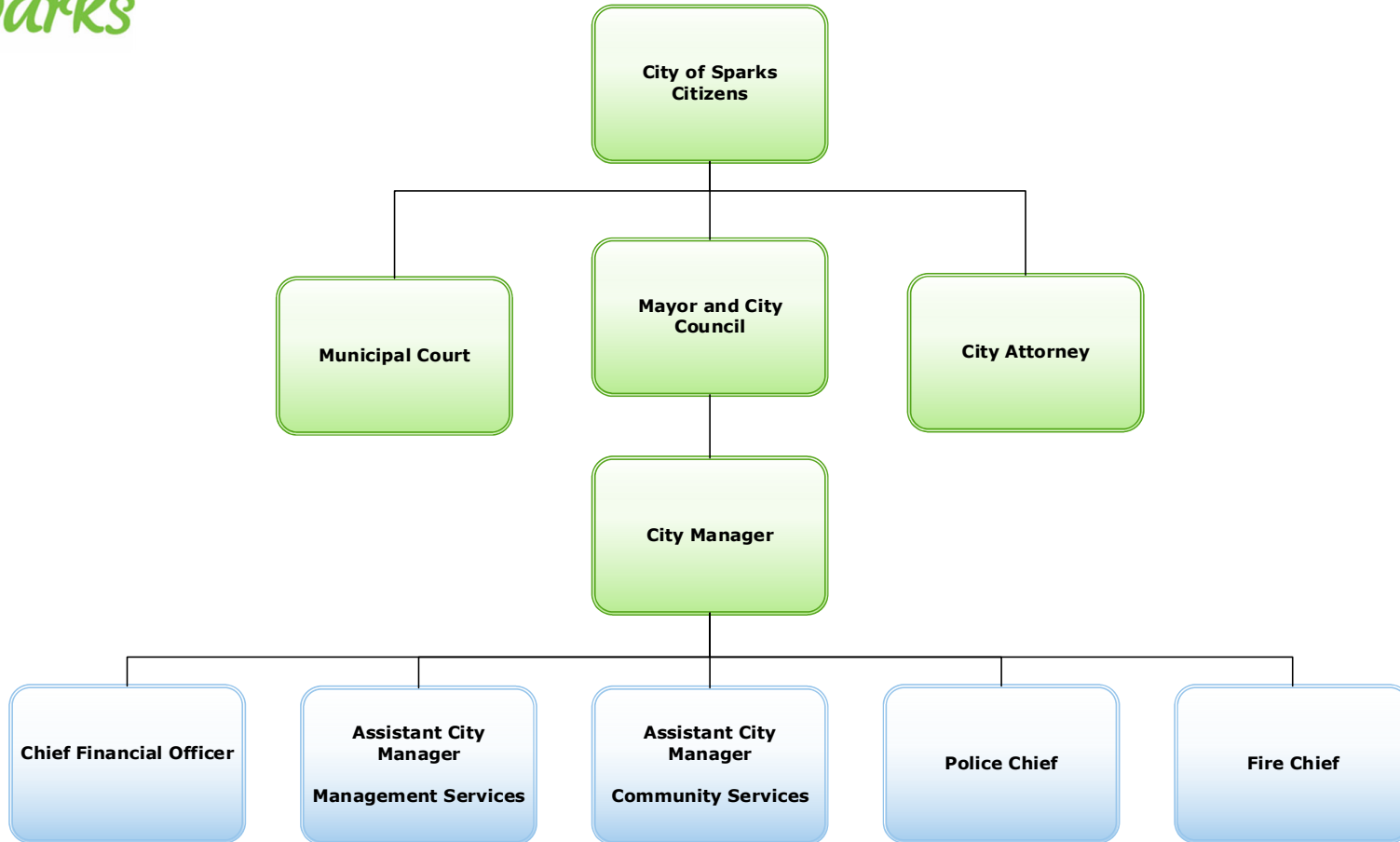
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this report possible, but also to help improve our overall financial reporting capabilities.

Finally, I would like to thank the Mayor, City Council members, and City Manager for their support and leadership regarding the fiscal affairs of the City of Sparks.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Cronk", with a long horizontal flourish extending to the right.

Jeff Cronk, CPA
Chief Financial Officer



**City of Sparks
Principal Officials
As of June 30, 2023**

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ed Lawson	4 years	November 2026
Council Member Ward 1	Donald Abbott	4 years	November 2024
Council Member Ward 2	Dian VanderWell	4 years	November 2026
Council Member Ward 3	Paul Anderson	4 years	November 2024
Council Member Ward 4	Charlene Bybee	4 years	November 2026
Council Member Ward 5	Kristopher Dahir	4 years	November 2024
City Attorney	Wes Duncan	Partial Term	November 2024
Municipal Judge, District 1	Shirle Eiting	6 years	November 2028
Municipal Judge, District 2	Jim Spoo	6 years	November 2024
City Manager	Neil Krutz	Appointed	
Assistant City Manager	John Martini	Appointed	
Assistant City Manager	Alyson McCormick	Appointed	
Chief Financial Officer	Jeff Cronk	Appointed	
City Clerk	Lisa Hunderman	Appointed	
Community Services Director	Michael Drinkwater	Appointed	
Fire Chief	Walt White	Appointed	
Human Resources Director	Jill Valdez	Appointed	
Parks & Recreation Director	Vacant	Appointed	
Police Chief	Chris Crawforth	Appointed	

INDEPENDENT AUDITORS

Eide Bailly, LLP



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sparks
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Sparks Grants and Donations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-26, the schedule of changes in the City's total other post-employment benefits liability and other related ratios on pages 85-86, the schedule of the City's share of net pension liability on pages 87-88, and the schedule of the City's contributions on pages 89-90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 management’s discussion and analysis, the schedule of changes in the City’s total other post-employment benefits liability and other related ratios, the schedule of the City’s share of net pension liability, and the schedule of the City’s contributions in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund statements and schedules, schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requires for Federal Awards*, are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the combining and individual fund statements and schedules, schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City’s 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The individual fund statements and schedules for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in cursive script that reads "Erin Sully LLP".

Reno, Nevada
November 29, 2023



Management's Discussion and Analysis

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Introduction

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2023. This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Sparks (government-wide) exceeded its liabilities and deferred inflows of resources on June 30, 2023 by \$692,924,247 (net position), an increase of 9.0 percent from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- Net Pension liability of the City is \$127,345,514, an increase of \$61,802,949 from the prior year liability of \$65,542,565. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to report a proportionate share of the total Net Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS). As a result of recording the increase in the City's portion of net pension liability (\$61,802,949), a decrease in deferred pension inflows (\$52,048,277), and an increase in deferred pension outflows (\$5,119,607), net position was decreased by \$4,635,065.
- Governmental activity revenues were \$168,305,199 as compared to \$166,884,497 for the year ended June 30, 2022. The increase of \$1,420,702 is primarily driven by; an increase in Ad Valorem taxes of \$2,928,403; an increase of investment income of \$5,060,851; and an increase in gains on the sale of capital assets of \$1,076,202. These increases offset a decrease in contributed capital of \$16,012,347, mostly due to a decrease in contributions from developers. Business-type activity revenues were \$52,678,813 in fiscal year 2022-2023, representing an increase of \$476,466 from the prior year revenues of \$52,202,347. The increase is primarily driven by; an increase of investment income of \$2,892,750 which is offset by a decrease in contributed capital of \$2,643,392.
- Sparks' governmental funds reported combined ending fund balances of \$110,601,084 as of June 30, 2023 which is an increase of \$19,477,143 from fiscal year 2021-2022 total of \$91,123,941. The increase was primarily due to an increase in governmental activity revenues and investment income.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2023, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$23,554,983, which represents approximately 25.8 percent of General Fund expenditures (excluding capital). Of that amount, \$1,466,538 is assigned for next year's budget deficit, and open purchase orders and the remaining \$22,088,445 is an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.8 percent of total General Fund revenues and have increased by 2.7 percent from last year's results. Consolidated tax revenues decreased 1.1 percent, and property taxes increased by 8.0 percent compared to the previous fiscal year.
- Unrestricted cash and investments of \$217,458,563 can cover current liabilities 5.7 times on a government-wide basis.
- The City's long-term liabilities outstanding increased by \$36,878,277 in fiscal year 2022-2023. The increase was primarily attributable to an increase in the City's Net Pension liability of \$61,802,949 which was offset by a reduction of \$23,608,035 of the City's bond payable.

Overview: Understanding the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sparks' basic financial statements. The basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a general overview of the City of Sparks' finances, not unlike financial statements issued by private sector businesses.

The Statement of Net Position presents all of Sparks' assets, deferred outflows of resources, liabilities and deferred inflows of resources. Deferred outflows of resources are a use of assets that is applicable to a future reporting period, such as prepaid items. Deferred inflows of resources are an acquisition of assets that is applicable to a future reporting period, such as advance collections. The difference between assets and deferred outflows less liabilities and deferred inflows is reported as "net position", which over time can provide an indication of improvement or decline in the City's financial position.

The purpose of the Statement of Activities is to present how the City's net position has changed during the fiscal year of the report. Changes in net position are reported as soon as the event that caused the change occurs, regardless of the timing of cash flows.

Both financial statements provided on a government-wide basis distinguish between functions that are governmental activities versus those that are business-type activities. The distinction is straightforward: governmental activities are typically supported by taxes and intergovernmental revenues, whereas business-type activities are those that depend on cost recovery through user fees or other charges that are generated by those who use or benefit from the service being provided.

Within the City of Sparks, governmental activities include general government, public safety, public works, sanitation, culture and recreation, and judicial. Governmental activities that occur within the Redevelopment Agency in its two distinct redevelopment areas are often reported in the community support function. Business-type activities in Sparks include sanitary sewer, storm drain and effluent services, and development and building services.

Fund Financial Statements

Funds are used in governmental accounting to rationally link and control resources that have been segregated to support certain functions or objectives. Fund accounting also helps local governments demonstrate compliance with legal requirements. The City of Sparks' funds are categorized as governmental funds, proprietary funds or fiduciary funds.

Governmental Funds

The City uses governmental funds to account for essentially all the governmental activities that are reported in the government-wide financial statements. Unlike the government-wide statements, governmental fund statements focus on current or near-term spendable resources, including spendable resources available at fiscal year-end, which more closely coincides with Nevada statutory requirements related to annual city budgets. This information is useful in evaluating the City of Sparks' near-term financial position.

Long-term implications can be detected by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances are reconciled to the governmental activities statement of net position and statement of activities to facilitate the comparison between governmental funds and governmental activities.

Financial statements are provided separately for the major funds including the General Fund, Sparks Grants and Donations Fund, and the General Obligation Debt Service Fund. Financial results for the other non-major governmental funds are combined into a single segregated presentation and are also provided in the form of combining statements and individual fund schedules deeper into the report.

In accordance with state statutes, the City of Sparks adopts an annual budget for all of its governmental funds and makes amendments to that budget periodically. For the General Fund as well as the Sparks Grants and Donations Fund, a comparison of the original and final budget to actual results is provided, along with similar comparisons of final budget to actual results for the other governmental funds elsewhere in the report.

Proprietary Funds

Under current generally accepted accounting principles, the City of Sparks maintains two types of proprietary funds: enterprise funds and internal service funds. The business-type activities presented in the government-wide financial statements are those that are accounted for in enterprise funds. The major enterprise funds reported in this manner are the Sewer Operations Fund, and the Development Services Fund.

Internal service funds are commonly used as an accounting structure to accumulate and allocate costs of services provided internally between and amongst various City of Sparks funds and functions. The City uses such funds to account for its self-insurance activities and its central motor vehicle services. Since these services predominantly benefit governmental rather than business-type functions (although there is an element in these funds that provides services to enterprise/business-type activities) their financial data have been included in the governmental activities section of the government-wide financial statements. Financial information for the internal service funds is provided in the aggregate in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and individual funds elsewhere in the report.

Fiduciary Funds

Resources held for the benefit of parties outside the government are accounted for in fiduciary funds, which are not reflected in the government-wide financial statements because resources of those funds are not available to support the City of Sparks' own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

Government-Wide Analysis

Over time, values reported as “net position” can provide an indication of a government’s financial position. As noted previously, the City’s net position increased by 9.0 percent during fiscal year 2022-2023. This is primarily due to an increase in current and other assets, and an increase in capital assets.

	City of Sparks' Statement of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 146,935,773	\$ 138,507,867	\$ 144,188,408	\$ 128,785,571	\$ 291,124,181	\$ 267,293,438
Capital assets	461,152,098	451,088,335	183,463,254	184,675,032	644,615,352	635,763,367
Total assets	<u>608,087,871</u>	<u>589,596,202</u>	<u>327,651,662</u>	<u>313,460,603</u>	<u>935,739,533</u>	<u>903,056,805</u>
Deferred outflow bond refundings	360,643	868,833	-	-	360,643	868,833
Deferred outflows related to pensions	42,856,281	38,587,539	5,336,589	4,485,724	48,192,870	43,073,263
Deferred outflows related to OPEB	9,557,336	12,585,545	845,239	999,864	10,402,575	13,585,409
Total deferred outflow of resources	<u>52,774,260</u>	<u>52,041,917</u>	<u>6,181,828</u>	<u>5,485,588</u>	<u>58,956,088</u>	<u>57,527,505</u>
Total assets and deferred outflows	<u>660,862,131</u>	<u>641,638,119</u>	<u>333,833,490</u>	<u>318,946,191</u>	<u>994,695,621</u>	<u>960,584,310</u>
Long term liabilities outstanding	224,777,512	191,564,273	21,087,260	17,422,222	245,864,772	208,986,495
Other liabilities	31,563,569	41,210,510	6,660,321	6,215,282	38,223,890	47,425,792
Total liabilities	<u>256,341,081</u>	<u>232,774,783</u>	<u>27,747,581</u>	<u>23,637,504</u>	<u>284,088,662</u>	<u>256,412,287</u>
Deferred inflows related to pensions	1,102,399	47,751,339	-	5,399,337	1,102,399	53,150,676
Deferred inflows related to OPEB	15,663,769	14,682,619	916,544	846,598	16,580,313	15,529,217
Total deferred inflows of resources	<u>16,766,168</u>	<u>62,433,958</u>	<u>916,544</u>	<u>6,245,935</u>	<u>17,682,712</u>	<u>68,679,893</u>
Total liabilities and deferred inflows	<u>273,107,249</u>	<u>295,208,741</u>	<u>28,664,125</u>	<u>29,883,439</u>	<u>301,771,374</u>	<u>325,092,180</u>
Net investment in capital assets	447,044,071	436,205,357	175,175,155	174,042,473	622,219,226	610,247,830
Restricted	63,682,960	55,145,614	-	-	63,682,960	55,145,614
Unrestricted	<u>(122,972,149)</u>	<u>(144,921,593)</u>	<u>129,994,210</u>	<u>115,020,279</u>	<u>7,022,061</u>	<u>(29,901,314)</u>
Total net position	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

The largest portion of the City of Sparks’ net position reflects its investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$622,219,226, is reported net of any related debt still outstanding which was used to acquire those assets. Capital assets are used by the City of Sparks to provide services to citizens and customers, and thus are not available for future spending, and cannot be liquidated to pay off related debt.

A portion of net position, in the amount of \$63,682,960, is restricted to specific uses. These restrictions are established by laws, regulations, creditors, grantors, or any external entity that can enforce spending compliance. For example, transient occupancy taxes collected in Sparks, which are recorded in the Victorian Square Room Tax Capital Projects Fund, are restricted to uses which benefit the City’s downtown core. The increase in restricted net position of \$8,537,346 is comprised of increases related to amounts restricted for capital projects, developer agreements, and self-insurance claims.

Unrestricted net position is the amount of funds available to meet the City’s ongoing obligations. The unrestricted net position value of \$7,022,061 in fiscal year 2022-2023 is comprised of a deficit of \$122,972,149 related to governmental activities and a surplus of \$129,994,210 related to business activities. While the combined governmental and business activities net to a surplus, the portion related to the deficit is largely comprised of three factors. Firstly, it is the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the

City of Sparks
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued by the City and the City's Redevelopment Agency can be found in Note 9 of the financial statements. A second large component is related to the Public Employee's Retirement System (PERS) pension liability that is required to be reported by the City. More information related to the pension liability can be found in Note 11 of the financial statements. The third large component is related to the post-employment benefits other than pension (OPEB) liability that is required to be reported by the City. More information related to the OPEB liability can be found in Note 15 of the financial statements.

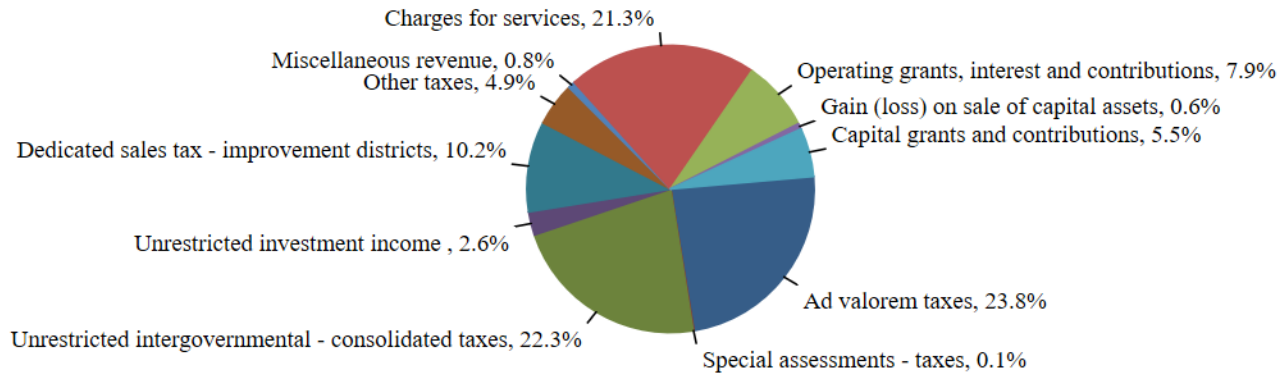
	City of Sparks' Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 35,800,279	\$ 31,658,722	\$ 38,232,643	\$ 38,176,071	\$ 74,032,922	\$ 69,834,793
Operating grants, interest and contributions	13,306,670	8,040,284	-	-	13,306,670	8,040,284
Capital grants and contributions	9,222,106	25,234,453	12,632,354	15,275,746	21,854,460	40,510,199
	<u>58,329,055</u>	<u>64,933,459</u>	<u>50,864,997</u>	<u>53,451,817</u>	<u>109,194,052</u>	<u>118,385,276</u>
General revenues:						
Ad valorem taxes	40,034,040	37,105,637	-	-	40,034,040	37,105,637
Special assessments - taxes	149,202	178,512	-	-	149,202	178,512
Unrestricted intergovernmental - consolidated taxes	37,595,351	38,026,225	-	-	37,595,351	38,026,225
Dedicated sales tax - improvement districts	17,132,626	16,727,219	-	-	17,132,626	16,727,219
Other taxes	8,256,949	7,895,436	-	-	8,256,949	7,895,436
Unrestricted investment income (loss)	4,354,195	(706,656)	1,580,990	(1,311,760)	5,935,185	(2,018,416)
Miscellaneous revenue	1,377,579	2,724,665	232,826	62,290	1,610,405	2,786,955
Gain (loss) on sale of capital assets	1,076,202	-	-	-	1,076,202	-
	<u>109,976,144</u>	<u>101,951,038</u>	<u>1,813,816</u>	<u>(1,249,470)</u>	<u>111,789,960</u>	<u>100,701,568</u>
Total revenues	<u>168,305,199</u>	<u>166,884,497</u>	<u>52,678,813</u>	<u>52,202,347</u>	<u>220,984,012</u>	<u>219,086,844</u>
Expenses:						
General government	21,278,140	22,795,502	-	-	21,278,140	22,795,502
Judicial	3,229,643	2,770,337	-	-	3,229,643	2,770,337
Public safety						
Police	42,439,106	33,011,301	-	-	42,439,106	33,011,301
Fire	24,761,641	19,605,807	-	-	24,761,641	19,605,807
Management Services	-	4,972	-	-	-	4,972
Community services	2,147,773	2,071,408	-	-	2,147,773	2,071,408
Public works	13,077,255	13,221,651	-	-	13,077,255	13,221,651
Culture and recreation	13,284,068	10,951,486	-	-	13,284,068	10,951,486
Community support	3,897,337	2,697,499	-	-	3,897,337	2,697,499
Interest and fiscal charges	2,651,779	2,873,824	-	-	2,651,779	2,873,824
Sewer	-	-	30,665,606	27,568,958	30,665,606	27,568,958
Development services	-	-	6,119,547	5,373,651	6,119,547	5,373,651
Total expenses	<u>126,766,742</u>	<u>110,003,787</u>	<u>36,785,153</u>	<u>32,942,609</u>	<u>163,551,895</u>	<u>142,946,396</u>
Increase (Decrease) in net position before transfers & special items	41,538,457	56,880,710	15,893,660	19,259,738	57,432,117	76,140,448
Transfers	(212,953)	149,194	212,953	(149,194)	-	-
Increase (Decrease) in net position	41,325,504	57,029,904	16,106,613	19,110,544	57,432,117	76,140,448
Net position, July 1	346,429,378	289,399,474	289,062,752	269,952,208	635,492,130	559,351,682
Net position, June 30	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

Governmental Activities

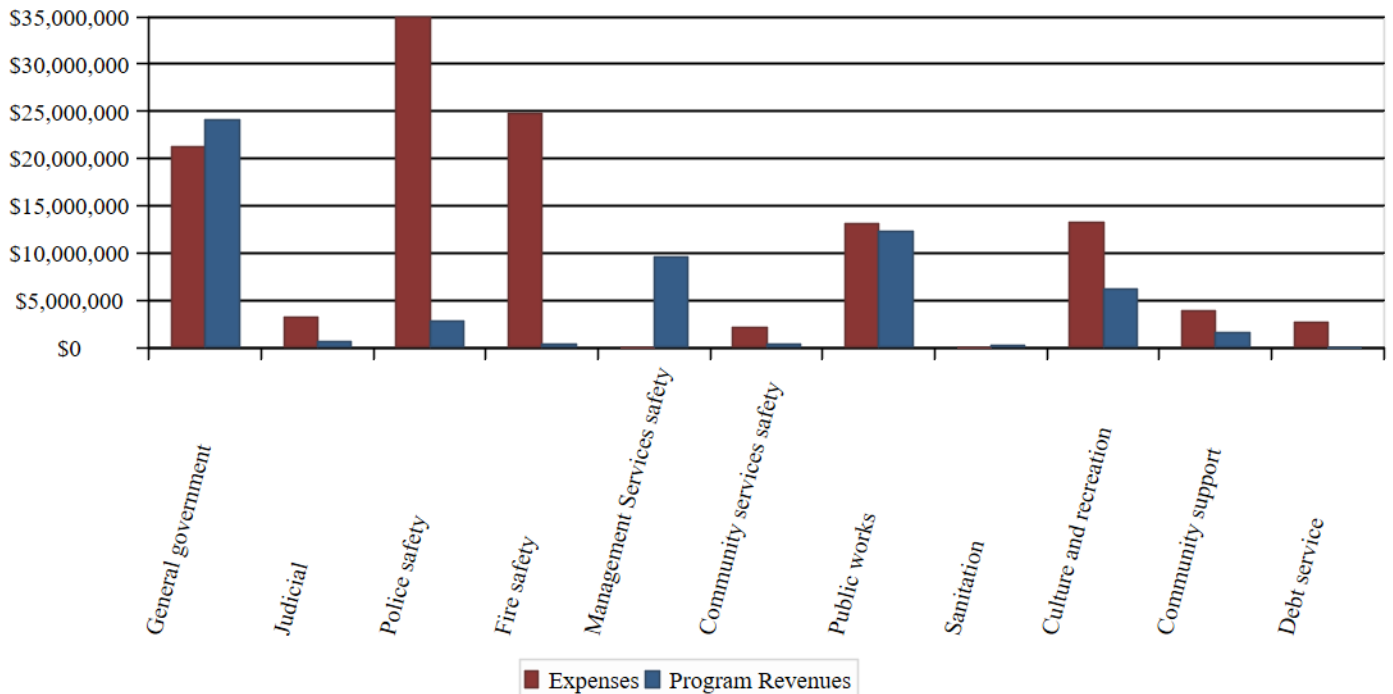
Governmental activities in fiscal year 2022-2023, increased the City's net position by \$41,325,504. Of the more significant results for governmental activities that contributed to this change the following was observed:

- In fiscal year 2022-2023, governmental charges for services increased 13.1 percent, or \$4,141,557, from the prior year. The change is primarily attributed to an increase in business licenses and franchise fees;
- Operating grants, interest and contributions increased 65.5 percent, or \$5,266,386 from the prior year. The change is primarily attributed to an increase in operating grants;
- Investment income increased by 716.2 percent, or \$5,060,851, from fiscal year 2021-2022. This change was due to a favorable market value as well as an increase in interest rates compared to fiscal year 2021-2022;
- Ad valorem tax revenues increased by 7.9 percent, or \$2,928,403, from fiscal year 2021-2022. This increase is due to assessed home values and new development which are exempt from property tax caps.

Revenues by Source - Governmental Activities



**Expenses and Program Revenues
 Governmental Activities**

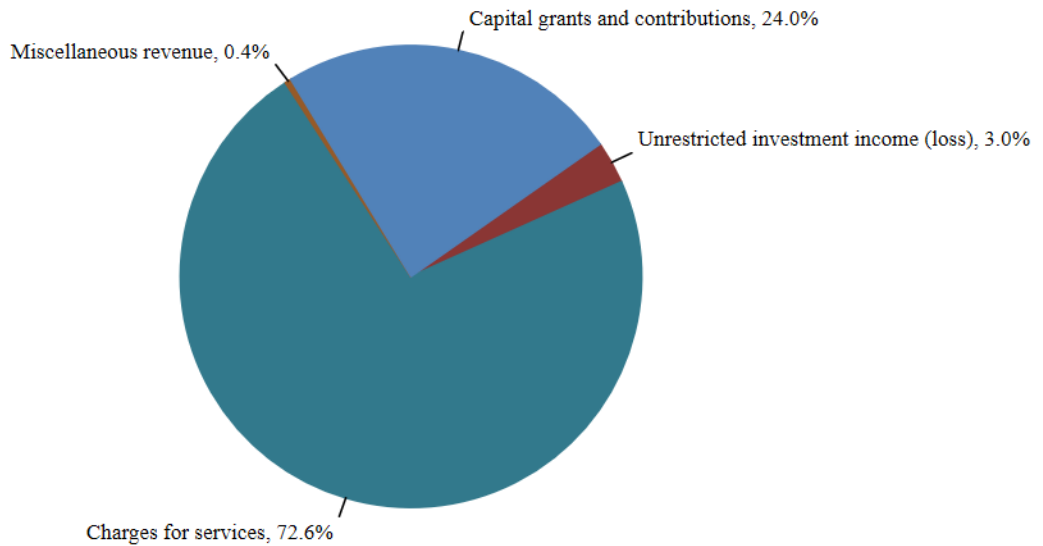


Business-type Activities

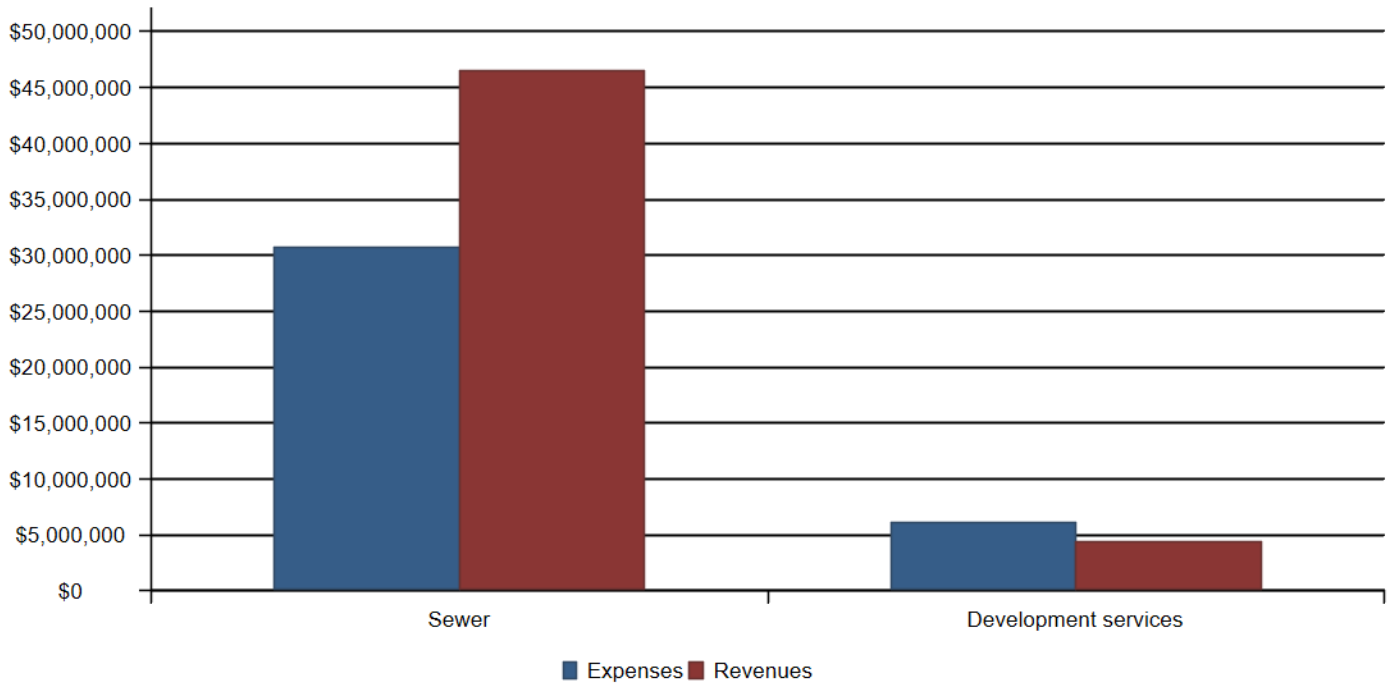
Business-type activities, in fiscal year 2022-2023 increased the City's net position by \$16,106,613. Significant results include:

- Revenues from business-type activities increased by 0.9 percent, or \$476,466, which was driven primarily by an increase in investment income as a result of rising interest rates which was offset by a reduction in capital grants and contributions.
- Expenses of business-type activities increased from \$32,942,609 to \$36,785,153, a increase of \$3,842,544, or 11.7 percent, and were related to an increase in salaries and benefits and a loss of the disposition of assets.

Revenues by Source - Business-type Activities



**Expenses and Program Revenues
 Business-type Activities**



Financial Analysis of the City’s Funds

Governmental Funds

The focus of the City of Sparks’ governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information may be useful in assessing the City’s financing requirements. Governmental Accounting Standards Boards Statement 54 provides fund balance classifications for governmental funds. Unassigned fund balance, in particular, may be used as a measure of a government’s net resources available for spending at the end of the fiscal year. Additional information on the City’s fund balances can be found in Note 1 of the basic financial statements.

- As of June 30, 2023, Sparks’ governmental funds reported combined ending fund balances of \$110,601,084, which is an increase of \$19,477,143 from fiscal year 2021-2022 ending fund balance of \$91,123,941. The increase was primarily driven by an increase in governmental activity revenues and from the sale of assets.
- The combined ending fund balance of \$110,601,084 is comprised of: \$50,377,301 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$60,223,783 which is unrestricted (includes committed, assigned and unassigned balances).
- Approximately 54.5 percent of the combined ending fund balances, or \$60,223,783, is unrestricted. Of the unrestricted balance, \$3,207,411 has been committed by City Council action for items such as road repairs and economic stabilization, and \$34,927,927 has been assigned by the Chief Financial Officer (a designee of City Council) for budget deficits, encumbered purchase orders, or capital projects. The remaining \$22,088,445 is unassigned and is available for various purposes.

General Fund

The General Fund is the primary operating fund of the City of Sparks. As of June 30, 2023, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$23,554,983, which is 23.7 percent greater than the prior year's unrestricted balance of \$19,047,442. The increase is largely due to an increase in real and personal property taxes and business licenses and franchise fees. For fiscal year 2022-2023 revenues and transfers-in exceeded expenditures and transfers-out which resulted in an increase of the City's unrestricted fund balance to 25.8 percent of departmental expenditures (excluding capital outlay), which remains above the established policy goal of 8.3 percent. The unrestricted fund balance is 24.6 percent of General Fund revenues, which is up from 20.8 percent of General Fund revenues from fiscal year 2021-2022.

Although the City's General Fund balance was \$23,554,983 at June 30, 2023, it should be noted that \$1,466,538 is considered assigned for next year's budget deficit, and open purchase orders. This leaves \$22,088,445 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$7,501,188 (7.8 percent) increase in revenues and transfers-in and a \$2,631,750 (2.7 percent) increase in expenditures and transfers-out. The two largest areas of revenue changes were property taxes increased \$2,230,625 (8.0 percent) mostly related to real property tax revenues and licensing and permit revenue increased \$2,208,766 (13.6 percent) most of which was related to increased business licenses, telecommunication and franchise fees. The increase in transfers-in was primarily related to a \$3,211,634 (60.3 percent) increase from the American Rescue Plan Act (ARPA) funding transferred from the Sparks Grants and Donations Fund. The increase in expenditures and transfers-out was primarily related to a \$4,304,555 (7.3 percent) increase in public safety expenditures, most of which were related to increased salaries and employee benefits. The cumulative result is that the ending fund balance within the General Fund increased by \$4,507,541, or 23.7 percent, from the prior year.

Sparks Grants and Donations Fund

This fund is used to account for monies from all governmental fund grant awards, donations, and other designated use awards, except Community Development and Block Grant awards, received by the City of Sparks to be used in accordance with award documentation.

The Sparks Grants and Donations Fund is a major fund for fiscal year 2022-2023, which is mainly due to the \$16,230,272 funds allocated to the City of Sparks from the State and Local Fiscal Recovery Funds as provided by the American Rescue Plan Act (ARPA). Total fund balance within the Sparks Grants and Donations Fund was \$1,195,113 compared to \$363,245 for the prior year, an increase of 229.0 percent. The three largest areas of revenue change were from ARPA funds, crime forfeitures and Community Development Block Grant revenues.

General Obligation Debt Service Fund

The existing debt in this fund is either backed by sales tax revenues (STAR bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was \$18,926,440 compared to \$19,459,736 for the prior year, a decrease of 2.7 percent. All revenue collected within this fund is pledged for debt service.

Proprietary Funds

The City of Sparks' proprietary funds provide the same type of information found in the government-wide financial statements, but contain more detail.

The net position of the Sewer Operations Enterprise Fund was \$300,317,816 as of June 30, 2023, an increase of \$17,533,077 or 6.2 percent, over the prior year's balance of \$282,784,739. The major contributors to the increase in net position include; a \$1,838,142 (5.8 percent) increase in charges for services operating revenues related to sewer and a \$2,710,431 increase in investment income.

Net position of the Development Services Enterprise Fund was \$3,272,497 as of June 30, 2023, a decrease of \$1,633,230 or 33.3 percent, over the prior year's balance of \$4,905,727. Operating expenses increased by \$669,257 (12.4 percent) and exceeded operating revenues which decreased by \$1,754,950 (28.5 percent). Decreased operating revenues was primarily related to a decrease in building and planning fees.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$947,986 more than budgeted, primarily due to increases in property tax receipts, licenses and permit revenues, and investment income above budgeted expectations. The increases in these particular revenues were the result of increased assessed property values, rising inflationary costs that directly increased license and permit revenues based on gross revenues, as well as rising interest rates.

Actual expenditures were 4.6 percent below final amended budget, which was primarily due to underspends related to position vacancies across the city.

The following functions are highlighted:

- The General Government function achieved \$2,227,722, or 11.2 percent, in budgetary savings primarily from an underspend in services and supplies within the Management Services and Community Services departments;
- Spending within the Public Safety function was \$1,703,818, or 2.6 percent, less than budgeted primarily related to reduced salaries and benefits related to position vacancies in the police department;
- The Community Services Department achieved \$231,042, or 6.9 percent, in budgetary savings within the Public Works function primarily from savings in budgeted professional services and capital outlay, and \$319,898, or 7.4 percent, in budgetary savings within the Culture and Recreation function primarily from reduced expenditures related to position vacancies and capital outlay;
- Spending within the Community Support function was \$63,917, or 4.7 percent, less than budgeted mostly due to reduced expenditures related to homeless services provided within the local community.

Capital Assets and Debt Administration

Capital Assets

The City of Sparks' investment in capital assets, net of depreciation, for its governmental and business-type activities as of June 30, 2023, amounted to \$644,615,352, an increase of \$7,416,542 compared to \$637,198,810 from the prior year. Capital assets include tangible items such as land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, storm drains and sewer lines. Additionally, the City has intangible assets in the form of right of way easements, water rights, and software development. The total increase from fiscal year 2022-2023 operations for governmental activities was \$8,628,320, (from \$452,523,778 to \$461,152,098), while business-type activities decreased by \$1,211,778 (from \$184,675,032 to \$183,463,254).

Significant capital asset activities that occurred during fiscal year 2022-2023 included:

- Assets under construction, Construction in Progress (CIP), increased by \$5,153,532. New projects were started in the amount of \$19,682,090, and completed projects amounted to \$14,528,558. A significant portion of the increase in CIP were related to Sparks Boulevard capacity improvement project, the Oddie to Wells Corridor infrastructure project, in which both were donated by the Regional Transportation Commission, as well as the 14th Street, D Street and E Street improvement project, and lastly the Rockwood Drive and Glen Meadow Drive storm drain improvement project;
- Assets classified as infrastructure increased by \$4,618,324, which was primarily due to the acquisition of new assets.

City of Sparks' Capital Assets
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 55,334,557	\$ 55,359,304	\$ 1,873,105	\$ 1,873,105	\$ 57,207,662	\$ 57,232,409
Intangibles	3,261,044	3,281,257	2,648	2,648	3,263,692	3,283,905
Buildings	14,702,345	14,710,151	757,044	772,607	15,459,389	15,482,758
Improvements other than buildings	28,291,872	30,940,758	494,311	524,895	28,786,183	31,465,653
Right-to-use lease buildings	214,882	37,381	40,929	7,120	255,811	44,501
Machinery and equipment	12,425,412	12,881,861	360,550	339,426	12,785,962	13,221,287
Right-to-use lease equipment	1,050,093	1,441,294	2,300	3,081	1,052,393	1,444,375
Right-to-use lease vehicles	8,474	23,361	-	-	8,474	23,361
Right-to-use IT subscription assets	1,085,642	62,273	-	-	1,085,642	62,273
Infrastructure	320,593,472	313,483,605	167,478,549	169,970,092	488,072,021	483,453,697
Construction in progress	24,095,424	20,213,652	5,427,316	4,155,556	29,522,740	24,369,208
Water rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	\$ 461,152,098	\$ 452,523,778	\$ 183,463,254	\$ 184,675,032	\$ 644,615,352	\$ 637,198,810

Additional information on the City of Sparks' capital assets can be found in Note 7 to the financial statements.

Debt Administration

As of June 30, 2023, the City of Sparks had a total of \$245,864,772 of long-term liabilities outstanding. Of this amount, \$127,345,514 is related to pension benefits, \$38,567,308 is related to Other Post-Employment Benefits (OPEB), and \$79,951,950 is outstanding for all other long-term liabilities.

Other noncurrent liabilities not related to pension, OPEB, and deposits, amounting to \$104,305,111 are comprised of \$92,798,558 of governmental activities and \$11,506,553 of business-type activities. Governmental activity includes: revenue bonds of \$47,075,000; private placement tax allocation bonds of \$12,093,874; a financial incentive agreement payable to Syuffy Enterprises of \$100,000; and accrued compensated absences, sick leave conversion, lease and subscription liabilities and insurance claim liabilities totaling \$33,529,684. Business-type activity includes: Private placement bonds and notes payable totaling \$9,018,493; and accrued compensated absences, sick leave conversion, and lease liabilities of \$2,488,060. The City of Sparks' outstanding liabilities, including debt of the Redevelopment Agency, decreased by \$22,208,279, or 17.6 percent, during the fiscal year ended June 30, 2023.

Additional information on the City of Sparks' outstanding long-term debt can be found in Note 9 to the financial statements.

Other Factors

- The unemployment rate in the Reno-Sparks area was 4.5 percent on June 30, 2023 compared to 3.2 percent as of June 30, 2022. Unemployment held steady in August 2023, reflecting a rate of 4.5 percent.
- Fiscal year 2015-2016 was the first post-recession year that Washoe County taxable sales surpassed the former peak of \$7.3 billion set in fiscal year 2005-2006. The amount of taxable sales within Washoe County was \$5.2 billion during fiscal year 2009-2010 during the nadir of the recession; however, since then, taxable sales within Washoe County have increased to \$12.4 billion in fiscal year 2022-2023, an increase of 138.5 percent during the past thirteen fiscal years, but only slightly higher by 1.64 percent compared to \$12.2 billion in fiscal year 2021-2022.
- During the years subsequent to the Great Recession, the median home values within Sparks have seen a significant rise. After peaking at approximately \$332,000 prior to the recession, the median home value plummeted to about \$140,000 during the recession. In September 2023, median home values in Sparks was \$540,000.
- As mentioned previously, the City's ad valorem tax revenues increased by 7.9 percent in fiscal year 2022-2023. This was due to an increase of 2.0 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps when comparing fiscal year 2022-2023 and fiscal year 2021-2022. We anticipate ad valorem revenues to increase over the next several years due to growth in the area. However, this increase in revenue will not necessarily match the more rapid growth in assessed valuation due to the limits on revenue growth resulting from the property tax caps put in place during the 2005 Legislative session.
- The City of Sparks' estimated population increased during fiscal year 2022-2023 by 0.7 percent and the Nevada State Demographer's office projects a population increase of 4.1 percent for fiscal year 2023-2024. In December 2018, the US Census Bureau data showed Nevada was the nation's fastest growing state and the Northern Nevada Regional Growth Forecast reported that Washoe County, which includes the city of Sparks, had seen a 13.5 percent increase in jobs and an 8 percent increase in the number of occupied households. The growth from several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to continue to attract thousands of new residents to the City of Sparks over the next decade.
- In December of 2018, the City Council voted to increase sewer and storm drain user rates by 5% annually from July 1, 2019 through July 1, 2022, to set multi-family residential and mobile home user rates equal to single family rates on July 1, 2019 and to annually adjust sewer and storm drain connection fees per the Engineering New Record Construction Cost Index beginning on January 1.
- The federal American Rescue Plan Act (ARPA) was passed in March 2021, and provided \$16,230,272 of financial assistance directly to the City of Sparks in response to the COVID-19 pandemic. The City of Sparks is planning to spend or obligate all funds allocated by ARPA by December 31, 2024, in accordance with provisions of the Act.

All of these factors and others were considered in preparing the City's budget for the subsequent 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Sparks' finances. Questions concerning any of the information contained herein should be addressed to the City of Sparks, Financial Services Department, 431 Prater Way, Sparks, Nevada, 89431.

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Basic Financial Statements

City of Sparks
Statement of Net Position
June 30, 2023
(with Comparative Totals for June 30, 2022)

	Governmental Activities	Business-Type Activities	Total	2022
Assets				
Cash and investments	\$ 117,448,764	\$ 100,009,799	\$ 217,458,563	\$ 194,450,672
Accounts receivable, net	7,903,499	3,204,461	11,107,960	9,880,572
Internal balances	(1,579,052)	1,579,052	-	-
Due from other governments	12,694,038	542,278	13,236,316	13,050,287
Inventories	437,620	-	437,620	378,590
Deposits	19,072	-	19,072	19,072
Notes receivable, net	806,294	1,972,387	2,778,681	3,583,974
Restricted assets				
Cash and investments	9,205,538	-	9,205,538	9,203,019
Investment in the Truckee Meadows Water Reclamation Facility	-	36,880,431	36,880,431	36,727,252
Capital assets				
Land, construction in progress, intangible assets, and water rights	82,748,227	14,329,571	97,077,798	91,949,013
Other capital assets, net of depreciation	376,044,780	169,090,454	545,135,234	543,675,287
Right-to-use lease assets, net of amortization	1,273,449	43,229	1,316,678	139,067
Right-to-use IT subscription assets, net of amortization	1,085,642	-	1,085,642	-
Total assets	608,087,871	327,651,662	935,739,533	903,056,805
Deferred Outflows of Resources				
Deferred outflow bond refundings	360,643	-	360,643	868,833
Deferred outflows related to pensions	42,856,281	5,336,589	48,192,870	43,073,263
Deferred outflows related to OPEB	9,557,336	845,239	10,402,575	13,585,409
Total deferred outflows of resources	52,774,260	6,181,828	58,956,088	57,527,505
Total assets and deferred outflows of resources	660,862,131	333,833,490	994,695,621	960,584,310
Liabilities				
Accounts payable and accrued expenses	4,198,931	451,843	4,650,774	4,967,459
Accrued interest payable	135,299	58,339	193,638	252,238
Contracts and retentions payable	2,768,555	1,319,900	4,088,455	3,964,194
Deposits	94,135	212,109	306,244	183,935
Due to other governments	1,811,281	619,860	2,431,141	4,120,202
Unearned revenue	1,862,547	337,930	2,200,477	11,131,360
Noncurrent liabilities, due within one year				
Bonds and notes payable	11,430,961	3,069,151	14,500,112	14,278,529
Compensated absences payable	3,993,731	508,650	4,502,381	4,285,607
Sick leave conversion payable	733,528	74,381	807,909	941,270
Claims liabilities	3,459,728	-	3,459,728	3,118,993
Financial incentive and interlocal agreements payable	100,000	-	100,000	100,000
Lease liabilities	532,448	8,158	540,606	82,005
IT Subscription liabilities	442,425	-	442,425	-
Noncurrent liabilities, due in more than one year				
Bonds and notes payable	47,737,913	5,949,342	53,687,255	77,516,873
Compensated absences payable	11,980,545	1,575,396	13,555,941	13,334,885
Sick leave conversion payable	3,933,487	286,131	4,219,618	3,713,219
Claims liabilities	7,358,448	-	7,358,448	7,539,487
Financial incentive and interlocal agreements payable	-	-	-	100,000
Lease liabilities	670,133	35,344	705,477	67,079
Subscription liabilities	425,211	-	425,211	-
Net pension liability	116,121,841	11,223,673	127,345,514	65,542,565
Total OPEB liability	36,549,934	2,017,374	38,567,308	41,172,387
Total liabilities	256,341,081	27,747,581	284,088,662	256,412,287

City of Sparks
Statement of Net Position
June 30, 2023
(with Comparative Totals for June 30, 2022)

	Governmental Activities	Business-Type Activities	Total	2022
Deferred Inflows of Resources				
Deferred inflows related to pensions	1,102,399	-	1,102,399	53,150,676
Deferred inflows related to OPEB	15,663,769	916,544	16,580,313	15,529,217
Total	<u>16,766,168</u>	<u>916,544</u>	<u>17,682,712</u>	<u>68,679,893</u>
Total liabilities and deferred inflows of resources	<u>273,107,249</u>	<u>28,664,125</u>	<u>301,771,374</u>	<u>325,092,180</u>
Net position				
Net investment in capital assets	447,044,071	175,175,155	622,219,226	610,247,830
Restricted for				
Court improvements	909,719	-	909,719	930,771
Road and street projects	6,070,266	-	6,070,266	3,519,345
Grants	1,868,373	-	1,868,373	2,019,851
Claims	8,528,460	-	8,528,460	9,384,339
Debt service	23,239,704	-	23,239,704	20,997,416
Capital projects	21,166,100	-	21,166,100	17,935,499
Promotion of special events	147,502	-	147,502	181,078
Public safety	1,752,836	-	1,752,836	177,315
Unrestricted	<u>(122,972,149)</u>	<u>129,994,210</u>	<u>7,022,061</u>	<u>(29,901,314)</u>
Total net position	<u>\$ 387,754,882</u>	<u>\$ 305,169,365</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 21,278,140	\$ 23,193,253	\$ -	\$ 867,311
Judicial	3,229,643	677,242	-	-
Public safety				
Police	42,439,106	983,952	1,765,284	23,350
Fire	24,761,641	386,758	25,645	-
Management Services	-	-	9,664,981	-
Community services	2,147,773	355,881	-	-
Public works	13,077,255	4,452,515	-	7,899,445
Sanitation	-	235,689	-	-
Culture and recreation	13,284,068	5,400,575	416,978	432,000
Community support	3,897,337	114,414	1,433,782	-
Debt service				
Interest and fiscal charges	2,651,779	-	-	-
Total governmental activities	<u>126,766,742</u>	<u>35,800,279</u>	<u>13,306,670</u>	<u>9,222,106</u>
Business-type activities				
Sewer	30,665,606	33,824,004	-	12,631,963
Development services	6,119,547	4,408,639	-	391
Total business-type activities	<u>36,785,153</u>	<u>38,232,643</u>	<u>-</u>	<u>12,632,354</u>
Total primary government	<u>\$ 163,551,895</u>	<u>\$ 74,032,922</u>	<u>\$ 13,306,670</u>	<u>\$ 21,854,460</u>

General revenues:

- Ad valorem taxes
- Special assessments - taxes
- Unrestricted intergovernmental - consolidated taxes
- Dedicated sales tax - improvement districts
- Unrestricted fair share distribution, state shared
- Motor vehicle fuel taxes
- Unrestricted gaming licenses, state shared
- Marijuana revenue, state shared
- Room taxes
- Governmental services tax
- Unrestricted investment income (loss)
- Miscellaneous revenue
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in Net Position

Net position - Beginning of Year

Net position - End of Year

City of Sparks
Statement of Activities
Year Ended June 30, 2023
(with Comparative Totals for the Year Ended June 30, 2022)

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	2022
\$ 2,782,424	\$ -	\$ 2,782,424	\$ 7,941,244
(2,552,401)	-	(2,552,401)	(2,081,533)
(39,666,520)	-	(39,666,520)	(31,688,183)
(24,349,238)	-	(24,349,238)	(18,367,067)
9,664,981	-	9,664,981	6,533,685
(1,791,892)	-	(1,791,892)	(1,770,475)
(725,295)	-	(725,295)	3,283,432
235,689	-	235,689	218,725
(7,034,515)	-	(7,034,515)	(4,053,584)
(2,349,141)	-	(2,349,141)	(2,212,748)
(2,651,779)	-	(2,651,779)	(2,873,824)
(68,437,687)	-	(68,437,687)	(45,070,328)
-	15,790,361	15,790,361	19,719,464
-	(1,710,517)	(1,710,517)	789,744
-	14,079,844	14,079,844	20,509,208
(68,437,687)	14,079,844	(54,357,843)	(24,561,120)
40,034,040	-	40,034,040	37,105,637
149,202	-	149,202	178,512
37,595,351	-	37,595,351	38,026,225
17,132,626	-	17,132,626	16,727,219
2,922,453	-	2,922,453	2,993,298
2,974,777	-	2,974,777	2,520,705
356,895	-	356,895	406,058
110,716	-	110,716	103,805
1,714,536	-	1,714,536	1,693,998
177,572	-	177,572	177,572
4,354,195	1,580,990	5,935,185	(2,018,416)
1,377,579	232,826	1,610,405	2,786,955
1,076,202	-	1,076,202	-
(212,953)	212,953	-	-
109,763,191	2,026,769	111,789,960	100,701,568
41,325,504	16,106,613	57,432,117	76,140,448
346,429,378	289,062,752	635,492,130	559,351,682
\$ 387,754,882	\$ 305,169,365	\$ 692,924,247	\$ 635,492,130

City of Sparks
Balance Sheet
Governmental Funds
June 30, 2023

(with Comparative Totals for June 30, 2022)

	General Fund	Sparks Grants & Donations	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2022
Assets						
Cash and investments	\$ 18,615,663	\$ 2,378,628	\$ 7,471,262	\$ 67,336,341	\$ 95,801,894	\$ 88,593,274
Accounts receivable, net	3,403,370	-	2,786,608	1,545,059	7,735,037	6,211,226
Due from other funds	20,648	-	-	-	20,648	30,303
Due from other governments	7,939,943	132,286	2,970,295	1,504,084	12,546,608	12,719,082
Notes receivable, net	-	-	-	806,294	806,294	1,092,237
Inventory of supplies	13,192	-	-	-	13,192	-
Restricted cash and investments	-	-	8,477,038	728,500	9,205,538	9,203,019
Total assets	\$ 29,992,816	\$ 2,510,914	\$ 21,705,203	\$ 71,920,278	\$ 126,129,211	\$ 117,849,141
Liabilities						
Accounts payable	\$ 1,264,355	\$ 8,177	\$ -	\$ 903,644	\$ 2,176,176	\$ 2,402,208
Accrued liabilities	1,621,746	-	-	193,849	1,815,595	1,549,133
Contracts payable	-	195,285	-	1,988,664	2,183,949	2,721,546
Contract retentions payable	-	28,838	-	363,181	392,019	228,105
Refundable deposits	92,685	-	-	1,450	94,135	57,685
Unearned revenues	356,027	1,035,156	-	471,364	1,862,547	10,850,543
Due to other funds	-	-	-	20,648	20,648	30,303
Due to other governments	1,674,423	9,286	-	92,591	1,776,300	3,587,904
Total liabilities	5,009,236	1,276,742	-	4,035,391	10,321,369	21,427,427
Deferred Inflows of Resources						
Unavailable revenue - grants	-	39,059	-	806,294	845,353	1,702,070
Unavailable revenue - property taxes and other	158,442	-	-	95,488	253,930	191,675
Unavailable revenue - special assessments	-	-	2,778,763	-	2,778,763	3,404,028
Unavailable revenue - other	369,262	-	-	58,557	427,819	-
Unavailable revenue - opioid	900,893	-	-	-	900,893	-
Total deferred inflows of resources	1,428,597	39,059	2,778,763	960,339	5,206,758	5,297,773
Fund Balances						
Restricted for						
Grants and donations	-	343,170	-	145,747	488,917	311,677
Law enforcement	-	851,943	-	-	851,943	177,315
Promotion of special events	-	-	-	147,502	147,502	181,078
Various judicial uses	-	-	-	317,492	317,492	304,743
Municipal facilities construction	-	-	-	218,332	218,332	176,172
Court fee collection programs	-	-	-	373,897	373,897	449,857
Developer agreements	-	-	-	5,388,072	5,388,072	4,534,905
Debt service reserve	-	-	18,926,440	2,262,999	21,189,439	21,665,607
Parks and recreation	-	-	-	8,041,409	8,041,409	6,784,519
Street improvements & rehabilitation	-	-	-	5,795,229	5,795,229	2,164,654
Capital projects	-	-	-	747,484	747,484	679,346
Improvements to Victorian Square	-	-	-	6,817,585	6,817,585	5,739,472
Committed for						
Economic development	-	-	-	49,203	49,203	65,039
Parks and recreation	-	-	-	482,875	482,875	660,725
Road surface repairs	-	-	-	995,597	995,597	1,046,432
Economic Stabilization	-	-	-	1,569,391	1,569,391	1,263,886
Improvements to 5 Ridges development	-	-	-	110,345	110,345	150,000
Assigned for						
Purchases on order	934,270	-	-	-	934,270	594,173
Specific capital projects	-	-	-	5,499,582	5,499,582	4,034,987
Next year's budget deficit	532,268	-	-	38,303	570,571	3,105,130
Other capital projects	-	-	-	27,923,504	27,923,504	19,634,023
Unassigned	22,088,445	-	-	-	22,088,445	17,400,201
Total fund balances	23,554,983	1,195,113	18,926,440	66,924,548	110,601,084	91,123,941
Total liabilities, deferred inflows of resources, and fund balances	\$ 29,992,816	\$ 2,510,914	\$ 21,705,203	\$ 71,920,278	\$ 126,129,211	\$ 117,849,141

City of Sparks
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds		\$ 110,601,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	664,392,621	
Less accumulated depreciation/ amortization	<u>(214,682,204)</u>	449,710,417
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Revenue bonds payable	(47,075,000)	
Tax allocation bonds payable	(12,093,874)	
Compensated absences payable	(15,574,536)	
Net pension liability	(114,640,716)	
Total OPEB liability	(36,384,148)	
Sick leave conversion payable	(4,539,837)	
Financial incentive and interlocal agreements payable	(100,000)	
Lease liabilities	(1,202,581)	
IT Subscription liabilities	<u>(867,636)</u>	(232,478,328)
Interest payable		(135,299)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		
		5,206,758
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	42,230,765	
Deferred outflows of resources related to OPEB	9,504,392	
Deferred outflows of resources related to bond refundings	360,643	
Deferred inflows of resources related to pensions	(1,038,821)	
Deferred inflows of resources related to OPEB	<u>(15,609,808)</u>	35,447,171
Internal service funds are used by management to charge the costs of certain activities of individual funds. Net position of the internal service funds are reported with governmental activities.		
		20,982,131
Internal balances is a receivable from/(payable to) business-type activities		<u>(1,579,052)</u>
Net position of governmental activities		<u>\$ 387,754,882</u>

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023
(with Comparative Totals for Year Ended June 30, 2022)

	General Fund	Sparks Grants & Donations	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2022
Revenues						
Taxes	\$ 30,110,764	\$ -	\$ 774,467	\$ 12,300,299	\$ 43,185,530	\$ 40,354,999
Licenses and permits	18,422,472	-	-	7,308,067	25,730,539	22,297,813
Intergovernmental revenues	41,692,244	11,958,301	17,132,626	6,651,170	77,434,341	72,189,993
Charges for services	3,666,776	3,916	-	2,232,868	5,903,560	6,677,002
Fines and forfeits	560,717	-	-	3,000	563,717	554,510
Miscellaneous	1,232,441	297,434	593,578	2,123,934	4,247,387	(110,209)
Total revenues	95,685,414	12,259,651	18,500,671	30,619,338	157,065,074	141,964,108
Expenditures						
Current						
General government	17,360,967	-	-	731,206	18,092,173	21,931,829
Judicial	2,726,303	65,891	-	157,889	2,950,083	2,835,578
Public safety	62,863,685	553,918	-	375,452	63,793,055	59,958,021
Public works	3,002,176	-	-	4,209,644	7,211,820	7,690,354
Culture and recreation	4,010,166	75,396	-	5,930,654	10,016,216	8,365,601
Community support	1,304,083	743,973	-	1,191,597	3,239,653	2,332,202
Total current expenditures	91,267,380	1,439,178	-	12,596,442	105,303,000	103,113,585
Capital outlay						
General government	349,361	-	-	366,106	715,467	353,542
Public safety	294,589	940,344	-	806,564	2,041,497	992,314
Public works	111,146	-	-	802,006	913,152	1,788,538
Culture and recreation	9,279	769,593	-	1,904,339	2,683,211	1,410,286
Community support	-	-	-	5,340,251	5,340,251	2,678,869
Total capital outlay	764,375	1,709,937	-	9,219,266	11,693,578	7,223,549
Debt service						
Principal	-	-	20,056,439	1,291,000	21,347,439	18,877,230
Interest	-	-	1,879,499	253,102	2,132,601	2,724,356
Fiscal charges and other	-	-	4,009	43,065	47,074	6,049
Total debt service	-	-	21,939,947	1,587,167	23,527,114	21,607,635
Total expenditures	92,031,755	3,149,115	21,939,947	23,402,875	140,523,692	131,944,769
Excess (Deficiency) of Revenues over Expenditures	3,653,659	9,110,536	(3,439,276)	7,216,463	16,541,382	10,019,339
Other Financing Sources (Uses)						
Sale of assets	536,167	-	-	1,325,901	1,862,068	-
Leases	248,373	-	-	-	248,373	37,341
IT Subscriptions	351,354	925,066	-	-	1,276,420	-
Transfers						
Transfers in	8,541,620	-	2,907,450	12,704,636	24,153,706	15,842,719
Transfers out	(8,823,632)	(9,203,734)	(1,470)	(6,575,970)	(24,604,806)	(16,346,089)
Total other financing sources (uses)	853,882	(8,278,668)	(2,905,980)	7,454,567	2,935,761	(466,029)
Net Change in Fund Balances	4,507,541	831,868	(533,296)	14,671,030	19,477,143	9,553,310
Fund Balances, Beginning of Year	19,047,442	363,245	19,459,736	52,253,518	91,123,941	81,570,631
Fund Balances, End of Year	\$ 23,554,983	\$ 1,195,113	\$ 18,926,440	\$ 66,924,548	\$ 110,601,084	\$ 91,123,941

City of Sparks

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	19,477,143
<p>Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when the assets are sold.</p>		
Expenditures for capital assets		11,693,578
Proceeds from sale of assets		(1,862,068)
Sale/disposition of assets		610,706
Less current year depreciation/ amortization		<u>(10,729,035)</u>
		(286,819)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Change in unavailable revenue-grants		(856,717)
Change in unavailable revenue-property & other taxes		62,255
Change in unavailable revenue-special assessments		(625,265)
Change in unavailable revenue-other		427,819
Change in unavailable revenue-opioid		900,893
Donated capital assets		<u>8,765,854</u>
		8,674,839
<p>Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments		<u>21,347,439</u>
		21,347,439
<p>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.</p>		
Amortization of current year bond discounts		(495)
Amortization of bond refundings		(508,190)
Change in financial incentive/assistance agreements		100,000
Change in accrued interest		36,582
Change in long-term compensated absences payable		(496,768)
Change in OPEB liability related amounts		(1,514,405)
Change in sick leave conversion payable		(99,534)
Lease Proceeds		(248,373)
IT Subscription proceeds		<u>(1,276,420)</u>
		(4,007,603)
<p>Governmental funds report City pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
City pension contributions		7,325,189
City pension expense		<u>(11,367,477)</u>
		(4,042,288)
<p>Internal service funds are used by management to charge the costs of certain activities of individual funds. The change in net position of the internal service funds is reported with governmental activities.</p>		
		<u>162,793</u>
Change in net position of governmental activities	\$	<u><u>41,325,504</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Revenues					
Taxes					
Real property	\$ 27,825,000	\$ 27,825,000	\$ 28,137,424	\$ 312,424	\$ 26,097,345
Personal property	1,855,000	1,855,000	1,973,340	118,340	1,782,794
Total taxes	29,680,000	29,680,000	30,110,764	430,764	27,880,139
Licenses and permits					
Business licenses and permits					
Business licenses	9,103,500	9,103,500	8,455,725	(647,775)	8,226,827
Business license penalties	275,000	275,000	321,832	46,832	296,734
Liquor licenses	350,000	350,000	433,855	83,855	342,074
City gaming licenses	428,000	428,000	547,228	119,228	471,831
Telecommunication licenses	975,000	975,000	1,670,293	695,293	1,026,471
Franchise fees					
Gas	575,000	575,000	1,017,970	442,970	624,569
Electric	1,650,000	1,650,000	2,069,401	419,401	1,680,038
Water	500,000	500,000	507,098	7,098	510,569
Sanitation	2,100,000	2,100,000	2,365,916	265,916	2,043,735
Other	875,000	875,000	690,915	(184,085)	720,831
Other licenses and permits	278,600	278,600	342,239	63,639	270,027
Total licenses and permits	17,110,100	17,110,100	18,422,472	1,312,372	16,213,706
Intergovernmental revenues					
State shared revenue					
Consolidated taxes payment	39,500,000	39,500,000	37,595,351	(1,904,649)	38,026,225
Fair share distribution	2,950,000	2,950,000	2,922,453	(27,547)	2,993,298
Marijuana shared revenue	115,000	115,000	110,716	(4,284)	103,805
Other local government shared revenues					
County gaming licenses (City's share)	325,000	325,000	356,895	31,895	406,058
Other	706,829	706,829	706,829	-	677,995
Total intergovernmental revenues	43,596,829	43,596,829	41,692,244	(1,904,585)	42,207,381
Charges for services					
General government					
Building and zoning fees	-	-	1,465	1,465	1,270
Other	3,439,699	3,680,699	3,665,311	(15,388)	4,414,909
Total charges for services	3,439,699	3,680,699	3,666,776	(13,923)	4,416,179
Fines and forfeits					
Fines - Court	528,000	528,000	536,447	8,447	534,038
Forfeits - Bail	1,000	1,000	500	(500)	2,300
Forfeits - Other	7,000	7,000	23,770	16,770	15,172
Total fines and forfeits	536,000	536,000	560,717	24,717	551,510
Miscellaneous					
Investment income	18,000	18,000	965,455	947,455	(13,916)
Rents and royalties	73,200	73,200	87,131	13,931	75,638
Other	42,600	42,600	179,855	137,255	65,223
Total miscellaneous	133,800	133,800	1,232,441	1,098,641	126,945
Total revenues	\$ 94,496,428	\$ 94,737,428	\$ 95,685,414	\$ 947,986	\$ 91,395,860

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Expenditures					
General government					
Executive (Mayor)					
Salaries and wages	\$ 68,025	\$ 68,025	\$ 66,298	\$ 1,727	\$ 66,298
Employee benefits	41,340	41,340	41,286	54	39,821
Services and supplies	13,941	13,941	1,228	12,713	1,056
Capital outlay	-	-	-	-	37,341
Total executive (mayor)	123,306	123,306	108,812	14,494	144,516
Legislative (City Council)					
Salaries and wages	284,661	284,661	280,688	3,973	274,225
Employee benefits	213,023	213,023	214,645	(1,622)	205,384
Services and supplies	42,485	42,485	24,379	18,106	19,771
Total legislative (city council)	540,169	540,169	519,712	20,457	499,380
Management services					
Salaries and wages	2,522,272	2,522,272	2,446,313	75,959	2,197,617
Employee benefits	2,340,550	2,340,550	1,933,812	406,738	1,942,889
Services and supplies	4,485,340	4,475,194	3,896,302	578,892	8,735,226
Capital outlay	16,717	22,587	-	22,587	-
Total management services	9,364,879	9,360,603	8,276,427	1,084,176	12,875,732
Legal (City Attorney)					
Salaries and wages	1,560,752	1,560,752	1,490,473	70,279	1,475,961
Employee benefits	810,373	810,373	764,187	46,186	708,923
Services and supplies	123,473	123,473	53,351	70,122	61,930
Capital outlay	-	-	122,594	(122,594)	-
Total legal (city attorney)	2,494,598	2,494,598	2,430,605	63,993	2,246,814
Finance					
Salaries and wages	2,643,561	2,643,561	2,604,456	39,105	2,311,764
Employee benefits	1,330,539	1,330,539	1,287,195	43,344	1,180,833
Services and supplies	1,430,861	1,430,861	1,495,274	(64,413)	1,160,574
Capital outlay	246,564	246,564	189,694	56,870	-
Total finance	5,651,525	5,651,525	5,576,619	74,906	4,653,171
Community services					
Salaries and wages	454,201	454,201	474,401	(20,200)	471,395
Employee benefits	315,208	315,208	252,087	63,121	229,709
Services and supplies	964,822	964,822	34,592	930,230	33,830
Capital outlay	33,618	33,618	37,073	(3,455)	-
Total community services	1,767,849	1,767,849	798,153	969,696	734,934
Total general government	19,942,326	19,938,050	17,710,328	2,227,722	21,154,547
Judicial					
Municipal Court					
Salaries and wages	1,537,323	1,537,323	1,567,229	(29,906)	1,454,598
Employee benefits	849,966	849,966	911,979	(62,013)	845,350
Services and supplies	237,955	237,955	247,095	(9,140)	224,428
Total judicial	2,625,244	2,625,244	2,726,303	(101,059)	2,524,376
Public safety					
Police department					
Salaries and wages	22,147,309	22,147,309	21,708,668	438,641	20,028,471
Employee benefits	12,766,467	12,766,467	12,042,456	724,011	11,365,265
Services and supplies	4,823,439	4,823,423	4,802,346	21,077	4,392,226
Capital outlay	293,594	293,594	130,230	163,364	55,167
Total police department	40,030,809	40,030,793	38,683,700	1,347,093	35,841,129

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Fire department					
Salaries and wages	\$ 12,112,497	\$ 12,312,497	\$ 12,574,193	\$ (261,696)	\$ 12,110,176
Employee benefits	7,788,145	7,829,145	7,241,065	588,080	6,845,099
Services and supplies	2,805,781	2,805,512	2,813,100	(7,588)	2,461,823
Capital outlay	190,298	190,298	53,213	137,085	35,360
Total fire department	<u>22,896,721</u>	<u>23,137,452</u>	<u>22,681,571</u>	<u>455,881</u>	<u>21,452,458</u>
Community services					
Salaries and wages	79,432	79,432	83,352	(3,920)	73,348
Employee benefits	54,176	54,176	56,684	(2,508)	53,162
Services and supplies	1,560,239	1,560,239	1,541,821	18,418	1,427,325
Capital outlay	-	-	111,146	(111,146)	-
Total community services	<u>1,693,847</u>	<u>1,693,847</u>	<u>1,793,003</u>	<u>(99,156)</u>	<u>1,553,835</u>
Management services department					
Employee benefits	-	-	-	-	1,325
Services and supplies	-	-	-	-	4,972
Total management services department	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,297</u>
Total public safety	<u>64,621,377</u>	<u>64,862,092</u>	<u>63,158,274</u>	<u>1,703,818</u>	<u>58,853,719</u>
Public works					
Community services					
Salaries and wages	604,462	604,462	694,323	(89,861)	495,490
Employee benefits	329,140	329,140	377,024	(47,884)	286,903
Services and supplies	2,247,212	2,247,212	1,930,829	316,383	1,394,775
Capital outlay	163,550	163,550	111,146	52,404	-
Total public works	<u>3,344,364</u>	<u>3,344,364</u>	<u>3,113,322</u>	<u>231,042</u>	<u>2,177,168</u>
Culture and recreation					
Community services					
Salaries and wages	955,105	955,105	858,052	97,053	654,356
Employee benefits	683,157	683,157	556,743	126,414	446,387
Services and supplies	2,584,094	2,586,081	2,595,371	(9,290)	2,442,743
Capital outlay	120,000	115,000	9,279	105,721	49,610
Total culture and recreation	<u>4,342,356</u>	<u>4,339,343</u>	<u>4,019,445</u>	<u>319,898</u>	<u>3,593,096</u>
Community support					
Management services					
Services and supplies	268,000	1,368,000	1,304,083	63,917	257,581
Debt Service					
Principal	-	-	-	-	73,541
Interest	-	-	-	-	2,372
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,913</u>
Total expenditures	<u>95,143,667</u>	<u>96,477,093</u>	<u>92,031,755</u>	<u>4,445,338</u>	<u>88,636,400</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(647,239)</u>	<u>(1,739,665)</u>	<u>3,653,659</u>	<u>5,393,324</u>	<u>2,759,460</u>
Other Financing Sources (Uses)					
Sale of assets	-	-	536,167	536,167	-
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers					
Transfers in	1,000,000	2,100,000	8,541,620	6,441,620	5,329,986
Transfers out	(8,420,693)	(8,420,693)	(8,823,632)	(402,939)	(9,587,237)
Leases	-	-	248,373	248,373	37,341
IT Subscriptions	-	-	351,354	351,354	-
Total other financing sources (uses)	<u>(8,420,693)</u>	<u>(7,320,693)</u>	<u>853,882</u>	<u>8,174,575</u>	<u>(4,219,910)</u>
Net Change in Fund Balances	<u>(9,067,932)</u>	<u>(9,060,358)</u>	<u>4,507,541</u>	<u>13,631,816</u>	<u>(1,460,450)</u>
Fund Balances, Beginning of Year	<u>18,591,341</u>	<u>18,583,767</u>	<u>19,047,442</u>	<u>463,675</u>	<u>20,507,892</u>
Fund balances, End of Year	<u>\$ 9,523,409</u>	<u>\$ 9,523,409</u>	<u>\$ 23,554,983</u>	<u>\$ 14,095,491</u>	<u>\$ 19,047,442</u>

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Sparks Grants and Donations Fund
Sparks Grants & Donations
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final Budget		Final Budget	2022
Revenues					
Intergovernmental revenues					
Federal awards					
Department of Housing and Urban Development	\$ -	\$ 309,367	\$ 309,367	\$ -	\$ -
Department of the Treasury	-	15,525,864	9,664,981	(5,860,883)	6,538,657
Department of Justice	-	376,574	132,595	(243,979)	197,336
Department of Transportation, Traffic Safety	-	1,463,444	23,350	(1,440,094)	83,129
Department of Homeland Security	-	275,223	23,148	(252,075)	18,494
Department of Health and Human Services	-	432,000	432,000	-	144,000
Executive Office of the President	-	8,803	7,871	(932)	10,367
National Endowment for the Arts	-	-	-	-	58,607
State and County awards					
Washoe County	136,000	1,217,754	620,592	(597,162)	775,299
Other local government shared revenues					
Crime forfeitures	-	699,899	692,917	(6,982)	54,579
Other	-	51,480	51,480	-	81,452
Total intergovernmental revenues	136,000	20,360,408	11,958,301	(8,402,107)	7,961,920
Charges for services					
Recreation	-	3,916	3,916	-	-
Miscellaneous					
Investment income (loss)	70	18,370	18,692	322	262
Other	-	349,807	278,742	(71,065)	36,793
Total miscellaneous	70	368,177	297,434	(70,743)	37,055
Total revenues	136,070	20,732,501	12,259,651	(8,472,850)	7,998,975
Expenditures					
General government					
Services and supplies	-	2,400	-	2,400	-
Judicial					
Services and supplies	-	49,080	65,891	(16,811)	48,669
Public safety					
Salaries and wages	87,000	669,975	264,310	405,665	108,105
Employee benefits	47,813	49,382	149,125	(99,743)	42,942
Services and supplies	319	1,181,958	140,483	1,041,475	626,118
Capital outlay	-	2,390,102	940,344	1,449,758	415,897
Total public safety	135,132	4,291,417	1,494,262	2,797,155	1,193,062
Culture and recreation					
Salaries and wages	-	-	-	-	58,607
Services and supplies	8,165	357,793	75,396	282,397	43,380
Capital outlay	-	513,172	769,593	(256,421)	155,853
Total culture and recreation	8,165	870,965	844,989	25,976	257,840
Community support					
Services and supplies	-	10,855,850	743,973	10,111,877	1,298,058
Total expenditures	143,297	16,069,712	3,149,115	12,920,597	2,797,629
Excess (Deficiency) of Revenues over Expenditures	(7,227)	4,662,789	9,110,536	4,447,747	5,201,346
Other Financing Sources (Uses)					
IT Subscriptions	-	-	925,066	(925,066)	-
Transfers	-	(4,670,014)	(9,203,734)	(4,533,720)	(5,329,986)
Transfers out	-	(4,670,014)	(9,203,734)	(4,533,720)	(5,329,986)
Net Change in Fund Balances	(7,227)	(7,225)	831,868	839,093	(128,640)
Fund Balances, Beginning of Year	198,834	198,834	363,245	164,411	491,885
Fund Balances, End of Year	\$ 191,607	\$ 191,609	\$ 1,195,113	\$ 1,003,504	\$ 363,245

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 93,040,427	\$ 6,969,372	\$ 100,009,799	\$ 21,646,870
Accounts receivable, net	3,185,702	18,759	3,204,461	168,462
Notes receivable	533,769	-	533,769	-
Due from other governments	542,278	-	542,278	147,430
Deposits	-	-	-	19,072
Inventory of supplies	-	-	-	424,428
Total current assets	97,302,176	6,988,131	104,290,307	22,406,262
Noncurrent assets				
Capital assets				
Land	1,873,105	-	1,873,105	-
Construction in progress	5,399,536	27,780	5,427,316	1,560,531
Intangible assets	2,648	-	2,648	-
Buildings	982,424	315,150	1,297,574	475,005
Right-to-use lease building	42,341	-	42,341	-
Site improvements	3,668,042	70,045	3,738,087	245,445
Machinery and equipment	906,956	43,099	950,055	33,355,113
Right-to-use lease office equipment	3,901	-	3,901	-
Water rights	7,026,502	-	7,026,502	-
Roads and streets	13,038,372	-	13,038,372	-
Storm drains	139,617,304	-	139,617,304	-
Sewer lines	158,443,044	-	158,443,044	-
	331,004,175	456,074	331,460,249	35,636,094
Less accumulated depreciation	(147,916,747)	(77,235)	(147,993,982)	(24,194,415)
Less accumulated amortization	(3,013)	-	(3,013)	-
Capital assets, net	183,084,415	378,839	183,463,254	11,441,679
Other noncurrent assets				
Investment - Truckee Meadows Water Reclamation Facility	36,880,431	-	36,880,431	-
Notes receivable	1,438,618	-	1,438,618	-
Total other noncurrent assets	38,319,049	-	38,319,049	-
Total noncurrent assets	221,403,464	378,839	221,782,303	11,441,679
Total assets	318,705,640	7,366,970	326,072,610	33,847,941
Deferred outflows of resources				
Deferred outflows related to pension	3,421,655	1,914,934	5,336,589	625,516
Deferred outflows related to OPEB	443,655	401,584	845,239	52,944
Total deferred outflows of resources	3,865,310	2,316,518	6,181,828	678,460
Total Assets and Deferred Outflows of Resources	322,570,950	9,683,488	332,254,438	34,526,401

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 156,629	\$ 58,870	\$ 215,499	\$ 178,087
Accrued liabilities	154,431	81,913	236,344	29,071
Contracts payable	1,088,435	18,149	1,106,584	192,587
Contract retentions payable	213,316	-	213,316	-
Refundable deposits	-	212,109	212,109	-
Unearned revenues	337,930	-	337,930	-
Due to other governments	517,664	102,196	619,860	34,981
Interest payable	58,339	-	58,339	-
Compensated absences payable (current maturities)	281,794	226,856	508,650	96,235
Sick leave conversion payable (current maturities)	33,971	40,410	74,381	21,978
Claims liabilities (current maturities)	-	-	-	3,459,728
Matured principal payable	3,069,151	-	3,069,151	-
Lease liabilities (current maturities)	8,158	-	8,158	-
Total current liabilities	5,919,818	740,503	6,660,321	4,012,667
Noncurrent liabilities				
Compensated absences payable (net of current maturities)	825,296	750,100	1,575,396	303,505
Total OPEB liability	1,074,140	943,234	2,017,374	165,786
Net pension liability	7,943,969	3,279,704	11,223,673	1,481,125
Sick leave conversion payable (net of current maturities)	76,607	209,524	286,131	105,200
Claims liabilities (net of current maturities)	-	-	-	7,358,448
General obligation bonds & notes (net of current)	5,949,342	-	5,949,342	-
Lease liabilities (net of current maturities)	35,344	-	35,344	-
Total noncurrent liabilities	15,904,698	5,182,562	21,087,260	9,414,064
Total liabilities	21,824,516	5,923,065	27,747,581	13,426,731
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	-	-	63,578
Deferred inflows related to OPEB	428,618	487,926	916,544	53,961
Total deferred inflows of resources	428,618	487,926	916,544	117,539
Total liabilities and deferred inflows of resources	22,253,134	6,410,991	28,664,125	13,544,270
Net Position				
Net investment in capital assets	174,796,316	378,839	175,175,155	11,441,678
Restricted for claims	-	-	-	8,528,461
Unrestricted	125,521,500	2,893,658	128,415,158	1,011,992
Total net position	\$ 300,317,816	\$ 3,272,497	303,590,313	\$ 20,982,131
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,579,052	
Net Position of Business-Type Activities			\$ 305,169,365	

City of Sparks
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Licenses and permits	\$ 142,828	\$ 2,384,983	\$ 2,527,811	\$ -
Charges for services	33,681,173	2,024,049	35,705,222	23,779,448
Miscellaneous	232,107	-	232,107	278,780
Total operating revenues	<u>34,056,108</u>	<u>4,409,032</u>	<u>38,465,140</u>	<u>24,058,228</u>
Operating Expenses				
Salaries and wages	3,955,809	2,496,383	6,452,192	913,594
Employee benefits	2,641,520	1,461,882	4,103,402	455,854
Services and supplies	13,698,445	2,106,395	15,804,840	21,453,051
Depreciation	7,056,457	19,572	7,076,029	1,937,367
Net loss from Truckee Meadows Water Reclamation Facility	2,479,765	-	2,479,765	-
Total operating expenses	<u>29,831,996</u>	<u>6,084,232</u>	<u>35,916,228</u>	<u>24,759,866</u>
Operating Income (Loss)	<u>4,224,112</u>	<u>(1,675,200)</u>	<u>2,548,912</u>	<u>(701,638)</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	1,515,436	65,554	1,580,990	775,165
Interest expense	(128,150)	-	(128,150)	-
Miscellaneous/Other	327	392	719	950
Sale of assets	(947,540)	-	(947,540)	(15,601)
Total nonoperating revenues (expenses)	<u>440,073</u>	<u>65,946</u>	<u>506,019</u>	<u>760,514</u>
Income (Loss) Before Capital Contributions and Transfers	<u>4,664,185</u>	<u>(1,609,254)</u>	<u>3,054,931</u>	<u>58,876</u>
Capital Contributions				
Vehicles	-	-	-	72,536
Sewer connection fees	11,006,597	-	11,006,597	-
Sewer lines and storm drains	1,625,366	-	1,625,366	-
Total capital contributions	<u>12,631,963</u>	<u>-</u>	<u>12,631,963</u>	<u>72,536</u>
Transfers				
Transfers in	241,226	-	241,226	250,000
Transfers out	(4,297)	(23,976)	(28,273)	(11,853)
Total transfers	<u>236,929</u>	<u>(23,976)</u>	<u>212,953</u>	<u>238,147</u>
Change in Net Position	<u>17,533,077</u>	<u>(1,633,230)</u>	<u>15,899,847</u>	<u>369,559</u>
Net Position, Beginning of Year	<u>282,784,739</u>	<u>4,905,727</u>		<u>20,612,572</u>
Net Position, End of Year	<u>\$ 300,317,816</u>	<u>\$ 3,272,497</u>		<u>\$ 20,982,131</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>206,766</u>
			Change in net position of business-type activities	<u>\$ 16,106,613</u>

City of Sparks
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Development Services</u>	<u>Total Enterprise Funds</u>	
Operating activities				
Cash received from customers and users	\$ 34,282,257	\$ 4,489,458	\$ 38,771,715	\$ 4,847,049
Cash received from interfund services provided	-	-	-	18,936,038
Cash received from reimbursements of insurance claims	-	-	-	218,955
Cash paid to employees	(6,316,657)	(3,558,087)	(9,874,744)	(1,093,081)
Cash paid to suppliers	(13,059,848)	(2,209,547)	(15,269,395)	(21,814,526)
Cash paid to Truckee Meadows Water Reclamation Facility	(2,632,944)	-	(2,632,944)	-
Net cash from (used for) operating activities	<u>12,272,808</u>	<u>(1,278,176)</u>	<u>10,994,632</u>	<u>1,094,435</u>
Noncapital financing activities				
Transfers in	241,226	-	241,226	250,000
Transfers out	(4,297)	(23,976)	(28,273)	(11,853)
Net cash from (used for) noncapital financing activities	<u>236,929</u>	<u>(23,976)</u>	<u>212,953</u>	<u>238,147</u>
Capital and related financing activities				
Bond and lease obligation principal payments	(3,255,169)	-	(3,255,169)	-
Bond and lease interest expense paid	(150,168)	-	(150,168)	-
Acquisition of capital assets	(5,144,164)	(42,261)	(5,186,425)	(2,031,236)
Cash contributions - sewer connection fees	11,006,597	-	11,006,597	-
Net cash from capital and related financing activities	<u>2,457,096</u>	<u>(42,261)</u>	<u>2,414,835</u>	<u>(2,031,236)</u>
Investing activities				
Investment income (loss)	1,515,436	65,554	1,580,990	775,165
Principal received on notes receivable	519,350	-	519,350	-
Net cash from investing activities	<u>2,034,786</u>	<u>65,554</u>	<u>2,100,340</u>	<u>775,165</u>
Net change in cash and cash equivalents	17,001,619	(1,278,859)	15,722,760	76,511
Cash and cash equivalents, Beginning of Year	<u>76,038,808</u>	<u>8,248,231</u>	<u>84,287,039</u>	<u>21,570,359</u>
Cash and cash equivalents, End of Year	<u>\$ 93,040,427</u>	<u>\$ 6,969,372</u>	<u>\$ 100,009,799</u>	<u>\$ 21,646,870</u>

City of Sparks
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Development Services</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 4,224,112	\$ (1,675,200)	\$ 2,548,912	\$ (701,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,056,457	19,572	7,076,029	1,937,367
Miscellaneous cash receipts/payments	327	392	719	950
Changes in				
Accounts receivable	463,956	(5,824)	458,132	3,754
Due from other governments	(297,613)	-	(297,613)	(60,890)
Inventory of supplies	-	-	-	(45,837)
Investment in Truckee Meadows Water Reclamation Facility	(153,179)	-	(153,179)	-
Pension related amounts	348,192	185,508	533,700	59,077
OPEB related amounts	39,912	70,213	110,125	4,321
Accounts payable	44,537	(87,811)	(43,274)	(514,738)
Accrued liabilities	21,592	5,915	27,507	7,922
Contracts payable	478,276	(9,958)	468,318	29,626
Unearned revenue	57,113	-	57,113	-
Due to other governments	118,151	(5,384)	112,767	9,776
Refundable deposits	-	85,859	85,859	-
Compensated absences	(87,390)	(76,369)	(163,759)	104,821
Sick leave conversion payable	(41,635)	214,911	173,276	100,228
Claims liabilities	-	-	-	159,696
Total adjustments	<u>8,048,696</u>	<u>397,024</u>	<u>8,445,720</u>	<u>1,796,073</u>
Net cash from (used for) operating activities	<u>\$ 12,272,808</u>	<u>\$ (1,278,176)</u>	<u>\$ 10,994,632</u>	<u>\$ 1,094,435</u>
Noncash investing and capital and related financing activities:				
Contributions of capital assets from (to) other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,536</u>
Contributions of capital assets from developers	<u>\$ 1,625,366</u>	<u>\$ -</u>	<u>\$ 1,625,366</u>	<u>\$ -</u>

City of Sparks
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Funds	
	TMWRF Investment Pool	Other Custodial Funds
Assets		
Cash and investments	\$ 1,741,930	\$ 113,688
Net Position		
Restricted for:		
Individuals, organizations and other governments	1,741,930	113,688
Total liabilities and net position	\$ 1,741,930	\$ 113,688

City of Sparks
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	<u>Custodial Funds</u>	
	<u>TMWRF Investment Pool</u>	<u>Other Custodial Funds</u>
Additions:		
Contributions		
Dependent co-pay contributions	\$ -	\$ 248,026
Joint Venture owner contributions	23,776,431	90
Police Evidence Additions	-	63,475
Total contributions	<u>23,776,431</u>	<u>311,591</u>
Other income		
Interest, dividends, and other	101,753	2,824
Receipts from TMWRF sales and services	973,412	-
Total other income	<u>1,075,165</u>	<u>2,824</u>
Total additions	<u>24,851,596</u>	<u>314,415</u>
Deductions:		
Medical, dental, and life insurance - retirees	-	300,185
Disbursements for operating costs of joint venture	23,929,710	-
Disbursements for capital costs of joint venture	493,884	-
Police Evidence Deductions	-	63,977
Total deductions	<u>24,423,594</u>	<u>364,162</u>
Change in Net Position	428,002	(49,747)
Net position, beginning of year	<u>1,313,838</u>	<u>163,525</u>
Net position, end of year	<u>\$ 1,741,840</u>	<u>\$ 113,778</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Sparks, Nevada (the City) was incorporated March 15, 1905. The City operates under a city council/manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and alleys, sanitary sewer, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Sparks, including the Redevelopment Agency Areas of the City of Sparks, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

The financial statements present the reporting entity, which consists of the City and its blended component units, entities for which the City is considered to be financially accountable. The blended component units are, in substance, part of the City's operations, even though they are legally separate entities. Thus, the following blended component units are appropriately presented as funds of the primary government.

Redevelopment Agency (Areas No. 1 and No. 2) of the City of Sparks

Although legally separate from the City, the Redevelopment Agency Areas are governed by a Board comprised of City Council Members and Mayor, the Areas are dependent upon the City's taxing authority, and the City has operational responsibility for the Areas. Separate financial statements for the Redevelopment Agency Areas are not available. Agency Area No. 1 expired on June 30, 2023 and Area No. 2 is set to expire on June 30, 2029.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. 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 fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes, and other items properly not included among program revenues, are reported as *general revenues*.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented, even though the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which are displayed in a separate column. All remaining governmental, fiduciary, internal service, and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources* measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *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 if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred inflow of resources account is established. Thus in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, postemployment benefits, and claims and judgments are recorded only when payment is due.

Property taxes, consolidated tax revenue [comprised of six tax components: sales taxes (which are comprised of Supplemental City/County Relief Tax - SCCRT and the Basic City/County Relief Tax - BCCRT), cigarette taxes, government services taxes, real property transfer taxes, and liquor taxes], room taxes, gaming taxes, gasoline taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The fiduciary fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting and are custodial in nature. Additions are recorded when earned and deductions are recorded when liabilities are incurred regardless of the timing of related cash flows.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used and other charges between the City's business-type activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The *General Fund* is the City's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.

The *Sparks Grants and Donations Fund* is used to account for all governmental fund grant awards, donations and other designated use awards, except Community Development and Block Grant awards, received by the City of Sparks.

The *General Obligation Debt Service Fund* accumulates monies for the payment of the City's general obligation bonds and notes, revenue bonds and tax allocation bonds and notes, excluding those bonds and notes of the Redevelopment Agencies.

The City reports the following major enterprise funds:

The *Sewer Operations Fund* accounts for the City's sewer services to its residents and some residents of Washoe County.

The *Development Services Fund* accounts for the City's issuance of building permits and other fees designated to finance building and development of the City.

Additionally, the City reports the following fund types:

Special revenue funds account for specific revenue resources which by legislative enactments are not required to be accounted for as general revenue, including federal funds.

Debt service funds account for funds designated in the Bond Ordinance and designed to provide for the payment of the principal of and interest on the respective Series of Bonds issued thereunder, as the same respectively fall due, and as established by the provisions of the Bond Ordinance.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by resources from proprietary type activities which are accounted for in enterprise funds or those financed with funds held by the City in a trustee capacity.

Internal service funds account for motor vehicle maintenance, group insurance, workers' compensation insurance and municipal insurance services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary funds account for cash held by the City of Sparks for others in a custodial capacity prior to allocation to various individuals and governmental agencies. Included are funds to account for assets held for the Truckee Meadows Water Reclamation Facility, funds held from police evidence until the case is settled, and to account for assets held for the dedication or providing retirement health benefits for specified retirees.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City's Chief Financial Officer. Investments consist primarily of money market mutual funds, negotiable certificates of deposits, corporate notes and obligations of agencies of the United States. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*, except for money market mutual funds which are reported at amortized cost. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Investment income earned is distributed to the appropriate funds based on each fund's equity in the investment. Pursuant to Section 1 of NRS 355 and NRS 355.170, the City of Sparks may only invest in the following types of securities:

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States (U.S.) and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "A" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 10 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- U.S. bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds and debentures.
- Bills and notes of the U.S. Treasury maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the U.S., or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.

- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.
- Certain short-term paper issued by a corporation organized and operating in the U.S.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain "AAA" rated mutual funds that invest in; (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as "A-1" or "P-1" issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (with maturities of 3 months or less when purchased) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk in changes of value. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Personal property taxes are billed and collected by the County Treasurer and are considered delinquent 30 days after billing. Amounts allocated to the City of Sparks that have been billed but not remitted to the City are reported as a current receivable. The County performs seizure and sales of property when there is an ongoing delinquency.

Receivables are shown net of an allowance for uncollectible accounts, if applicable.

Inventories and Prepaids

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such are recorded as expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Bond covenants and other third party restrictions require a portion of the debt proceeds, as well as other resources, to be set aside for various purposes in the General Obligation Debt Service Fund and Redevelopment Agency Area No. 2 Debt Service Fund. These amounts are reported as restricted assets.

Capital Assets

Capital assets, which include land, construction in progress, intangible assets, water rights, property, plant, equipment and infrastructure, are capitalized and reported in the applicable governmental activities and business-type activities columns of the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Capital assets are recorded at cost for purchased or constructed assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Donated capital assets are recorded at acquisition value at the date of donation, with the exception of road infrastructure donations constructed by the Regional Transportation Commission which are recorded at the start of the year of notification as either construction in progress for uncompleted projects or in their respective categories for completed projects.

Right-to-use lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Intangible right-to-use subscription assets are recognized at the subscription based information technology arrangements (SBITAs) commencement date and represent the City's right to use another party's (a SBITA vendor's) IT software for a subscription term. Subscription assets are measured as the initial value of the subscription liability plus any payments made to the SBITA vendor before commencement of the lease term plus any initial direct costs necessary to place the subscription asset into service, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying IT asset using the straight-line method.

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

Buildings	10-40 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-20 years
Sewer lines	10-50 years
Storm drains	40-50 years
Infrastructure, including roads and streets	15-40 years
Intangibles	3-10 years
Right-to-use lease assets	3-10 years
IT Subscription assets	3-5 years

Long-Term Liabilities

Government-wide and proprietary fund type financial statements:

Long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. In the government-wide and proprietary fund statements, all vacation and sick pay is accrued as earned by employees to the extent it is likely that those benefits will be paid. Sick leave payment and conversion benefits vary by bargaining unit or resolution and range from ten percent to one hundred percent depending on years of service, which ranges from five to twenty-five years.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period. For current refundings resulting in a defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred outflow or inflow of resources and amortized as a component of interest expense using the straight-line method.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from information technology subscriptions. Subscription liabilities are recognized at the commencement date when the initial implementation stage is completed based on the present value of subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Governmental fund type financial statements:

A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured, as a result of employee resignations, terminations and retirements. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds and net present value of leases and subscriptions are reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reflects deferred outflow of resources in the Statement of Net Position for items related to pensions and other postemployment benefits, and the deferred amount on bond refundings under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue in the governmental funds balance sheet for revenues not received within 60 days of year end, delinquent property and other taxes, grants, and special assessments that arise under the modified accrual basis of accounting. The City recognizes deferred inflows of resources related to pensions and other postemployment benefits in the Statement of Net Position under the accrual basis of accounting.

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of any bonds, notes, leases, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of equity with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other equity that does not meet the definition of "net investment in capital assets" or "restricted."

In the fund financial statements, governmental fund equity is reported as fund balances and is classified into a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in fund financial statements are as follows:

- **Nonspendable Fund Balance** – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, in which either are equally binding) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned Fund Balance** – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Amounts may be assigned by the City Council; or the City Council through resolution, has authorized the Chief Financial Officer to assign fund balance.
- **Unassigned Fund Balance** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, but reserves the right to selectively spend unassigned balances first to defer the use of these other classified funds.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unrestricted fund balance (the sum of the committed, assigned, and unassigned fund balance categories) at fiscal year-end to be at least equal to 8.3 percent of total General Fund expenditures.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2021-2022 financial statements and reclassified where necessary and practical to afford better comparability between the years. It has been provided to add comparability, but is not considered full disclosure of transactions for 2021-2022. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Accounting Standards

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which established subscription accounting based on the foundational principle that SBITAS are financings of the right-to-use an underlying subscription asset. Please see Notes 7, 8, 9, and 19 for more information regarding the impact of implementing GASB Statement No. 96.

Rounding

The preparation of the financial statements represent accurate numerical values by using rounding which may cause differences in the statements due to rounding. Rounding a numerical value means replacing it by another value that is approximately equal but shorter, simpler, or more explicit.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

The City of Sparks adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada, in which annual budgets are legally adopted for all funds except Fiduciary funds. The Act and City policy include the following procedures to establish the budgetary data, which is reflected in these financial statements:

- On or before April 15, the Chief Financial Officer files with the Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
- A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
- Prior to June 1, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Council. The final budget is then submitted to the Nevada Department of Taxation.
- All budget amounts presented in these financial statements and schedules reflect the budget as amended by legally authorized revisions during the year. Original budgets are provided for the General Fund in compliance with reporting requirements. The Chief Financial Officer or designee may approve budget adjustments within a function. Budget adjustments between functions may be approved by the Chief Financial Officer with City Council notification. Adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval.
- Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.

- In accordance with State statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue, and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.
- Budgets are adopted for all governmental fund types and for all proprietary fund types. Additional control over spending activities of these funds is achieved through required approval of all purchases over \$50,000 by the City Council and certain expenditures are restricted by bond indenture provisions.

The budget reflected in the financial statements has been amended from the original budget amounts in accordance with State statute. Such amendments included augmentations for prior obligations, as well as supplemental appropriations needed for grants, contingencies, and other uses.

Compliance with Nevada Revised Statutes and Administrative Code

The City conformed to all significant statutory constraints in its financial administration during the year with the following exceptions for apparent violations of NRS 354.626 and/or NAC 354.410:

- Actual expenditures exceeded those budgeted for the year in the judicial function of the Grants and Donation Fund by \$16,811 and the judicial function of the General Fund by \$101,059.

Deficit Fund Net Position

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$6,752,035 at June 30, 2023.

Note 3 - Cash and Investments

Deposits and Money Market Mutual Funds

At June 30, 2023, the City's carrying amount of deposits was \$5,401,448 and the bank balance was \$6,560,497. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Bank balances were greater than the City's carrying amount by \$1,159,049.

At June 30, 2023, the City had \$175,251,756 in money market mutual funds. These funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

Investments

At June 30, 2023, the City had the following investments and maturities:

	Investment Maturities in Years			
	Fair Value	Less Than 1	1-5	6-10
Investments				
U.S. agencies	\$ 35,161,899	\$ 989,160	\$ 31,524,589	\$ 2,648,150
Negotiable certificates of deposit	12,704,616	2,910,040	9,585,355	209,221
	<u>\$ 47,866,515</u>	<u>\$ 3,899,200</u>	<u>\$ 41,109,944</u>	<u>\$ 2,857,371</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments (see Note 1). The City does not have a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Custodial Credit Risk - Deposits - All deposits are subject to custodial credit risk, which is the risk that the City's deposits may not be returned to it in the event of a bank failure. The City's bank balances were covered by the Federal Depository Insurance Corporation and by collateral held by depositories in the Nevada Collateral Pool, and were not exposed to custodial credit risk.

Interest rate risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. State statute limits investment in bills and notes of the U.S. Treasury, along with obligations of an agency of the U.S. or a corporation sponsored by the U.S. government to those maturing within ten years from the date of purchase. The weighted average maturity of the city's investments is less than three years.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. The City follows State statute for reducing exposure to investment credit risk by investing in U.S. Treasury and U.S. Agency securities, AAA rated money market mutual funds that invest in securities issued by the U.S. Government, agencies of the U.S. Government or agencies of the U.S. Government, and corporate notes if they are A rated notes issued by corporations organized and operating in the United States that mature within five years and do not exceed 20 percent of the total portfolio or exceed any one corporation by 25 percent of such investments. The City's investments in U.S. Agency securities are rated no lower than AA+ by Standard and Poor's and AAa by Moody's Investor Services. The City's certificates of deposits are not rated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the City or by the City's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2023, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security - Federal Home Loan Bank	6.91 %
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Investment Pool – In addition to the cash and investments of the City of Sparks, the City administers the cash deposits and investments of the Redevelopment Agency Areas and the Truckee Meadows Water Reclamation Facility (TMWRF). The deposits and investments of these entities are pooled with those of the City. As the Redevelopment Agency Areas are blended component units, and the investment activity by the City on behalf of TMWRF is de minimus, the cash and investments pooled by the City for these agency areas do not constitute an external investment pool.

Fair Value Measurements – The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2023, the City had the following recurring fair value measurements:

	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Instruments by fair value level				
U.S. agencies	\$ 35,161,899	\$ -	\$ 35,161,899	\$ -
Negotiable certificates of deposit	12,704,616	-	12,704,616	-
Total investment measured at fair value	<u>\$ 47,866,515</u>	<u>\$ -</u>	<u>\$ 47,866,515</u>	<u>\$ -</u>

The following is a description of the valuation methodologies used by the City for its Level 2 assets:

U.S. agencies – Valued using matrix pricing and market corroborated pricing models.

Negotiable certificates of deposit – Valued using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

Summary of Deposit and Investment Balances

A reconciliation of the City’s deposits and investment balances as of June 30, 2023 follows:

Deposits and Money Market Mutual Funds	\$ 180,653,204
Investments	47,866,515
	<u>\$ 228,519,719</u>
Governmental activities	
Cash and investments	\$ 117,448,764
Cash and investments - restricted	9,205,538
Business-type activities	
Cash and investments	100,009,799
Fiduciary Funds	1,855,618
	<u>\$ 228,519,719</u>

Note 4 - Accounts Receivable and Notes Receivable

Governmental Activities

	General Fund	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts receivable, net						
Miscellaneous	\$ 2,520,226	\$ -	\$ 1,545,059	\$ 4,065,285	\$ 168,462	\$ 4,233,747
Special Assessments	-	2,786,608	-	2,786,608	-	2,786,608
Opioid Settlements	900,893	-	-	900,893	-	900,893
Less allowance for uncollectibles	<u>(17,749)</u>	<u>-</u>	<u>-</u>	<u>(17,749)</u>	<u>-</u>	<u>(17,749)</u>
Total accounts receivable	<u>\$ 3,403,370</u>	<u>\$ 2,786,608</u>	<u>\$ 1,545,059</u>	<u>\$ 7,735,037</u>	<u>\$ 168,462</u>	<u>\$ 7,903,499</u>

Accounts receivable not expected to be collected within one year are \$764,713 of Opioid Settlements reported in the General Fund. Accounts receivable not expected to be collected within one year are \$2,012,142 of special assessments reported in the General Obligation Debt Service Fund.

	NonMajor Governmental Funds
Notes receivable, net	
Housing Rehab Notes	\$ 873,912
Housing Rehab Notes - allowance for doubtful	<u>(67,618)</u>
Total notes receivable	<u>\$ 806,294</u>

Notes receivable related to housing rehabilitation loans of \$873,912 less the allowance of \$67,618 are reported in the Community Development Block Grant Special Revenue Fund (Nonmajor Governmental Fund).

Business-type Activities

	Sewer Operations	Development Services	Total Business-Type Activities
Accounts receivable, net			
Sewer services	\$ 3,185,702	\$ -	\$ 3,185,702
Miscellaneous	<u>-</u>	<u>18,759</u>	<u>18,759</u>
Total accounts receivable	<u>\$ 3,185,702</u>	<u>\$ 18,759</u>	<u>\$ 3,204,461</u>
Notes receivable			
Effluent connection fees	\$ 284,389	\$ -	\$ 284,389
Sun Valley GID	<u>1,687,998</u>	<u>-</u>	<u>1,687,998</u>
Total notes receivable	<u>\$ 1,972,387</u>	<u>\$ -</u>	<u>\$ 1,972,387</u>

The current portion of notes receivable was \$533,769 as of June 30, 2023. These notes receivable include Sun Valley GID note with interest rate of 1.25%, principal and interest payable semi-annually through January 2027. Also included are effluent connection fees, which generally include a 4.5% interest rate and various maturity dates depending on the customer.

Note 5 - Interfund Balances and Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2023 is as follows:

Due From	Due To General Fund
Nonmajor Governmental Funds	\$ 20,648

Balance results from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers

Transfers reported on the fund financial statements at June 30, 2023 are as follows:

Transfers Out	Transfers In							Total
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Development Services	Internal Service	
General Fund	\$ -	\$ 952,452	\$ 7,621,180	\$ 8,573,632	\$ -	\$ -	\$ 250,000	\$ 8,823,632
Sparks Grants and Donations	8,541,620	662,114	-	9,203,734	-	-	-	9,203,734
General Obligation Debt Service	-	-	1,470	1,470	-	-	-	1,470
Nonmajor Governmental	-	1,252,758	5,081,986	6,334,744	241,226	-	-	6,575,970
Total governmental	8,541,620	2,867,324	12,704,636	24,113,580	241,226	-	250,000	24,604,806
Sewer	-	4,297	-	4,297	-	-	-	4,297
Development Services	-	23,976	-	23,976	-	-	-	23,976
Total business-type	-	28,273	-	28,273	-	-	-	28,273
Internal Service	-	11,853	-	11,853	-	-	-	11,853
Total	\$ 8,541,620	\$ 2,907,450	\$ 12,704,636	\$ 24,153,706	\$ 241,226	\$ -	\$ 250,000	\$ 24,644,932

Transfers are used to move (1) revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) Transfers Out from the Sparks Grants and Donations Fund were related to the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA) and are restricted to eligible expenditures under ARPA.

Note 6 - Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF).

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2023, the City of Sparks' share of TMWRF's net loss before capital contributions recorded in the Sewer Operations Enterprise Fund, was \$2,479,765.

The City of Sparks uses the equity method to account for its investment in TMWRF in the Sewer Operations Enterprise Fund, which, as of June 30, 2023, is \$36,880,431.

Summary June 30, 2023 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 7,364,830
Capital assets, net of accumulated depreciation	<u>124,133,564</u>
Total assets	<u>131,498,394</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	4,235,968
Deferred outflows related to OPEB	<u>925,764</u>
Total deferred outflows of resources	<u>5,161,732</u>
Total assets and deferred outflows of resources	<u>136,660,126</u>
Liabilities	
Current liabilities	2,678,367
Noncurrent liabilities	<u>12,670,438</u>
Total liabilities	<u>15,348,805</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	199,554
Deferred inflows related to OPEB	<u>890,514</u>
Total liabilities and deferred inflows of resources	<u>16,438,873</u>
Net Position	
Net investment in capital assets	124,133,564
Unrestricted	<u>(3,912,311)</u>
Total net position	<u>\$ 120,221,253</u>
Operating Revenues	
Operating revenues	\$ 24,801,912
Operating expenses before depreciation	(25,228,986)
Depreciation	(7,743,055)
Non-operating revenues (expenses)	101,753
Capital contributions	<u>8,393,191</u>
Change in net position	<u>\$ 324,815</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2023 totaled approximately \$7.17 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.

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, 2023, the City of Sparks has recorded \$1,096,217 as a long-term liability to the City of Reno (see Note 9) 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.

Separate financial statements and information for TMWRF are available by contacting TMWRF or the Chief Financial Officer 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 Agreement)

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2023, all amounts owed by the City of Sparks have been contributed and the cumulative amount of water rights purchased and attributable to the City of Sparks of \$3,951,604 is recorded in the Sewer Operations Enterprise Fund. Separate financial statements and information for this joint venture are available by contacting the Washoe County Department of Water Resources, 4930 Energy Way, Reno, NV 89502.

Truckee Meadows Water Authority

In November 2000, the City of Sparks, in a joint venture with the City of Reno and Washoe County, formed the Truckee Meadows Water Authority (Authority). The Authority was formed to purchase the water assets, to undertake the water utility operations of NV Energy, Inc. (formerly Sierra Pacific Power Company), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority has issued bonds that do not constitute an obligation of the Cities of Sparks, Reno or Washoe County. There is no equity interest recorded on the City of Sparks' balance sheet as of June 30, 2023, because no explicit and measurable equity interest is deemed to exist. Separate financial statements and information for this joint venture are available by contacting the Authority at P.O. Box 30013, Reno, NV 89520-3013.

Truckee River Flood Management Authority

The Truckee River Flood Management Authority (TRFMA) is a joint powers authority formed in March 2011, pursuant to a Cooperative Agreement among the Cities of Reno and Sparks and Washoe County (members). The governing body of each Member appoints two directors who must be elected officials of the Member's governing body. The TRFMA was formed in order to regulate and control waters of the Truckee River that flow through their territories to reduce or mitigate flooding for the ongoing benefit of the Truckee Meadows community and is authorized to issue bonds that do not constitute an obligation of the City of Reno, City of Sparks, Washoe County, or State of Nevada.

Under the terms of the Cooperative Agreement, the TRFMA Board of Directors has the power to periodically impose, assess, levy, collect, and enforce fees, rates, and charges in an amount sufficient for services or facilities, or both services or facilities and also to discharge any debt instruments or financial agreements. No such assessments have been made since the TRFMA's formation. The arrangement is considered a joint venture with no equity interest recorded on the City of Sparks' balance sheet as of June 30, 2023, because no explicit and measurable equity interest is deemed to exist. Separate financial statements and information for this joint venture are available by contacting the Truckee River Flood Management Authority's Finance Department at 9390 Gateway Drive, Suite 230, Reno, NV 89521.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities

	Balance July 1, 2022, as Restated	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2023
Capital assets, not being depreciated					
Land	\$ 55,359,304	\$ 762,119	\$ (786,866)	\$ -	\$ 55,334,557
Construction in progress	20,213,652	17,564,372	-	(13,682,600)	24,095,424
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	<u>78,891,202</u>	<u>18,326,491</u>	<u>(786,866)</u>	<u>(13,682,600)</u>	<u>82,748,227</u>
Capital assets, being depreciated					
Intangible assets	721,364	-	-	-	721,364
Buildings	40,679,934	93,176	(8,000)	873,924	41,639,034
Improvements other than buildings	107,628,614	546,845	(1,695,144)	819,766	107,300,081
Machinery and equipment	40,869,059	1,492,906	(602,627)	424,819	42,184,157
Infrastructure	411,615,314	507,360	(1,332,471)	11,564,091	422,354,294
Total capital assets, being depreciated	<u>601,514,285</u>	<u>2,640,287</u>	<u>(3,638,242)</u>	<u>13,682,600</u>	<u>614,198,930</u>
Less accumulated depreciation for					
Intangible assets	(669,472)	(20,213)	-	-	(689,685)
Buildings	(25,969,783)	(974,906)	8,000	-	(26,936,689)
Improvements other than buildings	(76,687,856)	(4,015,501)	1,695,148	-	(79,008,209)
Machinery and equipment	(27,987,198)	(2,356,782)	585,235	-	(29,758,745)
Infrastructure	(98,131,709)	(4,571,565)	942,452	-	(101,760,822)
Total accumulated depreciation	<u>(229,446,018)</u>	<u>(11,938,967)</u>	<u>3,230,835</u>	<u>-</u>	<u>(238,154,150)</u>
Total capital assets, being depreciated, net	<u>372,068,267</u>	<u>(9,298,680)</u>	<u>(407,407)</u>	<u>13,682,600</u>	<u>376,044,780</u>
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	79,814	222,292	(79,814)	-	222,292
Right-to-use lease equipment	1,469,432	26,081	(8,984)	-	1,486,529
Right-to-use lease vehicles	36,345	-	(2,299)	-	34,046
Total right-to-use lease assets, being amortized	<u>1,585,591</u>	<u>248,373</u>	<u>(91,097)</u>	<u>-</u>	<u>1,742,867</u>
Less accumulated amortization for					
Right-to-use lease buildings	(42,433)	(44,666)	79,689	-	(7,410)
Right-to-use lease equipment	(28,138)	(417,130)	8,832	-	(436,436)
Right-to-use lease vehicles	(12,984)	(12,588)	-	-	(25,572)
Total accumulated amortization for right-to-use lease assets	<u>(83,555)</u>	<u>(474,384)</u>	<u>88,521</u>	<u>-</u>	<u>(469,418)</u>
Total right-to-use lease assets, being amortized, net	<u>1,502,036</u>	<u>(226,011)</u>	<u>(2,576)</u>	<u>-</u>	<u>1,273,449</u>
Right-to-use IT subscription assets, being amortized					
IT Subscription assets	62,273	1,276,420	-	-	1,338,693
Less accumulated amortization for					
IT Subscription assets	-	(253,051)	-	-	(253,051)
Total right-to-use IT subscription assets, being amortized, net	<u>62,273</u>	<u>1,023,369</u>	<u>-</u>	<u>-</u>	<u>1,085,642</u>
Governmental activities capital assets, net	<u>\$ 452,523,778</u>	<u>\$ 9,825,169</u>	<u>\$ (1,196,849)</u>	<u>\$ -</u>	<u>\$ 461,152,098</u>

The above schedule has been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. See Note 19.

Business-type Activities

	Balance June 1, 2022, as Restated	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2023
Capital assets, not being depreciated					
Construction in progress	\$ 4,155,556	\$ 2,117,718	\$ -	\$ (845,958)	\$ 5,427,316
Water rights	7,026,502	-	-	-	7,026,502
Land	1,873,105	-	-	-	1,873,105
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	<u>13,057,811</u>	<u>2,117,718</u>	<u>-</u>	<u>(845,958)</u>	<u>14,329,571</u>
Capital assets, being depreciated					
Buildings	1,274,596	22,978	-	-	1,297,574
Improvements other than buildings	3,727,427	10,660	-	-	3,738,087
Machinery and equipment	887,866	81,961	(19,772)	-	950,055
Roads and streets	12,535,121	317,828	-	185,423	13,038,372
Storm drains	138,292,500	1,962,874	(1,298,605)	660,535	139,617,304
Sewer lines	156,187,613	2,255,431	-	-	158,443,044
Total capital assets, being depreciated	<u>312,905,123</u>	<u>4,651,732</u>	<u>(1,318,377)</u>	<u>845,958</u>	<u>317,084,436</u>
Less accumulated depreciation for					
Buildings	(501,989)	(38,540)	(1)	-	(540,530)
Improvements other than buildings	(3,202,532)	(41,244)	-	-	(3,243,776)
Machinery and equipment	(548,440)	(60,836)	19,771	-	(589,505)
Roads and streets	(3,968,583)	(846,996)	-	-	(4,815,579)
Storm drains	(52,610,479)	(2,935,764)	351,084	-	(55,195,159)
Sewer lines	(80,466,080)	(3,143,361)	8	-	(83,609,433)
Total accumulated depreciation	<u>(141,298,103)</u>	<u>(7,066,741)</u>	<u>370,862</u>	<u>-</u>	<u>(147,993,982)</u>
Total capital assets, being depreciated, net	<u>171,607,020</u>	<u>(2,415,009)</u>	<u>(947,515)</u>	<u>845,958</u>	<u>169,090,454</u>
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	15,203	42,341	(15,203)	-	42,341
Right-to-use lease equipment	3,901	-	-	-	3,901
Total right-to-use lease assets being amortized	<u>19,104</u>	<u>42,341</u>	<u>(15,203)</u>	<u>-</u>	<u>46,242</u>
Less accumulated amortization for					
Right-to-use lease buildings	(8,083)	(8,507)	15,178	-	(1,412)
Right-to-use lease equipment	(820)	(781)	-	-	(1,601)
Total accumulated amortization	<u>(8,903)</u>	<u>(9,288)</u>	<u>15,178</u>	<u>-</u>	<u>(3,013)</u>
Total right-to-use lease assets, being amortized, net	<u>10,201</u>	<u>33,053</u>	<u>(25)</u>	<u>-</u>	<u>43,229</u>
Business-type activities capital assets, net	<u>\$ 184,675,032</u>	<u>\$ (264,238)</u>	<u>\$ (947,540)</u>	<u>\$ -</u>	<u>\$ 183,463,254</u>

Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental Activities	
General Government	\$ 354,294
Judicial	71,199
Public Safety	1,028,828
Public works	5,402,718
Culture and recreation	3,113,148
Community support	758,848
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,937,367</u>
Total depreciation/ amortization expenses - governmental activities	<u><u>\$ 12,666,402</u></u>
Business-type Activities	
Sewer	\$ 7,056,457
Development Services	<u>19,572</u>
Total depreciation/ amortization expenses - business-type activities	<u><u>\$ 7,076,029</u></u>

Note 8 - Leases and Subscription Based IT Arrangements (SBITAs)

Leases

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charge by the lessor is not provided, the City generally uses the US Treasury monthly average rate at the beginning of the fiscal year based on the term length with an adjustment for the risk-free rate. The lease term included the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported as right-to-use along with other capital assets. Lease liabilities are reported with debt on the statement of net position.

The City has entered into various agreements to lease office equipment, vehicles, and a building with initial terms ranging from 36 months to 10 years. The various leases terminate between March 2024 and April 2028. The City also pays additional expenses based on usage for the copiers, which is not included in the measurement of the lease liability as they are variable in nature. During the year, the City recorded \$15,363 in variable expenses based on copier usage. At June 30, 2023, the City recognized right-to-use assets of \$1,789,109 and a lease liability of \$1,246,083 related to those agreements. During the year, the City recorded \$483,672 in amortization expense and \$4,346 in interest expense. The City used discount rates ranging from 0.89% to 4.05% based on the US Treasury monthly average rate based on the term length as described above.

SBITAs

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses US Treasury monthly average rate at the beginning of the year based on the term length with an adjustment for the risk-free rate. The SBITA term includes the noncancellable period the City has the right to use the underlying IT Asset. Periods for which both the City and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term. SBITA payments included in the measurement of the liability are comprised of qualifying implementation costs (typically post-selection expenses excluding training) and post implementation annual subscription costs. The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported as right-to-use along with other capital assets. SBITA liabilities are reported with long-term debt on the statement of net position.

The City has entered into various SBITA agreements with initial terms ranging from 36 months to 5 years. The various SBITAs terminate between October 2024 and January 2026. At June 30, 2023, the City has recognized right-to-use IT subscription assets of \$1,338,693 and an IT Subscription liability of \$867,636 related to these agreements. During the fiscal year, the City recorded \$253,051 in amortization expense and \$337 in interest expense. The City used discount rates ranging from 3.65% to 4.77% based on the US Treasury monthly average rate based on the term length as described above.

Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities as of June 30, 2023, are as follows:

	Issue Date	Interest Rate	Final Maturity Date
Governmental Activities			
Governmental Long-Term Debt			
Revenue Bonds Payable			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A	12/19/2019	2.50-2.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Revenue Refunding Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Direct Placement Tax Allocation Bonds			
Supported by Special Assessments within the LID 3			
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2			
2016 Tax Increment Obligation Refunding Bonds (Redevelopment Agency)	10/1/2016	2.33%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2014 Subordinate Lien Tax Increment Revenue Refunding Bonds	8/14/2014	3.25%	6/1/2029
Less deferred amounts for issuance discounts			
Total governmental long-term debt			
Other Long-Term Liabilities			
Financial Incentive Agreement - Syufy			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Lease Liabilities			
IT Subscription Liabilities			
Claims Liabilities			
Total other governmental long-term liabilities			
Total governmental debt and long-term liabilities			

For governmental activities, compensated absences and sick leave conversion payables are liquidated by those funds with salaries and related benefits; resulting in the majority of these obligations being liquidated by the General Fund. Claims liabilities are liquidated by the respective Internal Service Fund to which the claim relates (see Note 14). The above schedule has been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. See Note 19.

Authorized	Balance July 1, 2022, as Restated	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
\$ 79,905,000	\$ 61,485,000	\$ -	\$ 17,330,000	\$ 44,155,000	\$ 8,360,000
<u>7,330,000</u>	<u>3,838,000</u>	<u>-</u>	<u>918,000</u>	<u>2,920,000</u>	<u>944,000</u>
<u>87,235,000</u>	<u>65,323,000</u>	<u>-</u>	<u>18,248,000</u>	<u>47,075,000</u>	<u>9,304,000</u>
13,498,290	4,878,039	-	781,063	4,096,976	802,961
9,660,000	5,299,000	-	831,000	4,468,000	854,000
<u>7,285,000</u>	<u>3,990,000</u>	<u>-</u>	<u>460,000</u>	<u>3,530,000</u>	<u>470,000</u>
30,443,290	14,167,039	-	2,072,063	12,094,976	2,126,961
<u>-</u>	<u>1,597</u>	<u>-</u>	<u>495</u>	<u>1,102</u>	<u>-</u>
<u>30,443,290</u>	<u>14,165,442</u>	<u>-</u>	<u>2,071,568</u>	<u>12,093,874</u>	<u>2,126,961</u>
<u>117,678,290</u>	<u>79,488,442</u>	<u>-</u>	<u>20,319,568</u>	<u>59,168,874</u>	<u>11,430,961</u>
-	200,000	-	100,000	100,000	100,000
-	15,372,687	4,727,654	4,126,065	15,974,276	3,993,731
-	4,467,253	1,146,160	946,398	4,667,015	733,528
-	1,512,050	248,373	557,842	1,202,581	532,448
-	62,273	1,276,420	471,057	867,636	442,425
-	10,658,480	16,122,266	15,962,570	10,818,176	3,459,728
<u>-</u>	<u>32,272,743</u>	<u>23,520,873</u>	<u>22,163,932</u>	<u>33,629,684</u>	<u>9,261,860</u>
<u>\$ 117,678,290</u>	<u>\$ 111,761,185</u>	<u>\$ 23,520,873</u>	<u>\$ 42,483,500</u>	<u>\$ 92,798,558</u>	<u>\$ 20,692,821</u>

	Issue Date	Interest Rate	Final Maturity Date
Business-type Activities			
Business-type Long-Term Debt			
Private Placement Bond and Note from Direct Borrowing 2016 Sewer Refunding Bond	9/1/2016	1.25%	7/1/2029
Note Payable to City of Reno - TMWRF Expansion Refunding	12/1/2016	1.61%	7/1/2025
Total business-type long-term debt			
Other Long-Term Liabilities			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Lease Liabilities			
Total business-type other long-term liabilities			
Total business-type long-term liabilities			
Total long-term liabilities			

City of Sparks
Notes to the Financial Statements
June 30, 2023

Authorized	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
\$ 27,099,691	\$ 10,396,880	\$ -	\$ 2,474,604	\$ 7,922,276	\$ 2,232,040
<u>5,998,790</u>	<u>1,910,080</u>	<u>-</u>	<u>813,863</u>	<u>1,096,217</u>	<u>837,111</u>
<u>33,098,481</u>	<u>12,306,960</u>	<u>-</u>	<u>3,288,467</u>	<u>9,018,493</u>	<u>3,069,151</u>
	-	2,247,805	575,272	739,031	2,084,046
	-	187,236	247,086	73,810	360,512
	-	10,204	42,341	9,043	43,502
	<u>-</u>	<u>2,445,245</u>	<u>864,699</u>	<u>821,884</u>	<u>2,488,060</u>
<u>33,098,481</u>	<u>14,752,205</u>	<u>864,699</u>	<u>4,110,351</u>	<u>11,506,553</u>	<u>3,660,340</u>
<u>\$ 150,776,771</u>	<u>\$ 126,513,390</u>	<u>\$ 24,385,572</u>	<u>\$ 46,593,851</u>	<u>\$ 104,305,111</u>	<u>\$ 24,353,161</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds, notes, financial incentive agreements, leases, and subscriptions outstanding at June 30, 2023 are as follows:

Year Ending June 30	Governmental Activities									
	IT Subscriptions		Leases		Revenue Bonds		Direct Placement Tax Allocation Bonds		Financial Incentive and Interlocal Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 442,425	\$ 15,990	\$ 532,448	\$ 25,401	\$ 9,304,000	\$ 1,283,591	\$ 2,126,961	\$ 360,332	\$ 100,000	\$ -
2025	404,943	28,824	507,318	38,552	9,703,000	1,045,421	2,196,302	293,867	-	-
2026	20,268	-	62,147	5,229	10,138,000	775,280	2,251,241	225,262	-	-
2027	-	-	57,797	2,939	9,555,000	493,075	2,320,004	154,864	-	-
2028	-	-	42,871	804	8,375,000	230,313	2,200,468	85,705	-	-
2029-2033	-	-	-	-	-	-	1,000,000	32,490	-	-
Total	\$ 867,636	\$ 44,814	\$ 1,202,581	\$ 72,925	\$ 47,075,000	\$ 3,827,680	\$ 12,094,976	\$ 1,152,520	\$ 100,000	\$ -

Year Ending June 30	Business-Type Activities*			
	Leases		Private Placement Bond and Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2024	\$ 8,158	\$ 1,561	\$ 3,069,151	\$ 84,747
2025	8,744	1,241	2,194,809	53,630
2026	9,294	897	1,602,575	31,248
2027	9,157	534	938,126	16,628
2028	8,149	153	475,521	10,725
2029-2032	-	-	738,311	4,657
Total	\$ 43,502	\$ 4,386	\$ 9,018,493	\$ 201,635

*Full accrual basis of accounting.

Compliance

For the fiscal year ending June 30, 2023, the City's outstanding debt obligations were within the limitations established by the Nevada Revised Statutes, and the City was in compliance with all covenants, limitations and restrictions as outlined within existing bond indentures and agreements. The statutory debt limit is 20% of assessed value of all taxable property in the City of Sparks, as set forth in City Charter Article VII, Section 7.010. For the fiscal year ended June 30, 2023, the legal debt margin is \$711,275,141.

Financial Agreements

In February 2017, the City of Sparks entered into a Financial Incentive Agreement with Syufy Enterprise to provide \$1,500,000 of room tax revenues held in the Victorian Square Room Tax Capital Projects Fund for the renovation and re-opening of the Victorian Square cinema property. The agreement was extended in October 2017 to provide for performance by September 2018. Per the agreement, the City of Sparks provided \$1,000,000 upon opening the cinema to the public and \$100,000 per year for five years. During fiscal year 2023, a payment of \$100,000 was made and \$100,000 of the \$1,500,000 commitment remains outstanding.

Redemption Options, Default Impacts, and Pledged Revenues

There may be a financial impact if the City redeems debt early or fails to perform agreed upon obligations. Information regarding these financial impacts and the availability of pledged revenues to repay bonds in governmental and business-type activities is as follows:

Governmental activities

The City issued the *Consolidated Tax Revenue Refunding Bonds, Series 2014* during fiscal year 2013-2014. Proceeds from the bonds were used to extinguish the principal owed on the *Consolidated Tax Revenue Bonds, Series 2007*. On or after May 21, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the bonds. The total principal and interest remaining to be paid on the bonds is \$3,102,279 payable through fiscal year 2026. During fiscal year 2023 principal and interest paid for the bonds totaled \$1,036,594 and pledged revenues totaled \$5,639,303.

In fiscal year 2020, the City issued Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A, Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series B (Tax-Exempt), and Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series C (Taxable), (2019 AB&C Bonds) to refund the existing Senior Sales Tax Anticipation Revenue Bonds, Series A, and Subordinate Sales Tax Anticipation Revenue Bonds, Series A that were issued in 2008 (2008 Bonds). The proceeds of the 2008 Bonds were used to acquire, improve, and equip certain real and personal properties at the Legends at Sparks Marina. The City may prepay the bonds prior to their maturity date at a redemption price equal to the principal and accrued interest without paying a premium. The City has pledged 75% of the State Sales & Use Taxes (less a State collection fee), the Local School Support Sales & Use Taxes, and the City-County Relief Taxes, that are collected in the Tourism Improvement District, for the repayment of the bonds. In fiscal year 2021, the Subordinate Sales Tax Anticipation Revenue Bonds, Series C (Taxable) were repaid. In fiscal year 2022, the Subordinate Sales Tax Anticipation Revenue Bonds, Series B (Taxable) were repaid. Sales tax revenues collected after the Sales Tax Pledge Termination Date of June 30, 2028 will not be available to pay debt service on the 2019 A&B Bonds, even if debt service on the 2019 A&B Bonds are delinquent at that time. The bonds are secured and payable solely from pledged revenues and the City has no obligation to pay the debt from any other source. Nonpayment of principal and interest due to insufficient pledged Net Sales Tax Revenues is not considered a default under the indenture. There are no acceleration clauses upon default, however, the Trustee may pursue legal remedies to enforce payment from pledged revenues. The total principal and interest remaining to be paid on the bonds is \$47,800,400 payable through fiscal year 2028. During fiscal year 2023, principal and interest due on the bonds totaled \$18,914,738, which included a \$9,330,000 turbo payment to pay off the 2019 Series B bonds. Pledged revenues totaled \$17,132,626 at June 30, 2023.

The Redevelopment Agency of the City of Sparks issued the *Tax Increment Revenue Refunding Bonds, Series 2016* (2016 Bonds) during fiscal year 2016-2017, and the *Subordinate Lien Tax Increment Refunding Bonds, Series 2014* (2014 Bonds) during fiscal year 2014-2015. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The City may prepay the 2016 Bonds prior to their maturity by paying a redemption price equal to the principal and accrued interest plus the following premiums: 3% through May 31, 2020, 2% through May 31, 2022, and 1% through May 31, 2023, with no premium after May 31, 2023. After June 1, 2024, the City may prepay the 2014 Bonds by paying the redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the 2016 Bonds interest will accrue at the default rate of 5.33% and the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. If the City defaults on the 2014 Bonds, interest will accrue at the default rate of 6.249%. There are no payment acceleration clauses should the City default on either of the bond agreements. The bonds are a special, limited obligation of the Redevelopment Agency and are payable solely from incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. The total principal and interest remaining to be paid on the bonds is \$8,762,151, payable through fiscal year 2029. During fiscal year 2023, principal and interest paid for the two bonds totaled \$1,544,102 and pledged revenues totaled \$5,646,804.

Special Assessment Debt

Special assessment bonds are issued to finance improvements that benefit property owners in the defined area. Bonds are repaid from assessments levied against these property owners, and are secured by their real property and are also secured by moneys and securities from time to time held in certain funds and accounts by the trustee. The bonds constitute limited obligations of the City and the City will not be liable thereon except from the trust estate which includes (a) the proceeds of the special assessments, prepayments thereof, interest and penalties therefore, and proceeds of the sale of property sold, (b) all moneys held by the trustee for the bond reserves and assessments, and (c) any pledged real or personal property or security. In case of deficiencies, the City may use the reserve moneys held by the trustee (to the extent funds are available therein) to make payments.

During fiscal year 2016-2017, the City issued *Local Improvement District No. 3 Limited Obligation, Series 2016* bonds (2016 LID Bonds). Proceeds from the 2016 LID Bonds were used to extinguish the principal owed on the *Local Improvement District No. 3, Series 2008* (2008 Bonds) in an amount of \$13,440,000. Proceeds from the 2008 Bonds were used to provide financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. On or after September 1, 2026, at the option of the City, the bonds may be prepaid at a redemption price equal to the principal and accrued interest without paying a premium. If property owners prepay their assessment at least 61 days prior to payment due date, the City is mandated to redeem bonds of equal value on the upcoming payment date. If the City defaults on the bond agreement the Trustee may start a foreclosure action, begin litigation, and appoint receivers to represent the best interest of the bond holders. There are no payment acceleration clauses should the City default on the bonds. The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay the bonds. The bonds are intended to be paid solely from assessment revenues and are payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$4,485,344. During fiscal year 2023, principal and interest paid for the bonds totaled \$952,935 and pledged revenues totaled \$774,467.

Business-type activities

Through the Nevada State Revolving Fund, the City issued the *General Obligation Sewer Refunding Bonds, Series 2016* during fiscal year 2016-2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The City may prepay the bonds prior to their maturity date with the approval of the Nevada State Treasurer at a redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the bonds a penalty of one-tenth of one percent of the defaulted payment will be due for each day of nonpayment beyond the 10-day grace period. There are no payment acceleration clauses should the City default on the bond agreement. The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay the sewer utility general obligation bonds through fiscal year 2030. The total principal and interest remaining to be paid on the bonds is \$8,164,866. During fiscal year 2023, principal and interest paid for the bonds totaled \$2,596,885. Net pledged revenues totaled \$24,534,386.

Note 10 - Stabilization Arrangements

In June 2011, the City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund. Each year during the budget process Council reaffirms this policy. At June 30, 2023, the Stabilization Special Revenue Fund has a committed fund balance of \$1,569,391.

The Stabilization Special Revenue Fund balance may only be used if the following conditions exist:

- Expenditures incurred from a natural disaster upon formal declaration by the City Council; or
- If the total actual General Fund revenues decrease by 4 percent or more from the previous year.

Note 11 - Defined Benefit Pension Plan

Plan Description - The City contributes to the Public Employees' Retirement System of the State of Nevada (PERS) for pension coverage of its employees. PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided - Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier for all years of service. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting - Regular members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

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

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

Contributions - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The City contributes under the employer-pay contribution (EPC) option.

Under the Employer-Pay provisions, the contributions made by employers on behalf of employees are not credited to the member's PERS account and are not refunded upon termination; however, they are reported as plan member contributions. For employees covered by the Employer-Pay provisions, average compensation is increased by an employer pay factor to assure contributions are not less than they would have been if the contributions had been made by the member and the employer separately.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

For the fiscal years ended June 30, 2023, the statutory employer-pay contribution (EPC) rate was 29.75% for Regular members and 44.00% for Police/Fire. For the fiscal year ended June 30, 2022, the statutory EPC rate was 29.75% for Regular members and 44.00% for Police/Fire.

The City's contributions were \$16,624,326 for the year ended June 30, 2023. Of this amount, \$8,312,163 was classified as Employer contributions and \$8,312,163 was classified as Member contributions.

PERS Investment Policy - PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Real Estate	6%	6.65%
Private Equity	6%	6.65%

As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability - At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability of \$127,345,514. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2022, the City's proportion was 0.70532 percent, which was a decrease of 0.01340 percent from its proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity - The following presents the net pension liability of the City as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 195,517,022	\$ 127,345,514	\$ 71,093,791

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report (ACFR), available on the PERS website www.nvpers.org.

Actuarial Assumptions - The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.5%
Investment Rate of Return/ Discount Rate	7.25%, including inflation
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10% depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for healthy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30%

for males and 5% for females. For ages before age 35 through 45, the rates were smoothed between the above tables.

Mortality rates for disabled regular members based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females. Mortality rates for disabled police/fire members were based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 30% for males and 10% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Mortality rates for pre-retirement police/fire members were based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2022, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City’s proportionate share of PERS net pension liability, for the year ended June 30, 2023, the City recognized pension expense of \$12,946,282. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,275,546	\$ 82,829
Changes of assumptions or other inputs	16,146,517	-
Net difference between projected and actual earnings on pension plan investments	1,533,568	-
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	5,925,076	1,019,570
City contributions subsequent to the measurement date	8,312,163	-
	\$ 48,192,870	\$ 1,102,399

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$8,312,163 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other estimated amounts reported collectively as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30, 2023</u>	
2024	\$ 6,451,146
2025	6,195,900
2026	5,571,283
2027	18,184,746
2028	2,375,233

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at June 30, 2022 is 5.70 years.

Additional Information – The PERS Annual Comprehensive Financial Report (ACFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 12 - Contingent Liabilities

There are lawsuits pending against the City of Sparks. The financial impact of remaining actions is not determinable at June 30, 2023, but in the opinion of management and legal counsel, any resulting liability will not materially affect the financial position or results of operations of the City.

The City of Sparks also has contingent liabilities due to developers. Infrastructure development in the Spanish Springs Sphere of Influence is being accomplished through development agreements. The purpose of the agreements is to establish a system of regulation for the allocation and payment of costs to assure that new development contributes its proportionate share to the cost of the required infrastructure. The agreements stipulate that should a developer provide land and/or capital improvements for dedication to the City, the costs incurred through dedication and/or construction of capital improvements by the owner will be credited against fees due. Such provisions in the agreements result in a liability of the City in the amount of the dedicated capital assets in excess of the fees due from the developers for future development. The liability is contingent on the pending receipt of infrastructure and future development permits issued. The contingent liability estimate of these credits due to developers at June 30, 2023 is \$4,322,397.

Note 13 - Commitments

As of June 30, 2023, the City entered into an interlocal agreement with Washoe County to help fund the construction and infrastructure of the Washoe County P25 Radio System, a regional emergency response system. On September 16, 2020 Washoe County issued debt in the amount of \$9,135,000 related to the project. The amount allocated to Sparks was estimated to be \$1,382,780 payable over fifteen years and is subject to change annually based on the participation and usage levels of other regional partners. As of June 30, 2023 the City has a remaining estimated amount of \$1,082,758

Significant commitments include the encumbrances outstanding in the Street Cut, Parks and Recreation Project Fund, Road Fund and Redevelopment Agency Area No. 2 Revolving Fund, which have been included in the appropriate classifications, are shown below.

	Encumbrances
Street Cut	\$ 543,007
Parks and Recreation Project Fund	780,000
Road Fund	2,324,954
Redevelopment Agency No. 2 Revolving Fund	1,840,762
	\$ 5,488,723

See Note 6 for further information on the City’s commitments related to the Truckee Meadows Water Reclamation Facility.

Note 14 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports its material risk management activities in the Internal Service Funds in accordance with GASB Statements No. 10 and No. 30. The Group Insurance Self-Insurance Fund accounts for life, medical, prescription, dental and vision insurance programs. The Worker’s Compensation Insurance Fund accounts for worker’s compensation claims, including long-term benefits such as wage replacement. The Municipal Self-Insurance Fund accounts for the costs related to general, auto and property liabilities.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year Ended June 30, 2023			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,286,337	\$ 13,344,294	\$ (13,071,228)	\$ 1,559,403
Municipal Self-Insurance Fund	15,096	895,820	(910,916)	-
Workers' Compensation Fund	9,357,047	1,882,152	(1,980,426)	9,258,773
	<u>\$ 10,658,480</u>	<u>\$ 16,122,266</u>	<u>\$ (15,962,570)</u>	<u>\$ 10,818,176</u>
	Fiscal Year Ended June 30, 2022			
Group Insurance Self-Insurance Fund	\$ 1,070,921	\$ 11,435,175	\$ (11,219,759)	\$ 1,286,337
Municipal Self-Insurance Fund	6,000	525,630	(516,534)	15,096
Workers' Compensation Fund	10,775,088	595,737	(2,013,778)	9,357,047
	<u>\$ 11,852,009</u>	<u>\$ 12,556,542</u>	<u>\$ (13,750,071)</u>	<u>\$ 10,658,480</u>

The City combines both self-insurance and commercial insurance to protect against loss. Settled claims resulting from these risks did not exceed commercial coverage over the past three fiscal years. The following is a detail of the coverage's for the City's self-insured funds:

Group Insurance Self-Insurance – This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of \$325,000 per occurrence are covered by excess insurance.

Workers' Compensation Insurance – The City is self-insured for individual worker's compensation claims up to \$3,000,000 for City police and firefighters and \$1,500,000 for all other City employees, per occurrence. Claims in excess of this limit are covered by excess insurance up to State statutory limits. This fund charges the City's insured funds an annual premium per employee, which may vary by employee type.

Municipal Self-Insurance – The City is self-insured for property and liability claims in amounts from \$10,000 to \$500,000 for each occurrence (depending on the type of claim or damage), after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

Note 15 - Post-Employment Benefits

Accumulated Sick Leave

Upon retirement, qualified employees have the option of foregoing cash payment of their accumulated sick leave balances, by opting for conversion of the balance to fund their post-employment group health insurance premiums. The converted balances are reported as liabilities on the City's government-wide financial statements. The City pays the retirees' group health insurance premiums until exhaustion of the respective retirees' balances. Increases in premiums are to be passed along to retirees participating in the aforementioned program. However, those qualified employees who retired prior to or on December 10, 2001, will receive "premium credits" to partially offset their portion of the cost of the insurance premiums. The premium credits are calculated and awarded based upon length of service.

For the year ended June 30, 2023, the City paid \$1,020,208 in health insurance premiums on behalf of 135 retirees who opted for the conversion of their accumulated sick leave.

Post-employment Benefits Other than Pensions (OPEB)

Plan Descriptions - The City of Sparks contributes to the Sparks Medical and Dental Benefit Plan (Sparks Plan), a single-employer defined benefit healthcare plan administered by Hometown Health, and to a plan administered by the Nevada Public

Employees' Benefits Program (NPEBP) which is treated as a single-employer defined benefit plan for financial reporting purposes.

Benefit provisions for the Sparks Plan are established pursuant to NRS 287.023 and amended through negotiations between the City and the Group Health Plan Benefits Committee whose voting membership consists of representatives of employee bargaining groups. Benefit provisions for NPEBP are established pursuant to NRS 287.023 and subject to amendment through legislation by the State of Nevada each biennium and are administered by a ten member governing board appointed by the governor.

Pursuant to NRS 287.023 (as amended during the 2007 session of the Nevada Legislature), through November 29, 2008, retirees had the option to participate in the Sparks Plan for postemployment health care benefits or to join the NPEBP offered by the State of Nevada. However, subsequent to November 29, 2008, new retirees no longer have the option of joining the NPEBP, yet still retain the option to participate in the Sparks Plan.

Neither plan has assets accumulated in a qualifying trust and therefore report an unreduced OPEB liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Each plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired City employees and beneficiaries.

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2023 by the City to NPEBP range from \$4.16 to \$1,150.15. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters and fire chief officers who retired after July 1, 2005 receive a subsidy equal to 60% of retiree and dependent health insurance premiums up to age 65, and 50% of retiree premiums after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 credit towards health insurance premiums for each year of service. These subsidies range from \$30.00 to \$1,441.62 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare.

A summary of the premium rates for the Sparks plan, as of June 30, 2023, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 896.24	\$ 1,652.66	\$ 1,574.08	\$ 2,353.39
Retiree, No Medicare	896.24	1,652.66	1,574.08	2,353.39
Spouse, with Medicare	726.14	1,482.56	-	2,183.29
Retiree, Medicare	726.14	1,312.46	1,403.98	2,013.19
Spouse, No Medicare	896.24	1,482.56	-	2,183.29

At June 30, 2023, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	150	83	233
Active employees	451	-	451
	<u>601</u>	<u>83</u>	<u>684</u>

Total OPEB Liability - The City's total OPEB liability of \$38,567,308, of which \$34,007,588 is related to the Sparks Plan and \$4,559,720 is related to NPEBP, was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2022 for both plans was based on the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.70%	2.70%
Salary increases, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service
Discount rate	4.13%	4.13%
Healthcare cost trend rate	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076
Retiree share of benefit costs	Range from \$170.11 to \$2,357.29	Range from \$0.00 to \$1,332.65

The discount rate was based on the S&P Municipal Bond 20-year High Grade Index.

Mortality rates for employees were based on the Pub-2010 Headcount-Weighted employee (Public Safety for police and fire and General for all others) projected fully-generationally using MP-2021, and for retirees were based on the Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021.

The demographic and payroll growth actuarial assumptions used in the July 1, 2022 valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2022, which was first adopted in the June 30, 2021 valuation.

Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2022	\$ 35,196,694	\$ 5,975,693	\$ 41,172,387
Changes for the year:			
Service Costs	1,473,338	-	1,473,338
Interest	1,278,977	207,556	1,486,533
Differences between expected and actual experience	(385,808)	(1,299,324)	(1,685,132)
Changes in assumptions or other inputs	(2,464,631)	(97,201)	(2,561,832)
Benefit payments	(1,090,982)	(227,004)	(1,317,986)
Net changes	(1,189,106)	(1,415,973)	(2,605,079)
Balance at June 30, 2023	\$ 34,007,588	\$ 4,559,720	\$ 38,567,308

Significant changes of assumptions and other inputs since the measurement date of June 30, 2023 are noted below:

- Mortality improvement scale has been updated from MP-2020 to using MP-2021. This change caused an increase in liability.
- Health care trend rates which are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model have been updated from the 2020 to 2022 version, with an initial rate of 6.75% for 2022 decreasing gradually to an ultimate rate of 4.14% in 2076. This change caused an increase in liability.
- The salary scale, withdrawals, and retirements assumptions have been updated to reflect the updated assumptions used by the Public Employees' Retirement System of Nevada actuarial valuation as of June 30, 2022. Those changes caused a increase in liability.
- The discount rate changed from 3.54% to 4.13%

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, calculated using a discount rate of 4.13%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Sparks Plan	\$ 39,403,077	\$ 34,007,588	\$ 29,668,815
NPEBP	5,283,144	4,559,720	3,977,980
Total OPEB Liability	\$ 44,686,221	\$ 38,567,308	\$ 33,646,795

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates of 6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 3.14% by 2076)	Healthcare Cost Trend Rates (6.75% decreasing to 4.14% by 2076)	1% Increase (7.75% decreasing to 5.14% by 2076)
Sparks Plan	\$ 28,892,463	\$ 34,007,588	\$ 40,537,591
NPEBP	3,873,887	4,559,720	5,435,259
Total OPEB Liability	<u>\$ 32,766,350</u>	<u>\$ 38,567,308</u>	<u>\$ 45,972,850</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2023 the City recognized an OPEB expense (income) of \$2,946,837, of which \$2,976,253 is related to the Sparks Plan and (\$29,416) is related to NPEBP. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ 180,956	\$ 4,688,249
Differences between changes of economic and demographic assumptions or of other inputs	9,186,524	8,886,407
NPEBP		
Differences between expected and actual experience	35,637	2,097,636
Differences between changes of economic and demographic assumptions or of other inputs	999,458	908,021
Total	<u>\$ 10,402,575</u>	<u>\$ 16,580,313</u>

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

<u>Year ended June 30</u>	<u>Sparks Plan</u>	<u>NPEBP</u>
2024	\$ 223,938	\$ (236,972)
2025	167,208	(249,017)
2026	54,738	(203,256)
2027	(709,734)	(373,533)
2028	(1,793,513)	(366,613)
Thereafter	(2,149,813)	(541,171)

Note 16 - Tax Abatements

Consolidated sales taxes collected in Nevada are partially allocated to local governments in accordance with the distribution formulas established by Nevada Revised Statutes (NRS). The State of Nevada has entered into various tax abatement agreements which have reduced fiscal year 2023 intergovernmental revenues of the City by \$3,125,212.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 7,422
Data Centers Abatement (NRS 360.754)	2,853,356
Local Sales and Use Tax Abatement*	224,522
Renewable Energy Abatement (NRS 701A.370)	39,912
	<u>3,125,212</u>

*Local Sales and Use Tax is a component of the State's Standard Tax Abatement (NRS 360.750)

Note 17 - Capital Facilities Fund

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$263,524 on the following:

Maint. Admin Restroom Remodel	\$ 3,800
Maint. Garage Lean-to Building	19,134
Citywide Re-Keying/Security Infrastructure	11,937
Police Dept. Records Remodel	50,822
Maint. Admin Restroom Remodel	112,516
Fire Station 1 - Heat Pump & Future HVAC System	6,720
Police Dept. Carpet Replacement at 1st Floor	55,963
Police Dept. Gate Security System	800
Deer Pool Boiler & Water Heater Replacement	1,510
Fire Station 4 - Front Garage Door Replacement	322
	<u>\$ 263,524</u>

Note 18 - Subsequent Events

On October 4, 2023, the City issued \$15,000,000 of General Obligation (Limited Tax) Fire Station Bonds (Additionally Secured by Pledged Revenue), Series 2023 for the purpose of financing fire protection and/or building projects for the City. The coupon rate ranges between 4.5% and 5.0% and the true interest rate on the bonds is 4.086% and the maturity date is May 1, 2043.

Note 19 - GASB Statement No. 96 Implementation

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This Statement increases the usefulness of governments financial statements by defining SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. It established a model for subscription accounting based on the foundational principle that SBITAs are financing the right-to-use an underlying IT subscription asset. Under this Statement, a government generally should recognize a right-to-use IT subscription asset—an intangible asset—and a corresponding subscription liability, thereby enhancing the relevance and consistency of information about governments' subscription activities.

Comparative totals have not been updated for the implementation due to the immaterial impact. The impact for the adoption of GASB Statement No. 96 is as follows:

	Governmental Activities	Business-Type Activities	Total
Recognition of right-to-use lease equipment	\$ 1,373,170	\$ -	\$ 1,373,170
Recognition of lease liability	(1,373,170)	-	(1,373,170)
Recognition of right-to-use IT subscription asset	62,273	-	62,273
Recognition of IT subscription liability	(62,273)	-	(62,273)
Effect on Net Position at July 1, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Required Supplementary Information

	2023		2022		2021	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability						
Service Cost	\$ 1,473,338	\$ -	\$ 2,196,932	\$ -	\$ 1,605,582	\$ -
Interest	1,278,977	207,556	998,650	161,690	811,824	169,161
Differences between expected and actual experience	(385,808)	(1,299,324)	(2,524,520)	(440,066)	(1,288,824)	(565,766)
Changes of assumptions or other inputs	(2,464,631)	(97,201)	(8,973,141)	(1,096,304)	8,875,217	517,350
Benefit payments	(1,090,982)	(227,004)	(1,070,496)	(269,068)	(1,120,103)	(309,525)
Net change in total OPEB liability	(1,189,106)	(1,415,973)	(9,372,575)	(1,643,748)	8,883,696	(188,780)
Total OPEB liability-beginning	35,196,694	5,975,693	44,569,269	7,619,441	35,685,573	7,808,221
Total OPEB liability-ending	\$ 34,007,588	\$ 4,559,720	\$ 35,196,694	\$ 5,975,693	\$ 44,569,269	\$ 7,619,441
Covered-employee payroll	55,644,073	-	51,297,619	-	46,353,419	-
Total OPEB liability as a percentage of covered-employee payroll	61.12 %	-	68.61 %	-	96.15 %	-

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of benefit terms: There were no changes to benefits terms.

Changes of assumptions: The Sparks Plan and the NPEBP changes in actuarial assumptions are noted in italics:

	2023	2022	2021
Discount rate	4.13%	3.54%	2.16%
Payroll growth	<i>Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service</i>	Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service	Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service
Healthcare cost trend rate	<i>6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076</i>	<i>0.00% for 2021 followed by 5.40% decreasing to an ultimate rate of 4.04% by 2075</i>	<i>5.7% for 2020 to 2021, decreasing to an ultimate rate of 4.04% by 2075</i>
Mortality Table - Employee's	<i>Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020	<i>Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020</i>
Mortality Table - Retiree's	<i>Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020	<i>Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020</i>

City of Sparks
Required Supplementary Information
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Other Related Ratios
Last Ten Fiscal Years*

2020		2019		2018	
Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
\$ 1,134,315	\$ -	\$ 784,223	\$ -	\$ 785,174	\$ -
1,045,020	230,094	1,077,848	269,030	1,019,654	274,311
(1,091,105)	28,399	(3,752,815)	(993,729)	-	-
6,442,521	1,163,476	4,415,457	646,898	539,508	114,654
(958,760)	(335,380)	(947,571)	(301,682)	(598,390)	(291,307)
6,571,991	1,086,589	1,577,142	(379,483)	1,745,946	97,658
29,113,582	6,721,632	27,536,440	7,101,115	25,790,494	7,003,457
<u>\$ 35,685,573</u>	<u>\$ 7,808,221</u>	<u>\$ 29,113,582</u>	<u>\$ 6,721,632</u>	<u>\$ 27,536,440</u>	<u>\$ 7,101,115</u>
44,517,475	-	42,302,486	-	40,116,014	-
80.16 %	-	68.82 %	-	68.64 %	-

2020	2019	2018
2.21%	3.51%	3.87%
Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service	<i>Ranges from 4.25% to 9.15% for regular employees & from 4.55% to 13.9% for Police and Fire, based on years of service</i>	4.5%
<i>Initial rate of 1.5% followed by 5.4% declining gradually to an ultimate rate of 3.94% by 2075</i>	<i>5.4% declining gradually to an ultimate rate of 3.94% by 2075</i>	5.9% declining gradually over 60 years to an ultimate rate of 3.94%
RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016	<i>RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016</i>	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females , and set forward 1 year for all Police
RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries	<i>RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries</i>	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females , and set forward 1 year for all Police

	2022	2021	2020
City's portion of the net pension liability	0.70532 %	0.71872 %	0.65699 %
City's proportionate share of the net pension liability	\$ 127,345,514	\$ 65,542,565	\$ 91,507,090
City's covered payroll	\$ 41,921,546	\$ 41,214,127	\$ 37,976,678
City's proportional share of the net pension liability as a percentage of its covered payroll	303.77 %	159.03 %	240.96 %
Plan fiduciary net position as a percentage of the total pension liability	75.12 %	86.50 %	77.00 %

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available

Notes to Schedule:

	2022	2021	2020
Inflation rate	2.50 %	2.50 %	2.75 %
Payroll growth	3.50 %	3.50 %	5.00 %
Investment rate of return	7.25 %	7.25 %	7.50 %
Productivity pay increases	0.50 %	0.50 %	0.50 %
Projected salary increases			
Regular**	4.20% to 9.10%	4.20% to 9.10%	4.25% to 9.15%
Police/Fire**	4.60% to 14.50%	4.60% to 14.50%	4.55% to 13.90%
Consumer price index	2.50 %	2.50 %	2.75 %
Mortality rate			
Healthy***	Pub-2010 General and Safety Retiree and Employee	Pub-2010 General and Safety Retiree and Employee	Headcount-Weighted RP-2014 Healthy
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee
Future mortality improvement	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	6 years

** Depending on service. Rates include inflation and productivity increases.

*** Amount-Weighted Above-Median

City of Sparks
Schedule of City's Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

2019	2018	2017	2016	2015	2014
0.65591 %	0.65035 %	0.65133 %	0.63750 %	0.66963 %	0.68240 %
\$ 89,439,220	\$ 88,692,434	\$ 86,625,696	\$ 87,624,211	\$ 77,407,621	\$ 71,650,806
\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326	\$ 31,931,910
247.06 %	257.21 %	248.77 %	266.84 %	244.40 %	224.39 %
76.50 %	75.20 %	74.40 %	72.20 %	75.10 %	76.30 %

2019	2018	2017	2016	2015	2014
2.75 %	2.75 %	2.75 %	3.50 %	3.50 %	3.50 %
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
7.50 %	7.50 %	7.50 %	8.00 %	8.00 %	8.00 %
0.50 %	0.50 %	0.50 %	0.75 %	0.75 %	0.75 %
4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%
4.55% to 13.90%	4.55% to 13.90%	4.55% to 13.90%	5.25% to 14.50%	5.25% to 14.50%	5.25% to 14.50%
2.75 %	2.75 %	2.75 %	3.50 %	3.50 %	3.50 %

Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	N/A	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table
Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	N/A	N/A	N/A
Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	N/A	N/A	N/A
6 years	6 years	6 years	N/A	N/A	N/A

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 8,312,163	\$ 7,692,091	\$ 7,359,447
Contributions in relation to the statutorily required contribution	8,312,163	7,692,091	7,359,447
Contribution deficiency (excess)	-	-	-
City's covered payroll	\$ 45,318,948	\$ 41,921,546	\$ 41,214,127
Contributions as a percentage of covered payroll	18.34 %	18.35 %	17.86 %

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

City of Sparks
Schedule of City's Contributions
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 6,729,996	\$ 6,194,100	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048	\$ 5,168,048
6,729,996	6,194,100	5,901,799	5,718,019	5,405,048	5,168,048
-	-	-	-	-	-
\$ 37,976,678	\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
17.72 %	17.11 %	17.12 %	16.42 %	16.46 %	16.32 %

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Supplementary Information

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City of Sparks
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Assets				
Cash and investments	\$ 10,185,175	\$ 1,648,982	\$ 55,502,184	\$ 67,336,341
Accounts receivable, net	184,653	-	1,360,406	1,545,059
Due from other governments	561,965	-	942,119	1,504,084
Notes receivable, net	806,294	-	-	806,294
Restricted cash and investments	-	728,500	-	728,500
Total assets	<u>\$ 11,738,087</u>	<u>\$ 2,377,482</u>	<u>\$ 57,804,709</u>	<u>\$ 71,920,278</u>
Liabilities				
Accounts payable	\$ 424,280	\$ 4,138	\$ 475,222	\$ 903,640
Accrued liabilities	139,974	-	53,875	193,849
Contracts payable	237,945	-	1,750,723	1,988,668
Contract retentions payable	92,260	-	270,921	363,181
Refundable deposits	450	-	1,000	1,450
Unearned revenues	471,364	-	-	471,364
Due to other funds	20,648	-	-	20,648
Due to other governments	48,449	-	44,142	92,591
Total liabilities	<u>1,435,370</u>	<u>4,138</u>	<u>2,595,883</u>	<u>4,035,391</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	806,294	-	-	806,294
Unavailable revenue - property taxes and other	-	-	95,488	95,488
Unavailable revenue - other	58,557	-	-	58,557
Total deferred inflows of resources	<u>864,851</u>	<u>-</u>	<u>95,488</u>	<u>960,339</u>
Fund Balances				
Restricted for				
Grants and donations	145,747	-	-	145,747
Promotion of special events	147,502	-	-	147,502
Various judicial uses	317,492	-	-	317,492
Municipal facilities construction	218,332	-	-	218,332
Court fee collection programs	373,897	-	-	373,897
Developer agreements	4,888,781	-	499,291	5,388,072
Debt service reserve	-	2,262,999	-	2,262,999
Parks and recreation	249,049	-	7,792,360	8,041,409
Street improvements & rehabilitation	-	-	5,795,229	5,795,229
Capital projects	-	-	747,484	747,484
Improvements to Victorian Square	-	-	6,817,585	6,817,585
Committed for				
Economic development	49,203	-	-	49,203
Parks and recreation	482,875	-	-	482,875
Road surface repairs	995,597	-	-	995,597
Economic Stabilization	1,569,391	-	-	1,569,391
Improvements to 5 Ridges development	-	110,345	-	110,345
Assigned for				
Specific capital projects	-	-	5,499,582	5,499,582
Next year's budget deficit	-	-	38,303	38,303
Other capital projects	-	-	27,923,504	27,923,504
Total fund balances	<u>9,437,866</u>	<u>2,373,344</u>	<u>55,113,338</u>	<u>66,924,548</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 11,738,087</u>	<u>\$ 2,377,482</u>	<u>\$ 57,804,709</u>	<u>\$ 71,920,278</u>

City of Sparks
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
NonMajor Governmental Funds
Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 1,544,101	\$ 10,560,198	\$ 12,300,299
Licenses and permits	1,824,700	-	5,483,367	7,308,067
Intergovernmental revenues	2,340,823	-	4,310,347	6,651,170
Charges for services	2,075,923	-	156,945	2,232,868
Fines and forfeits	-	-	3,000	3,000
Miscellaneous	275,564	60,539	1,787,831	2,123,934
Total revenues	<u>6,713,010</u>	<u>1,604,640</u>	<u>22,301,688</u>	<u>30,619,338</u>
Expenditures				
Current				
General government	-	-	731,206	731,206
Judicial	157,889	-	-	157,889
Public safety	-	-	375,452	375,452
Public works	484,681	-	3,724,963	4,209,644
Culture and recreation	4,921,067	-	1,009,587	5,930,654
Community support	717,948	-	473,649	1,191,597
Total current expenditures	<u>6,281,585</u>	<u>-</u>	<u>6,314,857</u>	<u>12,596,442</u>
Capital outlay				
General government	-	-	366,106	366,106
Public safety	53,000	-	753,564	806,564
Public works	-	-	802,006	802,006
Culture and recreation	178,525	-	1,725,814	1,904,339
Community support	1,724,212	-	3,616,039	5,340,251
Total capital outlay	<u>1,955,737</u>	<u>-</u>	<u>7,263,529</u>	<u>9,219,266</u>
Debt service				
Principal	-	1,291,000	-	1,291,000
Interest	-	253,102	-	253,102
Fiscal charges and other	-	43,065	-	43,065
Total debt service	<u>-</u>	<u>1,587,167</u>	<u>-</u>	<u>1,587,167</u>
Total expenditures	<u>8,237,322</u>	<u>1,587,167</u>	<u>13,578,386</u>	<u>23,402,875</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,524,312)</u>	<u>17,473</u>	<u>8,723,302</u>	<u>7,216,463</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	1,325,901	1,325,901
Transfers				
Transfers in	2,700,000	-	10,004,636	12,704,636
Transfers out	(245,127)	-	(6,330,843)	(6,575,970)
Total other financing sources (uses)	<u>2,454,873</u>	<u>-</u>	<u>4,999,694</u>	<u>7,454,567</u>
Net Change in Fund Balances	930,561	17,473	13,722,996	14,671,030
Fund Balances, Beginning of Year	<u>8,507,305</u>	<u>2,355,871</u>	<u>41,390,342</u>	<u>52,253,518</u>
Fund Balances, End of Year	<u>\$ 9,437,866</u>	<u>\$ 2,373,344</u>	<u>\$ 55,113,338</u>	<u>\$ 66,924,548</u>

Nonmajor Special Revenue Funds

Community Development Block Grant Fund

To account for monies received by the City as a grantee in the Federal Community Development Small Cities Discretionary Grant Program, which must be used for qualifying projects.

Community Development Entitlement Grant Fund

To account for monies received by the City as a grantee in the Federal Community Development Entitlement Grant Program, which must be used for qualifying programs.

Tourism and Marketing Fund

To account for resources received pursuant to the Washoe County Taxes on Transient Lodging Act of 1999.

Parks and Recreation Program Fund

To account for monies received from recreation program registration fees to finance those recreation programs administered by the Recreation Department.

Court Administrative Assessment Fund

To account for monies received from the Municipal Court administrative fees to finance Municipal Court related improvements.

Street Cut Fund

To account for resources received principally from private utility companies to repair City streets after they have been cut to perform underground utility work.

Impact Fee Service Area No. 1 Fund

To account for impact fees collected in the Impact Fee Service Area No. 1.

Stabilization Fund

To account for resources committed by the City Council for fiscal emergencies.

Landscape Maintenance Fund

To account for resources restricted for landscape maintenance fees for Promontory, Mesa Meadows, and Triple Crown subdivisions.

	Community Development Block Grant	Community Development Entitlement Grant	Tourism and Marketing
Assets			
Cash and investments	\$ 145,747	\$ -	\$ 343,502
Accounts receivable, net	-	-	-
Due from other governments	-	561,965	-
Notes receivable, net	806,294	-	-
Total assets	<u>\$ 952,041</u>	<u>\$ 561,965</u>	<u>\$ 343,502</u>
Liabilities			
Accounts payable	\$ -	\$ 240,717	\$ -
Accrued liabilities	-	-	-
Contracts payable	-	216,930	-
Contract retentions payable	-	83,334	-
Refundable deposits	-	-	-
Unearned revenues	-	-	196,000
Due to other funds	-	20,648	-
Due to other governments	-	336	-
Total liabilities	<u>-</u>	<u>561,965</u>	<u>196,000</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	806,294	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	<u>806,294</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Grants and donations	145,747	-	-
Promotion of special events	-	-	147,502
Various judicial uses	-	-	-
Municipal facilities construction	-	-	-
Court fee collection programs	-	-	-
Developer agreements	-	-	-
Parks and recreation	-	-	-
Committed for			
Economic development	-	-	-
Parks and recreation	-	-	-
Road surface repairs	-	-	-
Economic Stabilization	-	-	-
Total fund balances	<u>145,747</u>	<u>-</u>	<u>147,502</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 952,041</u>	<u>\$ 561,965</u>	<u>\$ 343,502</u>

City of Sparks
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2023

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ 1,127,884	\$ 909,721	\$ 912,405	\$ 4,909,496	\$ 1,569,391	\$ 267,029	\$ 10,185,175
28,577	-	153,595	-	-	2,481	184,653
-	-	-	-	-	-	561,965
-	-	-	-	-	-	806,294
<u>\$ 1,156,461</u>	<u>\$ 909,721</u>	<u>\$ 1,066,000</u>	<u>\$ 4,909,496</u>	<u>\$ 1,569,391</u>	<u>\$ 269,510</u>	<u>\$ 11,738,087</u>
\$ 163,058	\$ -	\$ -	\$ 44	\$ -	\$ 20,461	\$ 424,280
138,487	-	1,487	-	-	-	139,974
-	-	9,270	11,745	-	-	237,945
-	-	-	8,926	-	-	92,260
450	-	-	-	-	-	450
275,364	-	-	-	-	-	471,364
-	-	-	-	-	-	20,648
47,024	-	1,089	-	-	-	48,449
<u>624,383</u>	<u>-</u>	<u>11,846</u>	<u>20,715</u>	<u>-</u>	<u>20,461</u>	<u>1,435,370</u>
-	-	-	-	-	-	806,294
-	-	58,557	-	-	-	58,557
-	-	58,557	-	-	-	864,851
-	-	-	-	-	-	145,747
-	-	-	-	-	-	147,502
-	317,492	-	-	-	-	317,492
-	218,332	-	-	-	-	218,332
-	373,897	-	-	-	-	373,897
-	-	-	4,888,781	-	-	4,888,781
-	-	-	-	-	249,049	249,049
49,203	-	-	-	-	-	49,203
482,875	-	-	-	-	-	482,875
-	-	995,597	-	-	-	995,597
-	-	-	-	1,569,391	-	1,569,391
<u>532,078</u>	<u>909,721</u>	<u>995,597</u>	<u>4,888,781</u>	<u>1,569,391</u>	<u>249,049</u>	<u>9,437,866</u>
<u>\$ 1,156,461</u>	<u>\$ 909,721</u>	<u>\$ 1,066,000</u>	<u>\$ 4,909,496</u>	<u>\$ 1,569,391</u>	<u>\$ 269,510</u>	<u>\$ 11,738,087</u>

	Community Development Block Grant	Community Development Entitlement Grant	Tourism and Marketing
Revenues			
Taxes	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-
Intergovernmental revenues	-	2,203,985	-
Charges for services	20,000	-	-
Miscellaneous	-	-	8,599
Total revenues	<u>20,000</u>	<u>2,203,985</u>	<u>204,599</u>
Expenditures			
Current			
Judicial	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	479,773	238,175
Total current	<u>-</u>	<u>479,773</u>	<u>238,175</u>
Capital outlay			
Public safety	-	-	-
Culture and recreation	-	-	-
Community support	-	1,724,212	-
Total expenditures	<u>-</u>	<u>2,203,985</u>	<u>238,175</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20,000</u>	<u>-</u>	<u>(33,576)</u>
Other Financing Sources (Uses)			
Transfers			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	20,000	-	(33,576)
Fund Balances, Beginning of Year	<u>125,747</u>	<u>-</u>	<u>181,078</u>
Fund Balances, End of Year	<u>\$ 145,747</u>	<u>\$ -</u>	<u>\$ 147,502</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
26,427	-	399,095	1,149,178	250,000	-	1,824,700
-	136,838	-	-	-	-	2,340,823
1,975,330	-	-	-	-	80,593	2,075,923
-	-	34,751	168,696	55,505	8,013	275,564
<u>2,001,757</u>	<u>136,838</u>	<u>433,846</u>	<u>1,317,874</u>	<u>305,505</u>	<u>88,606</u>	<u>6,713,010</u>
-	157,889	-	-	-	-	157,889
-	-	484,681	-	-	-	484,681
4,741,542	-	-	6,764	-	172,761	4,921,067
-	-	-	-	-	-	717,948
<u>4,741,542</u>	<u>157,889</u>	<u>484,681</u>	<u>6,764</u>	<u>-</u>	<u>172,761</u>	<u>6,281,585</u>
-	-	-	53,000	-	-	53,000
-	-	-	178,525	-	-	178,525
-	-	-	-	-	-	1,724,212
<u>4,741,542</u>	<u>157,889</u>	<u>484,681</u>	<u>238,289</u>	<u>-</u>	<u>172,761</u>	<u>8,237,322</u>
<u>(2,739,785)</u>	<u>(21,051)</u>	<u>(50,835)</u>	<u>1,079,585</u>	<u>305,505</u>	<u>(84,155)</u>	<u>(1,524,312)</u>
2,550,000	-	-	-	-	150,000	2,700,000
(3,901)	-	-	(241,226)	-	-	(245,127)
<u>2,546,099</u>	<u>-</u>	<u>-</u>	<u>(241,226)</u>	<u>-</u>	<u>150,000</u>	<u>2,454,873</u>
(193,686)	(21,051)	(50,835)	838,359	305,505	65,845	930,561
725,764	930,772	1,046,432	4,050,422	1,263,886	183,204	8,507,305
<u>\$ 532,078</u>	<u>\$ 909,721</u>	<u>\$ 995,597</u>	<u>\$ 4,888,781</u>	<u>\$ 1,569,391</u>	<u>\$ 249,049</u>	<u>\$ 9,437,866</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-Housing Rehab loan reimbursements	\$ 145,748	\$ 20,000	\$ (125,748)	\$ 84,253
Expenditures				
Community support				
Services and supplies	145,748	-	145,748	-
Net Change in Fund Balances	-	20,000	20,000	84,253
Fund Balances, Beginning of Year	53,485	125,747	72,262	41,494
Fund Balances, End of Year	\$ 53,485	\$ 145,747	\$ 92,262	\$ 125,747

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Entitlement Grant
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Department of Housing and Urban Development	\$ 3,234,909	\$ 2,203,984	\$ (1,030,925)	\$ 63,948
Expenditures				
Community support				
Salaries and wages	116,525	107,862	8,663	35,785
Employee benefits	25,228	51,059	(25,831)	16,469
Services and supplies	1,263,403	320,851	942,552	11,694
Capital outlay	1,829,753	1,724,212	105,541	-
Total expenditures	3,234,909	2,203,984	1,030,925	63,948
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	146,181	-	(146,181)	-
Fund Balances, End of Year	\$ 146,181	\$ -	\$ (146,181)	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tourism and Marketing
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income	87	8,599	8,512	554
Total revenues	<u>196,087</u>	<u>204,599</u>	<u>8,512</u>	<u>196,554</u>
Expenditures				
Community support				
Services and supplies	<u>260,000</u>	<u>238,175</u>	<u>21,825</u>	<u>206,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(63,913)</u>	<u>(33,576)</u>	<u>(13,313)</u>	<u>(9,646)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,250)</u>
Net Change in Fund Balances	(63,913)	(33,576)	43,650	(126,896)
Fund Balances, Beginning of Year	<u>178,661</u>	<u>181,078</u>	<u>2,417</u>	<u>307,974</u>
Fund Balances, End of Year	<u>\$ 114,748</u>	<u>\$ 147,502</u>	<u>\$ 46,067</u>	<u>\$ 181,078</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks & Recreation Program
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 21,000	\$ 26,427	\$ 5,427	\$ 30,685
Charges for services				
Recreation program fees	1,766,100	1,561,165	(204,935)	1,622,374
Other	336,400	414,165	77,765	305,081
Miscellaneous				
Other	-	-	-	2,265
Total revenues	<u>2,123,500</u>	<u>2,001,757</u>	<u>(121,743)</u>	<u>1,960,405</u>
Expenditures				
Culture and recreation				
Salaries and wages	3,162,312	2,931,200	231,112	2,256,500
Employee benefits	672,086	757,555	(85,469)	623,527
Services and supplies	1,112,629	1,052,787	59,842	818,844
Total expenditures	<u>4,947,027</u>	<u>4,741,542</u>	<u>205,485</u>	<u>3,698,871</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,823,527)</u>	<u>(2,739,785)</u>	<u>83,742</u>	<u>(1,738,466)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,350,000	2,550,000	200,000	1,917,250
Transfers out	-	(3,901)	(3,901)	-
Total other financing sources (uses)	<u>2,350,000</u>	<u>2,546,099</u>	<u>196,099</u>	<u>1,917,250</u>
Net Change in Fund Balances	(473,527)	(193,686)	279,841	178,784
Fund Balances, Beginning of Year	<u>662,256</u>	<u>725,764</u>	<u>63,508</u>	<u>546,980</u>
Fund Balances, End of Year	<u>\$ 188,729</u>	<u>\$ 532,078</u>	<u>\$ 343,349</u>	<u>\$ 725,764</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Court Administrative Assessment
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 24,500	\$ 30,853	\$ 6,353	\$ 29,039
Court collection fees	100,000	63,825	(36,175)	76,957
Court facility administrative assessments	35,000	42,160	7,160	39,344
Total revenues	<u>159,500</u>	<u>136,838</u>	<u>(22,662)</u>	<u>145,340</u>
Expenditures				
Judicial				
Salaries and wages	10,000	19,299	(9,299)	-
Services and supplies	774,638	138,590	636,048	262,533
Total expenditures	<u>784,638</u>	<u>157,889</u>	<u>626,749</u>	<u>262,533</u>
Net Change in Fund Balances	(625,138)	(21,051)	604,087	(117,193)
Fund Balances, Beginning of Year	<u>800,128</u>	<u>930,772</u>	<u>130,644</u>	<u>1,047,965</u>
Fund Balances, End of Year	<u>\$ 174,990</u>	<u>\$ 909,721</u>	<u>\$ 734,731</u>	<u>\$ 930,772</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Cut
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cuts	\$ 300,000	\$ 399,095	\$ 99,095	\$ 224,929
Miscellaneous				
Investment income (loss)	234	34,751	34,517	1,847
Total revenues	<u>300,234</u>	<u>433,846</u>	<u>133,612</u>	<u>226,776</u>
Expenditures				
Public works				
Salaries and wages	39,500	41,205	(1,705)	39,629
Employee benefits	21,800	21,704	96	20,638
Services and supplies	1,072,373	421,772	650,601	91,656
Total expenditures	<u>1,133,673</u>	<u>484,681</u>	<u>648,992</u>	<u>151,923</u>
Net Change in Fund Balances	(833,439)	(50,835)	782,604	74,853
Fund Balances, Beginning of Year	<u>879,938</u>	<u>1,046,432</u>	<u>166,494</u>	<u>971,579</u>
Fund Balances, End of Year	<u>\$ 46,499</u>	<u>\$ 995,597</u>	<u>\$ 949,098</u>	<u>\$ 1,046,432</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Impact Fee Service Area No. 1
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 165,000	\$ 115,470	\$ (49,530)	\$ 244,421
Public facility fees	170,000	355,881	185,881	300,933
Park fees	225,000	442,138	217,138	495,576
Sanitary sewer fees	125,000	235,689	110,689	218,725
Miscellaneous				
Investment income (loss)	-	168,696	168,696	(33,884)
Total revenues	<u>685,000</u>	<u>1,317,874</u>	<u>632,874</u>	<u>1,225,771</u>
Expenditures				
Public safety				
Services and supplies	-	-	-	4,331
Capital outlay	750,000	53,000	697,000	-
Total public safety	<u>750,000</u>	<u>53,000</u>	<u>697,000</u>	<u>4,331</u>
Culture and recreation				
Services and supplies	14,306	6,764	7,542	14,511
Capital outlay	437,940	178,525	259,415	182,284
Total culture and recreation	<u>452,246</u>	<u>185,289</u>	<u>266,957</u>	<u>196,795</u>
Total expenditures	<u>1,202,246</u>	<u>238,289</u>	<u>963,957</u>	<u>201,126</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(517,246)</u>	<u>1,079,585</u>	<u>1,596,831</u>	<u>1,024,645</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>(125,000)</u>	<u>(241,226)</u>	<u>(116,226)</u>	<u>(217,312)</u>
Net Change in Fund Balances	(642,246)	838,359	1,480,605	807,333
Fund Balances, Beginning of Year	<u>3,094,791</u>	<u>4,050,422</u>	<u>955,631</u>	<u>3,243,089</u>
Fund Balances, End of Year	<u>\$ 2,452,545</u>	<u>\$ 4,888,781</u>	<u>\$ 2,436,236</u>	<u>\$ 4,050,422</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Stabilization
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Business licenses and permits	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Miscellaneous				
Investment income	306	55,505	55,199	1,683
Total revenues	250,306	305,505	55,199	251,683
Fund Balances, Beginning of Year	1,262,509	1,263,886	1,377	1,012,203
Fund Balances, End of Year	\$ 1,512,815	\$ 1,569,391	\$ 56,576	\$ 1,263,886

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Landscape Maintenance Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Recreation program fees	\$ 80,621	\$ 80,593	\$ (28)	\$ 80,620
Miscellaneous				
Investment income (loss)	40	8,013	7,973	237
Total revenues	<u>80,661</u>	<u>88,606</u>	<u>7,945</u>	<u>80,857</u>
Expenditures				
Culture and recreation				
Services and supplies	<u>325,190</u>	<u>172,761</u>	<u>152,429</u>	<u>179,170</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(244,529)</u>	<u>(84,155)</u>	<u>160,374</u>	<u>(98,313)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>107,800</u>
Net Change in Fund Balances	(94,529)	65,845	160,374	9,487
Fund Balances, Beginning of Year	<u>231,796</u>	<u>183,204</u>	<u>(48,592)</u>	<u>173,717</u>
Fund Balances, End of Year	<u>\$ 137,267</u>	<u>\$ 249,049</u>	<u>\$ 111,782</u>	<u>\$ 183,204</u>

Major Debt Service Fund

General Obligation Debt Service Fund

To accumulate monies for the payment of the following general obligation bonds and revenue bonds:

- Consolidated Tax Refunding Revenue Bonds, Series 2014

Consolidated taxes are used to service the debt.

- Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A

Sales taxes are used to service the debt.

- 2016 Limited Obligation Improvement Refunding Bond

Special assessments are used to service the debt.

Nonmajor Debt Service Funds

Redevelopment Agency Area No. 1 Tax Revenue Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency Area No. 1:

- 2010 Tax Increment Refunding Revenue Bonds

Ad valorem taxes and governmental services taxes are used to service the debt. Agency Area No.1 expired on June 30, 2023.

Redevelopment Agency Area No. 2 Debt Service Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency Area No. 2:

- 2016 Tax Increment Obligation Refunding Bonds
- 2014 Subordinate Lien Tax Increment Revenue Refunding Bonds

Ad valorem taxes are used to service the debt.

SID No. 1 Debt Service Fund

To accumulate monies to account for issuing special assessment bonds to finance onsite and offsite infrastructure improvements required to develop the 5 Ridges project.

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Obligation Debt Service
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 959,581	\$ 774,467	\$ (185,114)	\$ 878,508
Intergovernmental revenues				
Dedicated sales tax - improvement districts	15,600,000	17,132,626	1,532,626	16,727,219
Miscellaneous				
Investment income (loss)	1,315	593,578	592,263	4,369
Total revenues	<u>16,560,896</u>	<u>18,500,671</u>	<u>1,939,775</u>	<u>17,610,096</u>
Expenditures				
Debt service				
Principal	9,699,063	20,056,439	(10,357,376)	15,469,689
Interest	1,947,829	1,879,499	68,330	2,331,708
Fiscal charges and other	2,850	4,009	(1,159)	2,849
Total expenditures	<u>11,649,742</u>	<u>21,939,947</u>	<u>10,290,205</u>	<u>17,804,246</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,911,154</u>	<u>(3,439,276)</u>	<u>(8,350,430)</u>	<u>(194,150)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,875,779	2,907,450	1,031,671	1,038,157
Transfers out	(2,000)	(1,470)	530	(1,534)
Total other financing sources (uses)	<u>1,873,779</u>	<u>2,905,980</u>	<u>1,032,201</u>	<u>1,036,623</u>
Net Change in Fund Balances	6,784,933	(533,296)	(7,318,229)	842,473
Fund Balances, Beginning of Year	<u>18,487,052</u>	<u>19,459,736</u>	<u>972,684</u>	<u>18,617,263</u>
Fund Balances, End of Year	<u>\$ 25,271,985</u>	<u>\$ 18,926,440</u>	<u>\$ (6,345,545)</u>	<u>\$ 19,459,736</u>

City of Sparks
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2023

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Assets				
Cash and investments	\$ -	\$ 1,534,499	\$ 114,483	\$ 1,648,982
Restricted assets				
Cash and investments	-	728,500	-	728,500
Total assets	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 114,483</u>	<u>\$ 2,377,482</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 4,138	\$ 4,138
Fund Balances				
Restricted for				
Debt service reserve	-	2,262,999	-	2,262,999
Committed for				
Improvements to 5 Ridges development	-	-	110,345	110,345
Total fund balances	<u>-</u>	<u>2,262,999</u>	<u>110,345</u>	<u>2,373,344</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 114,483</u>	<u>\$ 2,377,482</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended June 30, 2023

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Revenues				
Taxes	\$ -	\$ 1,544,101	\$ -	\$ 1,544,101
Miscellaneous	-	60,539	-	60,539
Total revenues	<u>-</u>	<u>1,604,640</u>	<u>-</u>	<u>1,604,640</u>
Expenditures				
Debt service				
Principal	-	1,291,000	-	1,291,000
Interest	-	253,102	-	253,102
Fiscal charges and other	-	3,410	39,655	43,065
Total expenditures	<u>-</u>	<u>1,547,512</u>	<u>39,655</u>	<u>1,587,167</u>
Net Change in Fund Balances	-	57,128	(39,655)	17,473
Fund Balance, Beginning of Year	<u>-</u>	<u>2,205,871</u>	<u>150,000</u>	<u>2,355,871</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 110,345</u>	<u>\$ 2,373,344</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 1 Tax Revenue Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Intergovernmental revenues				
Motor vehicle privilege tax	\$ -	\$ -	\$ -	\$ 147,977
Miscellaneous				
Investment income (loss)	-	-	-	320
Total revenues	-	-	-	148,297
Expenditures				
Debt service				
Principal	-	-	-	2,075,000
Interest	-	-	-	103,750
Fiscal charges and other	-	-	-	1,100
Total expenditures	-	-	-	2,179,850
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(2,031,553)
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(794,412)
Net Change in Fund Balances	-	-	-	(2,825,965)
Fund Balances, Beginning of Year	-	-	-	2,825,965
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 2 Debt Service Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,544,101	\$ 1,544,101	\$ -	\$ 1,500,000
Miscellaneous				
Investment income (loss)	1,260	60,539	59,279	(1,454)
Total revenues	<u>1,545,361</u>	<u>1,604,640</u>	<u>59,279</u>	<u>1,498,546</u>
Expenditures				
Debt service				
Principal	1,291,000	1,291,000	-	1,259,000
Interest	253,102	253,102	-	286,526
Fiscal charges and other	2,200	3,410	(1,210)	2,100
Total expenditures	<u>1,546,302</u>	<u>1,547,512</u>	<u>(1,210)</u>	<u>1,547,626</u>
Net Change in Fund Balances	(941)	57,128	58,069	(49,080)
Fund Balances, Beginning of Year	<u>2,208,485</u>	<u>2,205,871</u>	<u>(2,614)</u>	<u>2,254,951</u>
Fund Balances, End of Year	<u>\$ 2,207,544</u>	<u>\$ 2,262,999</u>	<u>\$ 55,455</u>	<u>\$ 2,205,871</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
SID No. 1 Debt Service Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Other	\$ -	\$ -	\$ -	\$ 150,000
Expenditures				
Fiscal charges and other	76,797	39,655	37,142	-
Net Change in Fund Balances	(76,797)	(39,655)	37,142	150,000
Fund Balance, Beginning of Year	150,000	150,000	-	-
Fund Balances, End of Year	\$ 73,203	\$ 110,345	\$ 37,142	\$ 150,000

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Nonmajor Capital Projects Funds

Recreation and Parks Funds (Districts 1, 2 and 3)

To provide for acquisition, improvement and expansion of public parks, playgrounds and recreation facilities within the City. Financing is provided by a residential park construction tax.

Road Fund

To provide for the maintenance, acquisition and construction of streets and roads related to capital assets. Financing is provided by an allocation of State shared revenues, right-of-way toll fees, franchise fees and regional road impact fees.

Capital Projects Fund

To provide for acquisition and construction of designated capital assets, except those financed by special sources or Proprietary Funds. Financing is provided by an allocation from other funds and tax supported bonds.

Capital Facilities Fund

To provide for the acquisition of land, improvements to land, purchase of major equipment, renovations of government facilities, and repayment of short-term financing for these activities. The City can use this fund for any of the above activities that they consider necessary.

Park and Recreation Project Fund

To provide for specific park and recreation purposes. Financing is provided by franchise fees.

Local Improvement District 3 Fund

To account for monies deposited into the fund, from proceeds of special assessment bonds and from developer cash contributions, to be used to acquire infrastructure constructed by the Developer per an Acquisition Agreement.

Redevelopment Agency Area No. 1 Revolving Fund

To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Area No. 1. Financing is provided by tax supported bonds. Agency Area No.1 expired on June 30, 2023.

Redevelopment Agency Area No. 2 Revolving Fund

To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Area No. 2. Financing is to be provided by tax supported bonds, allocations from other funds, and grant revenues.

Victorian Square Room Tax Fund

To provide for specific capital improvements within Victorian Square. Financing is provided by tax proceeds on the rental of transient lodging within the City.

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Assets					
Cash and investments	\$ 1,248,368	\$ 1,024,443	\$ 3,381,906	\$ 5,096,313	\$ 8,945,854
Accounts receivable, net	-	-	-	962,427	9
Due from other governments	-	-	-	486,664	-
Total assets	<u>\$ 1,248,368</u>	<u>\$ 1,024,443</u>	<u>\$ 3,381,906</u>	<u>\$ 6,545,404</u>	<u>\$ 8,945,863</u>
Liabilities					
Accounts payable	\$ 675	\$ 4,832	\$ -	\$ 400,047	\$ 23,313
Accrued liabilities	-	-	-	41,080	-
Contracts payable	26,152	82,830	2,255	255,764	171,377
Contract retentions payable	7,341	10,319	-	20,109	14,941
Refundable deposits	-	-	-	-	-
Due to other governments	-	-	-	33,175	-
Total liabilities	<u>34,168</u>	<u>97,981</u>	<u>2,255</u>	<u>750,175</u>	<u>209,631</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes and other	-	-	-	-	-
Fund Balances					
Restricted for					
Developer agreements	-	-	-	-	-
Parks and recreation	1,214,200	926,462	3,379,651	-	-
Street improvements & rehabilitation	-	-	-	5,795,229	-
Capital projects	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	1,830,988
Next year's budget deficit	-	-	-	-	-
Other capital projects	-	-	-	-	6,905,244
Total fund balances	<u>1,214,200</u>	<u>926,462</u>	<u>3,379,651</u>	<u>5,795,229</u>	<u>8,736,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,248,368</u>	<u>\$ 1,024,443</u>	<u>\$ 3,381,906</u>	<u>\$ 6,545,404</u>	<u>\$ 8,945,863</u>

City of Sparks
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2023

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ 753,175	\$ 5,729,302	\$ 499,347	\$ -	\$ 22,158,061	\$ 6,665,415	\$ 55,502,184
-	396,720	-	-	1,250	-	1,360,406
19,227	-	-	-	280,648	155,580	942,119
<u>\$ 772,402</u>	<u>\$ 6,126,022</u>	<u>\$ 499,347</u>	<u>\$ -</u>	<u>\$ 22,439,959</u>	<u>\$ 6,820,995</u>	<u>\$ 57,804,709</u>
\$ 150	\$ 25,638	\$ 56	\$ -	\$ 18,741	\$ 1,770	\$ 475,222
-	12,047	-	-	748	-	53,875
19,332	76,140	-	-	1,116,873	-	1,750,723
5,436	60,242	-	-	150,893	1,640	270,921
-	1,000	-	-	-	-	1,000
-	10,314	-	-	653	-	44,142
<u>24,918</u>	<u>185,381</u>	<u>56</u>	<u>-</u>	<u>1,287,908</u>	<u>3,410</u>	<u>2,595,883</u>
-	-	-	-	95,488	-	95,488
-	-	499,291	-	-	-	499,291
-	2,272,047	-	-	-	-	7,792,360
-	-	-	-	-	-	5,795,229
747,484	-	-	-	-	-	747,484
-	-	-	-	-	6,817,585	6,817,585
-	3,668,594	-	-	-	-	5,499,582
-	-	-	-	38,303	-	38,303
-	-	-	-	21,018,260	-	27,923,504
<u>747,484</u>	<u>5,940,641</u>	<u>499,291</u>	<u>-</u>	<u>21,056,563</u>	<u>6,817,585</u>	<u>55,113,338</u>
<u>\$ 772,402</u>	<u>\$ 6,126,022</u>	<u>\$ 499,347</u>	<u>\$ -</u>	<u>\$ 22,439,959</u>	<u>\$ 6,820,995</u>	<u>\$ 57,804,709</u>

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Revenues					
Taxes	\$ 79,841	\$ 46,720	\$ 898,175	\$ -	\$ -
Licenses and permits	-	-	-	3,848,018	-
Intergovernmental revenues	-	-	-	3,832,781	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	49,608	8,684	54,863	134,090	289,490
Total revenues	129,449	55,404	953,038	7,814,889	289,490
Expenditures					
Current					
General government	-	-	-	-	708,921
Public safety	-	-	-	-	284,291
Public works	-	-	-	3,699,589	25,374
Culture and recreation	84,331	81,762	56,718	-	19,289
Community support	-	-	-	-	-
Total current	84,331	81,762	56,718	3,699,589	1,037,875
Capital outlay					
General government	-	-	-	-	241,004
Public safety	-	-	-	-	730,098
Public works	-	-	-	484,725	317,281
Culture and recreation	258,314	124,623	4,515	-	38,374
Community support	-	-	-	-	-
Total capital outlay	258,314	124,623	4,515	484,725	1,326,757
Total expenditures	342,645	206,385	61,233	4,184,314	2,364,632
Excess (Deficiency) of Revenues Over Expenditures	(213,196)	(150,981)	891,805	3,630,575	(2,075,142)
Other Financing Sources (Uses)					
Sale of assets	-	-	-	-	-
Transfers					
Transfers in	-	-	-	-	4,121,180
Transfers out	-	-	-	-	(111,763)
Total other financing sources (uses)	-	-	-	-	4,009,417
Net Change in Fund Balances	(213,196)	(150,981)	891,805	3,630,575	1,934,275
Fund Balances, Beginning of Year	1,427,396	1,077,443	2,487,846	2,164,654	6,801,957
Fund Balances, End of Year	\$ 1,214,200	\$ 926,462	\$ 3,379,651	\$ 5,795,229	\$ 8,736,232

City of Sparks
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Capital Projects Funds
 Year Ended June 30, 2023

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ -	\$ -	\$ -	\$ 3,914,223	\$ 4,102,703	\$ 1,518,536	\$ 10,560,198
-	1,635,349	-	-	-	-	5,483,367
299,994	-	-	177,572	-	-	4,310,347
-	156,945	-	-	-	-	156,945
-	-	-	-	3,000	-	3,000
31,668	203,994	13,930	350,517	566,839	84,148	1,787,831
<u>331,662</u>	<u>1,996,288</u>	<u>13,930</u>	<u>4,442,312</u>	<u>4,672,542</u>	<u>1,602,684</u>	<u>22,301,688</u>
22,285	-	-	-	-	-	731,206
91,161	-	-	-	-	-	375,452
-	-	-	-	-	-	3,724,963
-	767,487	-	-	-	-	1,009,587
-	-	592	209,186	55,055	208,816	473,649
<u>113,446</u>	<u>767,487</u>	<u>592</u>	<u>209,186</u>	<u>55,055</u>	<u>208,816</u>	<u>6,314,857</u>
125,102	-	-	-	-	-	366,106
23,466	-	-	-	-	-	753,564
-	-	-	-	-	-	802,006
1,510	1,298,478	-	-	-	-	1,725,814
-	-	-	3,218,915	81,369	315,755	3,616,039
<u>150,078</u>	<u>1,298,478</u>	<u>-</u>	<u>3,218,915</u>	<u>81,369</u>	<u>315,755</u>	<u>7,263,529</u>
263,524	2,065,965	592	3,428,101	136,424	524,571	13,578,386
<u>68,138</u>	<u>(69,677)</u>	<u>13,338</u>	<u>1,014,211</u>	<u>4,536,118</u>	<u>1,078,113</u>	<u>8,723,302</u>
-	-	-	1,325,901	-	-	1,325,901
-	800,000	1,470	-	5,081,986	-	10,004,636
-	-	-	(6,219,080)	-	-	(6,330,843)
<u>-</u>	<u>800,000</u>	<u>1,470</u>	<u>(4,893,179)</u>	<u>5,081,986</u>	<u>-</u>	<u>4,999,694</u>
68,138	730,323	14,808	(3,878,968)	9,618,104	1,078,113	13,722,996
679,346	5,210,318	484,483	3,878,968	11,438,459	5,739,472	41,390,342
<u>\$ 747,484</u>	<u>\$ 5,940,641</u>	<u>\$ 499,291</u>	<u>\$ -</u>	<u>\$ 21,056,563</u>	<u>\$ 6,817,585</u>	<u>\$ 55,113,338</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 1
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 47,000	\$ 79,841	\$ 32,841	\$ 133,670
Miscellaneous				
Investment income (loss)	4,400	48,908	44,508	(13,499)
Other	-	700	700	755
Total revenues	<u>51,400</u>	<u>129,449</u>	<u>78,049</u>	<u>120,926</u>
Expenditures				
Culture and recreation				
Services and supplies	122,421	84,331	38,090	11,995
Capital outlay	926,911	258,314	668,597	3,700
Total expenditures	<u>1,049,332</u>	<u>342,645</u>	<u>706,687</u>	<u>15,695</u>
Net Change in Fund Balances	(997,932)	(213,196)	784,736	105,231
Fund Balances, Beginning of Year	<u>1,416,725</u>	<u>1,427,396</u>	<u>10,671</u>	<u>1,322,165</u>
Fund Balances, End of Year	<u>\$ 418,793</u>	<u>\$ 1,214,200</u>	<u>\$ 795,407</u>	<u>\$ 1,427,396</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 2
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 109,000	\$ 46,720	\$ (62,280)	\$ 62,060
Miscellaneous				
Investment income (loss)	2,448	8,419	5,971	(15,137)
Other	-	265	265	375
Total revenues	<u>111,448</u>	<u>55,404</u>	<u>(56,044)</u>	<u>47,298</u>
Expenditures				
Culture and recreation				
Services and supplies	105,095	81,762	23,333	93,144
Capital outlay	475,642	124,623	351,019	3,000
Total expenditures	<u>580,737</u>	<u>206,385</u>	<u>374,352</u>	<u>96,144</u>
Net Change in Fund Balances	(469,289)	(150,981)	318,308	(48,846)
Fund Balances, Beginning of Year	<u>1,050,083</u>	<u>1,077,443</u>	<u>27,360</u>	<u>1,126,289</u>
Fund Balances, End of Year	<u>\$ 580,794</u>	<u>\$ 926,462</u>	<u>\$ 345,668</u>	<u>\$ 1,077,443</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 3
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 371,700	\$ 898,175	\$ 526,475	\$ 698,000
Miscellaneous				
Investment income (loss)	2,490	54,613	52,123	(32,170)
Other	-	250	250	375
Total revenues	<u>374,190</u>	<u>953,038</u>	<u>578,848</u>	<u>666,205</u>
Expenditures				
Culture and recreation				
Services and supplies	74,842	56,718	18,124	20,101
Capital outlay	593,987	4,515	589,472	318,450
Total expenditures	<u>668,829</u>	<u>61,233</u>	<u>607,596</u>	<u>338,551</u>
Net Change in Fund Balances	(294,639)	891,805	1,186,444	327,654
Fund Balances, Beginning of Year	<u>2,041,180</u>	<u>2,487,846</u>	<u>446,666</u>	<u>2,160,192</u>
Fund Balances, End of Year	<u>\$ 1,746,541</u>	<u>\$ 3,379,651</u>	<u>\$ 1,633,110</u>	<u>\$ 2,487,846</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 757,000	\$ 760,646	\$ 3,646	\$ 765,854
Electric franchise fees	1,642,000	2,069,402	427,402	1,680,038
Gas franchise fees	535,000	1,017,970	482,970	624,569
Intergovernmental revenues				
State shared revenues				
Motor vehicle fuel tax	2,755,000	2,974,777	219,777	2,520,705
Other local government shared revenues	1,000,000	858,004	(141,996)	2,121,649
Miscellaneous				
Investment income (loss)	376	124,090	123,714	5,543
Other	-	10,000	10,000	10,000
Total revenues	<u>6,689,376</u>	<u>7,814,889</u>	<u>1,125,513</u>	<u>7,728,358</u>
Expenditures				
Public works				
Salaries and wages	1,380,010	1,114,899	265,111	1,129,589
Employee benefits	896,534	603,026	293,508	638,710
Services and supplies	3,033,104	1,981,664	1,051,440	3,536,232
Capital outlay	2,861,480	484,725	2,376,755	1,780,308
Total expenditures	<u>8,171,128</u>	<u>4,184,314</u>	<u>3,986,814</u>	<u>7,084,839</u>
Net Change in Fund Balances	(1,481,752)	3,630,575	5,112,327	643,519
Fund Balances, Beginning of Year	<u>1,616,731</u>	<u>2,164,654</u>	<u>547,923</u>	<u>1,521,135</u>
Fund Balances, End of Year	<u>\$ 134,979</u>	<u>\$ 5,795,229</u>	<u>\$ 5,660,250</u>	<u>\$ 2,164,654</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 25,000	\$ 289,490	\$ 264,490	\$ (73,074)
Other	-	-	-	2,132
Total revenues	<u>25,000</u>	<u>289,490</u>	<u>264,490</u>	<u>(70,942)</u>
Expenditures				
General government				
Services and supplies	2,294,062	708,921	1,585,141	786,652
Capital outlay	1,454,175	241,004	1,213,171	153,652
Total general government	<u>3,748,237</u>	<u>949,925</u>	<u>2,798,312</u>	<u>940,304</u>
Public safety				
Services and supplies	518,226	284,291	233,935	387,228
Capital outlay	2,811,383	730,098	2,081,285	477,130
Total public safety	<u>3,329,609</u>	<u>1,014,389</u>	<u>2,315,220</u>	<u>864,358</u>
Public works				
Services and supplies	28,316	25,374	2,942	56,732
Capital outlay	402,233	317,281	84,952	8,230
Total public works	<u>430,549</u>	<u>342,655</u>	<u>87,894</u>	<u>64,962</u>
Culture and recreation				
Services and supplies	54,139	19,289	34,850	6,246
Capital outlay	150,000	38,374	111,626	18,692
Total culture and recreation	<u>204,139</u>	<u>57,663</u>	<u>146,476</u>	<u>24,938</u>
Total expenditures	<u>7,712,534</u>	<u>2,364,632</u>	<u>5,347,902</u>	<u>1,894,562</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,687,534)	(2,075,142)	5,612,392	(1,965,504)
Other Financing Sources (Uses)				
Transfers				
Transfers in	4,159,980	4,121,180	(38,800)	5,753,580
Transfers out	-	(111,763)	(111,763)	-
Net Change in Fund Balances	(3,527,554)	1,934,275	5,461,829	3,788,076
Fund Balances, Beginning of Year	<u>5,724,208</u>	<u>6,801,957</u>	<u>1,077,749</u>	<u>3,013,881</u>
Fund Balances, End of Year	<u>\$ 2,196,654</u>	<u>\$ 8,736,232</u>	<u>\$ 6,539,578</u>	<u>\$ 6,801,957</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Facilities
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 255,000	\$ 299,994	\$ 44,994	\$ 264,259
Miscellaneous				
Investment income (loss)	4,872	31,668	26,796	(17,992)
Total revenues	<u>259,872</u>	<u>331,662</u>	<u>71,790</u>	<u>246,267</u>
Expenditures				
General government				
Services and supplies	69,495	22,285	47,210	27,971
Capital outlay	186,109	125,102	61,007	162,549
Total general government	<u>255,604</u>	<u>147,387</u>	<u>108,217</u>	<u>190,520</u>
Public safety				
Services and supplies	116,020	91,161	24,859	26,105
Capital outlay	208,320	23,466	184,854	8,760
Total public safety	<u>324,340</u>	<u>114,627</u>	<u>209,713</u>	<u>34,865</u>
Culture and recreation				
Services and supplies	109,346	-	109,346	854
Capital outlay	177,146	1,510	175,636	1,950
Total culture and recreation	<u>286,492</u>	<u>1,510</u>	<u>284,982</u>	<u>2,804</u>
Total expenditures	<u>866,436</u>	<u>263,524</u>	<u>602,912</u>	<u>228,189</u>
Net Change in Fund Balances	(606,564)	68,138	674,702	18,078
Fund Balances, Beginning of Year	<u>670,228</u>	<u>679,346</u>	<u>9,118</u>	<u>661,268</u>
Fund Balances, End of Year	<u>\$ 63,664</u>	<u>\$ 747,484</u>	<u>\$ 683,820</u>	<u>\$ 679,346</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park & Recreation Project
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 100,000	\$ 91,663	\$ (8,337)	\$ 49,998
Electric franchise fees	740,000	1,034,701	294,701	840,019
Gas franchise fees	263,000	508,985	245,985	312,284
Park fees	48,000	-	(48,000)	46,076
Charges for services				
Other	127,000	156,945	29,945	168,495
Miscellaneous				
Investment income (loss)	16,767	203,994	187,227	(56,164)
Total revenues	<u>1,294,767</u>	<u>1,996,288</u>	<u>701,521</u>	<u>1,360,708</u>
Expenditures				
Culture and recreation				
Salaries and wages	467,145	340,594	126,551	312,416
Employee benefits	262,160	177,340	84,820	159,748
Services and supplies	435,881	249,553	186,328	223,072
Capital outlay	3,172,791	1,298,478	1,874,313	676,747
Total expenditures	<u>4,337,977</u>	<u>2,065,965</u>	<u>2,272,012</u>	<u>1,371,983</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,043,210)	(69,677)	2,973,533	(11,275)
Other Financing Sources (Uses)				
Transfers				
Transfers in	800,000	800,000	-	800,000
Net Change in Fund Balances	(2,243,210)	730,323	2,973,533	788,725
Fund Balances, Beginning of Year	4,678,973	5,210,318	531,345	4,421,593
Fund Balances, End of Year	<u>\$ 2,435,763</u>	<u>\$ 5,940,641</u>	<u>\$ 3,504,878</u>	<u>\$ 5,210,318</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Improvement District 3
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 25	\$ 13,930	\$ 13,905	\$ 94
Expenditures				
Community support				
Services and supplies	446,000	592	445,408	1,483
Excess (Deficiency) of Revenues Over Expenditures	(445,975)	13,338	459,313	(1,389)
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,000	1,470	(530)	1,534
Net Change in Fund Balances	(443,975)	14,808	458,783	145
Fund Balances, Beginning of Year	484,164	484,483	319	484,338
Fund Balances, End of Year	\$ 40,189	\$ 499,291	\$ 459,102	\$ 484,483

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Area No. 1 Revolving
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 3,974,000	\$ 3,914,223	\$ (59,777)	\$ 3,811,784
Motor vehicle privilege tax	177,572	177,572	-	29,595
Miscellaneous				
Investment income (loss)	545	239,103	238,558	6,973
Rents and royalties	15,000	8,750	(6,250)	15,000
Other	-	102,664	102,664	83
Total revenues	<u>4,167,117</u>	<u>4,442,312</u>	<u>275,195</u>	<u>3,863,435</u>
Expenditures				
Community support				
Salaries and wages	20,000	25,272	(5,272)	18,808
Employee benefits	9,458	10,294	(836)	8,756
Services and supplies	148,223	173,620	(25,397)	137,789
Capital outlay	5,045,521	3,218,915	1,826,606	1,521,436
Total expenditures	<u>5,223,202</u>	<u>3,428,101</u>	<u>1,795,101</u>	<u>1,686,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,056,085)</u>	<u>1,014,211</u>	<u>2,070,296</u>	<u>2,176,646</u>
Other Financing Sources (Uses)				
Sale of assets	-	1,325,901	1,325,901	-
Transfers				
Transfers in	-	-	-	794,412
Transfers out	(1,137,094)	(6,219,080)	(5,081,986)	(298,358)
Total other financing sources (uses)	<u>(1,137,094)</u>	<u>(4,893,179)</u>	<u>(3,756,085)</u>	<u>496,054</u>
Net Change in Fund Balances	(2,193,179)	(3,878,968)	(1,685,789)	2,672,700
Fund Balances, Beginning of Year	<u>2,193,179</u>	<u>3,878,968</u>	<u>1,685,789</u>	<u>1,206,268</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,878,968</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 2 Revolving
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 3,825,000	\$ 4,102,703	\$ 277,703	\$ 3,696,840
Fines and forfeits				
Forfeits - Other	-	3,000	3,000	3,000
Miscellaneous				
Investment income (loss)	30,000	566,839	536,839	(102,259)
Total revenues	<u>3,855,000</u>	<u>4,672,542</u>	<u>817,542</u>	<u>3,597,581</u>
Expenditures				
Community support				
Services and supplies	116,508	55,055	61,453	79,325
Capital outlay	35,000	81,369	(46,369)	416,123
Total expenditures	<u>151,508</u>	<u>136,424</u>	<u>15,084</u>	<u>495,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,703,492</u>	<u>4,536,118</u>	<u>832,626</u>	<u>3,102,133</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	5,081,986	5,081,986	-
Net Change in Fund Balances	3,703,492	9,618,104	5,914,612	3,102,133
Fund Balances, Beginning of Year	<u>11,409,993</u>	<u>11,438,459</u>	<u>28,466</u>	<u>8,336,326</u>
Fund Balances, End of Year	<u>\$ 15,113,485</u>	<u>\$ 21,056,563</u>	<u>\$ 5,943,078</u>	<u>\$ 11,438,459</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Victorian Square Room Tax
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 1,300,000	\$ 1,518,536	\$ 218,536	\$ 1,497,998
Miscellaneous				
Investment income (loss)	75,000	84,148	9,148	(131,181)
Total revenues	<u>1,375,000</u>	<u>1,602,684</u>	<u>227,684</u>	<u>1,366,817</u>
Expenditures				
Community support				
Services and supplies	415,858	208,816	207,042	260,254
Capital outlay	428,674	315,755	112,919	741,310
Total expenditures	<u>844,532</u>	<u>524,571</u>	<u>319,961</u>	<u>1,001,564</u>
Excess (Deficiency) of Revenues Over Expenditures	530,468	1,078,113	547,645	365,253
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	100,000
Net Change in Fund Balances	530,468	1,078,113	547,645	465,253
Fund Balances, Beginning of Year	<u>5,484,444</u>	<u>5,739,472</u>	<u>255,028</u>	<u>5,274,219</u>
Fund Balances, End of Year	<u>\$ 6,014,912</u>	<u>\$ 6,817,585</u>	<u>\$ 802,673</u>	<u>\$ 5,739,472</u>

Major Enterprise Funds

Sewer Operations Fund

To account for the provision of sewer services to the residents of the City and some residents of Washoe County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Development Services Fund

To account for the issuance of building permits and other fees designated to finance building and development of the City.

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Sewer Operations
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Sanitary sewer fees	\$ 175,000	\$ 142,828	\$ (32,172)	\$ 169,645
Charges for services				
Sewer charges	31,873,273	33,681,173	1,807,900	31,843,031
Miscellaneous	55,000	232,107	177,107	60,575
Total operating revenues	<u>32,103,273</u>	<u>34,056,108</u>	<u>1,952,835</u>	<u>32,073,251</u>
Operating Expenses				
Salaries and wages	4,611,277	3,955,809	655,468	3,935,090
Employee benefits	2,779,434	2,641,520	137,914	1,652,985
Services and supplies	18,518,786	13,698,445	4,820,341	13,206,855
Depreciation	9,198,282	7,056,457	2,141,825	6,877,534
Net loss from Truckee Meadows Water Reclamation Facility	-	2,479,765	(2,479,765)	2,220,150
Total operating expenses	<u>35,107,779</u>	<u>29,831,996</u>	<u>5,275,783</u>	<u>27,892,614</u>
Operating Income (Loss)	<u>(3,004,506)</u>	<u>4,224,112</u>	<u>7,228,618</u>	<u>4,180,637</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	203,500	1,515,436	1,311,936	(1,194,995)
Interest Expense	(149,781)	(128,150)	21,631	(172,394)
Miscellaneous/Other	-	327	327	(144)
Sale of assets	-	(947,540)	(947,540)	-
Total non-operating revenues (expenses)	<u>53,719</u>	<u>440,073</u>	<u>386,354</u>	<u>(1,367,533)</u>
Income Before Capital Contributions and Transfers	<u>(2,950,787)</u>	<u>4,664,185</u>	<u>7,614,972</u>	<u>2,813,104</u>
Capital Contributions				
Sewer connection fees	12,258,000	11,006,597	(1,251,403)	10,154,755
Sewer lines and storm drains	-	1,625,366	1,625,366	5,120,991
Total capital contributions	<u>12,258,000</u>	<u>12,631,963</u>	<u>373,963</u>	<u>15,275,746</u>
Transfers				
Transfers in	125,000	241,226	116,226	217,312
Transfers out	(3,996)	(4,297)	(301)	(342,494)
Total transfers	<u>121,004</u>	<u>236,929</u>	<u>115,925</u>	<u>(125,182)</u>
Change in Net Position	<u>\$ 9,428,217</u>	<u>17,533,077</u>	<u>\$ 8,104,860</u>	<u>\$ 17,963,668</u>
Net Position, Beginning of Year		<u>282,784,739</u>		
Net Position, End of Year		<u>\$ 300,317,816</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Development Services
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 2,395,270	\$ 2,349,721	\$ (45,549)	\$ 2,794,436
Other	75,000	35,262	(39,738)	60,871
Charges for services				
Building and planning fees	1,783,256	1,599,627	(183,629)	2,394,453
Engineering fees	979,630	424,422	(555,208)	913,635
Miscellaneous	-	-	-	587
Total operating revenues	<u>5,233,156</u>	<u>4,409,032</u>	<u>(824,124)</u>	<u>6,163,982</u>
Operating Expenses				
Salaries and wages	2,907,780	2,496,383	411,397	2,292,664
Employee benefits	1,668,955	1,461,882	207,073	928,362
Services and supplies	3,091,931	2,106,395	985,536	2,184,627
Depreciation	51,814	19,572	32,242	9,322
Total operating expenses	<u>7,720,480</u>	<u>6,084,232</u>	<u>1,636,248</u>	<u>5,414,975</u>
Operating Income (Loss)	<u>(2,487,324)</u>	<u>(1,675,200)</u>	<u>812,124</u>	<u>749,007</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	66,619	65,554	(1,065)	(116,765)
Miscellaneous/Other	225	392	167	1,272
Sale of assets	-	-	-	(24,167)
Total non-operating revenues (expenses)	<u>66,844</u>	<u>65,946</u>	<u>(898)</u>	<u>(139,660)</u>
Income (Loss) Before Transfers	<u>(2,420,480)</u>	<u>(1,609,254)</u>	<u>811,226</u>	<u>609,347</u>
Transfers				
Transfers out	<u>(23,976)</u>	<u>(23,976)</u>	<u>-</u>	<u>(24,012)</u>
Change in Net Position	<u>\$ (2,444,456)</u>	<u>(1,633,230)</u>	<u>\$ 811,226</u>	<u>\$ 585,335</u>
Net Position, Beginning of Year		<u>4,905,727</u>		
Net Position, End of Year		<u>\$ 3,272,497</u>		

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Internal Service Funds

Motor Vehicle Maintenance Fund

To account for the costs of acquisition of vehicles and for operating a maintenance facility for the vehicles and related equipment used by City departments. Such costs are billed to the user departments and include depreciation on vehicles and equipment.

Group Insurance Self-Insurance Fund

To account for the operations of the group health and accident insurance program covering City employees.

Workers' Compensation Insurance Fund

To account for money received from other City funds for workers' compensation claims, compensating injured workers, and the cost of administering a self-funded insurance program.

Municipal Self-Insurance Fund

To account for monies received from insurance claims and other sources to cover the costs to repair and replace damaged real and personal property owned by the City and to cover uninsured claims.

	Motor Vehicle Maintenance	Group Insurance Self- Insurance	Workers' Compensation Insurance
Assets			
Current assets			
Cash and investments	\$ 9,286,883	\$ 8,244,196	\$ 2,496,104
Accounts receivable, net	647	157,246	10,569
Due from other governments	-	-	-
Deposits	-	9,072	10,000
Inventory of supplies	424,428	-	-
Total current assets	<u>9,711,958</u>	<u>8,410,514</u>	<u>2,516,673</u>
Noncurrent assets			
Capital Assets:			
Construction in progress	1,560,531	-	-
Buildings	475,005	-	-
Site improvements	245,445	-	-
Machinery and equipment	33,355,113	-	-
Less accumulated depreciation	(24,194,415)	-	-
Total noncurrent assets	<u>11,441,679</u>	<u>-</u>	<u>-</u>
Total assets	<u>21,153,637</u>	<u>8,410,514</u>	<u>2,516,673</u>
Deferred outflows of resources			
Deferred outflows related to pension	625,516	-	-
Deferred outflows related to OPEB	52,944	-	-
Total deferred outflows of resources	<u>678,460</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>21,832,097</u>	<u>8,410,514</u>	<u>2,516,673</u>
Liabilities			
Current liabilities			
Accounts payable	90,324	-	-
Accrued liabilities	29,071	-	-
Due to other governments	25,046	-	9,935
Contracts payable	190,583	-	-
Compensated absences payable (current maturities)	96,235	-	-
Sick leave conversion payable (current maturities)	21,978	-	-
Claims liabilities (current maturities)	-	1,559,403	1,900,325
Total current liabilities	<u>453,237</u>	<u>1,559,403</u>	<u>1,910,260</u>
Noncurrent liabilities			
Compensated absences payable (net of current maturities)	303,505	-	-
Total OPEB liability	165,786	-	-
Sick leave conversion payable (net of current maturities)	105,200	-	-
Claims liabilities (net of current maturities)	-	-	7,358,448
Net pension liability	1,481,125	-	-
Total noncurrent liabilities	<u>2,055,616</u>	<u>-</u>	<u>7,358,448</u>
Total liabilities	<u>2,508,853</u>	<u>1,559,403</u>	<u>9,268,708</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	63,578	-	-
Deferred inflows related to OPEB	53,961	-	-
Total deferred inflows of resources	<u>117,539</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,626,392</u>	<u>1,559,403</u>	<u>9,268,708</u>
Net Position			
Net investment in capital assets	11,441,678	-	-
Restricted for claims	-	6,851,111	-
Unrestricted	7,764,027	-	(6,752,035)
Total Net Position	<u>\$ 19,205,705</u>	<u>\$ 6,851,111</u>	<u>\$ (6,752,035)</u>

Municipal Self- Insurance	Total
\$ 1,619,687	\$ 21,646,870
-	168,462
147,430	147,430
-	19,072
-	424,428
<u>1,767,117</u>	<u>22,406,262</u>
-	1,560,531
-	475,005
-	245,445
-	33,355,113
-	(24,194,415)
-	<u>11,441,679</u>
<u>1,767,117</u>	<u>33,847,941</u>
-	625,516
-	52,944
-	<u>678,460</u>
<u>1,767,117</u>	<u>34,526,401</u>
87,763	178,087
-	29,071
-	34,981
2,004	192,587
-	96,235
-	21,978
-	<u>3,459,728</u>
<u>89,767</u>	<u>4,012,667</u>
-	303,505
-	165,786
-	105,200
-	7,358,448
-	<u>1,481,125</u>
-	<u>9,414,064</u>
<u>89,767</u>	<u>13,426,731</u>
-	63,578
-	53,961
-	<u>117,539</u>
<u>89,767</u>	<u>13,544,270</u>
-	11,441,678
1,677,350	8,528,461
-	<u>1,011,992</u>
<u>\$ 1,677,350</u>	<u>\$ 20,982,131</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 6,353,110	\$ 12,606,800	\$ 2,583,859
Miscellaneous	4,567	218,955	-
Total operating revenues	<u>6,357,677</u>	<u>12,825,755</u>	<u>2,583,859</u>
Operating Expenses			
Salaries and wages	913,594	-	-
Employee benefits	455,854	-	-
Services and supplies	2,386,901	14,506,055	2,463,852
Depreciation	1,937,367	-	-
Total operating expenses	<u>5,693,716</u>	<u>14,506,055</u>	<u>2,463,852</u>
Operating Income (Loss)	<u>663,961</u>	<u>(1,680,300)</u>	<u>120,007</u>
Nonoperating Revenues (Expenditures)			
Investment income (loss)	253,171	361,691	130,413
Miscellaneous/Other	950	-	-
Sale of assets	(15,601)	-	-
Total nonoperating revenues (expenditures)	<u>238,520</u>	<u>361,691</u>	<u>130,413</u>
Income (Loss) Before Capital Contributions and Transfers	<u>902,481</u>	<u>(1,318,609)</u>	<u>250,420</u>
Capital Contributions			
Vehicles	<u>72,536</u>	<u>-</u>	<u>-</u>
Transfers			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	975,017	(1,318,609)	250,420
Net position, Beginning of year	<u>18,230,688</u>	<u>8,169,720</u>	<u>(7,002,455)</u>
Net position, End of Year	<u>\$ 19,205,705</u>	<u>\$ 6,851,111</u>	<u>\$ (6,752,035)</u>

City of Sparks
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
Year Ended June 30, 2023

<u>Municipal Self- Insurance</u>	<u>Total Internal Service Funds</u>
\$ 2,235,679	\$ 23,779,448
55,258	278,780
2,290,937	24,058,228
-	913,594
-	455,854
2,096,243	21,453,051
-	1,937,367
2,096,243	24,759,866
194,694	(701,638)
29,890	775,165
-	950
-	(15,601)
29,890	760,514
224,584	58,876
-	72,536
250,000	250,000
(11,853)	(11,853)
462,731	369,559
1,214,619	20,612,572
\$ 1,677,350	\$ 20,982,131

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Operating activities		
Cash received from customers and users	\$ 9,514	\$ 2,259,308
Cash received from interfund services provided	6,353,110	10,347,249
Cash received from reimbursements of insurance claims	-	218,955
Cash paid to employees	(1,093,080)	(1)
Cash paid to suppliers	(2,425,718)	(14,776,091)
Net cash from (used for) operating activities	<u>2,843,826</u>	<u>(1,950,580)</u>
Noncapital financing activities		
Transfers in	-	-
Transfers out	-	-
Net cash from (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Capital and related financing activities		
Acquisition of capital assets	(2,031,236)	-
Investing activities		
Investment income (loss)	<u>253,171</u>	<u>361,691</u>
Net change in cash and cash equivalents	1,065,761	(1,588,889)
Cash and cash equivalents, Beginning of Year	<u>8,221,122</u>	<u>9,833,085</u>
Cash and cash equivalents, End of Year	<u>\$ 9,286,883</u>	<u>\$ 8,244,196</u>

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 2,583,859	\$ (5,632)	\$ 4,847,049
-	2,235,679	18,936,038
-	-	218,955
-	-	(1,093,081)
<u>(2,566,463)</u>	<u>(2,046,254)</u>	<u>(21,814,526)</u>
<u>17,396</u>	<u>183,793</u>	<u>1,094,435</u>
-	250,000	250,000
-	<u>(11,853)</u>	<u>(11,853)</u>
-	<u>238,147</u>	<u>238,147</u>
-	-	<u>(2,031,236)</u>
<u>130,413</u>	<u>29,890</u>	<u>775,165</u>
147,809	451,830	76,511
<u>2,348,295</u>	<u>1,167,857</u>	<u>21,570,359</u>
<u>\$ 2,496,104</u>	<u>\$ 1,619,687</u>	<u>\$ 21,646,870</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities:		
Operating income (loss)	\$ 663,961	\$ (1,680,300)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	1,937,367	-
Miscellaneous cash receipts	950	-
Changes in		
Accounts receivable	3,997	(243)
Due from other governments	-	-
Inventory of supplies	(45,837)	-
Pension related amounts	59,077	-
OPEB related amounts	4,321	-
Accounts payable	(20,444)	(543,103)
Accrued liabilities	7,922	-
Contracts payable	27,622	-
Due to other governments	(159)	-
Compensated absences	104,821	-
Sick leave conversion payable	100,228	-
Claims liabilities	-	273,066
Total adjustments	2,179,865	(270,280)
Net cash from (used for) operating activities	\$ 2,843,826	\$ (1,950,580)
Noncash investing and capital and related financing activities		
Contributions of capital assets from other funds	\$ 72,536	\$ -

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 120,007	\$ 194,694	\$ (701,638)
-	-	1,937,367
-	-	950
-	-	3,754
-	(60,890)	(60,890)
-	-	(45,837)
-	-	59,077
-	-	4,321
(14,272)	63,081	(514,738)
-	-	7,922
-	2,004	29,626
9,935	-	9,776
-	-	104,821
-	-	100,228
(98,274)	(15,096)	159,696
(102,611)	(10,901)	1,796,073
<u>\$ 17,396</u>	<u>\$ 183,793</u>	<u>\$ 1,094,435</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,536</u>

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Motor Vehicle Maintenance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 4,924,511	\$ 5,566,492	\$ 641,981	\$ 5,160,308
Fuel	650,000	786,618	136,618	769,475
Miscellaneous	-	4,567	4,567	6,591
Total operating revenues	<u>5,574,511</u>	<u>6,357,677</u>	<u>783,166</u>	<u>5,936,374</u>
Operating Expenses				
Salaries and wages	863,767	913,594	(49,827)	651,463
Employee benefits	538,869	455,854	83,015	275,216
Services and supplies	2,394,012	2,386,901	7,111	1,987,200
Depreciation	2,475,394	1,937,367	538,027	1,944,548
Total operating expenses	<u>6,272,042</u>	<u>5,693,716</u>	<u>578,326</u>	<u>4,858,427</u>
Operating Income (Loss)	<u>(697,531)</u>	<u>663,961</u>	<u>1,361,492</u>	<u>1,077,947</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	17,700	253,171	235,471	(58,056)
Miscellaneous/Other	-	950	950	-
Sale of assets	-	(15,601)	(15,601)	25,445
Total non-operating revenues (expenses)	<u>17,700</u>	<u>238,520</u>	<u>220,820</u>	<u>(32,611)</u>
Income before Capital Contributions and Transfers	<u>(679,831)</u>	<u>902,481</u>	<u>1,582,312</u>	<u>1,045,336</u>
Capital Contributions				
Vehicles	-	72,536	72,536	121,038
Transfers				
Transfers in	-	-	-	402,564
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>402,564</u>
Change in Net Position	<u>\$ (1,679,831)</u>	<u>975,017</u>	<u>\$ 2,654,848</u>	<u>\$ 1,568,938</u>
Net Position, Beginning of Year		<u>18,230,688</u>		
Net Position, End of Year		<u>\$ 19,205,705</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Group Insurance Self-Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 12,650,000	\$ 12,606,800	\$ (43,200)	\$ 11,983,786
Miscellaneous				
Reimbursement from insurance claims	300,000	218,955	(81,045)	207,128
Total operating revenues	<u>12,950,000</u>	<u>12,825,755</u>	<u>(124,245)</u>	<u>12,190,914</u>
Operating Expenses				
Services and supplies	<u>14,919,253</u>	<u>14,506,055</u>	<u>413,198</u>	<u>12,593,277</u>
Operating Income (Loss)	(1,969,253)	(1,680,300)	288,953	(402,363)
Non-operating Revenues (Expenses)				
Investment income (loss)	<u>34,710</u>	<u>361,691</u>	<u>326,981</u>	<u>(122,724)</u>
Change in Net Position	<u>\$ (1,934,543)</u>	<u>(1,318,609)</u>	<u>\$ 615,934</u>	<u>\$ (525,087)</u>
Net Position, Beginning of Year		<u>8,169,720</u>		
Net Position, End of Year		<u>\$ 6,851,111</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Workers' Compensation Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Contributions and reimbursements	\$ 2,430,000	\$ 2,583,859	\$ 153,859	\$ 2,518,201
Miscellaneous				
Reimbursement from insurance claims	-	-	-	2,103
Total operating revenues	<u>2,430,000</u>	<u>2,583,859</u>	<u>153,859</u>	<u>2,520,304</u>
Operating Expenses				
Services and supplies	<u>3,329,331</u>	<u>2,463,852</u>	<u>865,479</u>	<u>1,142,345</u>
Operating Income (Loss)	(899,331)	120,007	1,019,338	1,377,959
Non-operating Revenues (Expenses)				
Investment income (loss)	<u>17,000</u>	<u>130,413</u>	<u>113,413</u>	<u>(58,536)</u>
Change in Net Position	<u>\$ (882,331)</u>	250,420	<u>\$ 1,132,751</u>	<u>\$ 1,319,423</u>
Net Position, Beginning of Year		<u>(7,002,455)</u>		
Net Position, End of Year		<u>\$ (6,752,035)</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Municipal Self-Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 2,235,679	\$ 2,235,679	\$ -	\$ 2,085,100
Miscellaneous				
Reimbursement from insurance claims	100,000	55,258	(44,742)	99,725
Total operating revenues	<u>2,335,679</u>	<u>2,290,937</u>	<u>(44,742)</u>	<u>2,184,825</u>
Operating Expenses				
Services and supplies	<u>2,498,243</u>	<u>2,096,243</u>	<u>402,000</u>	<u>1,513,323</u>
Operating Income (Loss)	<u>(162,564)</u>	<u>194,694</u>	<u>357,258</u>	<u>671,502</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	85	29,890	29,805	1,508
Income (loss) before Transfers	<u>(162,479)</u>	<u>224,584</u>	<u>387,063</u>	<u>673,010</u>
Transfers				
Transfers in	250,000	250,000	-	250,000
Transfers out	<u>-</u>	<u>(11,853)</u>	<u>(11,853)</u>	<u>-</u>
Change in Net Position	<u>\$ 87,521</u>	462,731	<u>\$ 375,210</u>	<u>\$ 923,010</u>
Net Position, Beginning of Year		<u>1,214,619</u>		
Net Position, End of Year		<u>\$ 1,677,350</u>		

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Custodial Funds

Truckee Meadows Water Reclamation Facility Investment Pool

To account for cash and investments held for the Truckee Meadows Water Reclamation Facility.

Sick Leave Retirement Fund

To account for the accumulation of resources for health insurance premium payments of specified retirees.

Postemployment Medical Benefits Fund

To account for the accumulation of resources for postemployment medical benefits of specified retirees.

Police Evidence Account

To account for cash held until case settlement.

City of Sparks
Combining Statement of Fiduciary Net Position - Custodial Funds
June 30, 2023

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Police Evidence Fund	Total Custodial Funds
Assets					
Cash and investments	\$ 1,741,930	\$ 6,941	\$ 59,878	\$ 46,869	\$ 1,855,618
Net Position					
Restricted for:					
Individuals, organizations and other governments	1,741,930	6,941	59,878	46,869	1,855,618
Total liabilities and net position	\$ 1,741,930	\$ 6,941	\$ 59,878	\$ 46,869	\$ 1,855,618

City of Sparks
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds
Year Ended June 30, 2023

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Police Evidence Fund	Total Custodial Funds
Additions:					
Contributions					
Dependent co-pay contributions	\$ -	\$ -	\$ 248,026	\$ -	\$ 248,026
Joint Venture owner contributions	23,776,521	-	-	-	23,776,521
Police Evidence Additions	-	-	-	63,475	63,475
Total contributions	23,776,521	-	248,026	63,475	24,088,022
Other income					
Interest, dividends, and other	101,753	-	2,810	14	104,577
Receipts from TMWRF sales and services	973,412	-	-	-	973,412
Total other income	1,075,165	-	2,810	14	1,077,989
Total additions	24,851,686	-	250,836	63,489	25,166,011
Deductions:					
Medical, dental, and life insurance - retirees	-	2,196	297,989	-	300,185
Disbursements for operating costs of joint venture	23,929,710	-	-	-	23,929,710
Disbursements for capital costs of joint venture	493,884	-	-	-	493,884
Police Evidence Deductions	-	-	-	63,977	63,977
Total deductions	24,423,594	2,196	297,989	63,977	24,787,756
Change in Net Position	428,092	(2,196)	(47,153)	(488)	378,255
Net position, beginning of year	1,313,838	9,137	107,031	47,357	1,477,363
Net position, end of year	\$ 1,741,930	\$ 6,941	\$ 59,878	\$ 46,869	\$ 1,855,618

Flat Fixed Fees

Business license revenue adjusted base at June 30, 2022 (Base Year) \$ 1,020,619

Adjustment to Base

Percentage increase in population of the local government 4.13 %

Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated (West urban Size B/C -50,000 to 1,500,000, non seasonally adjusted) 6.20 % 10.33 %

105,430

Adjusted base at June 30, 2023 1,126,049

Actual Revenue 782,900

Amount under allowable amount (343,149)

Fee Calculated on a Percentage of Gross Revenue

Base Revenue at June 30, 2022 6,089,247

Percentage change in CPI 1.062 %

Adjusted base at June 30, 2023 6,466,780

Actual Revenue 6,514,776

Actual amount over allowable amount \$ 47,996

This part of the City of Sparks’ annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health

Section Contents	Schedule #
<p>Financial Trends These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.</p>	1.1-1.4
<p>Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property and sales taxes.</p>	2.1-2.4
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt, and its ability to issue additional future debt.</p>	3.1-3.4
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.</p>	4.1-4.2
<p>Operating Information These schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.</p>	5.1-5.3

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Net investment in capital assets	\$ 447,044,071	\$ 436,205,357	\$ 413,601,581	\$ 401,168,954
Restricted	63,682,960	55,145,614	51,775,060	44,717,383
Unrestricted	<u>(122,972,149)</u>	<u>(144,921,593)</u>	<u>(175,977,167)</u>	<u>(204,210,323)</u>
Total Governmental Activities	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 289,399,474</u>	<u>\$ 241,676,014</u>
Business-Type Activities				
Net investment in capital assets	\$ 175,175,155	\$ 174,042,473	\$ 167,767,880	\$ 151,475,847
Unrestricted	<u>129,994,210</u>	<u>115,020,279</u>	<u>102,184,328</u>	<u>99,284,144</u>
Total business-type activities net position	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 269,952,208</u>	<u>\$ 250,759,991</u>
Primary government				
Net investment in capital assets	\$ 622,219,226	\$ 610,247,830	\$ 581,369,461	\$ 552,644,801
Restricted	63,682,960	55,145,614	51,775,060	44,717,383
Unrestricted	<u>7,022,061</u>	<u>(29,901,314)</u>	<u>(73,792,839)</u>	<u>(104,926,179)</u>
Total primary government	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>	<u>\$ 559,351,682</u>	<u>\$ 492,436,005</u>

City of Sparks
Schedule 1.1 – Net Position by Component
Last Ten Fiscal Years (Unaudited)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 392,011,088	\$ 363,842,341	\$ 377,956,278	\$ 364,071,812	\$ 349,494,836	\$ 333,680,025
40,809,634	38,126,693	36,694,210	35,374,824	35,589,211	41,194,330
<u>(203,877,196)</u>	<u>(212,691,309)</u>	<u>(136,693,294)</u>	<u>(163,874,191)</u>	<u>(162,908,270)</u>	<u>(113,144,667)</u>
<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>	<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>
\$ 147,778,186	\$ 137,394,248	\$ 136,405,793	\$ 133,052,926	\$ 132,378,854	\$ 124,836,498
91,502,404	82,041,562	67,633,391	61,224,746	52,757,466	62,226,339
<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>	<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>
\$ 539,789,274	\$ 501,236,589	\$ 514,362,071	\$ 497,124,738	\$ 481,873,690	\$ 458,516,523
40,809,634	38,126,693	36,694,210	35,374,824	35,589,211	41,194,330
<u>(112,374,792)</u>	<u>(130,649,747)</u>	<u>(69,059,903)</u>	<u>(102,649,445)</u>	<u>(110,150,804)</u>	<u>(50,918,328)</u>
<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>	<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>

	2023	2022	2021	2020
Expenses				
Governmental Activities				
General government	\$ 21,278,140	\$ 22,795,502	\$ 21,773,154	\$ 15,441,627
Judicial	3,229,643	2,770,337	2,991,334	2,795,918
Public safety	69,348,520	54,693,488	57,875,859	55,440,833
Public works	13,077,255	13,221,651	12,992,663	11,950,915
Culture and recreation	13,284,068	10,951,486	9,941,535	10,422,820
Community support	3,897,337	2,697,499	5,409,239	5,645,107
Interest and fiscal charges	2,651,779	2,873,824	3,523,685	6,545,310
Total governmental activities	126,766,742	110,003,787	114,507,469	108,242,530
Business-type Activities				
Sewer	30,665,606	27,568,958	25,858,663	26,977,731
Development services	6,119,547	5,373,651	5,297,017	5,190,503
Total business-type activities expenses	36,785,153	32,942,609	31,155,680	32,168,234
Total primary government expenses	\$ 163,551,895	\$ 142,946,396	\$ 145,663,149	\$ 140,410,764
Program Revenues				
Governmental Activities				
Charges for services				
General Government	\$ 23,193,253	\$ 20,436,521	\$ 18,975,277	\$ 18,789,975
Judicial	677,242	688,804	662,624	724,787
Public Safety	1,726,591	1,858,640	1,955,162	796,259
Public Work	4,452,515	3,498,115	3,452,679	3,203,990
Sanitation	235,689	218,725	181,329	94,195
Culture, recreation, and community support	5,514,989	4,957,917	4,026,966	4,127,420
Operating grants and contributions	13,306,670	8,040,284	22,245,844	1,493,963
Capital grants, interest, and contributions	9,222,106	25,234,453	14,863,768	7,793,920
Total governmental activities program revenues	58,329,055	64,933,459	66,363,649	37,024,509
Business-type Activities				
Charge for Sewer services	33,824,004	32,012,676	29,365,070	27,840,612
Charge for Development services	4,408,639	6,163,395	5,290,666	5,782,060
Operating grants, interest, and contributions	-	-	-	-
Capital grants, interest, and contributions	12,632,354	15,275,746	16,297,112	8,713,716
Total business-type activities program revenues	50,864,997	53,451,817	50,952,848	42,336,388
Total primary government program revenue	109,194,052	118,385,276	117,316,497	79,360,897
Net (Expense)/Revenue				
Governmental Activities	(68,437,687)	(45,070,328)	(48,143,820)	(71,218,021)
Business-type Activities	14,079,844	20,509,208	19,797,168	10,168,154
Total primary government net expense	\$ (54,357,843)	\$ (24,561,120)	\$ (28,346,652)	\$ (61,049,867)

City of Sparks
Schedule 1.2 – Changes in Net Position
Last Ten Fiscal Years (Unaudited)

	2019	2018	2017	2016	2015	2014
\$	13,973,087	\$ 13,621,461	\$ 13,628,107	\$ 17,259,801	\$ 12,531,485	\$ 10,756,417
	2,675,432	2,462,689	2,351,052	2,085,243	2,119,937	2,213,707
	50,137,012	45,421,001	44,774,035	41,989,882	39,489,038	44,473,405
	10,831,434	9,069,840	9,177,840	8,564,996	6,300,571	13,107,396
	10,712,073	10,788,462	10,092,377	10,163,718	9,829,803	10,230,616
	3,152,349	2,025,939	3,298,425	2,577,879	1,384,932	1,949,757
	7,987,116	10,352,937	10,501,091	9,827,453	11,187,762	10,748,859
	<u>99,468,503</u>	<u>93,742,329</u>	<u>93,822,927</u>	<u>92,468,972</u>	<u>82,843,528</u>	<u>93,480,157</u>
	24,957,376	24,247,795	22,922,462	23,863,114	22,442,881	24,153,084
	4,916,464	4,429,416	3,784,497	2,871,068	1,991,181	1,624,933
	<u>29,873,840</u>	<u>28,677,211</u>	<u>26,706,959</u>	<u>26,734,182</u>	<u>24,434,062</u>	<u>25,778,017</u>
\$	<u>129,342,343</u>	<u>\$ 122,419,540</u>	<u>\$ 120,529,886</u>	<u>\$ 119,203,154</u>	<u>\$ 107,277,590</u>	<u>\$ 119,258,174</u>
\$	18,467,769	\$ 17,303,881	\$ 14,401,815	\$ 14,374,893	\$ 13,190,273	\$ 12,019,773
	849,504	884,023	858,488	940,585	959,730	988,053
	828,841	961,350	570,336	718,541	972,957	960,766
	3,163,804	2,033,918	2,725,585	3,124,194	3,246,022	3,040,582
	117,145	254,414	81,760	112,103	89,864	37,520
	5,335,121	6,722,371	4,927,851	4,703,917	4,520,065	4,446,327
	1,777,839	1,404,104	1,725,985	1,534,679	1,234,890	1,867,496
	28,115,646	4,620,380	41,463,235	14,611,760	23,015,112	56,827,683
	<u>58,655,669</u>	<u>34,184,441</u>	<u>66,755,055</u>	<u>40,120,672</u>	<u>47,228,913</u>	<u>80,188,200</u>
	26,129,683	25,421,540	24,000,811	22,858,463	21,956,804	21,209,352
	5,426,563	5,683,897	4,713,487	4,153,119	3,266,871	2,317,542
	-	-	13,729	-	-	-
	<u>16,120,587</u>	<u>14,538,770</u>	<u>7,648,854</u>	<u>6,490,750</u>	<u>5,509,920</u>	<u>7,746,694</u>
	<u>47,676,833</u>	<u>45,644,207</u>	<u>36,376,881</u>	<u>33,502,332</u>	<u>30,733,595</u>	<u>31,273,588</u>
	<u>106,332,502</u>	<u>79,828,648</u>	<u>103,131,936</u>	<u>73,623,004</u>	<u>77,962,508</u>	<u>111,461,788</u>
	(40,812,834)	(59,557,888)	(27,067,872)	(52,348,300)	(35,614,615)	(13,291,957)
	17,802,993	16,966,996	9,669,922	6,768,150	6,299,533	5,495,571
\$	<u>(23,009,841)</u>	<u>\$ (42,590,892)</u>	<u>\$ (17,397,950)</u>	<u>\$ (45,580,150)</u>	<u>\$ (29,315,082)</u>	<u>\$ (7,796,386)</u>

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem taxes	\$ 40,034,040	\$ 37,105,637	\$ 34,873,144	\$ 32,559,240
Special assessments - taxes	149,202	178,512	148,830	324,269
Unrestricted intergovernmental - consolidated taxes	37,595,351	38,026,225	34,501,113	29,030,989
Other taxes	25,389,575	24,622,655	23,615,309	19,536,433
Unrestricted investment income (loss)	4,354,195	(706,656)	43,842	1,350,566
Other	2,453,781	2,724,665	2,026,954	868,239
Transfers	(212,953)	149,194	499,349	280,773
Total governmental activities	109,763,191	102,100,232	95,708,541	83,950,509
Business-type Activities				
Unrestricted investment income	1,580,990	(1,311,760)	(184,969)	1,510,252
Other	232,826	62,290	79,367	81,768
Transfers	212,953	(149,194)	(499,349)	(280,773)
Total business-type activities	2,026,769	(1,398,664)	(604,951)	1,311,247
Total primary government	111,789,960	100,701,568	95,103,590	85,261,756
Change in Net Position				
Governmental Activities	\$ 41,325,504	\$ 57,029,904	\$ 47,564,721	\$ 12,732,488
Business-Type Activities	16,106,613	19,110,544	19,192,217	11,479,401
Total primary government change in net position	\$ 57,432,117	\$ 76,140,448	\$ 66,756,938	\$ 24,211,889

City of Sparks
Schedule 1.2 – Changes in Net Position
Last Ten Fiscal Years (Unaudited)

2019	2018	2017	2016	2015	2014
\$ 29,945,770	\$ 27,562,058	\$ 26,361,970	\$ 25,735,620	\$ 24,206,813	\$ 23,423,624
361,665	342,080	889,479	1,197,930	1,082,636	1,188,135
27,846,670	26,549,389	23,195,337	22,695,286	20,916,103	19,356,294
19,930,341	18,804,468	17,167,022	16,199,616	15,418,511	14,282,782
1,868,169	393,507	243,579	506,173	254,882	378,347
508,633	(582,679)	1,625,010	215,107	584,991	778,449
21,281	(228,473)	(25,941)	53,047	714,946	342,882
<u>80,482,529</u>	<u>72,840,350</u>	<u>69,456,456</u>	<u>66,602,779</u>	<u>63,178,882</u>	<u>59,750,513</u>
1,983,132	69,182	(39,993)	493,674	246,574	454,632
79,936	92,497	105,642	126,503	154,962	126,653
(21,281)	228,473	25,941	(53,047)	(714,946)	(342,882)
<u>2,041,787</u>	<u>390,152</u>	<u>91,590</u>	<u>567,130</u>	<u>(313,410)</u>	<u>238,403</u>
<u>82,524,316</u>	<u>73,230,502</u>	<u>69,548,046</u>	<u>67,169,909</u>	<u>62,865,472</u>	<u>59,988,916</u>
\$ 39,669,695	\$ 13,282,462	\$ 42,388,584	\$ 14,254,479	\$ 27,564,267	\$ 46,458,556
19,844,780	17,357,148	9,761,512	7,335,280	5,986,123	5,733,974
<u>\$ 59,514,475</u>	<u>\$ 30,639,610</u>	<u>\$ 52,150,096</u>	<u>\$ 21,589,759</u>	<u>\$ 33,550,390</u>	<u>\$ 52,192,530</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	1,466,538	1,647,241	10,540,145	510,439
Unassigned	<u>22,088,445</u>	<u>17,400,201</u>	<u>9,967,747</u>	<u>6,350,345</u>
Total general fund ⁽¹⁾	<u>\$ 23,554,983</u>	<u>\$ 19,047,442</u>	<u>\$ 20,507,892</u>	<u>\$ 6,860,784</u>
All Other Governmental Funds				
Restricted	50,377,301	43,169,345	43,208,385	36,488,361
Committed	3,207,411	3,186,082	2,530,762	1,707,029
Assigned	<u>33,461,389</u>	<u>25,721,072</u>	<u>15,323,590</u>	<u>10,551,920</u>
Total all other governmental funds ⁽¹⁾	<u>\$ 87,046,101</u>	<u>\$ 72,076,499</u>	<u>\$ 61,062,737</u>	<u>\$ 48,747,310</u>

Notes:

- ¹⁾ Fluctuations in total general fund balance and total all other governmental funds balance primarily reflect activity related to large capital projects.

City of Sparks
Schedule 1.3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)

2019	2017	2017	2016	2015	2014
\$ -	\$ -	\$ -	\$ -	333	\$ -
119,485	955,058	332,086	2,345,634	2,499,431	1,101,885
<u>8,237,017</u>	<u>5,860,155</u>	<u>2,381,986</u>	<u>3,661,772</u>	<u>3,946,852</u>	<u>3,762,386</u>
<u>\$ 8,356,502</u>	<u>\$ 6,815,213</u>	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</u>	<u>\$ 6,446,616</u>	<u>\$ 4,864,271</u>
36,560,228	33,709,418	32,696,433	36,862,093	35,767,128	41,650,718
1,942,449	1,240,812	913,386	1,073,424	798,424	1,163,684
<u>10,072,007</u>	<u>7,777,144</u>	<u>6,407,484</u>	<u>3,429,725</u>	<u>3,993,693</u>	<u>3,443,911</u>
<u>\$ 48,574,684</u>	<u>\$ 42,727,374</u>	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</u>	<u>\$ 40,559,245</u>	<u>\$ 46,258,313</u>

	2023	2022	2021	2020
Revenues				
Taxes	\$ 43,185,530	\$ 40,354,999	\$ 39,360,225	\$ 35,176,088
Licenses and permits	25,730,539	22,297,813	20,602,169	19,910,793
Intergovernmental revenues	77,434,341	72,189,993	81,512,068	50,188,454
Charges for services	5,903,560	6,677,002	5,724,750	4,969,720
Fines and forfeits	563,717	554,510	505,488	586,214
Miscellaneous	4,247,387	(110,209)	801,043	1,807,644
Total revenues	157,065,074	141,964,108	148,505,743	112,638,913
Expenditures				
General government*	18,092,173	21,931,829	20,343,444	14,477,331
Judicial	2,950,083	2,835,578	2,760,164	2,547,670
Public safety	63,793,055	59,958,021	55,380,118	50,827,457
Public works	7,211,820	7,690,354	6,880,625	5,787,155
Culture and recreation	10,016,216	8,365,601	7,125,492	7,565,828
Community support	3,239,653	2,332,202	5,033,426	6,190,832
Capital/Nonoperating	11,693,578	7,223,549	4,460,840	7,441,242
Debt service				
Principal	21,347,439	18,877,230	16,696,235	14,124,988
Interest	2,132,601	2,724,356	3,313,836	5,558,055
Advance Refunding Escrow	-	-	-	-
Other				
Fiscal charges and other	47,074	6,049	6,050	3,200
Refunding bond issuance costs	-	-	-	1,066,498
Total expenditures	140,523,692	131,944,769	122,000,230	115,590,256
Excess (Deficiency) of Revenues over Expenditures	16,541,382	10,019,339	26,505,513	(2,951,343)
Other Financing Sources (Uses)				
Sale of assets	1,862,068	-	-	-
Refunding bonds issued	-	-	-	96,609,347
Payments to refunded bond escrow agent	-	-	-	(93,513,935)
Leases	248,373	37,341	-	-
IT Subscriptions	1,276,420	-	-	-
Discount on bonds issued	-	-	-	-
Transfers in	24,153,706	15,842,719	21,466,426	8,781,547
Transfers out	(24,604,806)	(16,346,089)	(22,168,142)	(10,248,706)
Total other financing sources (uses)	2,935,761	(466,029)	(701,716)	1,628,253
Net Change in Fund Balances	\$ 19,477,143	\$ 9,553,310	\$ 25,803,797	\$ (1,323,090)
Debt service as a percentage of noncapital expenditures	18.2 %	17.3 %	17.0 %	18.2 %

* Includes General, Special Revenue, Capital Projects and Debt Service Funds.

City of Sparks
Schedule 1.4 - Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years (Unaudited)

	2019	2018	2017	2016	2015	2014
\$	33,018,266	\$ 35,540,176	\$ 29,734,198	\$ 28,969,948	\$ 27,564,923	\$ 32,673,904
	20,025,849	18,919,475	15,476,836	15,892,828	15,806,282	14,636,255
	50,827,309	45,242,085	41,886,672	40,724,097	38,096,816	36,101,825
	6,050,050	5,852,395	5,713,677	5,186,023	5,107,022	5,460,416
	584,391	703,704	622,678	663,882	653,313	662,907
	1,752,147	770,509	597,537	846,889	435,736	950,298
	<u>112,258,012</u>	<u>107,028,344</u>	<u>94,031,598</u>	<u>92,283,667</u>	<u>87,664,092</u>	<u>90,485,605</u>
	12,839,338	12,773,774	13,009,722	10,979,858	10,113,421	10,013,248
	2,538,257	2,347,610	2,272,818	1,998,477	2,097,670	1,931,962
	47,535,551	43,983,575	43,333,646	41,066,025	39,716,955	38,156,786
	4,872,701	4,734,652	4,709,480	4,827,742	4,774,668	4,539,922
	7,781,638	7,559,359	7,534,030	7,258,973	6,820,522	6,797,156
	2,289,008	1,235,472	994,435	1,802,744	901,936	1,117,381
	7,617,099	4,268,653	6,726,641	5,918,626	5,082,673	4,077,064
	11,476,169	13,644,519	7,852,000	7,398,000	13,797,000	13,825,000
	7,673,052	9,423,142	10,165,272	10,920,981	11,208,334	12,003,482
	-	-	2,899,967	-	-	-
	6,238	18,153	23,336	4,366	211,815	150,057
	-	-	217,757	-	-	-
	<u>104,629,051</u>	<u>99,988,909</u>	<u>99,739,104</u>	<u>92,175,792</u>	<u>94,724,994</u>	<u>92,612,058</u>
	<u>7,628,961</u>	<u>7,039,435</u>	<u>(5,707,506)</u>	<u>107,875</u>	<u>(7,060,902)</u>	<u>(2,126,453)</u>
	-	250	1,096,000	934,000	2,150,000	100,000
	-	-	23,158,290	-	7,285,000	7,330,000
	-	-	(23,124,790)	-	(7,132,187)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(8,500)	-	-	-
	5,255,809	2,939,738	7,099,724	6,542,487	5,749,856	6,207,065
	(5,496,173)	(3,168,211)	(7,154,491)	(7,217,575)	(5,108,490)	(5,864,183)
	<u>(240,364)</u>	<u>(228,223)</u>	<u>1,066,233</u>	<u>258,912</u>	<u>2,944,179</u>	<u>7,772,882</u>
\$	<u>7,388,597</u>	<u>\$ 6,811,212</u>	<u>\$ (4,641,273)</u>	<u>\$ 366,787</u>	<u>\$ (4,116,723)</u>	<u>\$ 5,646,429</u>
	<u>19.7 %</u>	<u>24.1 %</u>	<u>22.5 %</u>	<u>21.2 %</u>	<u>27.9 %</u>	<u>29.2 %</u>

Real Property Assessed Value

Fiscal Year ended June 30,	Residential	Commercial	Industrial	Other
2023	\$ 3,399,740,561	\$ 748,472,933	\$ 540,031,064	\$ 374,950,979
2022	2,750,064,747	623,065,838	454,450,308	278,128,435
2021	2,451,376,798	565,369,753	425,197,042	261,393,031
2020	2,378,635,244	574,305,361	432,462,837	250,417,320
2019	2,229,900,160	529,486,683	406,704,885	222,190,719
2018	1,963,226,530	488,494,248	384,454,122	187,065,467
2017	1,871,245,807	469,525,894	373,049,844	157,678,335
2016	1,787,356,662	492,590,272	352,196,393	149,465,713
2015	1,632,926,539	491,969,082	346,266,412	139,011,067
2014	1,424,938,902	490,827,042	344,402,528	139,546,740

Source: Washoe County Assessor

Pursuant to NRS 361.227, real property is valued at taxable value, determined by calculating the full cash value (market value) of land and estimated replacement cost of improvements less appropriate depreciation. Taxable assessed value is 35% of estimated actual value. Real property is reappraised at least every five years. Property not reappraised is revalued annually, using various approved methods

City of Sparks
 Schedule 2.1 -Assessed Value of Estimated Value of Taxable Property
 Last Ten Fiscal Years (Unaudited)

Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
\$ 6,221,852	\$ 257,006,898	\$ 3,595,987,087	10,274,248,820	35.00 %	0.9598
6,099,855	214,915,593	3,524,585,790	10,070,245,114	35.00 %	0.9598
5,980,250	191,327,689	3,330,057,738	9,514,450,680	35.00 %	0.9598
5,862,990	194,266,121	3,155,373,495	9,015,352,843	35.00 %	0.9598
5,748,029	183,618,052	2,839,231,639	8,112,090,397	35.00 %	0.9598
5,635,323	152,542,043	2,777,401,409	7,935,432,597	35.00 %	0.9598
5,524,826	157,699,419	2,644,465,360	7,555,615,314	35.00 %	0.9598
5,416,496	156,718,781	2,469,924,856	7,056,928,160	35.00 %	0.9598
5,310,290	158,289,982	2,236,803,070	6,390,865,914	35.00 %	0.9598
5,206,167	158,470,881	2,015,997,058	5,759,991,594	35.00 %	0.9161

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City of Sparks Direct Rate				
Operating Rate	0.7523	0.7109	0.7109	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	<u>0.0970</u>	<u>0.1384</u>	<u>0.1384</u>	<u>0.1384</u>
Total City of Sparks Direct Rate	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>
Overlapping Rates				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
State of Nevada	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total Overlapping Rates	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>
Total City of Sparks Property Tax Rate	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>
Redevelopment Agency of the City of Sparks	<u>3.1961</u>	<u>3.1891</u>	<u>3.1848</u>	<u>3.1808</u>

Source: Nevada Department of Taxation

Note: AB 489 and SB 509 are two property tax relief measures that were passed during the 2005 Nevada legislative session that places limitations on increases of property tax paid by Nevada property owners. These tax relief measures have the potential of limiting the property tax rates levied by Nevada governmental agencies.

City of Sparks
 Schedule 2.2 - Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years (Unaudited)

2019	2018	2017	2016	2015	2014
0.7109	0.7109	0.7109	0.7109	0.7109	0.6672
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1384	0.1384
0.9598	0.9598	0.9598	0.9598	0.9598	0.9161
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7002	2.7002	2.7002	2.7002	2.7002	2.7002
3.6600	3.6600	3.6600	3.6600	3.6600	3.6163
3.1778	3.2085	3.2085	3.2085	3.1940	3.1238

City of Sparks
Schedule 2.3 – Ten Largest Assessed Valuations
Current Year and Nine Years Ago (Unaudited)

Taxpayer	2023			2014		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Smooth Bourbon LLC	\$ 43,894,408	1	1.22%	\$ -	-	-%
RED Sparks SPE LLC	38,766,964	2	1.08%	-	-	-%
Northland Lumina LLC	20,298,497	3	0.56%	-	-	-%
Prime Park Vista LLC	18,408,017	4	0.51%	-	-	-%
BL Road LLC	17,557,891	5	0.49%	-	-	-%
Toll NV Limited Partnership	17,430,619	6	0.48%	-	-	-%
LMC Apex Property Owner LLC	16,978,649	7	0.47%	-	-	-%
Oakmont Properties-Azure Owner LLC	16,648,262	8	0.46%	-	-	-%
Sparks Marina JV LLC	16,637,388	9	0.46%	-	-	-%
Green Leaf Waterstone LLC	15,778,632	10	0.44%	-	-	-%
BRE/Reno Property LLC	-	-	-%	27,509,802	1	1.36%
RRE/PAC Nevada LLC	-	-	-%	20,949,382	2	1.04%
Northwestern Mutual Life Insurance Co.	-	-	-%	17,502,482	3	0.87%
Prime Park Vista LLC	-	-	-%	14,420,213	4	0.72%
Inland American Sparks Crossing	-	-	-%	12,907,226	5	0.64%
Sparks Family Hospital Inc	-	-	-%	11,863,516	6	0.59%
CHP Sparks NV Owner LLC	-	-	-%	10,625,428	7	0.53%
US INST Real Est Equities LP	-	-	-%	10,334,960	8	0.51%
Pioneer Meadows Apartments LLC	-	-	-%	10,029,821	9	0.50%
Waterstone Village LLC	-	-	-%	9,390,815	9	0.47%
Total, Ten Largest Taxpayers	222,399,327		6.18%	145,533,645		7.22%
Total, Other Taxpayers	3,373,587,760		93.82%	1,870,463,413		92.78%
Total Assessed Valuations	<u>\$ 3,595,987,087</u>		<u>100.00%</u>	<u>\$ 2,015,997,058</u>		<u>100.00%</u>

Source: Washoe County Assessor

This list represents the ten largest property assessments based on property-owning taxpayers in the City. It is possible that an owner of several parcels may have an aggregate assessed value that is large than those listed above. This schedule does not include the City of Sparks Redevelopment Agency valuation.

City of Sparks
Schedule 2.4 – Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Current Year			Total Collections to Date		
	Taxes Levied	Tax Collections	Percentage of Taxes Levied	Delinquent Tax Collections	Tax Collections	Percent of Taxes Levied
2023	\$ 36,159,075	\$ 36,036,669	99.66	\$ -	\$ 36,036,669	99.66%
2022	33,567,257	33,488,421	99.77	57,819	33,546,240	99.94%
2021	31,490,892	31,380,240	99.65	109,595	31,489,835	100.00%
2020	29,230,408	29,146,606	99.71	83,802	29,230,408	100.00%
2019	26,972,304	26,892,344	99.70	79,960	26,972,304	100.00%
2018	24,822,400	24,741,565	99.67	80,835	24,822,400	100.00%
2017	23,816,110	23,725,954	99.62	90,156	23,816,110	100.00%
2016	23,092,284	23,012,450	99.65	79,834	23,092,284	100.00%
2015	22,185,805	22,076,170	99.51	109,635	22,185,805	100.00%
2014	22,220,370	21,302,629	95.87	917,741	22,220,370	100.00%

Note: Property taxes are collected by the County and remitted periodically throughout the fiscal year. Delinquent tax collections paid to the City in the current year are allocated to the year levied for this presentation. Includes Redevelopment Agency Areas No. 1 & 2.

Fiscal Year Ended June 30,	General Bonded Debt								
	General Obligation		Redevelopment		Total General Bonded Debt	Available to Repay General Bonded Debt	Net General Bonded Debt	Percentage of Actual Property Value ⁽¹⁾	Per Capita ⁽²⁾
	Bonds	Notes	Bonds	Notes					
2023	\$ -	\$ -	\$ 12,093,874	\$ -	\$ 12,093,874	\$ 5,884,293	\$ 6,209,581	0.06%	\$ 112.51
2022	-	-	14,165,442	-	14,165,442	6,089,739	8,075,703	0.08%	137.22
2021	-	-	18,257,042	-	18,257,042	8,974,508	9,282,534	0.10%	178.04
2020	-	-	22,188,460	-	22,188,460	8,223,083	13,965,377	0.15%	221.57
2019	-	-	28,146,901	-	28,146,901	8,504,258	19,642,643	0.24%	290.39
2018	-	-	31,969,961	-	31,969,961	7,940,231	24,029,730	0.30%	333.97
2017	-	-	40,340,988	-	40,340,988	19,752,855	20,588,133	0.27%	431.08
2016	1,035,000	-	43,497,856	-	44,532,856	18,910,066	25,622,790	0.36%	481.98
2015	2,025,000	-	46,722,399	-	48,747,399	17,298,588	31,448,811	0.49%	532.46
2014	2,975,000	-	55,592,348	-	58,567,348	22,921,066	35,646,282	0.62%	649.20

1) See Schedule 2.1 for estimated actual property value.

2) See Schedule 4.1 for population and personal income data.

City of Sparks
Schedule 3.1 – Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Other Governmental Activities Debt			Business Type Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
Revenue Bonds	IT Subscriptions	Leases	Sewer Utility Bonds	Sewer Utility Notes	Leases			
\$ 47,075,000	\$ 867,636	\$ 1,202,581	\$ 7,922,276	\$ 1,096,217	\$ 43,502	\$ 70,301,199	0.20%	\$ 654.03
65,323,000	-	138,880	10,396,880	1,910,080	10,204	91,944,486	0.29%	890.68
80,031,847	-	-	13,264,871	2,701,341	-	114,255,101	0.38%	1,114.22
92,793,284	-	-	28,088,741	3,470,629	-	146,541,114	0.52%	1,463.36
96,320,024	-	-	33,141,506	4,218,271	-	161,826,702	0.63%	1,669.56
103,776,530	-	-	38,082,582	4,945,551	-	178,774,624	0.79%	1,867.60
108,853,102	-	-	42,928,969	5,652,641	-	197,775,700	0.92%	2,113.42
112,162,608	-	-	46,817,980	6,356,605	-	209,870,049	1.10%	2,271.42
115,117,114	-	171,670	32,329,748	7,057,710	-	203,423,641	1.07%	2,221.97
117,730,620	-	744,875	35,923,567	7,739,883	-	220,706,294	1.16%	2,446.47

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City of Sparks
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2023 (Unaudited)

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Presently Self-Supporting Debt Outstanding</u>	<u>Percentage Applicable⁽¹⁾</u>	<u>Applicable Net Debt</u>
Direct				
City of Sparks ⁽²⁾				
Governmental activity				
Leases	\$ 1,202,581	\$ 1,202,581	100.00%	\$ 1,202,581
Subscriptions	867,636	867,636	100.00%	867,636
Revenue bonds	47,075,000	47,075,000	100.00%	47,075,000
Tax allocation bonds & notes	<u>12,093,874</u>	<u>12,093,874</u>	100.00%	<u>12,093,874</u>
Total direct debt	<u>61,239,091</u>	<u>61,239,091</u>		<u>61,239,091</u>
Overlapping				
Washoe County School District	1,111,981	-	14.05%	156,233
Washoe County	97,293	29,325,000	14.05%	13,670
State of Nevada	<u>1,132,610,000</u>	<u>241,519,000</u>	2.41%	<u>27,295,901</u>
Total overlapping	<u>1,133,819,274</u>	<u>270,844,000</u>		<u>27,465,804</u>
Total general obligation direct and overlapping	<u>\$1,195,058,365</u>	<u>\$ 332,083,091</u>		<u>\$ 88,704,895</u>

Source: Washoe County Comptroller's Office; Washoe County School District; and the State of Nevada.

¹⁾ Calculation based on present assessed valuation of Sparks compared to Washoe County, Washoe County School District and State of Nevada respectively.

²⁾ Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2023

Assessed value of taxable property, including redevelopment	<u>\$ 3,595,987,087</u>
Debt limit - (20% of total assessed value)	\$ 719,197,417
Debt Applicable to Limit	
Business-type Activities GO Debt	<u>7,922,276</u>
Total Net Debt Subject to Limitation	<u>7,922,276</u>
Legal debt margin	<u>\$ 711,275,141</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 719,197,417	\$ 704,917,158	\$ 666,011,548	\$ 684,286,244
Total net debt subject to limitation	<u>7,922,276</u>	<u>10,396,880</u>	<u>13,264,871</u>	<u>28,088,741</u>
Available General Obligation Debt Limit	<u>\$ 711,275,141</u>	<u>\$ 694,520,278</u>	<u>\$ 652,746,677</u>	<u>\$ 656,197,503</u>
Total Net Debt Subject to limitation as a Percentage of Debt Limit	<u>1.1 %</u>	<u>1.5 %</u>	<u>2.0 %</u>	<u>4.1 %</u>

Note: The legal debt limit is set forth in the City Charter Article VII Sec 7.010

Data is also available in published Debt Management Policy on file with the City of Sparks.

City of Sparks
 Schedule 3.3 – Legal Debt Margin Information
 Last Ten Fiscal Years (Unaudited)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 613,381,910	\$ 595,228,536	\$ 564,422,667	\$ 493,984,971	\$ 479,349,402	\$ 434,121,479
<u>33,141,506</u>	<u>37,566,649</u>	<u>42,145,498</u>	<u>47,852,980</u>	<u>41,412,458</u>	<u>46,638,450</u>
<u>\$ 580,240,404</u>	<u>\$ 557,661,887</u>	<u>\$ 522,277,169</u>	<u>\$ 446,131,991</u>	<u>\$ 437,936,944</u>	<u>\$ 387,483,029</u>
<u>5.4 %</u>	<u>6.3 %</u>	<u>7.5 %</u>	<u>9.7 %</u>	<u>8.6 %</u>	<u>10.7 %</u>

City of Sparks
Schedule 3.4 – Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Pledged Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Sewer Utility Bonds ⁽³⁾							
2023	\$ 44,832,942	\$ 20,298,556	\$ 24,534,386	\$ 2,474,603	\$ 122,282	\$ 2,596,885	9.4
2022	42,167,453	18,804,111	23,363,342	2,867,990	156,079	3,024,069	7.7
2021	41,841,047	17,182,755	24,658,292	3,048,015	175,404	3,223,419	7.6
2020	34,560,930	17,565,466	16,995,464	3,195,453	213,970	3,409,423	5.0
2019	33,304,181	15,295,633	18,008,548	3,103,311	253,623	3,356,934	5.4
2018	36,224,774	14,598,519	21,626,255	3,013,849	292,133	3,305,982	6.5
2017	29,281,895	14,052,528	15,229,367	3,056,723	816,603	3,873,326	3.9
2016	27,458,269	14,382,880	13,075,389	3,521,768	907,329	4,429,097	3.0
2015	25,717,679	13,434,169	12,283,510	3,593,820	964,405	4,558,225	2.7
2014	23,371,365	14,341,132	9,030,233	3,484,079	1,075,889	4,559,968	2.0

- 1) Pledged revenue for sewer utility bonds includes revenue derived from licenses and permits, sewer connection fees, and charges for services.
- 2) Operating expenses exclude depreciation, interest, and other non-operating expenses.
- 3) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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Fiscal Year Ended June 30,	Population ⁽¹⁾	City Area Square Miles ⁽⁶⁾	Total Personal Income ⁽³⁾	Per Capita Personal Income ⁽³⁾
2023	107,489	36.60	\$ 35,568,402,000	\$ 71,489
2022	103,230	36.60	31,801,292,000	66,075
2021	102,543	36.55	30,121,290,000	63,328
2020	100,140	36.50	28,016,338,000	59,639
2019	96,928	35.81	25,556,498,000	55,487
2018	95,726	35.81	22,724,381,000	49,653
2017	93,581	35.81	21,428,813,000	47,526
2016	92,396	35.81	19,165,475,745	43,805
2015	91,551	35.81	19,089,119,268	43,311
2014	90,214	35.81	19,013,067,000	42,823

Sources:

- 1) Nevada Department of Taxation. The US Census 2020 population data was not available until after publication and thus not included in our estimate.
- 2) City of Sparks, Management Services Department.
- 3) U.S. Department of Commerce, Bureau of Economic Analysis, 2017, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA.
- 4) State of Nevada Department of Employment, Training and Rehabilitation for Reno/Sparks Metropolitan area (nevadaworkforce.com).
- 5) Washoe County School District, enrollment for 2018 is estimated. Official counts are not available at time of publication.
- 6) City of Sparks, Community Services Department

City of Sparks
 Schedule 4.1 – Demographic and Economic Statistics
 Last Ten Fiscal Years (Unaudited)

<u>Unemployment Rate⁽⁴⁾</u>	<u>Public School Enrollment⁽⁵⁾</u>	<u>Business Licenses Issued⁽²⁾</u>	<u>Total Construction Permits⁽⁶⁾</u>	<u>Total Construction Value⁽⁶⁾</u>
4.5	19,968	7,592	4,890	241,583,709
3.3	19,982	7,215	4,789	352,541,584
4.7	18,832	10,015	4,616	314,139,458
11.4	18,890	8,249	4,103	401,232,440
3.2	18,813	8,123	3,935	325,105,877
3.5	18,503	7,378	3,935	344,557,136
4.1	18,780	7,372	3,636	259,406,469
5.2	18,058	6,966	3,712	232,467,828
6.4	17,927	7,053	3,581	175,692,045
7.8	17,737	6,529	2,579	125,653,129

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City of Sparks
Schedule 4.2 – Principal Employers
Current Year and Nine Years Ago (Unaudited)

Employer	March, 2023			2014		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Tesla Gigafactory	5000-9999	1	2.83%			-%
Sparks Nugget, Inc.	1000-1499	2	0.47%	1000-1499	1	0.60%
United Parcel Service	1000-1499	3	0.47%	900-990	2	0.46%
City of Sparks	500-999	4	0.28%	600-699	3	0.31%
Western Village	500-999	5	0.28%	400-499	5	0.22%
Q&D Construction	500-999	6	0.28%			-%
Northern Nevada Medical Center	500-999	7	0.14%	400-499	4	0.22%
Rail City	250-499	8	0.14%	300-399	8	0.17%
Wal-mart Superstore	250-499	9	0.14%	300-399	7	0.17%
Western Nevada Supply	250-499	10	0.14%			-%
Henry Schein Inc	-		-%	400-499	6	0.22%
Sanmar Corporation	-		-%	300-399	9	0.17%
Public and Behavioral Health	-		-%	200-299	10	0.12%
Total Reno/Sparks Metropolitan Area Covered Employment	<u>265,146</u>			<u>206,700</u>		

Source: Top Employers are provided to the Nevada Department of Employment, Training, and Rehabilitation from Info Group USA, City of Sparks and United Parcel were confirmed independently. Info Group reports are produced twice each year January-June 1st half, July-December 2nd half.

- 1) Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published.
- 2) Total employment statistics are only available for the greater Reno/Sparks metropolitan area.

Function	2023	2022	2021	2020
General government	68.7	64.7	61.7	62.2
Judicial	16.0	16.0	16.0	16.0
Public safety	299.0	288.0	280.0	269.0
Public works	21.6	21.6	21.6	22.5
Culture and recreation	93.4	93.4	93.4	95.2
Community support	1.2	1.2	1.2	1.2
Sewer - Business Type	111.9	111.9	110.9	108.9
Development services - Business Type	35.5	35.5	33.5	33.3
Total	647.3	632.3	618.3	608.3

Source: City of Sparks Financial Services Department, Budget Document

City of Sparks
 Schedule 5.1 – Full Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years (Unaudited)

2019	2018	2017	2016	2015	2014
59.5	58.5	58.6	59.7	56.5	55.0
15.5	15.5	15.5	17.0	15.5	15.5
254.5	250.5	250.3	245.3	241.0	243.0
23.0	21.5	21.0	21.5	42.7	52.5
96.8	89.0	93.0	91.0	53.0	82.0
1.2	1.0	0.1	0.0	0.0	0.0
102.1	100.0	95.2	93.6	91.0	77.0
33.8	31.0	29.3	23.9	18.5	18.0
<u>586.4</u>	<u>567.0</u>	<u>563.0</u>	<u>552.0</u>	<u>518.2</u>	<u>543.0</u>

Function/Program	2023	2022	2021	2020
General Government				
Business licenses issued ⁽³⁾	7,592	7,215	7,957	8,249
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,522	1,633	1,643	1,974
Traffic and parking violations	4,898	4,037	5,044	3,455
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	127	127	124	118
Number of cases	12,641	13,617	11,221	11,208
Calls for service	93,150	91,438	81,720	92,136
Fire ⁽⁶⁾				
Number of firefighters	76	79	75	77
Emergency responses	15,556	14,934	13,603	12,608
Average response time (minutes)	4.1	4.1	4.5	5.5
Public Works ⁽²⁾				
Labor hours for graffiti removal	438	248	549	1,134
Pounds of material used for filling potholes	86,109	14,995	12,383	79,000
Tons of sand used during snow removal	1,269	2,753	448	258
Pounds of material used for pavement crack sealing	78,045	91,641	99,381	127,839
Street sweeper operator miles	4,300	6,042	7,810	6,311
Culture and Recreation ⁽⁷⁾				
Adult softball league number of participants	4,900	5,250	2,394	3,246
Before and after school program enrollment	619	1,387	1,088	1,749
Community "Fun Run" number of participants	1,475	1,407	426	1,279
Utilities				
Sewer residential accounts ⁽³⁾	36,396	35,658	32,046	31,596
Sewer commercial accounts ⁽³⁾	2,082	2,076	1,837	1,830
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	11,575.0	10,555.0	10,484.0	10,926.0
Development Services ⁽²⁾				
Building permits issued	4,890	4,789	4,616	4,103

Sources:

- 1) Uniform System for Judicial Records, Nevada Administrative Office of the Courts (AOC), Planning and Analysis Division, Annual Report of the Nevada Judiciary
- 2) City of Sparks Community Services Department
- 3) City of Sparks Management Services Department
- 4) Truckee Meadows Water Reclamation Facility
- 5) City of Sparks Police Department
- 6) City of Sparks Fire Department (note FY18, FY19 the Sparks Fire Department reported enroute arrival time for all priority 1 calls)
- 7) City of Sparks Parks and Recreation Department

City of Sparks
Schedule 5.2 – Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

2019	2018	2017	2016	2015	2014
8,123	7,378	7,694	6,966	7,053	6,529
1,975	1,802	1,731	1,778	1,999	1,923
3,906	3,679	4,140	4,366	4,635	5,158
112	112	112	110	108	108
11,984	11,565	12,283	11,815	12,656	11,850
84,676	82,386	78,604	80,345	79,176	76,962
86	87	87	86	86	87
12,029	12,685	13,724	12,882	11,163	10,055
4.2	3.9	3.8	3.7	3.5	3.5
1,623	1,675	1,565	1,623	2,180	2,427
91,485	32,183	12,789	13,365	15,211	16,254
670	664	279	428	145	350
117,105	270,743	298,160	205,705	57,756	283,600
5,933	8,014	8,238	8,872	10,190	9,509
83,352	85,096	85,812	71,211	67,692	82,840
1,801	17,194	15,937	15,933	15,319	15,265
1,502	1,634	1,720	1,054	2,330	2,303
31,143	30,697	29,494	29,647	28,956	28,643
1,817	1,814	1,816	1,813	1,803	1,790
11,516.8	10,633.4	10,918.7	9,879.0	9,787.0	9,706.0
3,890	3,935	3,636	3,712	3,581	2,579

Function/Program	2023	2022	2021	2020
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	998	640	550	450
Public Safety				
Police ⁽²⁾				
Marked police vehicles	64	58	53	54
Police motorcycles	6	5	4	6
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	19	19	19	19
Public Works ⁽¹⁾				
Paved streets (miles)	744.3	774.3	774.3	734.1
Culture and Recreation ⁽⁴⁾				
Parks	51	51	50	50
Acreage of parks - developed	619.3	619.3	617.7	617.7
Acreage of parks - undeveloped	596.4	596.4	598.0	598.0
Swimming pools - outdoors	1	1	1	1
Swimming pools - indoors	2	2	2	2
Athletic Fields - lighted	26	26	26	26
Athletic Fields - unlighted	28	28	28	28
Tennis courts - lighted	10	12	12	12
Tennis courts - unlighted	3	3	3	3
Pickleball courts - lighted	8	-	-	-
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	3	3	3
Rodeo arenas	1	1	1	1
Sand volleyball courts	6	6	6	6
Utilities ⁽¹⁾				
Sewer lines (miles)	397.1	393.7	382.0	374.0
Storm drains (miles)	302.0	299.1	287.0	271.0

Sources:

- 1) City of Sparks Community Services Department
- 2) City of Sparks Police Department
- 3) City of Sparks Fire Department
- 4) City of Sparks Parks and Recreation Department
- 5) City of Sparks Information Technology Division

City of Sparks
 Schedule 5.3 – Capital Assets Statistics by Function/Program
 Last Ten Fiscal Years (Unaudited)

2019	2018	2017	2016	2015	2014
48	48	48	48	48	48
450	450	425	460	408	352
49	62	56	45	30	30
6	6	10	6	5	5
5	5	5	5	5	5
19	17	17	17	17	17
734.1	734.1	734.1	734.1	656.0	656.0
50	50	50	52	56	56
617.7	617.7	618.6	616.0	591.0	591.0
598.0	598.0	579.2	582.4	616.0	616.0
1	1	1	1	1	1
2	2	2	2	2	2
26	26	26	26	26	26
28	28	28	28	28	28
12	12	12	12	12	12
3	3	3	3	3	3
-	-	-	-	-	-
1	1	1	1	1	1
34	34	34	34	34	34
3	3	3	3	3	3
-	-	-	-	-	-
12	12	12	12	7	8
373.2	372.6	359.8	357.5	356.1	395.0
268.7	268.5	259.8	254.7	253.7	250.0

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Compliance Section

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**Independent Auditor’s 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***

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control.

Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 financial statements. 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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 29, 2023



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Sparks, Nevada’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on CDBG – Entitlement Grants Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CDBG – Entitlement Grants Cluster for the year ended June 30, 2023.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on CDBG – Entitlement Grants Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Assistance Listing No. 14.218 CDBG – Entitlement Grants Cluster as described in item 2023-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed text.

Reno, Nevada
November 29, 2023



Auditor's Comments

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

In connection with our audit of the financial statements of the governmental activities, the business- type activities, each major fund, and the aggregate remaining fund information of the City of Sparks (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the City failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

Expenditures were monitored during the current year to avoid over-expenditures in accordance with NRS, except for those items disclosed in Note 2 to the financial statements.

Prior Year Recommendations

See the Summary Schedule of Prior Year Audit Findings under separate cover.

Current Year Recommendations

Our current year recommendations are included in the Schedule of Findings and Questioned Costs.

Nevada Revised Statute 354.6115

A fund was created in accordance with Nevada Revised Statute 354.6115, "Fund to stabilize operations of local government and mitigate effects of natural disaster". Funds deposited and/or accumulated in the Stabilization Special Revenue Fund for budget stabilization can only be used if the conditions described in Note 10 are present.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 29, 2023

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City of Sparks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Awards				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grant	14.218	B-22-MC-32-0004	\$ 446,368	\$ 37,866
Community Development Block Grants/Entitlement Grant	14.218	B-21-MC-32-0004	516,795	-
Community Development Block Grants/Entitlement Grant	14.218	B-20-MC-32-0004	464,390	-
Community Development Block Grant/ Entitlement Grant	14.218	B-19-MC-32-0004	222,133	-
Community Development Block Grant/ Entitlement Grant	14.218	B-18-MC-32-0004	121,976	-
Community Development Block Grant/ Entitlement Grant	14.218	B-17-MC-32-0004	118,454	-
Community Development Block Grant/ Entitlement Grant	14.218	B-16-MC-32-0004	72,833	-
COVID-19 Community Development Block Grant Entitlement Grant	14.218	B-20-MW-32-0004	319	319
Total CDBG - Entitlement Grants Cluster			1,963,268	38,185
Pass-through from State of Nevada				
COVID-19: Community Development Block Grant Program	14.228	CDBG-CVR2 20/PS/36	309,367	-
Total U.S. Department of Housing and Urban Development			2,272,635	38,185
<u>U.S. Department of Justice</u>				
Direct Awards				
Equitable Sharing Program	16.922	NV0160200	25,678	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-21-GG-03562-UHPX	69,036	-
Passed Through the City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01710-JAGX	3,919	-
Total U.S. Department of Justice			98,633	-
<u>U.S. Department of Transportation</u>				
Passed Through the State of Nevada				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	JF-2022-SPD-00007	12,829	-
State and Community Highway Safety	20.600	JF-2021-SPD-00007	598	-
Total Highway Safety Cluster			13,427	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2022-SPD-00007	2,287	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2021-SPD-00007	7,636	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			9,923	-
Total U.S. Department of Transportation			23,350	-
<u>U.S. Department of the Treasury</u>				
Direct Awards				
Equitable Sharing Program	21.016	Unknown	6,983	-
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	9,791,632	960,013
Research & Development Cluster:				
Passed Through Washoe County				
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	228,104	228,104
Passed Through The City of Reno				
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	248,489	248,489
Total Research and Development Cluster			476,593	476,593
U.S. Department of the Treasury Total			10,275,208	1,436,606

City of Sparks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Inter Tribal Council of Nevada, Inc. CCDF Cluster				
Child Care and Development Block Grant	93.575	Unknown	\$ 435,510	\$ -
Total U.S. Department of Health and Human Services			435,510	-
<u>Executive Office of the President</u>				
Passed Through Las Vegas Metropolitan Police Department High Intensity Drug Trafficking Areas Program				
	95.001	G14NV0001A	8,803	-
Total Executive Office of the President			8,803	-
<u>U.S. Department of Homeland Security</u>				
Direct Awards				
Assistance to Firefighters Grant	97.044	EMW-2020-FG-12937	24,963	-
Total U.S. Department of Homeland Security			24,963	-
Total Expenditures of Federal Awards			\$ 13,139,102	\$ 1,474,791

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

This Schedule of Expenditures of Federal Awards (SEFA) includes the Federal grant activity of the City of Sparks, Nevada and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City of Sparks, Nevada received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note B - Significant Accounting Policies

Governmental fund types primarily account for the City's federal grant activity. Therefore, expenditures in the SEFA are recognized on the modified accrual basis - when they become a demand on current available financial resources. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements. The City has not elected to use the 10% de minimus cost rate.

Note C - ARPA Sub-Awards From The City To Washoe County CARES Campus and Nevada Higher Learning System (UNR)

Coronavirus State & Local Fiscal Recovery Funds sub-award payments from the City of Sparks to Washoe County for \$704,408 and to the Nevada System of Higher Learning (UNR) for \$61,723 (Research and Development Cluster) were recorded in the Sparks Grants and Donations Fund during the year ended June 30, 2022 on an accrual basis; however, they were not included in the year ended June 30, 2022 schedule as payment was not made during the year. They are both included in the year ended June 30, 2023 Schedule.

Note D - ARPA Sub-Awards From The City To Nevada Higher Learning System (UNR)

Coronavirus State & Local Fiscal Recovery Funds sub-award payments from the City of Sparks to the Nevada System of Higher Learning (UNR) for \$73,498 were recorded in the Sparks Grants and Donations Fund during the year ended June 30, 2023 on an accrual basis; however, they were not included in the June 30, 2023 Schedule as payment was not made during the year.

Note E - CDBG Sub-Awards From The City To Eddy House, Food Bank of Northern Nevada, and Silver State Fair Housing

Community Development Block Grant Fund sub-award payments from the City of Sparks to the Eddy House for \$6,641, Food Bank of Northern Nevada for \$231,252, and Silver State Fair Housing for \$2,825 were recorded in the Community Development Block Grant Fund during the year ended June 30, 2023 on an accrual basis; however, they were not included in the June 30, 2023 Schedule as payment was not made during the year.

Section I – Summary of Auditor’s Results Financial

Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes

Type of auditor’s report issued on compliance for major programs:

Unmodified for the Coronavirus State and Local Fiscal Recovery Funds and qualified for the CDBG - Entitlement Grants Cluster

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	Yes
---	-----

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
CDBG – Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grant	14.218
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings:

**2023-001: Opioid Settlement
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Strong communication channels that allow for the monitoring of legal settlements is a key component of internal control to ensure they are recorded in accordance with U.S. GAAP.

Condition: Opioid settlement receivables were not originally recorded.

Cause: The City of Sparks (the City) did not have adequate internal controls to monitor the State of Nevada opioid legal settlements to ensure they were appropriately recorded.

Effect: Prior to adjustment, receivables reported in the General Fund (and Governmental Activities) were understated by \$900,893.

Recommendation: We recommend the City enhance internal controls to monitor the State of Nevada opioid legal settlements to ensure they are appropriately recorded.

*Views of Responsible
Officials:* The City of Sparks agrees with this finding.

Section III – Findings and Questioned Costs for Federal Awards:

**2023-002: U.S. Department of Housing and Urban Development CDBG –
 Entitlement Grants Cluster:
 Community Development Block Grants/Entitlement Grant, Assistance Listing #14.218**

**Reporting
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

Grant Award Number: Affects all grant awards included under Assistance Listing 14.218 on the Schedule of Expenditures of Federal Awards.

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The City of Sparks did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

Questioned Costs: None

Context/Sampling: The entire population of one subaward, entered into during the year was subject to FFATA reporting requirements and selected for testing. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	1	\$231,252
Not Reported	1	\$231,252
Not Timely	1	\$231,252
Obligation Incorrect	1	\$231,252
Missing Key Elements	1	\$231,252

Repeat Finding from Prior Year: No

Recommendation: We recommend the City implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

Views of Responsible Officials: The City of Sparks agrees with this finding.

**2023-003: U.S. Department of the Treasury
COVID-19: Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing #21.027**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Affects all grant awards included under Assistance Listing 21.027 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

The City of Sparks (the City) must submit quarterly *Project and Expenditure Reports* that contain costs incurred during the covered period. Critical information includes, in part:

- Obligations and Expenditures
 - Current period obligation
 - Cumulative obligation
 - Current period expenditure
 - Cumulative expenditure

Condition: Current obligation information was not reported in accordance with governing requirements.

Cause: The City of Sparks did not have adequate internal controls to ensure Project and Expenditure Reports were prepared in accordance with governing requirements.

Effect: Inaccurate information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two out of a population of four *Project and Expenditure Reports* submitted during the year was selected for testing. The City reported current obligations for the amount the City recognized as a payable, rather than the obligations (i.e., contracts) that were entered into during the reporting period.

The impact is as follows:

Period Ended December 31, 2022

	<u>Originally Reported</u>	<u>Actual</u>
ShotSpotter:		
Current Period Obligation	\$290,000	\$850,000
Wastewater Surveillance:		
Current Period Obligation	\$102,098	\$-

Period Ended March 31, 2023

	<u>Originally Reported</u>	<u>Actual</u>
ShotSpotter:		
Current Period Obligation	\$290,000	\$-
Wastewater Surveillance:		
Current Period Obligation	\$223,149	\$-

Prior Year: Yes – repeat finding 2022-003.

Recommendation: We recommend the City enhance internal controls to ensure *Project and Expenditure Reports* are prepared in accordance with governing requirements.

Views of Responsible Officials: The City of Sparks agrees with this finding.

**PALOMINO VALLEY GENERAL
IMPROVEMENT DISTRICT**
*FINANCIAL STATEMENTS & REQUIRED
SUPPLEMENTARY INFORMATION*

**Fiscal Year Ended
June 30, 2023**



SILVA, SCEIRINE
& ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Palomino Valley General Improvement District
Sparks, Nevada

Opinions

We have audited the accompanying financial statements of the Palomino Valley General Improvement District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Palomino Valley General Improvement District as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation in the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension information 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.



Prior Year Partial Comparative Information

The statement of revenue, expenditures, and changes in fund balance – budget and actual related to the June 30, 2022 financial statements is presented for purposes of additional analysis and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual is consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the District'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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Silver Scissors & Assoc, LLC

Reno, Nevada
December 14, 2023



**Palomino Valley General Improvement District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

As management of the Palomino Valley General Improvement District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$1,032,982 (*net position*). Of this amount, \$372,840 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased \$92,276 during the current year.
- The District's governmental fund reported a fund balance of \$592,272, a decrease of \$43,488 from the prior year. Of this amount, \$465,832 is assigned for subsequent year expenditures and \$126,440 is unassigned.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements and the fund statements are presented in a columnar format since the District only has one fund to report. This report also includes required supplementary information in addition to the basic financial statements.

The District uses the modified accrual basis of accounting for internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a statement of net position and governmental fund balance sheet, a statement of activities and governmental fund revenue, expenditures and changes in fund balance, and notes to the financial statements.

The statement of net position and governmental fund balance sheet presents the financial information of the District on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the District's assets and liabilities with the difference reported as net position and information about the nature and amount of resources and obligations at year-end. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities and governmental fund revenue, expenditures and changes in fund balance present the results of the activities over the course of the fiscal years and information as to how the fund balance and net position changed during the most recent year. The fund balance changes under the

modified accrual method when revenue is received or the expenditure is made, while changes in net position under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The notes to the financial statements provide required disclosures and other information that is necessary to acquire a full understanding of the data provided in the statements. The notes present information about the District’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The District also adopts annual appropriated budgets for its general fund. A budgetary comparison statement is included to demonstrate compliance with the budget.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's cost-sharing pension plan.

Statement of Net Position

	Years Ended June 30,	
	2023	2022
Assets:		
Cash	\$ 483,135	\$ 553,767
Due from other governments	117,957	115,532
Capital assets, net	<u>660,142</u>	<u>517,504</u>
Total assets	1,261,234	1,186,803
Deferred outflows of resources	<u>142,455</u>	<u>128,226</u>
Total assets and deferred outflows of resources	<u>1,403,689</u>	<u>1,315,029</u>
Liabilities	347,698	207,457
Deferred inflows of resources	<u>23,009</u>	<u>166,866</u>
Total liabilities and deferred inflows of resources	<u>370,707</u>	<u>374,323</u>
Net Position	<u>\$ 1,032,982</u>	<u>\$ 940,706</u>

The largest portion of the Palomino Valley General Improvement District’s net position (64%) reflects its investment in capital assets (e.g., buildings, water rights, machinery and equipment, and vehicles). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position (\$372,840), after the investment in capital assets, may be used to meet the District’s ongoing obligation to its citizens and creditors.

Statement of Activities

<u>Years Ended June 30,</u>	<u>2023</u>	<u>2022</u>
Tax revenue	\$ 920,299	\$ 902,532
Grant revenue	250,000	-
Other income	<u>1,085</u>	<u>21,747</u>
Total Revenue	<u>\$ 1,171,384</u>	<u>\$ 924,279</u>

Revenue: Total revenue received by the District for the year ended June 30, 2023 was \$1,171,384 representing a \$247,105 increase over the year ended June 30, 2022. The increase is due to a one-time Federal grant.

<u>Years Ended June 30,</u>	<u>2023</u>	<u>2022</u>
Expenses - Public works	<u>\$ 999,797</u>	<u>\$ 710,553</u>

Expenses: Operating expenses for the year ended June 30, 2023 totaled \$999,797 representing an increase over the year ended June 30, 2022 of \$289,244. The increase is primarily due to the completion of a road project funded by the Federal grant.

General Fund Budgetary Highlights

Taxes are the general fund’s primary sources of revenue. This includes property tax of \$339,589, state consolidated tax revenue of \$529,373, and fair share taxes of \$51,337. Actual general fund tax revenue was 11.5% less than budgeted, while total revenue was 35.8% higher than budgeted, due to the receipt of a one-time \$250,000 American Rescue Plan Act grant. Expenditures were less than budget by 12.0% due primarily to lower than expected service and supplies.

Capital Assets and Debt Administration

At year-end the Palomino Valley General Improvement District’s investments in capital assets from its governmental activities totaled \$660,142, representing an increase from the year ended June 30, 2022 of \$142,638. The increase is primarily due to the addition of a metal building and other assets, offset by depreciation expense recognized.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the District and were considered in developing the 2023-2024 fiscal year budget:

- District revenues are projected to remain mostly steady for Ad Valorem taxes and Consolidated Tax.
- The property tax rate is expected to remain at \$0.4198 cents per hundred dollars of assessed valuation. No changes in rates are expected.
- In FY23 the District received and expended a one-time \$250,000 American Rescue Plan Act grant passed through from Washoe County for a road restoration project. Additional grant funding to the District is not expected.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District President, Palomino Valley General Improvement District, 9732 Pyramid Highway #407, Sparks, Nevada, 89441.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 JUNE 30, 2023

	<u>General Fund</u>	<u>Adjustments (See Note)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 483,135	\$ -	\$ 483,135
Due from other governments	117,957	-	117,957
Capital assets, not being depreciated	-	76,663	76,663
Capital assets being depreciated, net of accumulated depreciation	-	583,479	583,479
Total Assets	<u>601,092</u>	<u>660,142</u>	<u>1,261,234</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension requirement	-	142,455	142,455
	<u>\$ 601,092</u>	<u>802,597</u>	<u>1,403,689</u>
LIABILITIES			
Accounts payable	1,793	-	1,793
Accrued payroll and related taxes and benefits	7,027	-	7,027
Accrued compensated absences	-	10,473	10,473
Net pension liability	-	328,405	328,405
Total Liabilities	<u>8,820</u>	<u>338,878</u>	<u>347,698</u>
DEFERRED INFLOWS OF RESOURCES			
Pension requirement	-	23,009	23,009
FUND BALANCE/NET POSITION			
Fund Balance			
Assigned for subsequent year expenditures	465,832	(465,832)	-
Unassigned	126,440	(126,440)	-
Total Fund Balance	<u>592,272</u>	<u>(592,272)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 601,092</u>		
Net Position			
Investment in capital assets		660,142	660,142
Unrestricted		372,840	372,840
TOTAL NET POSITION		<u>\$ 1,032,982</u>	<u>\$ 1,032,982</u>

See accompanying notes.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE YEAR ENDED JUNE 30, 2023

	General Fund	Adjustments (See Note)	Statement of Activities
EXPENDITURES/EXPENSES			
Public works:			
District operations			
Salaries	\$ 147,971	\$ (1,850)	\$ 146,121
Employee benefits	72,805	8,724	81,529
Services and supplies	779,021	-	779,021
	999,797	6,874	1,006,671
Capital outlay	255,460	(255,460)	-
Depreciation	-	69,563	69,563
Total Expenditures/Expenses	1,255,257	(179,023)	1,076,234
REVENUE			
Tax revenue	920,299	-	920,299
Grant revenue	250,000	-	250,000
Other income	1,085	-	1,085
Total Revenue	1,171,384	-	1,171,384
Excess of Revenues over/(under) Expenditures	(83,873)	179,023	95,150
OTHER FINANCING SOURCES			
Sale of capital assets	40,385	(40,385)	-
Gain/(Loss) on sale of assets	-	2,874	2,874
Total Other Financing Sources	40,385	(37,511)	2,874
CHANGE IN NET POSITION	(43,488)	216,534	92,276
FUND BALANCE/NET POSITION, July 1, 2022	635,760	304,946	940,706
FUND BALANCE/NET POSITION, June 30, 2023	\$ 592,272	\$ 521,480	\$ 1,032,982

See accompanying notes.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE	ACTUAL (Memorandum Only)
REVENUE				
Ad valorem taxes	\$ 340,854	\$ 339,589	\$ (1,265)	\$ 321,842
Consolidated taxes	645,531	529,373	(116,158)	535,517
Fair share taxes	40,000	51,337	11,337	49,287
Federal Emergency Management Assistance	20,000	-	(20,000)	-
Federal American Rescue Plan Act subgrant	-	250,000	250,000	-
Other	100	1,085	985	1,747
Total Revenue	1,046,485	1,171,384	124,899	908,393
EXPENDITURES				
Public Works:				
Salaries	185,700	147,971	37,729	138,450
Employee benefits	76,000	72,805	3,195	71,070
Services and supplies	950,616	779,021	171,595	474,501
Capital outlay	214,859	255,460	(40,601)	117,873
Total Expenditures	1,427,175	1,255,257	171,918	801,894
Excess (Deficiency) of Revenues Over (Under) Expenditures	(380,690)	(83,873)	296,817	106,499
OTHER FINANCING SOURCES				
Sale of capital assets	-	40,385	40,385	20,000
Changes in Fund Balance	(380,690)	(43,488)	337,202	126,499
FUND BALANCE, July 1	440,690	635,760	195,070	509,261
FUND BALANCE, June 30	\$ 60,000	\$ 592,272	\$ 532,272	\$ 635,760

See accompanying notes.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Palomino Valley General Improvement District (District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for governmental accounting and financial reporting.

The following is a summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements.

Reporting Entity

The District receives funding from local government sources and must comply with the existing requirements of those funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in GASB pronouncements, since its Board of Trustees is elected by the public and has decision-making authority, authority to levy taxes, power to designate management, ability to significantly influence operations, and primary accountability for fiscal matters.

The District has no component units that are required to be combined in the financial statements.

The District is governed by an elected Board of Trustees and provides repair and maintenance of the accepted roads within the District. The District is located in Washoe County, Nevada and operates under Nevada Revised Statute (“NRS”) 318. The District is not financially accountable for any other entity.

Basic Financial Statements – Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s general fund). The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Net Position and the Statement of Activities report information on all activities of the District. In the government-wide Statement of Net Position, the governmental activities are reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District’s net position resulting from the current year’s activities.

Basic Financial Statements – Fund Accounting

The financial transactions of the District are reported in the general fund. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The District’s general fund is a governmental fund type.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The recorded fund balance (net current assets) is considered a measure of "available spendable resources". Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of Presentation

The District is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 13.

This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net position and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The District has utilized this optional method of presentation.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred inflow of resources account is established. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized.

Ad valorem taxes, consolidated taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

period. All other items are considered to be measurable and available only when the District receives cash.

Expenditures are generally recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and pension benefits are recorded only when the payment is due.

Budgets and Budgetary Accounting

The District adheres to the *Local Government Budget and Finance Act* incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the Board of Trustees submits to the State of Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
2. A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
3. On or before June 1, the budget is legally adopted by a majority vote of the Board of Trustees.
4. The Board of Trustees may augment the appropriations by a majority vote of the Board. Prior public notice must be filed in any fund receiving ad valorem taxes.
5. The Board is authorized to transfer appropriations between and within accounts if amounts do not exceed the approved budget.
6. Budgeted appropriations may not be exceeded by actual expenditures for any function (excluding the debt service function) in the budgeted governmental funds.
7. Budgets are adopted for the governmental fund, on a basis consistent with GAAP. Appropriations lapse at year-end.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments, generally with original maturities of three months or less. All amounts are considered available on demand and are, therefore, classified as cash and cash equivalents.

Receivables and Payables

Due from other governments represents amounts receivable for property, consolidated, and fair share taxes.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, water rights, buildings, furniture and fixtures, machinery and equipment, and vehicles are reported in the government-wide financial statements. The District defines capital assets as having an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the assets' useful lives. Depreciable lives range from 5 to 45 years.

In the fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

It is the District's policy to permit employees to accumulate earned but unused paid time-off and comp time. Paid time-off and comp time are accrued when earned in the government-wide financial statements to the extent it is likely that those benefits will be paid.

Governmental Fund Type Financial Statements

A liability for compensated absences is reported in the General Fund only if they have matured, as a result of employee resignations, terminations and retirements.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Fund Balance Sheet may report a separate section for deferred outflows of resources. This financial statement element represents the consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reflects deferred outflows of

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

resources in the Statement of Net Position for items related to pension benefits under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position/Governmental Fund Balance Sheet may report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reflects deferred inflows of resources which are unavailable revenue in the governmental fund balance sheet for revenues not received within 60 days of year end under the modified accrual basis of accounting.

Pension Benefits

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

Equity

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary fund Statement of Net Position. Net position is classified in the following categories:

Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the capital assets.

Restricted net position – Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District has no items that are considered to be restricted net position.

Unrestricted net position – Consists of net position which does not meet the definition of either "net investment in capital assets" or "restricted net position".

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to honor constraints imposed upon the use of the resources in the governmental funds. The classifications are:

Nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, prepaid amounts. The District has no nonspendable fund balances at June 30, 2023.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or rescinded only with the consent of resource providers. The District has no restricted fund balances at June 30, 2023.

Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Trustees of the District. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: a resolution). The District has no committed funds at June 30, 2023.

Assigned fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District Board of Trustees. Assigned funds represent the amounts budgeted for the subsequent year's opening fund balance.

Unassigned fund balance in the General Fund represents all amounts not included in the other four classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses/expenditures and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from these estimates.

Prior Year Information

The fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain amounts presented in the prior year data may be reclassified in order to be consistent with the current year's presentation.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year, in compliance with NRS 354.626.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 – CASH AND INVESTMENTS

As of June 30, 2023, the District had the following amounts reported as cash:

Cash on hand	\$	400
Cash in bank		482,735
Total	\$	<u>483,135</u>

Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District's deposits may not be returned. The District's bank balances were covered by the Federal Depository Insurance Corporation and by collateral from financial institutions, and were not exposed to custodial credit risk.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is shown below:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets, not being depreciated				
Land	\$ 39,113	-	-	\$ 39,113
Water rights	37,550	-	-	37,550
	<u>76,663</u>	<u>-</u>	<u>-</u>	<u>76,663</u>
Capital assets, being depreciated				
Buildings	217,058	135,235	-	352,293
Furniture and fixtures	705	-	-	705
Machinery and equipment	624,315	-	-	624,315
Vehicles	359,417	120,225	(47,247)	432,395
	<u>1,201,495</u>	<u>255,460</u>	<u>(47,247)</u>	<u>1,409,708</u>
Less accumulated depreciation				
Buildings	77,446	5,324	-	82,770
Furniture and fixtures	705	-	-	705
Machinery and equipment	460,549	28,301	-	488,850
Vehicles	221,954	35,938	(3,937)	253,955
	<u>760,654</u>	<u>69,563</u>	<u>(3,937)</u>	<u>826,280</u>
Total capital assets, being depreciated, net	<u>440,841</u>	<u>185,897</u>	<u>(43,310)</u>	<u>583,428</u>
Net Capital Assets	<u>\$ 517,504</u>	<u>\$ 185,897</u>	<u>\$ (43,310)</u>	<u>\$ 660,091</u>

Depreciation expense for the year ended June 30, 2023 was \$69,563.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – LONG-TERM OBLIGATIONS

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Accrued compensated absences	\$ 13,521	\$ 12,605	\$ (15,652)	\$ 10,474

NOTE 6 – NEVADA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Plan Description

The District contributes to the State of Nevada Public Employees’ Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, and survivor benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees’ Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and on or after July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting

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

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

service, or any age with thirty years of service. Regular members who entered the System on or after July 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members are fully vested as to benefits upon completion of five years of service.

Contributions

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on biennial actuarial valuations and are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The required contribution rates for the year ended June 30, 2023 were 15.50% for the EE/ER plan and 29.75% for the EPC plan. The District's contributions were \$20,690 for the year ended June 30, 2023.

In accordance with GASB, the PERS liability is reported one year in arrears. As such, there is no liability reported in the June 30, 2023 Statement of Net Position. A liability equal to the District's proportionate share of the PERS net pension liability will be reported June 30, 2024 Statement of Net Position.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The following was the PERS Board's adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%
	<u>100%</u>	

Net Pension Liability

At June 30, 2023, the District reported a liability of \$328,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2022, the District's proportion of the plan was .00182%, an increase of .00005% from June 30, 2021.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate of 7.25%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.25%) or 1.00 percentage point higher (8.25%) than the current discount rate of 7.25%.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	<u>\$ 504,209</u>	<u>\$ 328,405</u>	<u>\$ 183,340</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Comprehensive Annual Financial Report, available on the NVPERS website.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Investment rate of return	7.25% per year.
Salary increases	4.20% to 9.10% depending on service.
Inflation rate	2.50% per year.
Productivity pay increase	0.50%
Consumer Price Index	2.50%
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan contributions will be made at the rates specified in statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2023 the District recognized pension expense of \$29,412. As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42,523	\$ 235
Changes in assumptions	42,186	-
Net difference between projected and actual earnings on pension plan assets	4,007	-
Changes in proportion	33,050	22,774
The District's contributions subsequent to the measurement date	20,689	-
	\$ 142,455	\$ 23,009

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2024	\$ 11,853
2025	11,608
2026	18,634
2027	49,450
2028	7,212
	\$ 98,757

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Risk Management

The District, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has joined together with similar public agencies (cities, counties, and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 8 – CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities.

For the statement of net position, these adjustments include the following:

- Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$76,663 for capital assets not being depreciated, and \$1,409,762 for capital assets being depreciated net of (\$826,283) for accumulated depreciation, or \$583,479.
- Deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$142,455 for deferred outflows of resources related to pensions.
- Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the fund financial statements. This resulted in:
 - An adjustment of \$10,473 for compensated absences; and
 - An adjustment of \$328,405 for the net pension liability.
- Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$23,009 for deferred inflows of resources related to pensions.

For the statement of activities, these adjustments include the following:

- Expenses reported in the statement of activities that do not require the use of current financial resources, are not reported as expenditures in governmental funds. This resulted in a net adjustment of \$76,437 comprised of the following:
 - An adjustment of \$69,563 for depreciation expense;
 - An adjustment of \$1,850 for the change in non-current compensated absences; and
 - An adjustment of (\$8,724) for the change in the pension related balances.
- Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The District had \$255,460 in capital outlay during the year ended June 30, 2023.
- Governmental funds report the sale of capital assets as an other financing source. However, in the statement of activities, this is recorded as other income with a related gain/(loss). This resulted in a classification adjustment of \$43,259 between the two lines.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL
 (NET PENSION LIABILITY)
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
 LAST TEN FISCAL YEARS*

	Plan Year Ended							
	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the Net Pension Liability	0.00182%	0.00177%	0.00162%	0.00142%	0.00819%	0.00191%	0.00194%	0.00188%
District's proportionate share of the Net Pension Liability	\$ 328,405	\$ 161,595	\$ 226,315	\$ 193,222	\$ 258,407	\$ 253,449	\$ 260,857	\$ 215,574
District's covered employee payroll	\$ 137,009	\$ 132,395	\$ 114,320	\$ 96,863	\$ 125,164	\$ 122,177	\$ 120,264	\$ 112,765
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	239.70%	122.06%	197.97%	199.48%	206.45%	207.44%	216.90%	191.17%
Plan fiduciary net position as a percentage of the Total Pension Liability	75.12%	86.51%	77.04%	76.46%	75.24%	72.20%	72.20%	75.10%

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which information is available.

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
 LAST TEN FISCAL YEARS***

	Determined for the Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016		
Statutorily required contribution	\$ 20,689	\$ 20,008	\$ 18,547	\$ 16,933	\$ 12,481	\$ 17,523	\$ 17,081	\$ 16,837		
Contributions in relation to the statutorily required contribution	20,689	20,008	18,547	16,933	12,481	17,523	17,081	16,837		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered employee payroll	\$ 137,009	\$ 132,395	\$ 124,600	\$ 114,320	\$ 96,863	\$ 125,164	\$ 122,177	\$ 120,264		
Contributions as a percentage of covered employee payroll	15.10%	15.11%	14.89%	14.81%	12.89%	14.00%	13.98%	14.00%		

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which information is available.

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**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**

To the Board of Trustees
Palomino Valley General Improvement District
Sparks, 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, and each major fund of the Palomino Valley General Improvement District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ailva Scirene & Assoc, LLC

Reno, Nevada

December 14, 2023



To the Board of Trustees of the
Palomino Valley General Improvement District
Sparks, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the Palomino Valley General Improvement District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

The District monitored all significant constraints on its financial administration during the year ended June 30, 2023.

Current Year Recommendations

There are no recommendations of the magnitude which we consider necessary for inclusion in this report as of or for the year ended June 30, 2023.

Prior Year Recommendations

There were no prior year recommendations.

Reno, Nevada
December 14, 2023



December 15, 2023

Washoe County Clerk
1001 East 9th Street, Bldg. A
Reno, NV 89512

Att: Jan Galassini

Dear Ms. Galassini:

Enclosed please find the Authority's Annual Comprehensive Financial Report for the fiscal years ended June 30, 2023 and 2022, which was presented to and accepted by the TMWA Board on December 14, 2023.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Matt Bowman'.

Matt Bowman
Chief Financial Officer/Treasurer

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 321

A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2023

WHEREAS, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

WHEREAS, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

WHEREAS, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2023, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of Reese, seconded by Duerr, the foregoing Resolution was passed and adopted December 14, 2023, by the following vote of the Board:

Ayes: Anderson, Andriola, Brekhus, Dahir, Duerr, Hill, and Reese

Nays:

Abstain: _____ Absent: _____

Approved this 14th day of December, 2023

Kristopher Dahir

Kristopher Dahir, Chair

TRUCKEE MEADOWS WATER AUTHORITY

November 20, 2023

Eide Bailly LLP
5441 Kietzke Lane, Suite 150
Reno, NV 89511

This representation letter is provided in connection with your audits of the financial statements of Truckee Meadows Water Authority ("TMWA"), which comprise the statements of financial position and fiduciary net position as of June 30, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, cash flows and changes in fiduciary net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of TMWA in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 20, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 13, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All net position classifications have been properly reported.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- All revenues within the statements of revenues, expenses and changes in net position and changes in fiduciary net position have been properly classified.
- All expenses have been properly classified within the statements of revenues, expenses and changes in net position and changes in fiduciary net position.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable, and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;

- A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- TMWA has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which TMWA is contingently liable, if any.
- We have disclosed to you all nonexchange financial guarantees, if any, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- TMWA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Pension and Postretirement Benefits

- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Use of a Specialist

- We agree with the findings of specialists in evaluating the other post-employment benefit liability, the pension contributions and liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the statement of revenues, expenses and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the statement of revenues, expenses and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- We believe the statement of revenues, expenses and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position, including its form and content, is fairly presented in accordance with U.S. GAAP.

- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the statement of revenues, expenses and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We acknowledge our responsibility to include the auditor’s report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor’s report thereon.

Required Supplementary Information

With respect to the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedules of TMWA’s pension contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedules of TMWA’s pension contributions in accordance with U.S. GAAP.
- We believe the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedules of TMWA’s pension contributions, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the following significant assumptions or interpretations underlying the measurement or presentation of the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedules of TMWA’s pension contributions, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

<i>Significant Assumption or Interpretation</i>	<i>Basis for Assumption or Interpretation</i>
Other Post-employment Benefits and related amounts.	Actuarial Valuation
Pension contributions, liabilities, and related amounts	Actuarial Valuation

- When the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedules of TMWA’s pension contributions is not presented with the audited

financial statements, management will make the audited financial statements readily available to the intended users of the [describe supplementary information] no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.

Sincerely,

DocuSigned by:

Matt Bowman

0F1C9D44967D4F9...
Matt Bowman, CFO

DocuSigned by:

Sophia Cardinal

31396770E21D400...
Sophia Cardinal, Controller

DocuSigned by:

John Zimmerman

8FE40EC487E3433...
John Zimmerman, General Manager



NEVADA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Years Ended June 30, 2023 and 2022

PREPARED BY: Sophia Cardinal, CPA
Financial Controller

Matt Bowman, CPA
Chief Financial Officer

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Truckee Meadows Water Authority
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June 30, 2023 and 2022

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November 21, 2023

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2023. The purpose of the report is to provide the Board of Directors (Board), our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this Annual Report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2023 and 2022. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The Annual Report consists of four sections:

Introduction Section - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart, and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

Financial Section - This section consists of TMWA's basic financial statements, supplementary financial information, and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

Statistical Section - This section is comprised of selected financial, operational and demographic information presented annually and including statistics for the past ten years.

Compliance Section - This section consists of information regarding TMWA's compliance with state statutes, in particular, conformance with the Local Government Finance Act.

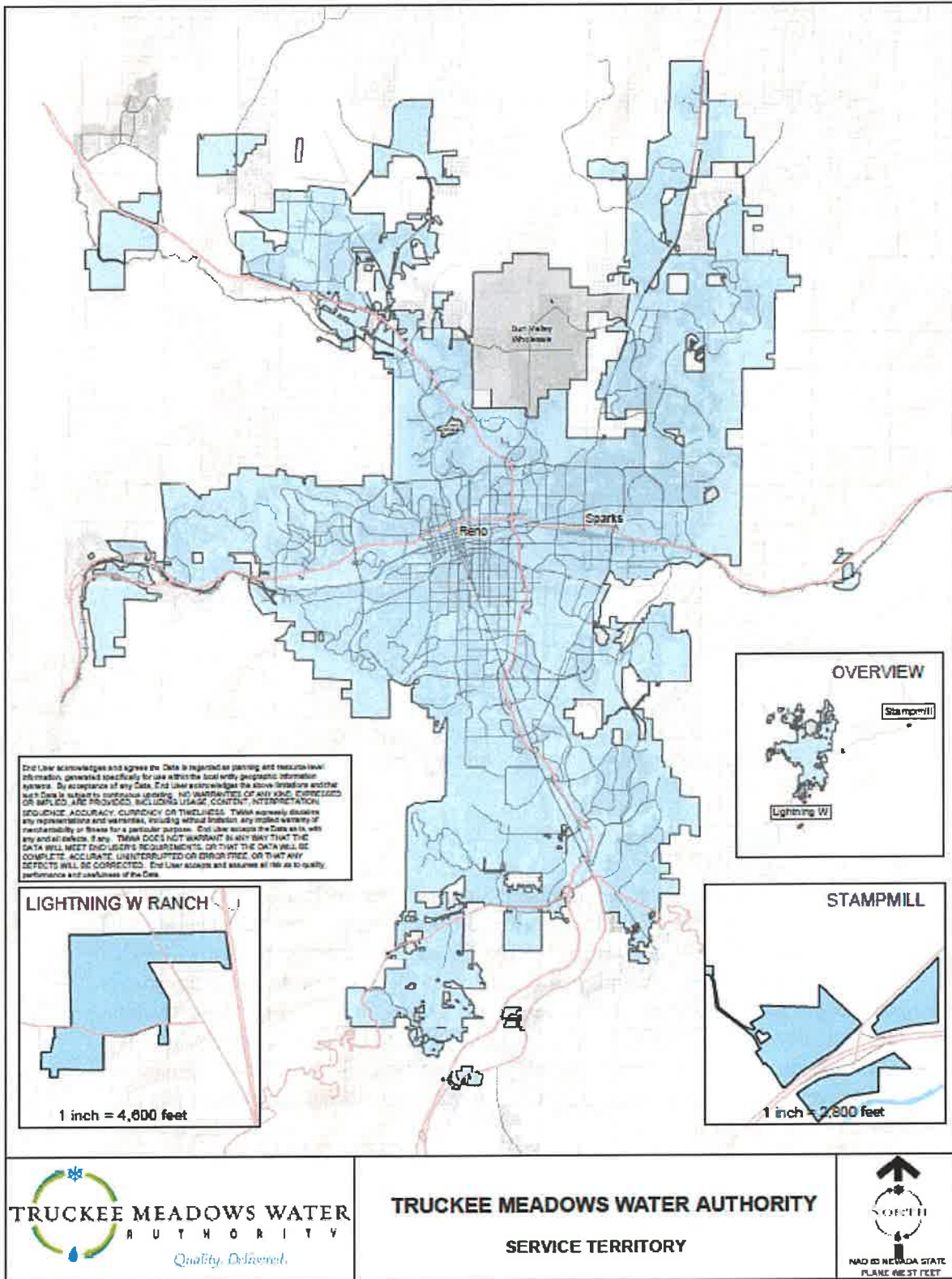
REPORTING ENTITY

TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources, now known as NV Energy, with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the member agencies and the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County's water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the continuing entity. There are no component units associated with this financial reporting entity.

TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

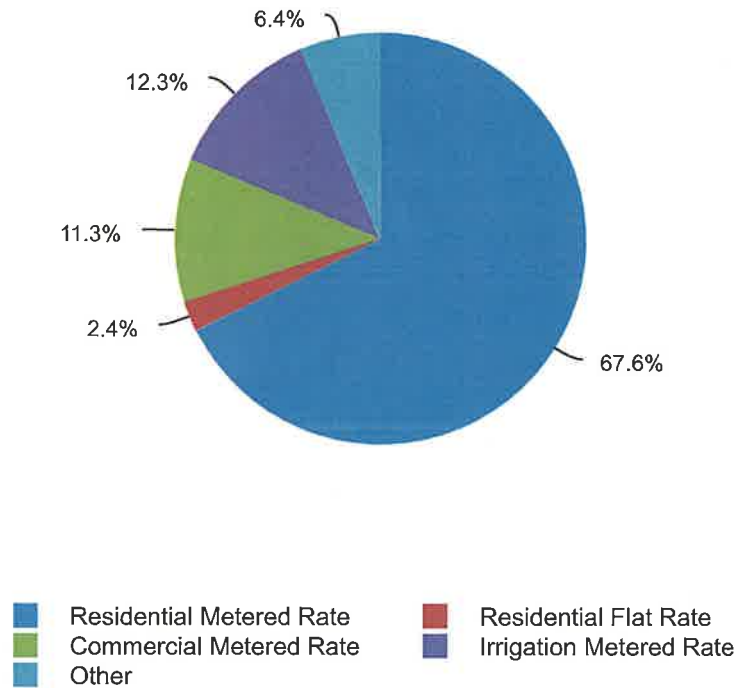
TMWA has over 135,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The map on the following page reflects the TMWA service territory.



The following graph depicts the proportion of operating revenues by class for fiscal year 2023:

TMWA Operating Revenues \$113.1 Million



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are approximately less than 650 water services that do not have a meter installed and are billed on a flat rate. These are problematic and relatively expensive services to convert to meters with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual senior lien debt service. This calculation excludes developer facility charges and other fees associated with new development. This target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on a pay-go basis, and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and ensure that

TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien debt coverage was approximately 1.33x and with certain developer fees and charges was approximately 1.92x as of June 30, 2023. The senior lien debt coverage ratio dipped below the Board adopted goal of 1.5 primarily due to lower water consumption in the spring paired with inflation, particularly in electric power and chemical costs.

ECONOMIC OUTLOOK AND WATER RESOURCES

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001. With a population of approximately 353,000 in 2001, Washoe County's population has grown 41% to almost 497,000 in 2022.

Reflecting a diverse and strong regional economy, taxable sales in Washoe County remained steady in fiscal year 2023 with an increase of 1% from the prior year. Prior to fiscal year 2023, Washoe County experienced taxable sales increases of 11% and 19% in fiscal years 2022 and 2021, respectively. Despite a brief commercial shut-down due to COVID, Washoe County's unemployment rate has remained stable and is only about one percent greater than the national unemployment rate. At June 30, 2023, Washoe County's unemployment rate was 4.5% compared to the national unemployment rate of 3.6%.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resource Plan (WRP). In October 2020, the TMWA Board approved the most recent iteration of the WRP for the years 2020-2040. The WRP was previously updated in fiscal year 2016 and covered years 2016-2035. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards and most recently, impacts of climate change. These analyses performed in the most recent WRP conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

To complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2015-2035 was developed and adopted by the TMWA Board in October 2019. For the first time, this WFP included detailed planning for the water systems formerly operated by Washoe County and STMGID that were merged into TMWA on January 1, 2015. The original WFP was adopted by the TMWA Board in December 2004 and updated in 2010. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements needed in the Capital Improvement Plan to serve growth based upon population and water demand forecasts in the WRP.

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for

the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and U.S. Department of the Interior. TROA provides TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015, remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

TMWA owns and operates 27,000 acre-feet of Privately Owned Stored Water (POSW) reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both owned and controlled by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federal lakes and reservoirs, including Lake Tahoe. As of June 30, 2023, TMWA had 38,000 acre feet stored in these TMWA owned and federally operated reservoirs.

The Truckee Meadows is no longer in a drought, and the water supply outlook is extremely positive. Lake Tahoe started the month of December 2022 0.5 feet below the natural rim and rose about 5.8 feet before peaking in Summer 2023. As of June 30, 2023, the total upstream reservoir storage was at 88% of capacity after three straight drought years. Because of the recovery this year, sufficient upstream storage in the system exists to ensure normal Truckee River system operations for the next two to three years, regardless of the types of winters the Truckee Meadows experiences. In fact, with the 38,000 acre feet of reservoir storage, TMWA will go into the upcoming winter with as much carry-over storage on the Truckee River system as is legally possible per TROA. TMWA will continue to utilize the provisions of TROA to maximize upstream storage opportunities and make the most efficient use of water resources for the region and is well positioned to continue to provide water to its customers.

A drought will inevitably occur again. Fortunately, when combining TMWA's existing POSW in Donner and Independence Lakes, the groundwater resources of the Honey Lake basin, the extensive upstream drought storage benefits of TROA, and aquifer storage and recovery groundwater recharge efforts, the TMWA service area is well positioned with regards to drought resiliency for many decades to come.

Advanced Purified Water Program

TMWA is confident in its ability to meet the community's potable water needs for decades to come. Regardless, staff and leadership are dedicated to preparing for potential needs that are beyond the horizon. In this spirit, TMWA is participating in a multi-organizational effort to study the feasibility of producing Category A+ Advanced Purified Water (APW). This research collaboration is known as OneWater Nevada and includes TMWA; City of Reno; City of Sparks; Washoe County; the University of Nevada, Reno; Truckee Meadows Water Reclamation Facility; the Western Regional Water Commission, and the Northern Nevada Water Planning

Commission. The OneWater Nevada Study is evaluating the feasibility of using treated effluent from regional water reclamation facilities and applying a combination of advanced water treatment steps with natural groundwater purification processes to allow for aquifer storage and recovery of the APW. The treatment approach is regulated to rigorous state and federal drinking water standards and may potentially create a future supplemental water supply for potable or other high-quality uses.

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), a hydrogeological study at American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno have executed an ILA for a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility. This facility will take several years to build with construction activities expected to commence in Fall 2024, subject to final TMWA and City of Reno Board approval.

WATER QUALITY

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries. The Truckee River travels into Nevada through the Reno-Sparks Metropolitan area and terminates at Pyramid Lake, a distance of approximately 120 miles. The river's natural water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 90 MGD Chalk Bluff Water Treatment Plant, the 34.5 MGD Glendale Water Treatment Plant and the 4 MGD Mount Rose Water Treatment Plant. The Mount Rose Water Treatment Plant treats surface water from Whites Creek, a tributary of the Truckee River. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has since requalified for this award on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 15,000 samples covering approximately 20,000 constituents at over 300 locations throughout the TMWA water system to ensure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Division of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

Efficient use of water within the Truckee Meadows extends this vital resource through periods of drought in this high desert climate. Therefore, water conservation has been, and will continually be, a high-priority at TMWA. Not only does conservation promote water-efficient behavior, such efforts also reduce peak-day demand and help defer future investments in costly improvements to infrastructure. The purpose of water conservation at TMWA is to promote smart use of water through several programs. During a drought, TMWA enhances its conservation efforts to ensure drought storage is sufficient over the drought period.

Water-Efficiency Codes

TMWA's Rule 2 provides water-efficiency codes to which customers must adhere. First, customers must not use water excessively (i.e., no waste). Second, TMWA requires that its customers adhere to a three-day-a-week irrigation schedule. This watering restriction helps prevent overwatering as well as reduces peak-day demand. Next, TMWA also requires no irrigation on Mondays to allow its system to recharge. Finally, TMWA generally requires no irrigation between noon and 6 p.m. from Memorial Day to Labor Day. These water-efficiency codes have been successful in managing customer demands over time.

The Water Meter Retrofit Program

Under TMWA's Water Meter Retrofit Program, unmetered services were retrofitted with a meter. Customers without meters pay a flat, monthly water rate: thus, they have no simple way to know their water usage and have less monetary incentive to conserve. Through a charge of \$1,830 for every acre-foot of new surface water demand, developers and others have provided funding for this program to retrofit meters in the system. Due to the program's success, TMWA estimates less than 650 water services do not have a meter installed. In fiscal year 2019, the Water Meter Retrofit Program was replaced by the Water Resource Sustainability Program. Further, the Water Meter Retrofit Program restricted fund balance was entirely depleted during fiscal year 2023.

Water Pricing Structure

TMWA has an inverted, tiered-rate billing structure in which customers are charged increasing rates based on the amount of water they use. This billing structure provides a "price signal" to customers who cross into a higher tier, thereby encouraging efficient use of water.

Water Usage Review Program

The Water Usage Review Program assists TMWA customers with issues regarding their water meter or their water delivery system. When a water usage review is requested, TMWA staff will go onsite to check meter accuracy as well as detect for leaks in the customer's system. If a leak is detected, staff will work with the customer to attempt to identify the leak source. Staff will also review the usage history of the service to determine water usage behavior. Once completed, staff will notify the customer regarding any leaks that were detected, make recommendations on how to reduce water consumption, and teach customers how to check for leaks in the future.

Water Watcher Program

During the irrigation months (April to October), TMWA ramps up its conservation efforts by hiring additional full-time seasonal conservation consultants. These consultants are trained to monitor the TMWA service territory and ensure its water-efficiency codes are being adhered to. They also respond to water waste reports by the public. They provide customers with information about TMWA's water-efficiency codes and identify any leaks or sources of water waste in outdoor irrigation. This program not only promotes efficient use of water but also facilitates lower monthly bills.

Landscape Retrofit Program

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote drought-tolerant landscapes and educational programs focused on smart landscaping practices.

Water Conservation Education Program

TMWA has a strong educational program designed to teach customers about the benefits of conservation and techniques that can help them use water more responsibly. Educational initiatives include a free workshop series, direct communication (bill inserts, emails, in-person, etc.), public presentations and events, as well as, a multi-media campaign. TMWA also partners with other local organizations to provide grade school students in the Truckee Meadows with information regarding our water sources, water quality, and watershed protection.

FINANCIAL INFORMATION

Internal Controls

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Internal controls are also used to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA's management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

Budgetary Controls

TMWA is legally required to prepare, present to the TMWA Board, and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Local Government Budget and Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal years. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five-year financial forecasts in conjunction with the Capital Improvement Plan.

BUDGET ANALYSIS AND VARIANCES

Actual total operating revenues of \$113.1 million were \$6.3 million or 5.2% under the final budget for fiscal year ended June 30, 2023. Charges for water sales totaled \$107.1 million and 5.3% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During the first quarter of the fiscal year, higher precipitation led to lower water consumption. The second quarter brought hot and dry weather leading to slightly higher consumption than budget. However, a cooler and wetter spring led to lower water consumption in the second half of the fiscal year, ultimately leading to significantly lower than average water consumption.

Total operating expenses of \$114.4 million were approximately \$1.3 million under the budget of \$115.7 million. Operating expenses before depreciation were \$1.5 million under budget or approximately 1.9% under. Salaries and wages were lower by \$2.3 million or 7.9% under and employee benefits were \$1.1 million higher or 8.3% over budget. Salaries and wages were lower due to position vacancies, and employee benefits were higher due to actuarial adjustments affecting both PERS and OPEB expenses. Both of those expenses are tied to annual actuarial valuations which consider the market value of the underlying investments. Due to poor investment performance, the valuations resulted in a large expense in the fiscal year. Service and supplies expenses were \$0.3 million or 0.7% under budget. Following the budget augmentation after the first half of the fiscal year related to electric power and chemical costs, services and supplies expense ended the year in line with budget.

Total net nonoperating revenues and expenses were \$0.7 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold.

Capital contributions of \$42.3 million were \$38.7 million under budget. The primary driver is lower contributions from other governments related to the American Flat APW project. This is timing related and is based on the actual spend on the project which is in the design phase. These contributions are expected in the fiscal year ended June 30, 2024. Also contributing to the variance are lower connection fees, which reflect a slow down in developer payments on water projects.

Total capital spending was approximately \$52.1 million for fiscal year 2023, which was approximately \$31.8 million less than the \$83.9 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2023, TMWA has approximately \$152.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2023 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$8.9 million as of June 30, 2023. As of June 30, 2023, TMWA retained a \$11.1 million water rate stabilization reserve of which \$0.5 million is restricted and \$10.6 million is included as a reservation of unrestricted net position.

ACKNOWLEDGMENTS

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board, TMWA customers, and the development community for their commitment to the long-term operational and financial stewardship of TMWA.



John Zimmerman, Esq.
General Manager



Matt Bowman, CPA
Chief Financial Officer

**Truckee Meadows Water Authority
List of Principal Officials
June 30, 2023**

TMWA Board of Directors

Kristopher Dahir, Sparks City Council Member, Chairman of the Board

Naomi Duerr, Reno City Council Member, Vice Chairman

Paul Anderson, Sparks City Council Member

Clara Andriola, Washoe County Commissioner

Jenny Brekhus, Reno City Council Member

Alexis Hill, Washoe County Commissioner

Devon Reese, Reno City Council Member

Management

John R. Zimmerman, Esq., General Manager

Matt Bowman, CPA, Chief Financial Officer

John Enloe, Director of Natural Resources, Planning, and Management

Danny Rotter, Director of Engineering

Will Raymond, Director of Operations and Water Quality

Andy Gebhardt, Director of Distribution, Maintenance, and Generation

Jessica Atkinson, Director of Human Resources



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Truckee Meadows Water Authority
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

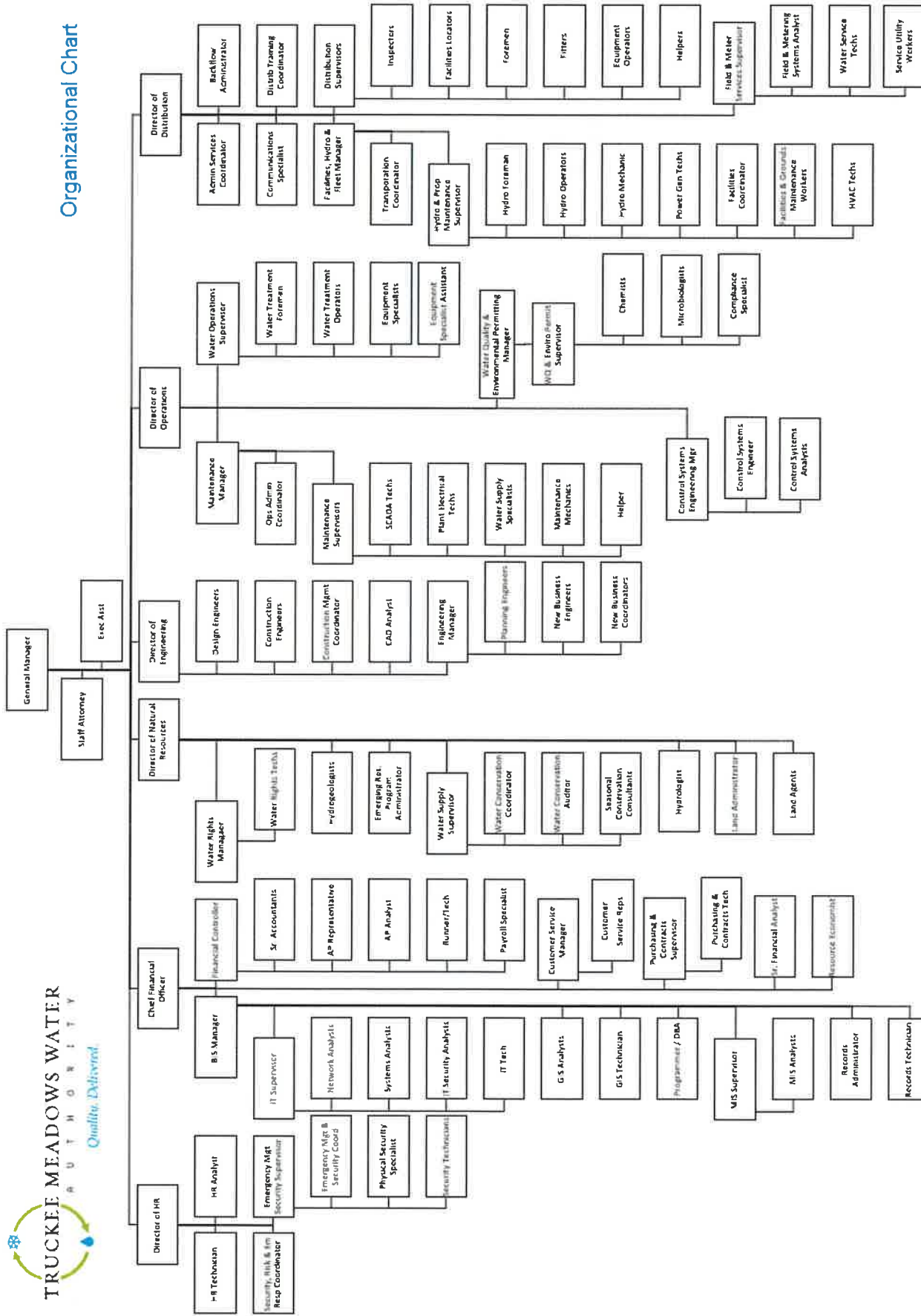
June 30, 2022

Christopher P. Morill

Executive Director/CEO



Organizational Chart





Independent Auditor's Report

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, and the fiduciary activities of the Truckee Meadows Water Authority ("TMWA") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of TMWA, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TMWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TMWA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

What inspires you, inspires us. Let's talk. | eidebailly.com

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TMWA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA's share of net pension liability, and schedules of TMWA's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise TMWA's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position and combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of TMWA'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 solely 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 the effectiveness of TMWA's 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 TMWA's internal control over financial reporting and compliance.



Reno, Nevada
November 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

FINANCIAL HIGHLIGHTS

TMWA's Net Position
(in millions)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Unrestricted Current Assets	\$ 170.2	\$ 189.4	\$ 192.8
Restricted Current Assets	28.7	33.3	31.1
Long-Term Restricted and Other Assets	30.5	33.2	31.2
Capital Assets, net	<u>1,083.9</u>	<u>1,044.9</u>	<u>1,021.8</u>
Total Assets	<u>1,313.3</u>	<u>1,300.8</u>	<u>1,276.9</u>
Deferred Outflow of Resources	<u>25.5</u>	<u>22.5</u>	<u>12.8</u>
Total Assets & Deferred Outflow of Resources	<u>1,338.8</u>	<u>1,323.3</u>	<u>1,289.7</u>
Total Current Liabilities	50.6	46.8	47.2
Long Term Debt Outstanding	334.0	355.4	376.3
Net Pension Liability	57.3	28.5	42.2
Net Other Postemployment Benefits Liability	0.7	0.4	0.5
Long Term Compensated Absences	<u>3.1</u>	<u>2.8</u>	<u>2.9</u>
Total Liabilities	<u>445.7</u>	<u>433.9</u>	<u>469.1</u>
Deferred Inflow of Resources	<u>2.6</u>	<u>29.1</u>	<u>6.4</u>
Net Investment in Capital Assets	749.2	693.0	649.1
Restricted	50.4	54.1	54.2
Unrestricted	<u>90.9</u>	<u>113.1</u>	<u>110.9</u>
Total Net Position	<u>\$ 890.5</u>	<u>\$ 860.2</u>	<u>\$ 814.2</u>

Financial Position

Fiscal Year 2023 Summary

In the fiscal year ended June 30, 2023, total net position increased by approximately \$30.2 million, the result of operating loss and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$19.2 million from June 30, 2022. Unrestricted cash and investments decreased \$17.0 million with cash from operating activities of \$38.4 million and unrestricted nonoperating contributions of \$21.5 million, offset by cash used for debt service \$32.3 million and acquisition and construction of capital assets of \$52.1 million. See the Statement of Cash Flows for additional information.

Restricted current assets decreased \$4.6 million from June 30, 2022. The Water Resource Sustainability Program fund increased \$0.8 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$0.3 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$2.7 million, mainly due to a \$1.5 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and were depleted entirely in fiscal year ended June 30, 2023. Net other postemployment benefits (OPEB) asset decreased by \$2.9 million as result of the actuarial analysis and a lower return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$39.0 million in fiscal year 2023 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$19.9 million. These assets are built to TMWA's standards and specifications. Depreciation expense was \$34.8 million.

Total current liabilities increased by \$3.8 million. This was primarily due to an increase of \$3.4 million in construction contract and retention payables, which are affected by the size and timing of active projects.

Long term debt decreased \$21.4 million, due to principal payments on debt of \$16.5 million and amortization of bond premiums of \$4.2 million.

Net pension liability increased by \$28.8 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.

Fiscal Year 2022 Summary

In the fiscal year ended June 30, 2022, total net position increased by approximately \$46.1 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$3.4 million from June 30, 2021. Unrestricted cash and investments decreased \$2.8 million with cash from operating activities of \$46.8 million and unrestricted nonoperating contributions of \$30.0 million, offset by cash used for debt service \$31.9 million and acquisition and construction of capital assets of \$40.8 million. See the Statement of Cash Flows for additional information.

Restricted current assets increased \$2.2 million from June 30, 2021. The Water Resource Sustainability Program fund increased \$1.4 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$0.8 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$0.5 million, mainly due to a \$1.0 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually. Net other postemployment benefits (OPEB) asset increased by \$2.6 million as result of the actuarial analysis and a high return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$23.0 million in fiscal year 2022 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$18.2 million. These assets are built to TMWA's standards and specifications. TMWA also put the Mt. Rose Water Treatment Plant into service in fiscal year 2022 and capitalized \$29.0 million of costs related to the project. Depreciation expense was \$33.6 million.

Total current liabilities decreased by \$0.4 million. This was primarily due to a reduction of \$1.2 million in construction contract and retention payables, which are affected by the size and timing of active projects.

Long term debt decreased \$20.9 million, due to principal payments on debt of \$15.4 million and amortization of bond premiums of \$4.4 million.

Net pension liability decreased by \$13.7 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada. See Note 11 to the financial statements for additional information on pensions.

TMWA’s Changes in Net Position
(in millions)

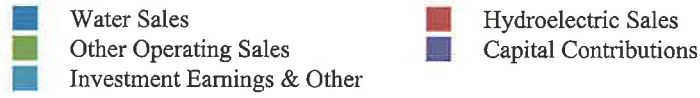
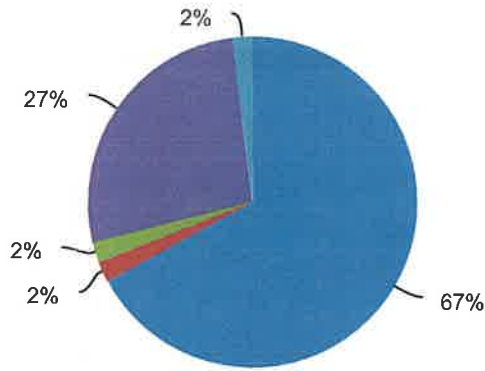
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Operating Revenues	\$ 113.1	\$ 114.6	\$ 115.4
Operating Expenses	114.4	98.6	98.2
Operating Income (Loss)	<u>(1.3)</u>	<u>16.0</u>	<u>17.2</u>
Nonoperating Revenues (Expenses)	<u>(10.8)</u>	<u>(21.5)</u>	<u>(14.1)</u>
Income (Loss) before Capital Contributions	(12.1)	(5.5)	3.1
Net Capital Contributions	<u>42.3</u>	<u>51.6</u>	<u>41.4</u>
Change in Net Position	<u>30.2</u>	<u>46.1</u>	<u>44.5</u>
Net Position, Beginning of Year	<u>860.3</u>	<u>814.2</u>	<u>769.7</u>
Net Position, End of Year	<u>\$ 890.5</u>	<u>\$ 860.3</u>	<u>\$ 814.2</u>

TMWA’s Revenues
(in millions)

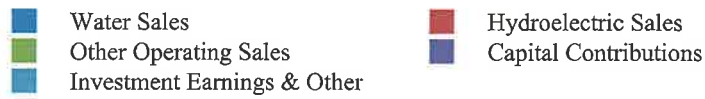
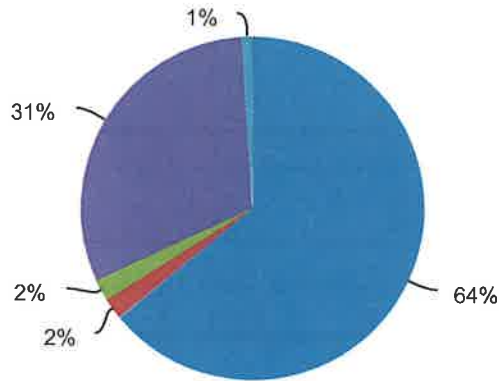
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Revenues			
Operating Revenues			
Water Sales	\$ 107.1	\$ 108.2	\$ 109.8
Hydroelectric Sales	2.9	2.6	2.8
Other Operating Sales	3.1	3.8	2.8
	<u>113.1</u>	<u>114.6</u>	<u>115.4</u>
Nonoperating Revenues			
Investment Earnings	<u>3.6</u>	<u>2.0</u>	<u>2.6</u>
Capital Contributions	<u>42.3</u>	<u>51.6</u>	<u>41.4</u>
Total Revenues	<u>\$ 159.0</u>	<u>\$ 168.2</u>	<u>\$ 159.4</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2023, 2022 and 2021.

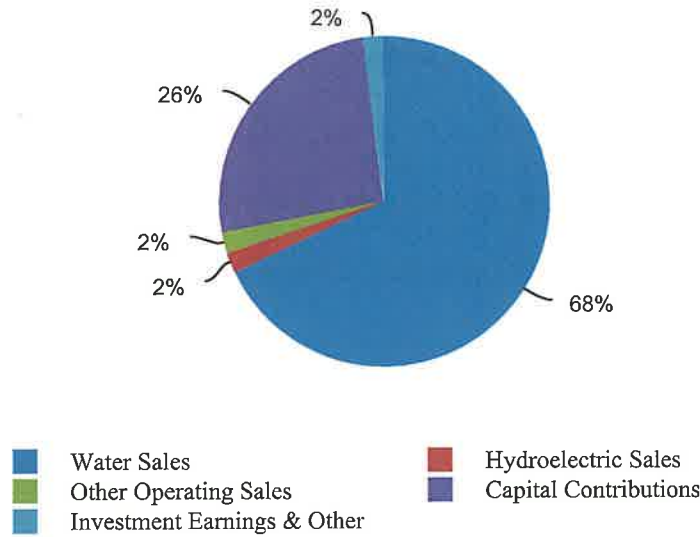
Total Revenues for the Year Ended June 30, 2023



Total Revenues for the Year Ended June 30, 2022



Total Revenues for the Year Ended June 30, 2021



Results of Operations-Revenues

Fiscal Year 2023 Summary

For fiscal year 2023, total operating revenues decreased \$1.5 million from fiscal year 2022. Water sales were \$107.1 million, \$1.1 million or 1.0% lower than in fiscal year 2022. Water sales were lower year over year due to lower consumption primarily due to cool temperatures and high precipitation in spring offset by a 2.5% rate increase in June 2022. Hydroelectric sales were \$0.3 million or 11.5% higher than fiscal year 2022 due to sustained river flows and plants being online for more time than in the prior year. Other operating revenue was \$0.7 million or 18.4% lower than the prior year due to lower revenues from construction water, new business engineering fees, and late fees.

Investment earnings were \$3.6 million in fiscal year 2023, \$1.6 million higher than fiscal year 2022 due to higher invested rates during the year.

For fiscal year 2023, capital contributions decreased by \$9.3 million. The main driver of the decrease was developer facility charges which were \$8.6 million less than 2022 and offset by developer infrastructure contributions which were \$1.7 million higher than 2022. A slowdown in construction in the area resulted in lower connection fees received from developers in fiscal year 2023. Grants were also \$2.1 million lower than fiscal year 2022 as only one grant award was received for the John Champion Park Restroom Installation Project under the Nevada Division of Environmental Protection's sub-grant agreement to One Truckee River.

Fiscal Year 2022 Summary

For fiscal year 2022, total operating revenues decreased \$0.8 million from fiscal year 2021. Water sales were \$108.2 million, \$1.6 million or 1.5% lower than in fiscal year 2021. Water sales were lower year over year due to lower consumption offset by two 2.5% rate increases in June 2021 and 2022. Hydroelectric sales were \$0.2 million or 7.1% lower than fiscal year 2021 due to low river flows in the late summer months of fiscal year 2022, which forced the plants to be taken offline. Other operating revenue was \$1.0 million or 35.7% higher than the prior year due to higher revenues from construction water, new business engineering fees, and late fees.

Investment earnings were \$2.0 million in fiscal year 2022, \$0.6 million lower than fiscal year 2021 due to lower invested rates during the year.

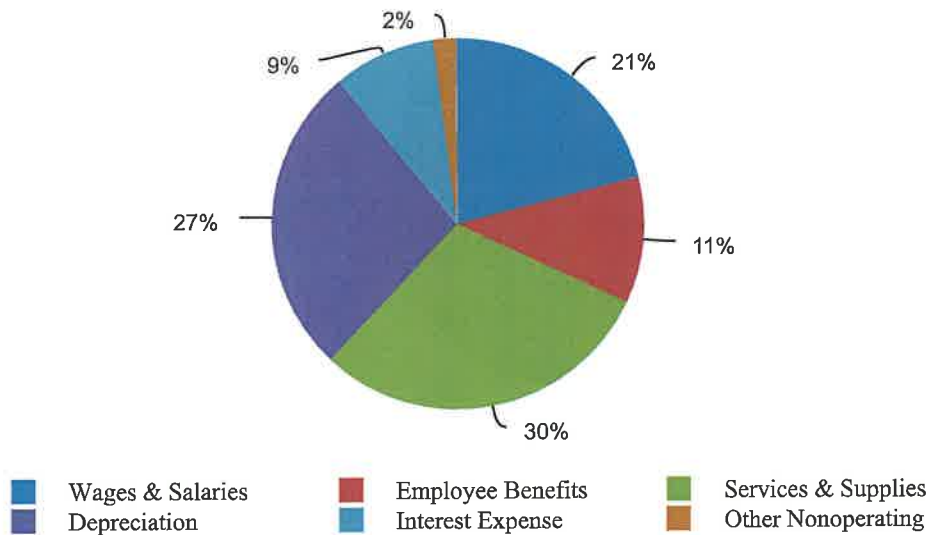
For fiscal year 2022, capital contributions increased by \$10.2 million. The main driver of the increase was developer infrastructure contributions which were \$8.0 million greater than fiscal year 2021. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. They can vary from year to year depending on activity and the timing of project closeouts. Grants were also \$2.2 million higher than fiscal year 2021 primarily from the grant award TMWA received to repair the Glendale diversion, which was damaged in the 2017 flood event.

TMWA's Expenses
(in millions)

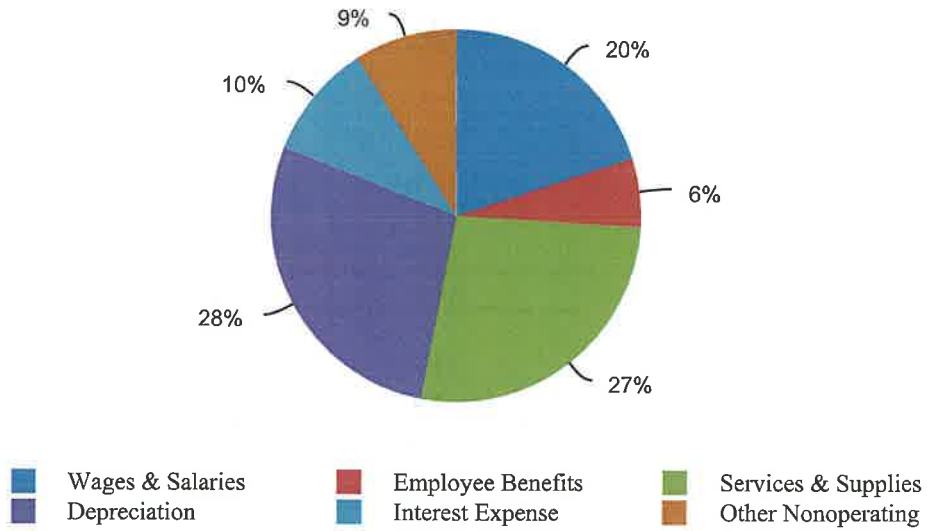
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 27.3	\$ 24.7	\$ 23.1
Employee Benefits	13.9	7.5	11.3
Services & Supplies	38.3	32.8	30.5
Depreciation	34.9	33.6	33.3
	<u>114.4</u>	<u>98.6</u>	<u>98.2</u>
Nonoperating Expenses			
Interest Expense	11.5	12.0	12.3
Other Nonoperating Expenses	2.9	11.5	4.4
	<u>14.4</u>	<u>23.5</u>	<u>16.7</u>
Total Expenses	<u>\$ 128.8</u>	<u>\$ 122.1</u>	<u>\$ 114.9</u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2023, 2022 and 2021.

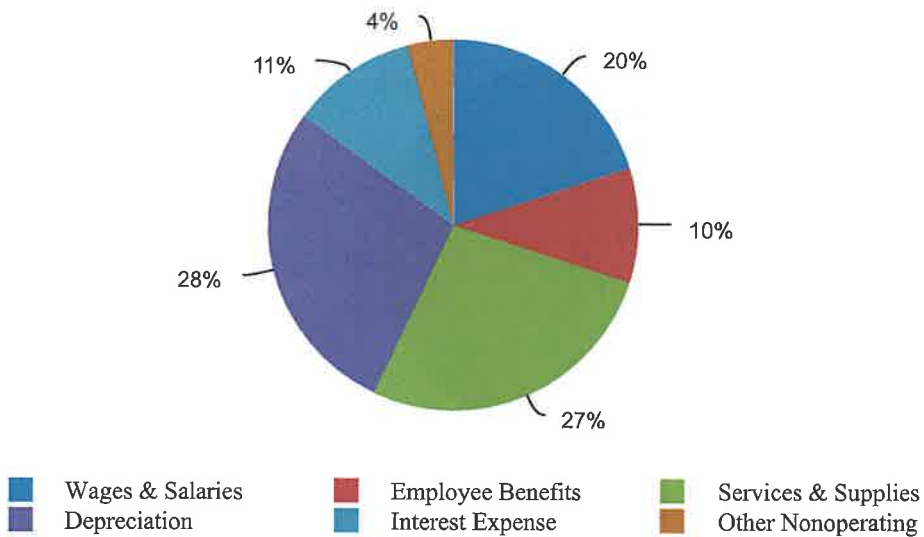
Total Expenses for the Year Ended June 30, 2023



Total Expenses for the Year Ended June 30, 2022



Total Expenses for the Year Ended June 30, 2021



Results of Operations-Expenses

Fiscal Year 2023 Summary

Operating expenses were \$114.4 million, \$15.8 million or 16.0% higher than fiscal year 2022. Spending on salaries and wages was \$2.6 million or 10.5% higher, due to Labor Market Index wage increases, step increases, and additions in headcount during the fiscal year. Employee benefits were \$6.4 million or 85.3% higher than prior year due mainly to higher pension expense related to Nevada PERS. Spending on services and supplies was \$5.5 million or 16.8% more than prior year primarily due to inflation and increased costs in power and chemicals.

Nonoperating expenses were \$9.1 million lower compared to prior year. Unrealized investment loss of \$1.6 million was the main driver for this decrease. In fiscal year 2022, TMWA had an unrealized investment loss of \$10.6 million included in nonoperating expenses.

Fiscal Year 2022 Summary

Operating expenses were \$98.6 million, \$0.4 million or 0.4% higher than fiscal year 2021. Spending on salaries and wages was \$1.6 million or 6.9% higher, due to wage increases and increases in headcount. Employee benefits were \$3.8 million or 33.6% lower than prior year due mainly to lower pension expense related to Nevada PERS. Spending on services and supplies was \$2.3 million or 7.5% more than prior year primarily due to inflation and increased costs in power, security, meter replacements, and vehicle fuel costs.

Nonoperating expenses were \$6.8 million higher compared to prior year. Unrealized investment loss of \$10.6 million was the main driver for this increase. In fiscal year 2021, TMWA had an unrealized investment loss of only \$2.4 million included in nonoperating expenses.

CAPITAL ASSETS

At June 30, 2023, TMWA's total capital assets were \$1,672.8 million before accumulated depreciation of \$588.9 million, for a net book value of \$1,083.9 million. Included in the total capital assets reported on the Statement of Net Position was \$63.8 million in construction work in progress.

At June 30, 2022, TMWA's total capital assets were \$1,599.0 million before accumulated depreciation of \$554.1 million, for a net book value of \$1,044.9 million. Included in the total capital assets reported on the Statement of Net Position was \$46.6 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

LONG-TERM DEBT

At June 30, 2023, TMWA had \$351.2 million in total reported debt outstanding. This amount reflects \$322.0 million in total outstanding principal indebtedness and \$29.1 million net bond

premium. Of the \$322.0 million in total reported debt outstanding, \$17.2 million was due within one year and is classified as short term indebtedness.

Total outstanding principal indebtedness of \$322.0 million as of June 30, 2023 reflects a decrease of \$16.5 million or 4.9% from total outstanding principal of \$338.5 million as of June 30, 2022. Total outstanding principal indebtedness of \$338.5 million as of June 30, 2022 reflects a decrease of \$15.4 million or 4.4% from total outstanding principal of \$353.9 million as of June 30, 2021.

During fiscal year 2023, TMWA maintained credit ratings from Standard and Poor's of AA+, outlook Stable and from Moody's of Aa2, outlook Stable. In March 2022, Fitch upgraded TMWA's credit rating to AAA, outlook Stable.

Detailed information about TMWA's indebtedness can be found in Note 7 to TMWA's financial statements.

CONTACTING TMWA'S FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Annual Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89520-3013.

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and investments	\$ 152,218,757	\$ 169,195,095
Accounts receivable, net	13,429,464	15,395,317
Due from others	367,672	357,337
Due from other governments	810,135	807,876
Interest receivable	760,390	760,415
Prepaid assets and other assets	2,596,285	2,887,338
	170,182,703	189,403,378
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	—	5,711,052
Water resource sustainability program	6,088,644	5,290,637
Current bond debt service	22,604,072	22,271,247
	28,692,716	33,272,936
Total current assets	198,875,419	222,676,314
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,404,342	2,337,315
Operations and maintenance	13,511,927	11,740,835
Renewal and replacement	10,000,000	11,544,050
Water rate stabilization	500,000	500,000
Net other postemployment benefits	3,108,425	6,024,714
	29,524,694	32,146,914
Noncurrent Assets		
Capital assets, not depreciated	201,134,370	178,003,697
Capital assets, depreciated	882,747,764	866,871,905
Other noncurrent assets	1,065,432	1,123,455
	1,084,947,566	1,045,999,057
Total noncurrent assets	1,114,472,260	1,078,145,971
Total assets	1,313,347,679	1,300,822,285
Deferred Outflow of Resources		
Bond refundings	1,880,904	2,088,177
Net pension liability	22,243,201	19,946,649
Net other postemployment benefits	1,338,422	411,188
	25,462,527	22,446,014
Total Assets and Deferred Outflow of Resources	\$ 1,338,810,206	\$ 1,323,268,299

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 2,465,329	\$ 2,489,317
Contracts and retention payable	17,133,008	13,722,146
Accrued liabilities	2,385,754	2,109,336
Current portion of compensated absences	631,564	525,397
Due to other governments	1,512,507	1,839,020
Accrued interest payable	157,236	185,280
Current portion of long-term debt	2,120,578	2,064,081
Customer deposits and amounts due to developers	1,554,688	1,600,628
	27,960,664	24,535,205
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	15,080,000	14,430,000
Accrued interest payable	7,524,072	7,841,247
	22,604,072	22,271,247
Total current liabilities	50,564,736	46,806,452
Noncurrent Liabilities		
Net pension liability	57,394,508	28,552,406
Long-term debt, net of current portion	333,951,197	355,355,275
Net other postemployment benefits liability	717,935	376,724
Compensated absences, net of current portion	3,079,956	2,784,275
Total noncurrent liabilities	395,143,596	387,068,680
Total liabilities	445,708,332	433,875,132
Deferred Inflow of Resources		
Net pension liability	157,375	23,710,557
Bond refundings	61,632	70,045
Leases	339,281	358,459
Other postemployment benefits	2,054,438	4,989,033
Total deferred inflows of resources	2,612,726	29,128,094
Total liabilities and deferred inflow of resources	448,321,058	463,003,226
Net Position		
Net investment in capital assets	749,158,166	692,996,744
Restricted for water meter retrofit program	—	5,711,052
Restricted for water resource sustainability program	6,088,644	5,290,637
Restricted for debt service	22,604,072	22,271,247
Restricted for operations and maintenance reserve	8,911,927	7,140,835
Restricted for renewal and replacement reserve	10,000,000	11,544,050
Restricted for water rate stabilization	500,000	500,000
Restricted for net other postemployment benefits	2,292,262	1,684,102
Unrestricted	90,934,077	113,126,406
Total net position	890,489,148	860,265,073
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 1,338,810,206	\$ 1,323,268,299

See Notes to Financial Statements

Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for water sales	\$ 107,098,581	\$ 108,172,970
Hydroelectric sales	2,928,163	2,551,333
Other operating sales	3,122,397	3,846,679
Total operating revenues	113,149,141	114,570,982
Operating Expenses		
Salaries and wages	27,309,513	24,735,686
Employee benefits	13,905,722	7,461,199
Services and supplies	38,311,560	32,768,771
Total operating expenses before depreciation	79,526,795	64,965,656
Depreciation	34,848,532	33,642,537
Total operating expenses	114,375,327	98,608,193
Operating Income (Loss)	(1,226,186)	15,962,789
Nonoperating Revenues (Expenses)		
Investment earnings	3,576,888	2,028,627
Net decrease in fair value of investments	(1,626,597)	(10,605,392)
Loss on disposal of assets	(1,261,500)	(938,661)
Debt issuance costs	—	801
Interest expense	(11,522,905)	(11,954,097)
Total nonoperating revenues (expenses)	(10,834,114)	(21,468,722)
Loss before Capital Contributions	(12,060,300)	(5,505,933)
Capital Contributions		
Grants	88,724	2,164,651
Water resource sustainability program	798,007	1,409,024
Developer infrastructure contributions	19,884,818	18,167,149
Developer will-serve contributions	3,620,779	4,436,788
Developer capital contributions	1,846,641	1,493,347
Developer facility charges	14,631,602	23,204,940
Contributions from other governments	1,413,804	719,822
Net Capital Contributions	42,284,375	51,595,721
Change in Net Position	30,224,075	46,089,788
Net Position, Beginning of Year	860,265,073	814,175,285
Net Position, End of Year	\$ 890,489,148	\$ 860,265,073

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Cash received from customers	\$ 115,013,515	\$ 115,440,042
Cash paid to employees	(38,152,289)	(35,600,437)
Cash paid to suppliers	(38,457,063)	(33,053,731)
Net Cash from Operating Activities	38,404,163	46,785,874
Capital and Related Financing Activities		
Cash received on lease receivables	35,157	33,452
Cash received for interest on lease receivables	11,622	11,878
Acquisition and construction of capital assets	(52,069,578)	(40,754,019)
Interest paid on financing	(15,832,774)	(16,510,042)
Principal paid on financing	(16,494,081)	(15,384,193)
Proceeds from capital asset disposal	248,694	110,377
Grants	177,175	1,849,748
Contributions for water resource sustainability program	798,007	1,409,024
Contributions from developers-will-serve letters	3,620,779	4,436,788
Contributions from developers-capital	1,846,641	1,493,347
Contributions from developers-facility charges	14,631,602	23,204,940
Contributions from other governments	1,413,804	819,822
Bond/note issuance costs	—	801
Net Cash used for Capital and Related Financing Activities	(61,612,952)	(39,278,077)
Investing Activities		
Amounts received on water service loans	47,596	46,296
Proceeds from the sale and maturity of investment securities	109,663,397	86,160,653
Purchase of investment securities	(97,198,058)	(99,773,888)
Investment interest/earnings	3,917,699	2,987,217
Net Cash provided by (used for) Investing Activities	16,430,634	(10,579,722)
Net Change in Cash and Cash Equivalents	(6,778,155)	(3,071,925)
Cash and Cash Equivalents, Beginning of Year	15,856,355	18,928,280
Cash and Cash Equivalents, End of Year	\$ 9,078,200	\$ 15,856,355
Reconciliation of Amounts Reported on the Statement of Net Position to Cash and Cash Equivalents		
Reported on the Statement of Net Position:		
Cash and investments	\$ 152,218,757	\$ 169,195,095
Restricted current cash and investments	28,692,716	33,272,936
Restricted noncurrent cash and investments	26,416,269	26,122,200
Total Cash and Investments	207,327,742	228,590,231
Investments not meeting the definition of cash and cash equivalents	(198,249,542)	(212,733,876)
Total Cash and Cash Equivalents	\$ 9,078,200	\$ 15,856,355

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ (1,226,186)	\$ 15,962,789
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	34,848,532	33,642,537
OPEB expense	(573,559)	(1,177,786)
OPEB contributions	(30,770)	(62,217)
Pension expense	6,812,035	1,305,093
Pension contributions	(3,819,668)	(3,496,584)
Changes in assets and liabilities		
Accounts receivable, net	1,920,649	1,278,363
Due from others	(10,335)	(26,840)
Due from other governments	(90,710)	(112,740)
Prepaid assets and other assets	292,349	(365,145)
Accounts payable	(23,987)	184,359
Accrued liabilities	276,418	246,896
Compensated absences	401,848	(214,769)
Due to other governments	(326,513)	4,381
Customer deposits and amounts due to developers	(45,940)	(382,463)
Total adjustments	<u>39,630,349</u>	<u>30,823,085</u>
Net Cash from Operating Activities	<u>\$ 38,404,163</u>	<u>\$ 46,785,874</u>
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,203,499)	\$ (4,439,990)
Amortization of refunding allowances to interest expense	198,859	201,068
Developer infrastructure contributions	19,884,818	18,167,149
Change in contracts and retention payable	3,410,862	(1,199,697)
Acquisition and Construction of Capital Assets		
Acquisition and construction of capital assets financed by cash	\$ 52,069,578	\$ 40,754,019
Developer infrastructure contributions	19,884,818	18,167,149
Change in contracts and retention payable	3,410,862	(1,199,697)
Total acquisition and construction of capital assets	<u>\$ 75,365,258</u>	<u>\$ 57,721,471</u>

Truckee Meadows Water Authority
Statements of Fiduciary Net Position - Other Postemployment Benefit Trust Funds
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 130,022	\$ 119,589
Receivables from plan members	13,997	11,745
Investments, at fair value	<u>14,925,555</u>	<u>17,775,142</u>
Total assets	<u>15,069,574</u>	<u>17,906,476</u>
Liabilities		
Accounts payable	<u>125,483</u>	<u>122,196</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 14,944,091</u>	<u>\$ 17,784,280</u>

Truckee Meadows Water Authority
Statements of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions		
Investment Income (Loss)		
Net increase (decrease) in fair value of investments	\$ (2,742,553)	\$ 2,351,683
Interest and dividends	318,068	265,600
Investment expense	<u>(5,101)</u>	<u>(5,454)</u>
Net investment income (loss)	(2,429,586)	2,611,829
Employer contributions	<u>46,494</u>	<u>97,848</u>
Total additions	<u>(2,383,092)</u>	<u>2,709,677</u>
Deductions		
Benefit payments	416,878	430,487
Administrative expenses	<u>40,219</u>	<u>32,775</u>
Total deductions	<u>457,097</u>	<u>463,262</u>
Change in Net Position	(2,840,189)	2,246,415
Net Position Restricted for Postemployment Benefits Other than Pensions		
Beginning of year	<u>17,784,280</u>	<u>15,537,865</u>
End of year	<u>\$ 14,944,091</u>	<u>\$ 17,784,280</u>

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity and Purpose

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations, and to develop, manage, and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven-member Board of Directors (Board) appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County Commissioners (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada (State) effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

Basis of Accounting

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. TMWA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned, and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

In accordance with GASB Statement No. 84, TMWA reports its two Other Postemployment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans, which have a December 31 year-end, do not present the results of operations of TMWA or have a measurement focus. They are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

Budgets and Budgetary Accounting

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, TMWA's General Manager submits to the Board a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held in May.
- Prior to June 1, at the public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

Cash and Investments

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by State statutes and TMWA's bond resolutions include, but are not limited to, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

The §501(c)(9) and §115 Other Postemployment Benefit (OPEB) Plans' net earnings from the State of Nevada Retirement Benefit Investment Fund (RBIF), an external investment pool, are based on the Trusts' original investment plus a monthly allocation of investment income (loss), including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value.

Accounts Receivable

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA's customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year-end.

Restricted Assets

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit and water resource sustainability programs adopted under Title II of Public Law 101-618. Other assets of TMWA are classified as restricted assets on the Statements of Net Position because they are set aside to provide other postemployment benefits per the §501(c)(9) Plan.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

Capital Assets

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	Years		Years
Distribution mains	60-75	Canals	15-50
Plants	15-50	Reservoirs	20-75
Services	15-60	Vehicles	5-10
Pump stations	15-50	Furniture and fixtures	7-10
Tanks	65-75	Computer hardware and software	5-15
Wells	15-50	Equipment	5-10
Pressure reducing stations	15-60	Administration buildings	50
Hydroelectric facilities	20-80		

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. TMWA’s deferred outflows of resources include its deferred charge on refunding which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions and other postemployment benefits.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to leases, bond refundings, pensions and other postemployment benefits.

Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

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

Compensated Absences

Employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in current and noncurrent liabilities in the accompanying Statements of Net Position.

Long-Term Debt

Long-term debt is reported at face value, net of any premium or discounts, in the Statements of Net Position. Premiums and discounts are amortized using the effective interest method over the life of the related debt. Debt issuance costs are expensed in the period incurred.

Classification of Revenues

Operating revenues consist of water sales, hydroelectric sales, and miscellaneous fee income. Nonoperating revenues consist essentially of income derived from investments and reimbursement, if any, for nonoperating activities. Developer facility charges, will-serve contributions, and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

Net Position

Net Position is displayed in three classifications:

- Net investment in capital assets. This component represents TMWA's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- Restricted. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets restricted only by TMWA or Board imposed limitations are not included in the calculation.
- Unrestricted. This component represents the remaining net position balance that is available to support TMWA's operations and capital asset acquisition/construction.

When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, then restricted resources as required.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation. The reclassifications had no impact on the change in net position or total net position.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning subscription-based information technology arrangements. This Statement requires governments to report such arrangements as intangible assets and corresponding liabilities in their statements of net position. The adoption of this guidance in the fiscal year ended June 30, 2023, did not have a material impact on TMWA's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The primary objective of this Statement is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires governments to apply specific criteria in determining the liability to record in their statements of net position. TMWA is currently evaluating the effect the adoption of this GASB will have on its financial statements in the fiscal year ended June 30, 2024.

Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

TMWA conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Accounts Receivable, Net

Accounts receivable, net consisted of the following:

	June 30, 2023	June 30, 2022
Billed amounts	\$ 5,887,249	\$ 7,302,435
Earned, but unbilled amounts	7,716,936	8,336,557
	13,604,185	15,638,992
Allowance for uncollectible accounts	(174,721)	(243,675)
Accounts receivable, net	\$ 13,429,464	\$ 15,395,317

Note 4 - Cash and Investments

In accordance with State statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The OPEB Plans' bank balances are covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly.

Truckee Meadows Water Authority

Notes to Financial Statements

June 30, 2023 and 2022

As of June 30, 2023, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 10,316,106	\$ 30,381,496	\$ 11,222,844	\$ 51,920,446
U.S. Agencies	20,693,782	50,216,889	14,986,705	85,897,376
LGIP	2,404,342	—	—	2,404,342
Money Market Mutual Funds	31,381,893	—	—	31,381,893
Certificates of Deposit	2,485,329	239,570	1,394,010	4,118,909
Corporate Notes	8,213,572	18,072,256	3,726,507	30,012,335
Total Investments	75,495,024	98,910,211	31,330,066	205,735,301
Total Cash	1,592,441	—	—	1,592,441
Total Cash and Investments	\$ 77,087,465	\$ 98,910,211	\$ 31,330,066	\$ 207,327,742

As of June 30, 2022, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 8,283,680	\$ 9,983,590	\$ 23,956,604	\$ 42,223,874
U.S. Agencies	21,008,034	48,571,355	35,094,905	104,674,294
LGIP	2,337,315	—	—	2,337,315
Money Market Mutual Funds	35,281,891	—	—	35,281,891
Certificates of Deposit	5,002,854	2,499,060	684,954	8,186,868
Corporate Notes	4,823,794	15,301,781	13,116,260	33,241,835
Total Investments	76,737,568	76,355,786	72,852,723	225,946,077
Total Cash	2,644,154	—	—	2,644,154
Total Cash and Investments	\$ 79,381,722	\$ 76,355,786	\$ 72,852,723	\$ 228,590,231

As of December 31, 2022, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
§501(c)(9) Plan				
Total Cash	\$ 74,782	\$ —	\$ —	\$ 74,782
Total Investments - RBIF	13,457,829	—	—	13,457,829
Total Cash and Investments	<u>\$ 13,532,611</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,532,611</u>
§115 Plan				
Total Cash	\$ 55,240	\$ —	\$ —	\$ 55,240
Total Investments - RBIF	1,467,726	—	—	1,467,726
Total Cash and Investments	<u>\$ 1,522,966</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,522,966</u>

As of December 31, 2021, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
§501(c)(9) Plan				
Total Cash	\$ 44,195	\$ —	\$ —	\$ 44,195
Total Investments - RBIF	16,072,517	—	—	16,072,517
Total Cash and Investments	<u>\$ 16,116,712</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,116,712</u>
§115 Plan				
Total Cash	\$ 75,394	\$ —	\$ —	\$ 75,394
Total Investments - RBIF	1,702,625	—	—	1,702,625
Total Cash and Investments	<u>\$ 1,778,019</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,778,019</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On September 20, 2017, the TMWA Board adopted an investment policy which extended TMWA's investment period from two years to five years. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below.

Interest Rate Risk

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. As a means of limiting TMWA's exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows State statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within five years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows State statute for reducing exposure to investment credit risk by investing in U.S. Agencies securities; "AAA" rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 113 days at June 30, 2023, and 125 days at June 30, 2022.

At June 30, 2023, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 543,103	\$ —	\$ 1,245,337	\$ 1,788,440
AA+	51,920,446	85,897,376	—	—	—	—	137,817,822
AA	—	—	—	—	—	2,410,112	2,410,112
A+	—	—	—	—	991,173	1,512,486	2,503,659
A	—	—	—	—	—	12,500,818	12,500,818
A-	—	—	—	—	—	10,966,649	10,966,649
BBB+	—	—	—	—	—	1,376,933	1,376,933
BBB	—	—	—	—	—	—	—
BBB-	—	—	—	—	458,197	—	458,197
NR	—	—	2,404,342	30,838,790	2,669,539	—	35,912,671
Total Investments	\$ 51,920,446	\$ 85,897,376	\$ 2,404,342	\$ 31,381,893	\$ 4,118,909	\$ 30,012,335	\$ 205,735,301

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2023 and 2022

At June 30, 2022, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 1,202,259	\$ —	\$ —	\$ 1,202,259
AA+	42,223,874	104,674,294	—	—	—	501,044	147,399,212
AA	—	—	—	—	—	5,343,592	5,343,592
A+	—	—	—	—	1,499,977	5,558,977	7,058,954
A	—	—	—	—	249,491	9,337,115	9,586,606
A-	—	—	—	—	500,931	11,098,043	11,598,974
BBB+	—	—	—	—	1,000,786	1,403,064	2,403,850
BBB	—	—	—	—	250,531	—	250,531
BBB-	—	—	—	—	471,868	—	471,868
NR	—	—	2,337,315	34,079,632	4,213,284	—	40,630,231
Total Investments	\$ 42,223,874	\$ 104,674,294	\$ 2,337,315	\$ 35,281,891	\$ 8,186,868	\$ 33,241,835	\$ 225,946,077

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by TMWA or by TMWA's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

At June 30, 2023 and 2022, the following investments by issuer exceeded 5% of TMWA's total investments:

	June 30, 2023	
U.S. Treasuries	\$ 51,920,446	26 %
Federal National Mortgage Association	33,408,276	17 %
Federal Home Loan Banks	29,208,141	15 %
Federated Hermes Treasury Obligations	23,353,030	12 %
Federal Farm Credit Bank	13,890,905	7 %
	June 30, 2022	
U.S. Treasuries	\$ 42,223,874	20 %
Federal National Mortgage Association	41,670,375	20 %
Federal Home Loan Bank	28,076,563	13 %
Federated Hermes Treasury Obligations	20,862,354	10 %
Federal Home Loan Mortgage Corporation	18,536,026	9 %
Federal Farm Credit Bank	16,391,329	8 %

Investments Measured at Fair Value

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using Level 3 inputs.

TMWA had the following recurring fair value measurements as of June 30, 2023:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 51,920,446	\$ 51,920,446	\$ —
U.S. Agencies	85,897,376	—	85,897,376
Certificates of Deposit	4,118,909	—	4,118,909
Corporate Notes	30,012,335	—	30,012,335
	<u>171,949,066</u>	<u>\$ 51,920,446</u>	<u>\$ 120,028,620</u>
LGIP	2,404,342		
Money Market Mutual Funds*	31,381,893		
	<u>\$ 205,735,301</u>		

TMWA had the following recurring fair value measurements as of June 30, 2022:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 42,223,874	\$ 42,223,874	\$ —
U.S. Agencies	104,674,294	—	104,674,294
Certificates of Deposit	8,186,868	—	8,186,868
Corporate Notes	33,241,835	—	33,241,835
	<u>188,326,871</u>	<u>\$ 42,223,874</u>	<u>\$ 146,102,997</u>
LGIP	2,337,315		
Money Market Mutual Funds*	35,281,891		
	<u>\$ 225,946,077</u>		

*Money market mutual funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

The following is a description of the valuation methodologies used by TMWA for its Level 2 assets:

U.S. Agencies – Valued using matrix pricing and market corroborated pricing models.

Certificates of Deposit - Valued using interactive date pricing and reference data.

Corporate Notes - Valued using institutional bond quotes based on various market and industry inputs.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2023 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 46,612,192	\$ 48,187,537	\$ (30,981,875)	\$ 63,817,854
Land	20,656,209	203,669	(204)	20,859,674
Water rights	110,735,296	5,721,546	—	116,456,842
Total capital assets, not being depreciated	<u>178,003,697</u>	<u>54,112,752</u>	<u>(30,982,079)</u>	<u>201,134,370</u>
Capital assets, being depreciated				
Distribution mains	606,514,576	25,743,119	—	632,257,695
Water treatment (plants)	230,092,240	1,985,937	(15,900)	232,062,277
Services	170,891,730	5,544,486	—	176,436,216
Pump stations	75,748,643	4,128,477	(21,116)	79,856,004
Treated water storage (tanks)	99,345,247	6,880,534	—	106,225,781
Wells	79,053,515	4,960,348	(30,389)	83,983,474
Pressure regulating stations	20,820,528	505,044	—	21,325,572
Canals	44,772,747	—	—	44,772,747
Reservoirs	19,329,874	62,101	—	19,391,975
Vehicles	9,788,167	569,268	—	10,357,435
Furniture and fixtures	836,662	36,667	—	873,329
Computer hardware and software	12,109,417	256,294	—	12,365,711
Equipment	252,659	—	—	252,659
Hydroelectric facilities	35,209,402	61,869	—	35,271,271
Administrative buildings	16,197,903	35,554	—	16,233,457
Total capital assets, being depreciated	<u>1,420,963,310</u>	<u>50,769,698</u>	<u>(67,405)</u>	<u>1,471,665,603</u>
Less accumulated depreciation:				
Distribution mains	(161,258,816)	(11,201,835)	—	(172,460,651)
Water treatment (plants)	(109,722,358)	(6,782,672)	5,918	(116,499,112)
Services	(125,795,689)	(5,302,177)	—	(131,097,866)
Pump stations	(30,101,884)	(2,292,433)	7,823	(32,386,494)
Treated water storage (tanks)	(34,911,510)	(2,291,084)	—	(37,202,594)
Wells	(38,834,898)	(2,004,494)	8,357	(40,831,035)
Pressure regulating stations	(8,338,267)	(508,736)	—	(8,847,003)
Canals	(14,434,824)	(1,035,775)	—	(15,470,599)
Reservoirs	(8,337,688)	(448,043)	—	(8,785,731)
Vehicles	(6,965,273)	(854,726)	—	(7,819,999)
Furniture and fixtures	(728,072)	(37,632)	—	(765,704)
Computer hardware and software	(3,827,966)	(884,670)	—	(4,712,636)
Equipment	(198,169)	(9,155)	—	(207,324)
Hydroelectric facilities	(6,183,559)	(691,412)	—	(6,874,971)
Administrative buildings	(4,452,432)	(503,688)	—	(4,956,120)
Total accumulated depreciation	<u>(554,091,405)</u>	<u>(34,848,532)</u>	<u>22,098</u>	<u>(588,917,839)</u>
Total capital assets, being depreciated net	<u>866,871,905</u>	<u>15,921,166</u>	<u>(45,307)</u>	<u>882,747,764</u>
Total Capital Assets, Net	<u>\$ 1,044,875,602</u>	<u>\$ 70,033,918</u>	<u>\$ (31,027,386)</u>	<u>\$ 1,083,882,134</u>

Truckee Meadows Water Authority

Notes to Financial Statements

June 30, 2023 and 2022

Capital asset activity for the year ended June 30, 2022 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 72,934,066	\$ 38,431,559	\$ (64,753,433)	\$ 46,612,192
Land	20,597,913	70,000	(11,704)	20,656,209
Water rights	110,596,859	138,437	—	110,735,296
Total capital assets, not being depreciated	204,128,838	38,639,996	(64,765,137)	178,003,697
Capital assets, being depreciated				
Distribution mains	584,554,415	21,960,161	—	606,514,576
Water treatment (plants)	197,962,701	32,129,539	—	230,092,240
Services	164,492,384	6,399,346	—	170,891,730
Pump stations	72,990,794	2,757,849	—	75,748,643
Treated water storage (tanks)	97,588,855	1,756,392	—	99,345,247
Wells	77,220,811	1,832,704	—	79,053,515
Pressure regulating stations	18,173,356	2,647,172	—	20,820,528
Canals	44,748,769	23,978	—	44,772,747
Reservoirs	19,329,874	—	—	19,329,874
Vehicles	9,093,894	699,537	(5,264)	9,788,167
Furniture and fixtures	808,750	27,912	—	836,662
Computer hardware and software	4,816,805	7,292,612	—	12,109,417
Equipment	252,659	—	—	252,659
Hydroelectric facilities	29,936,210	5,273,192	—	35,209,402
Administrative buildings	16,197,903	—	—	16,197,903
Total capital assets, being depreciated	1,338,168,180	82,800,394	(5,264)	1,420,963,310
Less accumulated depreciation:				
Distribution mains	(150,448,700)	(10,810,116)	—	(161,258,816)
Water treatment (plants)	(103,667,406)	(6,054,952)	—	(109,722,358)
Services	(120,309,967)	(5,485,722)	—	(125,795,689)
Pump stations	(27,904,642)	(2,197,242)	—	(30,101,884)
Treated water storage (tanks)	(32,792,909)	(2,118,601)	—	(34,911,510)
Wells	(36,942,247)	(1,892,651)	—	(38,834,898)
Pressure regulating stations	(7,817,704)	(520,563)	—	(8,338,267)
Canals	(13,399,448)	(1,035,376)	—	(14,434,824)
Reservoirs	(7,889,954)	(447,734)	—	(8,337,688)
Vehicles	(5,961,038)	(1,006,679)	2,444	(6,965,273)
Furniture and fixtures	(694,197)	(33,875)	—	(728,072)
Computer hardware and software	(2,966,559)	(861,407)	—	(3,827,966)
Equipment	(189,014)	(9,155)	—	(198,169)
Hydroelectric facilities	(5,520,182)	(663,377)	—	(6,183,559)
Administrative buildings	(3,947,345)	(505,087)	—	(4,452,432)
Total accumulated depreciation	(520,451,312)	(33,642,537)	2,444	(554,091,405)
Total capital assets, being depreciated net	817,716,868	49,157,857	(2,820)	866,871,905
Total Capital Assets, Net	\$ 1,021,845,706	\$ 87,797,853	\$ (64,767,957)	\$ 1,044,875,602

Note 6 - Leases

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$6,000 for the first year and is increased based on CPI every five years with the renewal of the lease. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$9,729 in lease revenue and \$1,581 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$48,188 in lease receivables and \$44,591 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$9,729 in lease revenue and \$1,850 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$57,871 in lease receivables and \$54,321 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$4,000 for the first year and is increased based on CPI every five years with the renewal of the lease. The third amendment to the agreement also added \$3,000 per year to the base rent. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$7,859 in lease revenue and \$1,514 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$44,501 in lease receivables and \$43,224 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$8,149 in lease revenue and \$988 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$29,297 in lease receivables and \$28,522 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 2000 and allowed for three 5-year renewal terms after the initial term expired in 2005. A first amendment to the agreement extended the term for another five years to 2025 and allows for two 5-year renewal terms after the contract expires in 2025. Rent was \$13,800 for the first year and was originally increased based on CPI every five years with the renewal of the lease. The first amendment to the agreement added \$3,600 per year to the base rent and specified that the yearly rent will increase by 10% upon the commencement of each extension term. TMWA used a borrowing rate of 2.78% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$19,936 in lease revenue and \$8,196 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$263,572 in lease receivables and \$249,195 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$19,995 in lease revenue and \$8,515 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$278,163 in lease receivables and \$269,936 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its land's air space to a third party. The agreement term began in 2007 and allowed for two 5-year renewal terms after the initial term expired in 2014. TMWA foresees continuing the lease through 2024. Rent was \$3,000 for the first year and is increased 2.5% each year. TMWA used a borrowing rate of 2.37% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$3,407 in lease revenue and \$89 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$0 in lease receivables and \$2,271 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$3,409 in lease revenue and \$213 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$4,355 in lease receivables and \$5,681 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

Note 7 - Long-Term Liabilities**Long-Term Debt**

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as of July 1, 2015, the call date of the bonds. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000, and on September 5, 2017, TMWA redeemed \$9,200,000. On May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding (see below). This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000, on October 2, 2019, TMWA redeemed \$5,000,000, and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. In the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed in June 2021 as part of the 2021 Subordinate Water Refunding Bonds (see below). TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2023.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the,

senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA, and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease the callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF, the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling \$8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF Bonds.

On April 12, 2016, TMWA issued \$124,790,000 in Series 2016 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This current refunding was undertaken to reduce total debt service payments over 22 years by \$4,332,501, and resulted in an economic gain of \$15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

On May 15, 2018, TMWA issued \$38,835,000 in Series 2018 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The proceeds of the bond issue of \$44,601,977 were used to refund or redeem \$44,200,000 in maturities of TECP (see above). This transaction was executed to provide a fixed rate of interest expense over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds.

On June 3, 2021, TMWA issued \$13,000,000 in Series 2021 Subordinate Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The Bonds were sold pursuant to a Continuing Covenant Agreement as a Direct Purchase to Wells Fargo Municipal Capital Strategies, LLC. The proceeds of the bond issue of \$13,000,000 were used to refund or redeem \$13,000,000 in maturities of TECP (see above). This transaction was executed to provide a fixed interest rate over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds. The provisions of the loan agreement require level, annual debt service for full repayment of the bonds through fiscal year 2028. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds and the 2018 Refunding Bonds.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2023 and 2022

The following schedules summarize the changes in long-term debt obligations as of June 30, 2023:

	Final Maturity Date	Authorized	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 955,680	\$ —	\$ 308,471	\$ 647,209	\$ 318,452
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	927,515	—	123,669	803,846	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,360,812	—	262,896	2,097,916	271,509
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	2,880,336	—	933,448	1,946,888	959,863
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	6,954,935	—	435,597	6,519,338	447,085
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	11,215,000	—	1,815,000	9,400,000	1,835,000
		48,561,736	25,294,278	—	3,879,081	21,415,197	3,955,578
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	23,295,000	—	1,055,000	22,240,000	1,110,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	126,285,000	—	11,560,000	114,725,000	12,135,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	313,205,000	—	12,615,000	300,590,000	13,245,000
Subtotal		388,351,736	338,499,278	—	16,494,081	322,005,197	17,200,578
Plus unamortized net bond premium			33,350,078	—	4,203,500	29,146,578	
Total debt before TECP			371,849,356	—	20,697,581	351,151,775	
TECP		53,600,000	—	—	—	—	—
Total Debt		\$441,951,736	\$371,849,356	\$ —	\$ 20,697,581	\$351,151,775	\$ 17,200,578

The following schedules summarize the changes in long-term debt obligations as of June 30, 2022:

	Final Maturity Date	Authorized	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in 2022-2023
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,254,482	\$ —	\$ 298,802	\$ 955,680	\$ 308,470
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,051,184	—	123,669	927,515	123,668
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,615,367	—	254,555	2,360,812	262,896
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	3,788,098	—	907,762	2,880,336	933,449
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	7,379,340	—	424,405	6,954,935	435,598
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	13,000,000	—	1,785,000	11,215,000	1,815,000
		48,561,736	29,088,471	—	3,794,193	25,294,278	3,879,081
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	24,290,000	—	995,000	23,295,000	1,055,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	136,880,000	—	10,595,000	126,285,000	11,560,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	324,795,000	—	11,590,000	313,205,000	12,615,000
Subtotal		388,351,736	353,883,471	—	15,384,193	338,499,278	16,494,081
Plus unamortized net bond premium			37,790,068	—	4,439,990	33,350,078	
Total debt before TECP			391,673,539	—	19,824,183	371,849,356	
TECP		53,600,000	—	—	—	—	—
Total Debt		\$441,951,736	\$391,673,539	\$ —	\$ 19,824,183	\$371,849,356	\$ 16,494,081

Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2024	\$ 3,955,578	\$ 406,559	\$ 13,245,000	\$ 14,698,375	\$ 32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027	2,806,146	209,873	15,355,000	12,610,625	30,981,644
2028	2,853,693	164,657	16,135,000	11,823,375	30,976,725
2029-2033	3,517,980	417,441	104,940,000	45,305,750	154,181,171
2034-2038	1,478,833	58,622	101,460,000	16,238,000	119,235,455
2039-2041	—	—	22,000,000	1,112,500	23,112,500
Total	\$ 21,415,197	\$ 1,837,846	\$ 300,590,000	\$ 129,140,750	\$ 452,983,793

Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2023 and 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Next Fiscal Year
2023 Compensated absences liability	\$ 3,309,672	\$ 3,079,140	\$ 2,677,292	\$ 3,711,520	\$ 631,564
2022 Compensated absences liability	\$ 3,524,440	\$ 2,952,403	\$ 3,167,171	\$ 3,309,672	\$ 525,397

Note 8 - Net Position

Restricted Net Position

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program. The restricted balance of \$5,711,052 as of June 30, 2022 was entirely depleted during the fiscal year ended June 30, 2023.

Restricted for water resource sustainability: This restriction replaced the water meter retrofit program in January 2019 and was created to segregate the portion of net position derived from contributions made by developers to fund certain projects that are intended to benefit TMWA's long-term water resources sustainability.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted balance of \$1,544,050 as of June 30, 2022 was entirely depleted during fiscal year ended June 30, 2023.

Restricted for net other postemployment benefits: This restriction was created to segregate the portion of net position related to TMWA's net other postemployment benefit asset in the §501(c)(9) Plan. See Note 12 for additional information.

Board Designation

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$11,126,919 and \$10,422,851 as of June 30, 2023 and 2022, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

Note 9 - Contingent Liabilities

Mt. Rose Fan Domestic Well Program

As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan.

Litigation

From time to time, TMWA is named as a party to various lawsuits, claims, or other legal and regulatory proceedings that arise in the ordinary course of TMWA's business. TMWA accrues reserves when a loss is probable, and the amount of such loss can be reasonably estimated. Management does not believe that the outcome of these proceedings, individually and collectively, will have a material effect on TMWA's financial position.

Note 10 - Risk Management

TMWA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other significant risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

Note 11 - Defined Benefit Pension Plan and Other Employee Benefits

Defined Benefit Pension Plan

Plan Description

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. Members entering PERS on or after July 1, 2015 have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans.

Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. TMWA contributes under the employer-pay option.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The employer-pay contribution (EPC) rate was 29.75% and 29.75% for fiscal years June 30, 2023 and 2022, respectively. As of July 1, 2023, the EPC rate increased to 33.50%. TMWA’s contributions were \$3,819,668 and \$3,496,584 for the years ended June 30, 2023 and 2022, respectively.

PERS Investment Policy

PERS’ policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2021:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

Net Pension Liability

At June 30, 2023, TMWA reported a liability for its proportionate share of the net pension liability of \$57,394,508. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2022, TMWA reported a liability for its proportionate share of the net pension liability of \$28,552,406. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

TMWA’s proportion of the net pension liability was based on TMWA’s share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2022 and 2021, TMWA’s proportion was 0.3179 and 0.3131 percent, respectively, representing an increase of 0.0048 percent and an increase of 0.0102 percent from its proportion measured at June 30, 2021 and 2020, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.25%, and what TMWA’s net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year’s valuation:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2022	\$ 88,119,345	\$ 57,394,508	\$ 32,041,907
	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2021	\$ 56,846,925	\$ 28,552,406	\$ 5,211,743

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the PERS ACFR, available on the PERS website, www.nvpers.org.

Actuarial Assumptions

TMWA’s June 30, 2023 net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA’s June 30, 2022 net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Inflation Rate	2.50%	2.50%
Payroll Growth	3.50% including inflation	3.50% including inflation
Investment Rate of Return	7.25%	7.25%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.50%	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation	Same as those used in the June 30, 2021 funding actuarial valuation

For the year ended June 30, 2022, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

For the year ended June 30, 2021, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of the experience review issued September 10, 2021.

The projection of cash flows used to determine the discount rate of 7.25% assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022 and June 30, 2021.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2023 and 2022, TMWA recognized pension expense of \$10,619,665 and \$4,812,879, respectively.

At June 30, 2023, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,431,641	\$ 41,001
Changes in assumptions or other inputs	7,372,725	—
Net difference between projected and actual earnings on pension plan investments	700,249	—
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	2,918,918	116,374
TMWA contributions subsequent to the measurement date	3,819,668	—
	\$ 22,243,201	\$ 157,375

Deferred outflows of resources of \$3,819,668 resulted from TMWA contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

At June 30, 2022, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,162,740	\$ 200,941
Changes in assumptions or other inputs	9,479,892	—
Net difference between projected and actual earnings on pension plan investments	—	23,297,856
Changes in TMWA’s proportion and differences between TMWA’s contributions and TMWA’s proportionate contributions	3,807,433	211,760
TMWA contributions subsequent to the measurement date	3,496,584	—
	\$ 19,946,649	\$ 23,710,557

Deferred outflows of resources of \$3,496,584 resulted from TMWA contributions subsequent to the measurement date and were recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2021 (the beginning of the measurement period ended June 30, 2022) is 5.7 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized in pension expense as follows:

Year ending June 30,		
2024	\$	3,386,531
2025		2,754,678
2026		2,618,272
2027		8,262,978
2028		1,243,699

Additional Information

The PERS ACFR includes additional information including information supporting the schedule of employer allocations and the schedule of pension amounts by employer. This report is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Deferred Compensation Plans

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the years ended June 30, 2023 and June 30, 2022, TMWA had matching contributions totaling \$1,700,290, and \$1,550,717, respectively.

Note 12 - Other Postemployment Benefit (OPEB) Plans

TMWA has two Other Postemployment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all subsequent new hires until the plan closed, effective December 13, 2018. The §115 Plan plan was formed to provide postemployment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections under which the plans were formed. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2023 for both plans is as follows:

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>
Retirees currently receiving benefits	70	7
Retirees entitled to, but not yet receiving benefits	2	3
Active plan members	153	12
Total	<u>225</u>	<u>22</u>

Census data as of June 30, 2022 for both plans is as follows:

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>
Retirees currently receiving benefits	62	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	161	14
Total	<u>224</u>	<u>22</u>

Plan Descriptions, Eligibility Information and Funding Policies

§501(c)(9) Plan

Plan Description. The §501(c)(9) plan known as the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with postemployment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board: two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel hired prior to December 14, 2018. Eligibility requirements benefit levels, employee contributions, and employer contributions are amended through TMWA's collective bargaining agreements for its represented employees and by the TMWA Board with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years

of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group, dependents are also covered. The post-December 31, 1997 group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period.

For MPAT employees, the annual subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes age 62.

There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

Funding Policy. Beginning in fiscal year 2011, the plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the postemployment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

§115 Plan

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with postemployment health benefits. This specific plan was formed to provide postemployment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this plan. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are two employee classifications eligible for benefits in this plan: Tier I and Tier II classifications.

For Tier I retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 100% of the premium for coverage of such retiree under the benefit plans.

Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage, and the §115 Plan will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Insurance Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree’s behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive benefits equal to the equivalent of the State of Nevada’s Medicare Exchange Retiree HRA Contribution Subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described, the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

Funding Policy. The plan funds retiree benefits through an irrevocable trust for funding of the postemployment health benefits. TMWA funds the §115 Plan based on the ADC each year.

OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2023 and 2022 is below:

	§501(c)(9) Plan	§115 Plan	Total
2023	\$ (445,238)	\$ 60,120	\$ (385,118)
2022	\$ (1,059,573)	\$ (13,529)	\$ (1,073,102)

Changes in Net Position for each plan for the measurement period ended December 31, 2022 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2022	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724
<i>Measurement Date - December 31, 2021</i>						
Changes During the Period:						
Service Cost	181,309	—	181,309	29,587	—	29,587
Interest Cost	596,546	—	596,546	128,719	—	128,719
Expected Investment Income	—	948,700	(948,700)	—	105,886	(105,886)
Employer Contributions	—	76,785	(76,785)	—	71,680	(71,680)
Auditing Fees	—	(18,600)	18,600	—	(14,800)	14,800
Investment & Administrative Fees	—	(4,605)	4,605	—	(496)	496
Legal Fees	—	(1,931)	1,931	—	(4,888)	4,888
Retiree Contributions In	—	128,878	(128,878)	—	20,741	(20,741)
Retiree Contributions Out	—	(128,878)	128,878	—	(20,741)	20,741
Benefit Payments	(443,277)	(443,277)	—	(75,573)	(75,573)	—
Investment Experience	—	(3,138,783)	3,138,783	—	(340,287)	340,287
Net Changes	334,578	(2,581,711)	2,916,289	82,733	(258,478)	341,211
Balance at Fiscal Year Ending June 30, 2023	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)	\$ 2,236,255	\$ 1,518,320	\$ 717,935
<i>Measurement Date - December 31, 2022</i>						

Changes in Net Position for each plan for the measurement period ended December 31, 2021 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2021 <i>Measurement Date - December 31, 2020</i>	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
Changes During the Period:						
Service Cost	229,280	—	229,280	35,820	—	35,820
Interest Cost	636,038	—	636,038	122,661	—	122,661
Expected Investment Income	—	830,396	(830,396)	—	90,749	(90,749)
Employer Contributions	—	63,156	(63,156)	—	117,922	(117,922)
Auditing Fees	—	(18,775)	18,775	—	(14,000)	14,000
Investment & Administrative Fees	—	(4,938)	4,938	—	(517)	517
Retiree Contributions In	—	110,022	(110,022)	—	23,102	(23,102)
Retiree Contributions Out	—	(110,022)	110,022	—	(23,102)	23,102
Benefit Payments	(442,780)	(442,780)	—	(70,936)	(70,936)	—
Assumption Changes	(271,660)	—	(271,660)	(39,674)	—	(39,674)
Plan Experience	(760,853)	—	(760,853)	61,652	—	61,652
Investment Experience	—	1,538,814	(1,538,814)	—	157,324	(157,324)
Net Changes	(609,975)	1,965,873	(2,575,848)	109,523	280,542	(171,019)
Balance at Fiscal Year Ending June 30, 2022 <i>Measurement Date - December 31, 2021</i>	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724

A schedule of the plans' deferred resources as of June 30, 2023 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 172,950	\$ 211,758	\$ 17,647	\$ 23,900
Differences Between Expected and Actual Experience	—	1,747,243	37,138	71,537
Net Difference Between Projected and Actual Earnings on Investments	807,714	—	99,895	—
Contributions Made Subsequent to the Measurement Date	162,174	—	40,904	—
Total	\$ 1,142,838	\$ 1,959,001	\$ 195,584	\$ 95,437

A schedule of the plans' deferred resources as of June 30, 2022 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 205,156	\$ 241,709	\$ 24,305	\$ 31,787
Differences Between Expected and Actual Experience	—	2,046,058	49,395	98,532
Net Difference Between Projected and Actual Earnings on Investments	—	2,334,038	—	236,909
Contributions Made Subsequent to the Measurement Date	76,037	—	56,295	—
Total	\$ 281,193	\$ 4,621,805	\$ 129,995	\$ 367,228

TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2023 is shown below.

Year ended June 30,	§501(c)(9) Plan	§115 Plan
	Deferred Inflows (Outflows) Recognized in OPEB Expense	Deferred Inflows (Outflows) Recognized in OPEB Expense
2024	\$ 535,236	\$ 34,167
2025	197,920	2,524
2026	(23,435)	(27,747)
2027	(331,195)	(68,187)
2028	296,560	—
Thereafter	303,251	—

Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2022 and 2021 was determined using the following actuarial assumptions.

Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2050-2059	4.6%
2023	5.8%	2060-2066	4.5%
2024	5.6%	2067-2068	4.4%
2025	5.4%	2069-2070	4.3%
2026-2027	5.2%	2071	4.2%
2028-2029	5.1%	2072-2073	4.1%
2030-2038	5.0%	2074-2075	4.0%
2039	4.9%	2076	3.9%
2040-2043	4.8%	Thereafter	3.9%
2044-2049	4.7%		

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2023
Measurement Date	December 31, 2022
Measurement Period	January 1, 2022 to December 31, 2022
Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021
Valuation Date	December 31, 2021

The discount rates used for the fiscal years ended June 30, 2023 and 2022 is 6.0%. The Healthcare Cost Trend Rate for the fiscal years ended June 30, 2023 and 2022 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

Measurement Date - December 31, 2022

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
§501(c)(9) Plan						
Total OPEB Liability	\$ 11,401,649	\$ 10,317,346	\$ 9,383,849	\$ 9,563,236	\$ 10,317,346	\$ 11,208,646
Net OPEB Liability (Asset)	\$ (2,024,122)	\$ (3,108,425)	\$ (4,041,922)	\$ (3,862,535)	\$ (3,108,425)	\$ (2,217,125)
§115 Plan						
Total OPEB Liability	\$ 2,530,384	\$ 2,236,255	\$ 1,990,908	\$ 1,973,868	\$ 2,236,255	\$ 2,554,410
Net OPEB Liability (Asset)	\$ 1,012,064	\$ 717,935	\$ 472,588	\$ 455,548	\$ 717,935	\$ 1,036,090

Measurement Date - December 31, 2021

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
§501(c)(9) Plan						
Total OPEB Liability	\$ 11,064,599	\$ 9,982,768	\$ 9,053,453	\$ 9,253,113	\$ 9,982,768	\$ 10,845,164
Net OPEB Liability (Asset)	\$ (4,942,883)	\$ (6,024,714)	\$ (6,954,029)	\$ (6,754,369)	\$ (6,024,714)	\$ (5,162,318)
§115 Plan						
Total OPEB Liability	\$ 2,446,297	\$ 2,153,522	\$ 1,910,236	\$ 1,900,842	\$ 2,153,522	\$ 2,459,906
Net OPEB Liability (Asset)	\$ 669,499	\$ 376,724	\$ 133,438	\$ 124,044	\$ 376,724	\$ 683,108

OPEB Plans Fiduciary Net Position

Detailed information about the OPEB plans fiduciary net position are available in separately issued financial statements and can be requested by contacting TMWA's Finance Department at P.O. Box 30013, Reno, NV 89509-3013.

Note 13 - Commitments

TMWA has committed \$800,000 as a contribution to the Truckee River Fund of the Community Foundation of Western Nevada for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA. This payment was made in July 2023.

TMWA has committed \$500,000 as a contribution to the National Forest Foundation for the purpose of funding a forest-thinning project east of Stampede Reservoir, where TMWA stores water. The project aims to mitigate the risk of catastrophic fire in the area, which would ultimately threaten TMWA's water supply and quality. TMWA made a \$250,000 payment in August 2022 and made the final \$250,000 payment in July 2023.

Under a Water Resource Purchase Agreement effective March 2022, TMWA committed to purchasing 400 acre-feet of water rights from Fish Springs Ranch, LLC for a total purchase price of \$10 million. The purchase price is payable in ten \$1 million tranches over 10 years. The first payment was made in November 2022.

Required Supplementary Information
Truckee Meadows Water Authority

Truckee Meadows Water Authority
Schedules of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
\$501(c)(9) Plan							
Total OPEB Liability							
Service Cost	\$ 181,309	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	596,546	636,038	609,728	682,186	648,751	612,850	576,050
Differences between expected and actual experience	—	(760,853)	—	(2,013,876)	—	—	—
Changes of assumptions ⁽¹⁾	—	(271,660)	—	301,774	—	—	—
Benefit payments	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Total OPEB Liability - Beginning	9,982,768	10,592,743	10,118,664	11,283,691	10,694,671	10,062,447	9,442,131
Total OPEB Liability - Ending	\$ 10,317,346	\$ 9,982,768	\$ 10,592,743	\$ 10,118,664	\$ 11,283,691	\$ 10,694,671	\$ 10,062,447
Plan Fiduciary Net Position							
Contributions - employer	\$ 76,785	\$ 63,156	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	(2,190,083)	2,369,210	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(18,600)	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(4,605)	(4,938)	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	(1,931)	—	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	128,878	110,022	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(128,878)	(110,022)	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
Net change in plan fiduciary net position	(2,581,711)	1,965,873	1,597,526	2,099,718	(582,529)	1,658,015	535,359
Plan fiduciary net position - beginning	16,007,482	14,041,609	12,444,083	10,344,365	10,926,894	9,268,879	8,733,520
Plan fiduciary net position - ending	\$ 13,425,771	\$ 16,007,482	\$ 14,041,609	\$ 12,444,083	\$ 10,344,365	\$ 10,926,894	\$ 9,268,879
Net OPEB liability (asset) - ending	\$ (3,108,425)	\$ (6,024,714)	\$ (3,448,866)	\$ (2,325,419)	\$ 939,326	\$ (232,223)	\$ 793,568
Plan fiduciary net position as a percentage of total OPEB liability	130.1 %	160.4 %	132.6 %	123.0 %	91.7 %	102.2 %	92.1 %
Covered-employee payroll, as of 12/31 measurement date	\$ 20,105,987	\$ 21,664,461	\$ 19,385,303	\$ 21,658,320	\$ 20,674,304	\$ 18,517,678	\$ 17,467,908
Net OPEB liability (asset) as a percentage of covered-employee payroll	(15.5)%	(27.8)%	(17.8)%	(10.7)%	4.5 %	(1.3)%	4.5 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

⁽¹⁾ Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018.

⁽²⁾ In 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018, and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority
Schedules of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
\$115 Plan							
Total OPEB Liability	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Service Cost	128,719	122,661	117,350	119,591	111,978	103,644	94,941
Interest	—	61,652	—	(179,517)	—	—	—
Differences between expected and actual experience	—	(39,674)	—	44,279	—	—	—
Changes of assumptions ⁽¹⁾	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
Benefit payments	2,153,522	2,043,999	1,950,233	1,961,246	1,826,373	1,677,294	1,529,690
Total OPEB Liability - Beginning	\$ 2,236,255	\$ 2,153,522	\$ 2,043,999	\$ 1,950,233	\$ 1,961,246	\$ 1,826,373	\$ 1,677,294
Total OPEB Liability - Ending							
Plan Fiduciary Net Position							
Contributions - employer	\$ 71,680	\$ 117,922	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	(234,401)	248,073	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(496)	(517)	(306)	(315)	(770)	(780)	(675)
Legal fees	(4,888)	—	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	20,741	23,102	22,947	21,302	5,244	930	—
Retiree contributions out	(20,741)	(23,102)	(22,947)	(21,302)	(5,244)	(930)	—
Net change in plan fiduciary net position	(258,478)	280,542	206,593	271,313	18,519	212,543	175,886
Plan fiduciary net position - beginning	1,776,798	1,496,256	1,289,663	1,018,350	999,831	787,288	611,402
Plan fiduciary net position - ending	\$ 1,518,320	\$ 1,776,798	\$ 1,496,256	\$ 1,289,663	\$ 1,018,350	\$ 999,831	\$ 787,288
Net OPEB liability - ending	\$ 717,935	\$ 376,724	\$ 547,743	\$ 660,570	\$ 942,896	\$ 826,542	\$ 890,006
Plan fiduciary net position as a percentage of total OPEB liability	67.9 %	82.5 %	73.2 %	66.1 %	51.9 %	54.7 %	46.9 %
Covered-employee payroll, as of 12/31 measurement date	\$ 1,623,630	\$ 1,593,312	\$ 1,558,683	\$ 1,688,340	\$ 1,954,488	\$ 1,951,733	\$ 1,992,447
Net OPEB liability as a percentage of covered-employee payroll	44.2 %	23.6 %	35.1 %	39.1 %	48.2 %	42.3 %	44.7 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

⁽¹⁾In fiscal year 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. In fiscal year 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan, along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority
Schedules of OPEB Contributions
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
§501(c)(9) Plan							
Actuarially Determined Contribution	\$ —	\$ 63,677	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	162,922	76,785	60,499	127,724	258,430	324,529	445,063
Contribution deficiency (excess)	(162,922)	(13,108)	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	20,627,142	21,319,564	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
Contributions as a percentage of covered employee payroll	0.8 %	0.4 %	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
§115 Plan							
Actuarially Determined Contribution	\$ 56,289	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	56,289	87,404	101,635	70,921	121,798	119,366	103,441
Contribution deficiency (excess)	—	—	(14,822)	14,822	—	—	—
Covered-employee payroll	1,690,741	1,618,829	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
Contributions as a percentage of covered employee payroll	3.3 %	5.4 %	6.1 %	4.1 %	6.6 %	6.1 %	5.3 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

In fiscal years 2023 and 2022, the healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2017 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2017 and later.

Truckee Meadows Water Authority
Schedules of OPEB Contributions
Last Ten Fiscal Years*

Additional significant assumptions are listed below for each plan:

Assumption	\$501(c)(9) Plan	\$115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement. MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.	Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.

Truckee Meadows Water Authority
Schedules of TMWA's Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3179 %	0.3131 %	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$57,394,508	\$28,552,406	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995	\$12,573,558
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	243.99 %	127.58 %	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	75.12 %	86.51 %	77.04 %	76.46 %	75.24 %	74.42 %	72.23 %	75.13 %	76.30 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Truckee Meadows Water Authority
 Schedules of TMWA's Share of Net Pension Liability
 Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

Significant assumptions are listed below:

Assumption	2022 - 2021	2020 - 2017	2016 - 2014
Inflation Rate	2.50%	2.75%	3.50%
Payroll Growth	3.50%	5.00%	5.00%
Investment Rate of Return / Discount Rate	7.25%	7.50%	8.00%
Productivity Pay Increase	0.50%	0.50%	0.75%
Projected Salary Increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer Price Index	2.50%	2.75%	3.50%
Mortality Rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current Beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement***	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future Mortality Improvement	Generational Projection Scale MP-2020	6 years	N/A

**Depending on service; rates include inflation and productivity increases.

***Amount-Weighted Above-Median.

Truckee Meadows Water Authority
Schedules of TMWA's Pension Contributions
Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contributions in relation to the statutorily required contribution	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$25,655,419	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
Contributions as a percentage of covered payroll	14.89 %	14.86 %	14.64 %	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %	25.78 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Beginning in 2018, contributions reflect employer-paid contributions only due to GASB Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Supplementary Information
June 30, 2023 and 2022
Truckee Meadows Water Authority

Truckee Meadows Water Authority
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
 Year Ended June 30, 2023

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 113,142,185	\$ 107,098,581	\$ (6,043,604)
Hydroelectric sales	2,407,214	2,928,163	520,949
Other operating sales	3,861,065	3,122,397	(738,668)
Total operating revenues	119,410,464	113,149,141	(6,261,323)
Operating Expenses			
Salaries and wages	29,656,188	27,309,513	(2,346,675)
Employee benefits	12,842,853	13,905,722	1,062,869
Services and supplies	38,572,515	38,311,560	(260,955)
Total operating expenses before depreciation	81,071,556	79,526,795	(1,544,761)
Depreciation	34,628,346	34,848,532	220,186
Total operating expenses	115,699,902	114,375,327	(1,324,575)
Operating Income (Loss)	3,710,562	(1,226,186)	(4,936,748)
Nonoperating Revenues (Expenses)			
Investment earnings	3,064,024	3,576,888	512,864
Net decrease in fair value of investments	—	(1,626,597)	(1,626,597)
Loss on disposal of assets	(1,700,000)	(1,261,500)	438,500
Interest expense	(11,499,699)	(11,522,905)	(23,206)
Total nonoperating revenues (expenses)	(10,135,675)	(10,834,114)	(698,439)
Income (Loss) before Capital Contributions	(6,425,113)	(12,060,300)	(5,635,187)
Capital Contributions			
Grants	3,585,635	88,724	(3,496,911)
Water resource sustainability program	2,840,000	798,007	(2,041,993)
Developer infrastructure contributions	21,903,168	19,884,818	(2,018,350)
Developer will-serve contributions	7,245,700	3,620,779	(3,624,921)
Developer capital contributions	—	1,846,641	1,846,641
Developer facility charges	24,230,457	14,631,602	(9,598,855)
Contributions from others	94,924	—	(94,924)
Contributions from other governments	21,100,000	1,413,804	(19,686,196)
Net capital contributions	80,999,884	42,284,375	(38,715,509)
Change in Net Position	\$ 74,574,771	\$ 30,224,075	\$ (44,350,696)

Truckee Meadows Water Authority
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
 Year Ended June 30, 2022

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 108,503,854	\$ 108,172,970	\$ (330,884)
Hydroelectric sales	1,837,239	2,551,333	714,094
Other operating sales	2,219,679	3,846,679	1,627,000
Total operating revenues	112,560,772	114,570,982	2,010,210
Operating Expenses			
Salaries and wages	26,634,314	24,735,686	(1,898,628)
Employee benefits	11,622,696	7,461,199	(4,161,497)
Services and supplies	32,188,000	32,768,771	580,771
Total operating expenses before depreciation	70,445,010	64,965,656	(5,479,354)
Depreciation	34,234,118	33,642,537	(591,581)
Total operating expenses	104,679,128	98,608,193	(6,070,935)
Operating Income	7,881,644	15,962,789	8,081,145
Nonoperating Revenues (Expenses)			
Investment earnings	2,583,886	2,028,627	(555,259)
Net decrease in fair value of investments	—	(10,605,392)	(10,605,392)
Loss on disposal of assets	(750,000)	(938,661)	(188,661)
Debt issuance costs	(133,000)	801	133,801
Interest expense	(11,880,610)	(11,954,097)	(73,487)
Total nonoperating revenues (expenses)	(10,179,724)	(21,468,722)	(11,288,998)
Income (Loss) before Capital Contributions	(2,298,080)	(5,505,933)	(3,207,853)
Capital Contributions			
Grants	1,350,000	2,164,651	814,651
Water resource sustainability program	607,168	1,409,024	801,856
Developer infrastructure contributions	18,177,481	18,167,149	(10,332)
Developer will-serve contributions	2,884,048	4,436,788	1,552,740
Developer capital contributions	3,100,000	1,493,347	(1,606,653)
Developer facility charges	13,561,630	23,204,940	9,643,310
Contributions from others	200,000	—	(200,000)
Contributions from other governments	—	719,822	719,822
Net capital contributions	39,880,327	51,595,721	11,715,394
Change in Net Position	\$ 37,582,247	\$ 46,089,788	\$ 8,507,541

Truckee Meadows Water Authority
 Combining Statement of Fiduciary Net Position - Other Postemployment Benefit Trust Funds
 December 31, 2022 and 2021

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
December 31, 2022			
Assets			
Cash	\$ 74,782	\$ 55,240	\$ 130,022
Receivables from plan members	12,452	1,545	13,997
Investments, at fair value	<u>13,457,829</u>	<u>1,467,726</u>	<u>14,925,555</u>
Total assets	<u>13,545,063</u>	<u>1,524,511</u>	<u>15,069,574</u>
Liabilities			
Accounts payable	<u>119,292</u>	<u>6,191</u>	<u>125,483</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 13,425,771</u>	<u>\$ 1,518,320</u>	<u>\$ 14,944,091</u>
December 31, 2021			
Assets			
Cash	\$ 44,195	\$ 75,394	\$ 119,589
Receivables from plan members	9,833	1,912	11,745
Investments, at fair value	<u>16,072,517</u>	<u>1,702,625</u>	<u>17,775,142</u>
Total assets	<u>16,126,545</u>	<u>1,779,931</u>	<u>17,906,476</u>
Liabilities			
Accounts payable	<u>119,063</u>	<u>3,133</u>	<u>122,196</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>

Truckee Meadows Water Authority
Combining Statement of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds
Year Ended December 31, 2022 and 2021

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
Year Ended December 31, 2022			
Additions			
Investment Income (Loss)			
Net increase (decrease) in fair value of investments	\$ (2,477,236)	\$ (265,317)	\$ (2,742,553)
Interest and dividends	287,154	30,914	318,068
Investment expense	(4,605)	(496)	(5,101)
Net investment income (loss)	(2,194,687)	(234,899)	(2,429,586)
Employer contributions	—	46,494	46,494
Total additions	<u>(2,194,687)</u>	<u>(188,405)</u>	<u>(2,383,092)</u>
Deductions			
Benefit payments	366,492	50,386	416,878
Administrative expenses	20,532	19,687	40,219
Total deductions	<u>387,024</u>	<u>70,073</u>	<u>457,097</u>
Change in Net Position	(2,581,711)	(258,478)	(2,840,189)
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of year	16,007,482	1,776,798	17,784,280
End of year	<u>\$ 13,425,771</u>	<u>\$ 1,518,320</u>	<u>\$ 14,944,091</u>
Year Ended December 31, 2021			
Additions			
Investment Income (Loss)			
Net increase (decrease) in fair value of investments	\$ 2,128,775	\$ 222,908	\$ 2,351,683
Interest and dividends	240,434	25,166	265,600
Investment expense	(4,937)	(517)	(5,454)
Net investment income (loss)	2,364,272	247,557	2,611,829
Employer contributions	—	97,848	97,848
Total additions	<u>2,364,272</u>	<u>345,405</u>	<u>2,709,677</u>
Deductions			
Benefit payments	379,624	50,863	430,487
Administrative expenses	18,775	14,000	32,775
Total deductions	<u>398,399</u>	<u>64,863</u>	<u>463,262</u>
Change in Net Position	1,965,873	280,542	2,246,415
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of year	14,041,609	1,496,256	15,537,865
End of year	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>

Statistical Section
Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TMWA's overall financial health.

<u>Section Contents</u>	<u>Schedule No.</u>
Financial Trends These schedules contain trend information to help the reader understand how TMWA's financial performance and well-being have changed over time.	1-6
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the TMWA's ability to generate its water sales and other revenues.	7-8
Debt Capacity This schedule presents information to help the reader assess the affordability of the TMWA's current levels of outstanding debt, and its ability to issue additional future debt.	9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the TMWA's financial activities take place and to help make comparisons over time and with other utilities.	10-12
Operating Information These schedules contain information about the TMWA's operations and resources to help the reader understand how the TMWA's financial information relates to the services it provides and the activities it performs.	13-17
Debt Ratios These schedules contain information about changes in the TMWA's debt and its debt in relation to service connections.	18-19

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Truckee Meadows Water Authority
 Schedule No. 1 - Net Position by Component
 Last Ten Fiscal Years

Net Position	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Net investment in capital assets	\$ 749,158,166	\$ 692,996,744	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785
Restricted	50,396,905	54,141,923	54,110,944	52,360,165	29,351,818	30,355,635	28,589,861	40,505,804	42,158,803	25,198,683
Unrestricted	90,934,077	113,126,406	110,925,420	99,841,693	115,662,201	104,661,680	95,037,226	65,933,399	77,312,759	54,036,550
Total Net Position	\$ 890,489,148	\$ 860,265,073	\$ 814,175,285	\$ 769,743,497	\$ 718,161,095	\$ 668,076,189	\$ 630,327,559	\$ 584,982,314	\$ 563,874,134	\$ 311,563,018

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
 Schedule No. 2 - Changes in Net Position
 Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Operating Revenues	\$ 113,149,141	\$ 114,570,982	\$ 115,390,804	\$ 108,072,657	\$ 107,089,518	\$ 101,812,092	\$ 97,268,183	\$ 91,928,943	\$ 90,029,316	\$ 84,315,390
Operating Expenses	114,375,327	98,608,193	98,233,986	94,121,824	92,466,904	90,311,622	82,339,194	80,615,507	70,114,860	59,317,860
Operating Income (Loss)	(1,226,186)	15,962,789	17,156,818	13,950,833	14,622,614	11,500,470	14,928,989	11,313,436	19,914,456	24,997,530
Total Nonoperating Revenues (Expenses)	(10,834,114)	(21,468,722)	(14,080,224)	(6,575,750)	(6,692,826)	(11,162,667)	(11,684,303)	(9,491,450)	(23,526,380)	(20,386,339)
Income (Loss) before Capital Contributions	(12,060,300)	(5,505,933)	3,076,594	7,375,083	7,929,788	337,803	3,244,686	1,821,986	(3,611,924)	4,611,191
Capital Contributions	42,284,375	51,595,721	41,355,194	44,180,319	42,182,118	37,410,827	43,351,171	19,286,194	19,638,821	5,516,204
Special Item	—	—	—	—	—	—	—	—	231,516,024	—
Change in Net Position	\$ 30,224,075	\$ 46,089,788	\$ 44,431,788	\$ 51,555,402	\$ 50,111,906	\$ 37,748,630	\$ 46,595,857	\$ 21,108,180	\$ 247,542,921	\$ 10,127,395

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
Schedule No. 3 - Operating Revenues by Customer Class
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Revenues from water sales										
Residential unmetered water sales	\$ 2,694,166	\$ 2,730,559	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811
Residential metered water sales	76,537,384	77,184,825	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033
Commercial metered water sales	12,736,096	12,587,162	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824
Irrigation metered & fire protection	13,914,208	14,408,203	14,950,021	13,457,574	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156
Wholesale sales	1,216,727	1,262,221	1,283,606	1,273,982	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593
Total water sales	107,098,581	108,172,970	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417
Hydroelectric revenue	2,928,163	2,551,333	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147
Other operating revenues	3,122,397	3,846,679	2,799,694	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826
Total Operating Revenues	\$ 113,149,141	\$ 114,570,982	\$ 115,390,804	\$ 108,072,657	\$ 107,089,518	\$ 101,812,092	\$ 97,268,183	\$ 91,928,943	\$ 90,029,316	\$ 84,315,390

* Fiscal Year 2015 reflect changes as a result of the water utility consolidation discussed in Note 1 of the financial statements.

Truckee Meadows Water Authority
 Schedule No. 4 - Operating Expenses
 Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Salaries and wages	\$ 27,309,513	\$ 24,735,686	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022
Employee benefits	13,905,722	7,461,199	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922
Contract services	9,739,129	10,365,323	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066
Utilities/power	9,155,795	7,144,034	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312
Information technology	2,334,145	1,998,876	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101
Prof services (general/legal/media/leg)	2,436,284	2,371,990	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097
Supplies	3,798,410	3,424,124	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763
Chemicals	4,277,866	2,622,826	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824
Insurance and claims	1,310,943	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300
Leases and rentals	562,421	400,745	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196
Other expenses	4,696,567	3,137,450	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586
Total operating expenses before depreciation	79,526,795	64,965,656	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189
Depreciation	34,848,532	33,642,537	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885
Total Operating Expenses	\$ 114,375,327	\$ 98,608,193	\$ 98,233,986	\$ 94,121,824	\$ 92,466,904	\$ 90,311,622	\$ 82,339,194	\$ 80,615,507	\$ 70,114,860	\$ 59,619,074

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
Schedule No. 5 - Nonoperating Revenues and Expenses
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Investment Earnings	\$ 3,576,888	\$ 2,028,627	\$ 2,563,447	\$ 4,119,737	\$ 4,409,486	\$ 2,313,513	\$ 7,209,113	\$ 6,737,745	\$ 2,127,009	\$ 2,051,156
Interest Expense	(11,522,905)	(11,954,097)	(12,262,581)	(12,698,972)	(13,268,153)	(11,720,356)	(16,968,911)	(21,549,864)	(21,281,117)	(21,282,412)
Gain (Loss) on Disposal of Assets	(1,261,500)	(938,661)	(1,755,873)	(1,189,776)	(225,687)	133,972	(155,722)	6,460,373	(653,698)	(136,300)
Other Revenue or Expenses	(1,626,597)	(10,604,591)	(2,625,217)	3,193,261	2,391,528	(1,889,796)	(1,768,783)	(1,139,704)	(3,718,574)	(1,018,783)
Total Nonoperating Expenses	\$ (10,834,114)	\$ (21,468,722)	\$ (14,080,224)	\$ (6,575,750)	\$ (6,692,826)	\$ (1,162,667)	\$ (11,684,303)	\$ (9,491,450)	\$ (23,526,380)	\$ (20,386,339)

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
Schedule No. 6 - Capital Contributions by Source
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Developer Water Rights/Will Serves	\$ 3,620,779	\$ 4,436,788	\$ 5,632,381	\$ 4,082,279	\$ 4,663,826	\$ 6,652,819	\$ 7,950,666	\$ 4,363,692	\$ 1,864,446	\$ 1,529,129
Developer Infrastructure	19,884,818	18,167,149	10,201,446	20,145,641	19,112,590	15,017,446	10,797,854	8,454,980	2,703,092	1,723,023
Developer Other	1,846,641	1,493,347	11,461,850	7,847,962	6,636,417	6,448,549	6,062,247	2,473,163	1,588,158	410,447
Water Meter Retrofit Program	—	—	—	—	994,706	2,379,206	341,074	482,081	1,013,896	479,488
Developer Facility Charges	14,631,602	23,204,940	12,218,607	9,657,274	9,154,403	6,464,559	5,116,956	2,931,940	2,494,434	963,660
Grants	88,724	2,164,651	—	232,153	831,116	348,248	1,226,863	224,138	276,260	343,628
Water Resource Sustainability Program	798,007	1,409,024	1,708,110	1,484,443	689,060	—	—	—	—	—
From Others	1,413,804	719,822	132,800	730,567	100,000	100,000	11,855,511	356,200	9,698,535	66,829
Total Capital Contributions	\$ 42,284,375	\$ 51,595,721	\$ 41,355,194	\$ 44,180,319	\$ 42,182,118	\$ 37,410,827	\$ 43,351,171	\$ 19,286,194	\$ 19,638,821	\$ 5,516,204

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
Schedule No. 7 - Gallons of Water Sold and Revenues by Category
Last Ten Fiscal Years

Category	2023		2022	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,694,166	—
Residential Metered	16,840,055	76,537,384	17,858,374	77,184,825
Commercial	4,014,114	12,736,096	4,146,528	12,587,162
Other (2)	3,033,747	13,914,208	3,335,861	14,408,203
Wholesale	603,144	1,216,727	627,804	1,262,221
Total	24,491,060	\$ 107,098,581	25,968,567	\$ 108,172,970
Category	2021		2020	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,423,033	—
Residential Metered	18,481,075	79,124,628	17,111,305	73,295,343
Commercial	3,891,086	12,041,548	3,952,196	11,888,963
Other (2)	3,204,611	14,950,021	2,896,243	13,457,574
Wholesale	623,909	1,283,606	606,627	1,273,982
Total	26,200,681	\$ 109,822,836	24,566,371	\$ 102,487,078
Category	2019		2018	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,558,779	—
Residential Metered	16,970,042	71,651,437	16,335,308	67,393,672
Commercial	4,315,407	12,807,427	4,232,836	12,238,940
Other (2)	2,974,110	13,509,567	2,698,977	12,169,406
Wholesale	619,928	1,249,439	591,624	1,165,607
Total	24,879,487	\$ 101,776,649	23,858,745	\$ 95,472,797
Category	2017		2016	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,446,145	—
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other (2)	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	\$ 92,687,260	21,841,659	\$ 87,534,332
Category	2015*		2014	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 9,366,307	—
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other (2)	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	\$ 86,186,698	20,253,396	\$ 79,190,417

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

(1) Complete consumption information is not available for unmetered customers.

(2) These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial customers.

Truckee Meadows Water Authority
Schedule No. 8 - Ten Largest Customers
June 30, 2023

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	603,144	\$ 1,172,710	1.0 %
2. Washoe County School District	305,225	1,079,697	1.0 %
3. City of Reno*	362,920	1,030,446	1.0 %
4. Washoe County	163,120	537,426	0.5 %
5. City of Sparks	130,305	499,139	0.5 %
6. Somerset HOA	102,172	394,416	0.4 %
7. University of Nevada, Reno	142,276	391,404	0.4 %
8. Nevada Properties, Peppermill	111,545	323,533	0.3 %
9. Silver Legacy	102,942	314,557	0.3 %
10. Atlantis Resort Hotel	126,788	248,877	0.2 %
Totals	2,150,437	\$ 5,992,205	5.6 %

*City of Reno includes the Reno Housing Authority.

Truckee Meadows Water Authority
 Schedule No. 9 - Debt Service Coverage Ratios
 Last Ten Fiscal Years

	Fiscal Year (in millions)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Charges for water sales ⁽¹⁾	\$ 107,099	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190
Other operating and nonoperating revenue ⁽²⁾	9,627	8,427	8,131	9,705	9,722	8,653	11,790	11,132	5,970	7,176
Gross revenues	116,726	116,600	117,954	112,192	111,499	104,126	104,477	98,666	92,157	86,366
Operation and maintenance expenses ⁽¹⁾	78,795	64,244	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850
Taxes other than income taxes ⁽⁴⁾	731	722	715	719	678	470	462	451	443	440
Total expenses	79,527	64,966	64,948	60,795	59,633	57,491	51,420	48,481	42,215	36,290
Net Revenues	\$ 37,199	\$ 51,634	\$ 53,007	\$ 51,397	\$ 51,866	\$ 46,635	\$ 53,057	\$ 50,185	\$ 49,942	\$ 50,076
Senior Lien Annual Debt Service ⁽⁵⁾	\$ 27,960	\$ 28,275	\$ 27,830	\$ 28,186	\$ 17,891	\$ 15,696	\$ 18,916	\$ 31,780	\$ 29,955	\$ 31,285
Senior Lien Debt Coverage excluding SDCs	1.33	1.83	1.90	1.82	2.90	2.97	2.80	1.58	1.67	1.60
System Development Charges (SDCs):										
Developer facility charges	\$ 14,632	\$ 23,205	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964
Developer capital contributions - other	1,847	1,493	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	1.92	2.70	2.76	2.44	3.78	3.79	3.40	1.75	1.80	1.64

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

⁽¹⁾ Includes retail residential, commercial, irrigation water sales, and wholesale water sales net of bad debt expense.

⁽²⁾ Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income.

⁽³⁾ Includes water supply, treatment, distribution, hydroelectric power plant maintenance, customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and supplies comprise these expenses.

⁽⁴⁾ The Authority is required to pay property taxes on water rights and storage facilities located in California.

⁽⁵⁾ This schedule does not include the payments on the DWSRF loan or the 2021 Refunding Bonds, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

⁽⁶⁾ TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal years 2017, 2018 and 2019, TMWA deferred principal payments on debt which increased the debt coverage ratio.

Truckee Meadows Water Authority
Schedule No. 10 - Schedule of Total Building Permits Issued by Jurisdiction/Member Entity
Last Ten Fiscal Years

Fiscal Year	Washoe County	City of Reno	City of Sparks
2023	4,258	9,639	4,890
2022	5,142	12,008	4,789
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712
2015	1,807	7,345	3,581
2014	1,669	6,846	2,579

Source: As reported by each local governmental entity.

Truckee Meadows Water Authority
Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Total Personal Income	Unemployment rate (Percent)	Total Labor Force	Construction Activity Total Value	Number of New Family Units	Taxable Sales	Gross Income Gaming Revenue	Total Passenger Air Traffic
2023	496,745	\$ 74,292	39.5	64,322	\$ 35,246,181	4.5 %	263,078	\$ 466,715,000	443	\$12,383,862,000	\$ 971,243,000	4,460,048
2022	486,492	66,076	38.5	64,820	31,523,753	3.3 %	254,381	678,435,000	596	12,267,766,000	970,727,000	4,155,405
2021	478,355	63,360	38.6	65,121	29,875,442	4.9 %	251,933	719,607,000	692	11,049,067,000	837,334,000	2,472,843
2020	472,069	59,639	38.1	66,913	27,776,003	3.2 %	255,915	450,868,000	617	9,250,416,000	630,862,000	3,378,405
2019	464,630	55,487	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	48,996	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	46,315	37.5	63,919	21,265,239	4.0 %	223,409	301,127,000	378	7,989,009,000	738,373,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,164,911	6.4 %	213,923	231,742,000	320	7,550,467,000	789,359,000	3,563,818
2015	441,165	42,967	37.4	63,108	19,077,494	6.4 %	213,773	246,628,000	255	6,817,589,000	765,248,000	3,297,642
2014	436,647	43,130	37.6	62,986	18,832,669	7.2 %	206,624	203,086,000	120	6,370,685,000	744,962,000	3,312,839

Source: Washoe County Schedule 4.1, 2023

Truckee Meadows Water Authority
 Schedule No. 12 - Principal Employers
 Current and Nine Years Ago

Employer	December, 2022			December, 2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.72 %	8,250	1	4.38 %
University of Nevada - Reno	4,750	2	2.02 %	4,250	2	2.26 %
Renown Medical Center	3,250	3	1.38 %	2,750	3	1.46 %
Washoe County	2,950	4	1.25 %	2,250	4	1.19 %
Peppermill Hotel Casino - Reno	2,500	5	1.06 %	2,250	5	1.19 %
Nugget Casino	2,500	6	1.06 %	—	—	—
Grand Sierra Resort	2,500	7	1.06 %	—	—	—
Harrah's	2,500	8	1.06 %	—	—	—
St. Mary's	2,500	9	1.06 %	—	—	—
Silver Legacy Resort Casino	2,500	10	1.06 %	1,750	8	0.93 %
International Game Technology PLC	—	—	—	2,250	6	1.19 %
Integrity Staffing Solutions	—	—	—	1,750	7	0.93 %
Atlantis Casino Resort	—	—	—	1,750	9	0.93 %
Eldorado Hotel & Casino	—	—	—	1,250	10	0.66 %
Total Washoe Covered Employment	<u>235,428</u>			<u>188,324</u>		

Note: Each of the years reflect respective 4th quarter calendar year information. Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup. Infogroup publishes employee counts in ranges of 5,000. The number of employees are estimated using the midpoint.

Source: Washoe County Schedule 4.2, 2023

Truckee Meadows Water Authority
Schedule No. 13 - Customer and Water Sales by Category
Last Ten Fiscal Years

2023				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	621	0.45 %	\$ 2,694,166	2.52 %
Residential metered	126,635	91.50 %	76,537,384	71.46 %
Commercial metered	7,258	5.24 %	12,736,096	11.89 %
Other ⁽²⁾	3,896	2.81 %	13,914,208	12.99 %
Wholesale	2	— %	1,216,727	1.14 %
Total	138,412	100.00 %	\$ 107,098,581	100.00 %
2022				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	640	0.47 %	\$ 2,730,559	2.52 %
Residential metered	123,700	91.74 %	77,184,825	71.35 %
Commercial metered	6,967	5.17 %	12,587,162	11.64 %
Other ⁽²⁾	3,535	2.62 %	14,408,203	13.32 %
Wholesale	2	— %	1,262,221	1.17 %
Total	134,844	100.00 %	\$ 108,172,970	100.00 %
2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.46 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other ⁽²⁾	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
Total	131,296	100.00 %	\$ 109,822,836	100.00 %
2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.40 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other ⁽²⁾	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
Total	127,022	100.00 %	\$ 102,487,078	100.00 %
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.32 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other ⁽²⁾	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
Total	124,762	100.00 %	\$ 101,776,649	100.00 %

Truckee Meadows Water Authority
Schedule No. 13 - Customer and Water Sales by Category
Last Ten Fiscal Years

2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other ⁽²⁾	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	100.00 %
2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other ⁽²⁾	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential Metered	106,730	89.94 %	60,198,267	68.76 %
Commercial and Irrigation	9,873	8.32 %	11,026,132	12.60 %
Other ⁽²⁾	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential metered	100,446	83.12 %	51,796,871	60.09 %
Commercial metered	9,648	7.98 %	11,339,953	13.16 %
Other ⁽²⁾	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	120,848	100.00 %	\$ 86,186,698	100.00 %
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial metered	8,743	9.15 %	10,755,824	13.58 %
Other ⁽²⁾	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
Total	95,554	100.00 %	\$ 79,190,417	100.00 %

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

⁽¹⁾ Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

⁽²⁾ Includes non metered private fire protection services located on the premises of commercial and some residential customers.

Truckee Meadows Water Authority
 Schedule No. 14 - Schedule of Insurance Coverage
 June 30, 2023

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2022 to 6/11/2023	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$100,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000. Inland Marine Physical Damage \$979,730. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First Layer Excess Liability limit of \$10,000,000.
Excess Umbrella Liability Policy	Travelers Insurance Company	6/11/2022 to 6/11/2023	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2022 to 6/11/2023	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2022 to 6/11/2023	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2022 to 6/11/2023	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance \$1,000,000.
Commercial Crime/ Government Crime	Zurich	6/11/2022 to 6/11/2023	Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Houston Casualty Company	6/11/2022 to 6/11/2023	Multimedia, Security and Privacy, Regulatory Proceedings, Payment Card Industry, Privacy Breach, System Failure Coverage, Bricking Loss: \$4,000,000. Cyber Extortion, Financial Fraud, Telecom Fraud \$250,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2022 to 6/11/2025	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

Truckee Meadows Water Authority
Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department⁽¹⁾
Last Ten Fiscal Years⁽²⁾

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Administration/IT	46	38	32	33	30	28	25	28	22	20
Supply/Treatment Operations	48	48	48	48	44	40	40	32	30	31
Distribution Maintenance	78	78	72	71	71	65	65	63	62	48
Hydroelectric	8	8	7	8	7	7	7	6	6	6
Customer Service/Conservation	22	22	23	26	23	23	25	25	24	20
Water Planning/Resources	19	19	19	15	15	15	17	19	19	13
Engineering/Construction	33	31	30	30	31	28	25	24	23	14
Total Authorized Employees	254	244	231	231	221	206	204	197	186	152

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

⁽¹⁾ Source - Truckee Meadows Water Authority Budget

⁽²⁾ The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions at year-end.

Truckee Meadows Water Authority
Schedule No. 16 - Current and Historical Water Rates
Last Five Fiscal Years

Fiscal Year														
2023			2022			2021			2020			2019		
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID

Customer Charges by Meter Size

3/4"	\$ 21.18	\$ 19.91	\$ 10.84	\$ 20.66	\$ 19.42	\$ 10.58	\$ 20.16	\$ 18.95	\$ 10.32	\$ 19.67	\$ 18.49	\$ 10.07	\$ 19.67	\$ 18.49	\$ 10.07
1"	23.30	25.61	13.27	22.73	24.99	12.95	22.18	24.38	12.63	21.64	23.79	12.32	21.64	23.79	12.32
1 1/2"	26.51	36.63	18.82	25.86	35.74	18.36	25.23	34.87	17.91	24.61	34.02	17.47	24.61	34.02	17.47
2"	30.73	48.84	n/a	29.98	47.65	n/a	29.25	46.49	n/a	28.54	45.36	n/a	28.54	45.36	n/a
3"	34.95	78.66	n/a	34.10	76.74	n/a	33.27	74.87	n/a	32.46	73.04	n/a	32.46	73.04	n/a
4"	40.21	115.20	n/a	39.23	112.39	n/a	38.27	109.65	n/a	37.34	106.98	n/a	37.34	106.98	n/a
6"	46.61	210.05	n/a	45.47	204.93	n/a	44.36	199.93	n/a	43.28	195.05	n/a	43.28	195.05	n/a

Commodity Charge (all meter sizes)

TMWA Tier 1	1.97			1.92			1.87			1.82			1.82		
TMWA Tier 2	3.18			3.10			3.02			2.95			2.95		
TMWA Tier 3	3.72			3.63			3.54			3.45			3.45		
WC Tier 1		2.99			2.92			2.85			2.78			2.78	
WC Tier 2		3.74			3.65			3.56			3.47			3.47	
WC Tier 3		4.49			4.38			4.27			4.17			4.17	
WC Tier 4		6.00			5.85			5.71			5.57			5.57	
STMGID Tier 1			1.56			1.52			1.48			1.44			1.44
STMGID Tier 2			2.06			2.01			1.96			1.91			1.91
STMGID Tier 3			2.52			2.46			2.40			2.34			2.34
STMGID Tier 4			2.95			2.88			2.81			2.74			2.74
STMGID Tier 5			3.12			3.04			2.97			2.90			2.90

Above rates are for metered single family residential service.

Monthly Base Rates Unmetered by Size

3/4"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
1"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
1 1/2"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
2"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
3"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
4"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Above rates are for unmetered single family residential service.

TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016, May 2017, May 2018, June 2021, June 2022 and June 2023.

Truckee Meadows Water Authority
Schedule No. 17 - Selected Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Miles of water mains	2,109	2,095	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341
Number of storage tanks	97	97	96	95	95	93	93	93	93	42
Number of finished water storage basins	2	2	2	2	2	2	2	2	2	2
Number of pump stations	118	117	115	115	114	113	113	121	112	93
Number of wells	98	100	99	99	100	82	81	79	86	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	—	—
Mt. Rose	4.0	4.0	—	—	—	—	—	—	—	—

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
 Schedule No. 18 - Schedule of Changes in Debt
 Last Ten Fiscal Years

Final Maturity Date	Authorized	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018	Balance June 30, 2017	Balance June 30, 2016	Balance June 30, 2015*	Balance June 30, 2014
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	\$ 4,669,565	\$ 647,209	\$ 955,680	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744	\$ 2,860,578	\$ 3,099,675
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	40,000,000	—	—	—	—	—	—	—	—	890,000	34,795,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	150,745,000	—	—	—	—	—	—	—	400,000	148,415,000	148,785,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	218,975,000	—	—	—	—	—	—	—	214,290,000	214,800,000	215,285,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	2,401,120	803,846	927,515	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	28,240,000	—	—	—	—	—	—	—	—	9,435,000	19,855,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	4,381,614	2,097,916	2,360,812	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	9,109,437	1,946,888	2,880,336	3,788,098	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667	8,733,487	—
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	28,750,000	22,240,000	23,295,000	24,290,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000	28,750,000	—
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	15,000,000	6,519,338	6,954,935	7,379,340	7,792,841	8,195,717	8,589,045	8,971,562	9,339,034	—	—
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	147,415,000	114,725,000	126,285,000	136,880,000	147,415,000	147,415,000	147,415,000	147,415,000	—	—	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	13,000,000	9,400,000	11,215,000	13,000,000	—	—	—	—	—	—	—
Subtotal		322,005,197	338,499,278	353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469
Plus unamortized net bond premium		29,146,578	33,350,078	37,790,068	42,447,151	47,320,705	52,014,598	51,182,862	28,441,399	3,673,290	35,590
Total debt before tax exempt commercial paper		351,151,775	371,849,356	391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059
Tax-Exempt Commercial Paper	\$ 53,600,000	—	—	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000
Total Debt		\$ 351,151,775	\$ 371,849,356	\$ 391,673,539	\$ 412,791,489	\$ 427,994,101	\$ 441,927,520	\$ 458,315,682	\$ 508,731,384	\$ 518,332,349	\$ 495,957,059

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority
 Schedule No. 19 - Debt by Service Connection
 Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Total Debt	\$ 322,005,197	\$ 338,499,278	\$353,883,471	\$ 354,344,338	\$357,173,396	\$359,912,922	\$323,732,820	\$392,489,985	\$ 419,659,060	\$ 427,921,468
Total Service Connections	134,507	131,632	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070
Debt per Service Connection	\$ 2,394	\$ 2,572	\$ 2,744	\$ 2,769	\$ 2,837	\$ 2,906	\$ 2,663	\$ 3,277	\$ 3,664	\$ 4,804

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection, and wholesale connections have been excluded.

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Compliance Section
Truckee Meadows Water Authority



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**Independent Auditor's 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***

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

We have audited, 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, the financial statements of the business-type activities and the fiduciary activities of the Truckee Meadows Water Authority ("TMWA"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TMWA's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 20, 2023



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Auditor's Comments

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority ("TMWA") as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

There were no potential statute violations reported in the June 30, 2022 audit report.

Prior Year Recommendations

The significant deficiency noted in the prior year was remediated during the year ended June 30, 2023.

Current Year Recommendations

There were no findings for the year ended June 30, 2023.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 20, 2023

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Financial Statements

Fiscal Year Ended June 30, 2023

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Independent Auditor's Report

To the Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
Reno, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Facility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Facility, as of June 30, 2023, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Facility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, the schedule of changes in the total other postemployment benefits liability and related ratios on pages 25-26, the schedule of Facility's share of net pension liability on pages 27-28, and the schedule of Facility's contributions on pages 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 management's discussion and analysis, the schedule of changes in the total other postemployment benefits liability and related ratios, the schedule of Facility's share of net pension liability, and the schedule of Facility's contributions in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Facility’s basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual is presented for purposes of additional analysis 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 GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Facility as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated November 2, 2022, which contained an unmodified opinion on the respective financial statements of the business-type activities. The schedule of revenues, expenses, and changes in net position- budget and actual for the year ended June 30, 2022, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 revenues, expenses, and changes in net position – budget and actual is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the Facility’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 solely 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 the effectiveness of the Facility’s 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 Facility’s internal control over financial reporting and compliance.



Reno, Nevada
November 13, 2023

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As management of the Truckee Meadows Water Reclamation Facility (the Facility), we offer readers of the Facility's financial statements this narrative overview and analysis of the financial activities of the Facility for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the Facility exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$120,221,253 (net position). The deficit unrestricted net position of \$3,912,311 is primarily due to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* as mentioned later. Without the pension reporting, there remains \$1,641,667 of unrestricted net position that may be used to meet the Facility's ongoing obligations to creditors.
- As a result of current year activities, the Facility's net position increased by \$324,815, or 0.3 percent, of beginning net position, likely due to increased capital contributions.
- Long term liabilities of the Facility increased by \$5,321,965, or 72.4 percent, related to Net Pension obligation changes. Net pension liability was the primary driver at \$5,235,657 increase
- Operating revenues increased by \$1,561,230, or 6.7 percent, due to an increase in sewer plant reimbursements.
- Operating expenses, before depreciation and amortization, for the Facility increased by \$2,675,601, or 11.9 percent, due to the development of a recently completed facility plan. Supply chain issues created slower than anticipated delivery of purchased items.
- Capital contributions increased by \$5,890,001, or 235.3 percent, due to the results from the recently completed facility plan. Supply chain and workforce issues are improving from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Facility's annual report. The Facility's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements, Required Supplementary Information, Supplementary Information and a Compliance Section.

Required Financial Statements

The financial statements of the Facility report information about the Facility using a single proprietary fund. Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Facility's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amount of investment in resources (assets), the obligations to the Facility's creditors (liabilities), and future period activity of pension related items (deferred inflow and deferred outflow). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Facility's operations over the past year, and can be used to determine whether the Facility has successfully recovered all of its costs through its reimbursements from the cities of Reno and Sparks, along with other fees and charges. The final statement is the Statement of Cash Flows, which is used to provide information about the Facility's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Net Position

Over time, values reported as “net position” may serve as a useful indicator of financial position. In the case of the Facility, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$120,221,253 at the close of the 2022-2023 fiscal year.

The vast majority of the Facility's net position reflects its investment in capital assets (wastewater facility, joint lines and equipment), net of accumulated depreciation and amortization. The Facility uses these capital assets to provide services; consequently, these assets are not available for future spending.

STATEMENT OF NET POSITION

	2023	2022
Assets		
Current assets	\$ 7,364,830	\$ 6,523,762
Capital assets	124,133,564	123,483,428
Total assets	131,498,394	130,007,190
Deferred outflows of resources	5,161,732	4,741,728
Total assets and deferred outflows of resources	136,660,126	134,748,918
Liabilities		
Current liabilities	2,678,367	1,862,353
Noncurrent liabilities	12,670,438	7,348,473
Total liabilities	15,348,805	9,210,826
Deferred Inflows of Resources	1,090,068	5,641,654
Total liabilities and deferred inflows of resources	16,438,873	14,852,480
Net Position		
Net investment in capital assets	124,133,564	123,483,428
Unrestricted (deficit)	(3,912,311)	(3,586,990)
Total net position	\$ 120,221,253	\$ 119,896,438

The Facility is reporting a deficit unrestricted net position at the end of fiscal 2023 in the amount of \$3,912,311. Reporting of a deficit unrestricted net position is primarily due to the implementation in fiscal year 2015 of a reporting standard issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 68, *Accounting and Reporting for Pensions*, requires the Facility to report a proportionate share (0.05312 percent for the year ended June 30, 2023) of the total Net Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS), administrator of the state's cost-sharing, multiple-employer defined benefit employees' retirement system. All agencies in Nevada that are members of the PERS system are required to report a share of the liability based on contributions made to PERS.

The net pension liability of the Facility is \$9,590,392, an increase of \$5,235,657 from the prior year liability of \$4,354,735. As a result of recording an increase in the Facility's portion of net pension liability of \$5,235,657, a decrease in deferred pension inflows of \$4,439,151, and increase in deferred pension outflows of \$369,431, net position was decreased by \$427,075. Without the unfunded pension reporting impact, there remains \$1,641,667 of unrestricted net position that may be used to meet the Facility's ongoing obligations to creditors.

Truckee Meadows Water Reclamation Facility
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The Facility's net position increased by \$324,815 compared to the amount reported in fiscal year 2021-2022. The increase is mostly attributable an increase in capital contributions.

Change in net position

	2023	2022
Operating Revenues		
Reimbursements and other	\$ 24,801,912	\$ 23,240,682
Operating Expenses		
Operating expenses before depreciation and amortization	25,228,986	22,553,385
Depreciation and amortization	7,743,055	8,035,976
Total operating expenses	32,972,041	30,589,361
Operating income (loss)	(8,170,129)	(7,348,679)
Non-operating Revenues (Expenses)	101,753	(90,446)
Capital Contributions	8,393,191	2,503,190
Change in net position	324,815	(4,935,935)
Net position, July 1	119,896,438	124,832,373
Net position, June 30	\$ 120,221,253	\$ 119,896,438

Operating revenues would normally be equal to operating expenses (before depreciation and amortization) as a result of reimbursements provided to the Facility by the cities of Reno and Sparks. This has not been the case since fiscal year 2014-2015 due to the adjustment of pension expense in accordance with GASB Statement No. 68.

Capital Asset Administration

The Facility's investment in capital assets, net of depreciation, as of June 30, 2023 amounted to \$124,133,564, an increase of \$650,136 compared to the prior year. Detailed information about the Facility's capital assets can be found in Note 3 to the Facility's financial statements.

Economic Factors

Both the City of Reno and the City of Sparks conduct regular analysis of their user and connection fees so that they can ensure the sufficiency of these sources of revenue to operate the individual city's respective Sewer Enterprise Funds (each city's sanitary sewer, storm drain and effluent delivery infrastructure and related maintenance, operating and debt service costs), as well as for their respective share of the costs of the Truckee Meadows Water Reclamation Facility.

In 2004, the City of Reno was awarded a \$46,523,000 bid for the construction of a Facility plant expansion from 40 million gallons per day to 46.48 million gallons per day. This expansion project was completed in fiscal year 2006-2007. The expansion, planned since 1995, was financed by the City of Reno using bond proceeds from a state revolving fund (Reno general obligation/revenue sewer bond). The cost of the expansion project is being shared by the City of Reno (74 percent) and the City of Sparks (26 percent) under an interlocal agreement by which the City of Sparks will provide its share via debt service payments to the City of Reno.

In 2014, the City's approved the Ameresco Project, a group of improvements at the Facility that will save operational costs by reducing energy and chemical use. The total project cost was \$24.9 million and was substantially completed in fiscal year 2018. The project has a guaranteed annual savings to the Facility of \$1.1 million per year for fifteen years.

Additionally, the Facility is experiencing inflationary cost pressure on chemicals and operationg supplies. Supply chain issues have casued delays on parts and equipment purchases. All of these factors and others were considered in preparing the City's budget for the upcoming 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Truckee Meadows Water Reclamation Facility's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sparks, Financial Services Department, 431 Prater Way, Sparks, Nevada, 89431.

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Truckee Meadows Water Reclamation Facility

Statement of Net Position

June 30, 2023

Assets	
Current assets	
Cash and cash equivalents	\$ 1,741,930
Accounts receivable	268,880
Due from City of Reno, operations	1,408,321
Due from Washoe County	3,540
Inventory of supplies	3,942,159
Total current assets	<u>7,364,830</u>
Noncurrent assets	
Capital assets, not being depreciated and amortized	10,085,209
Capital assets, being depreciated and amortized	114,048,355
Total noncurrent assets	<u>124,133,564</u>
Total assets	<u>131,498,394</u>
Deferred outflows of resources	
Deferred outflows related to pension	4,235,968
Deferred outflows related to OPEB	925,764
Total deferred outflows of resources	<u>5,161,732</u>
Total Assets and Deferred Outflows of Resources	<u>136,660,126</u>
Liabilities	
Current liabilities	
Accounts payable	1,263,083
Accrued liabilities	280,172
Contracts and retentions payable	77,207
Due to City of Reno, operations	154,368
Due to City of Sparks, operations	286,716
Compensated absences payable (current maturities)	430,006
Sick leave conversion payable (current maturities)	186,815
Total current liabilities	<u>2,678,367</u>
Noncurrent liabilities	
Compensated absences payable (net of current maturities)	1,022,610
Sick leave conversion payable (net of current maturities)	338,205
Total OPEB liability	1,719,231
Net pension liability	9,590,392
Total noncurrent liabilities	<u>12,670,438</u>
Total liabilities	<u>15,348,805</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	199,554
Deferred inflows related to OPEB	890,514
Total deferred inflows of resources	<u>1,090,068</u>
Total liabilities and deferred inflows of resources	<u>16,438,873</u>
Net Position	
Net investment in capital assets	124,133,564
Unrestricted (deficit)	<u>(3,912,311)</u>
Total net position	<u>\$ 120,221,253</u>

Truckee Meadows Water Reclamation Facility
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

Operating Revenues	
Reimbursement from City of Reno	\$ 15,076,658
Reimbursement from City of Sparks	8,690,547
Other	<u>1,034,707</u>
Total operating revenues	<u>24,801,912</u>
Operating Expenses	
Salaries and wages	5,100,735
Employee benefits	3,052,427
Services and supplies	<u>17,075,824</u>
Operating expenses before depreciation and amortization	25,228,986
Depreciation and amortization	<u>7,743,055</u>
Total operating expenses	<u>32,972,041</u>
Operating Loss	<u>(8,170,129)</u>
Non-operating Revenues	
Investment income	<u>101,753</u>
Loss Before Capital Contributions	<u>(8,068,376)</u>
Capital Contributions	
Contributions from City of Reno	5,760,247
Contributions from City of Sparks	<u>2,632,944</u>
Total capital contributions	<u>8,393,191</u>
Change in Net Position	324,815
Net Position, Beginning of Year	<u>119,896,438</u>
Net Position, End of Year	<u>\$ 120,221,253</u>

Truckee Meadows Water Reclamation Facility

Statement of Cash Flows
Year Ended June 30, 2023

Operating activities	
Reimbursement from City of Reno	\$ 14,535,405
Reimbursement from City of Sparks	8,747,232
Cash received from other services	973,412
Cash payments for personnel costs	(7,804,682)
Cash payments for services and supplies	<u>(16,125,028)</u>
Net cash from operating activities	<u>326,339</u>
Capital and related financing activities	
Acquisition of capital assets	(493,884)
Cash received for capital acquisition	<u>493,884</u>
Net cash from capital and related financing activities	<u>-</u>
Investing activities:	
Investment income	<u>101,753</u>
Net change in cash and cash equivalents	428,092
Cash and cash equivalents, Beginning of Year	<u>1,313,838</u>
Cash and cash equivalents, End of Year	<u>\$ 1,741,930</u>
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	<u>\$ (8,170,129)</u>
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	7,743,055
Changes in:	
Accounts receivable	(61,205)
Due from City of Reno, operations	(86,520)
Due from City of Sparks, operations	54,465
Due from Washoe County	(90)
Inventory of supplies	(319,626)
Pension related amounts	427,075
OPEB related amounts	41,881
Accounts payable	316,800
Contracts and retentions payable	60,024
Accrued liabilities	(16,450)
Due to City of Reno, operations	154,368
Due to City of Sparks, operations	286,716
Compensated absences	96,381
Sick leave conversion payable	<u>(200,406)</u>
Total adjustments	<u>8,496,468</u>
Net cash from operating activities	<u>\$ 326,339</u>
Noncash investing and capital and related financing activities:	
Contributed capital from joint owners	<u>\$ 7,899,307</u>

Note 1. Summary of Significant Accounting Policies

The financial statements of the Truckee Meadows Water Reclamation Facility (Facility) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity

The cities of Reno and Sparks (Nevada municipal corporations) entered into an agreement to mutually construct, own, operate, maintain and use a wastewater treatment facility. The Joint Coordinating Committee (Committee) was created to advise the city councils of Reno and Sparks on matters relating to the Facility. The Committee consists of ten members: four selected by the City of Reno, four selected by the City of Sparks, one member selected by the Board of Commissioners of Washoe County, and one member selected by the Board of Directors of the Sun Valley Water and Sanitation District.

The Facility is a Joint Venture, which does not have the legal capacity to be an employer or to enter into contracts on its own; therefore, the City of Sparks has responsibility for administration and daily operation of the Facility including providing employees, while the City of Reno is responsible for construction related contracts of the Facility. The costs of operating and maintaining the Facility are allocated between the cities of Reno and Sparks in proportion to the volume of sewage entering the Facility from each city and the capital contributions are allocated between the cities based on capacity ownership in the Facility. The cities have agreed to reimburse all allocated costs, excluding depreciation and changes in the pension obligation. The reimbursement of operating costs from each city is recorded as operating revenue of the Facility. The Facility is economically dependent upon the cities of Reno and Sparks.

Of the Facility's total capacity of 46.48 million gallons per day (MGD) at June 30, 2023, the City of Reno owned approximately 31.90 MGD, or 68.63%, and the City of Sparks owned approximately 14.58 MGD, or 31.37%.

Fund Accounting

Facility activities are accounted for in an Enterprise Fund (proprietary fund type). The accounts of the Facility are organized in one fund, with a set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses and capital contributions. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing or delivering goods in connection with a proprietary fund's principal ongoing operations. Non-operating revenues and expenses result from non-exchange transactions or ancillary services.

Basis of Accounting

The financial statements of the Facility are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

Budgets and Budgetary Accounting

The Facility's budget is included and presented with the budget documents submitted by the City of Sparks. As such, the Facility adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and Facility policy include the following major procedures to establish the budgetary data, which is reflected in these financial statements:

- On or before April 15, a tentative budget for the Facility is submitted to the State of Nevada Department of Taxation along with the tentative budget for the City of Sparks for the fiscal year commencing the following July 1.
- A public hearing on the tentative budget is held between the third Monday in May and the last day in May to obtain taxpayer comments.
- Prior to June 1, the Joint Coordinating Committee indicates changes, if any, to be made to the tentative budget and approves a final budget. The final budget is then submitted to the Nevada Department of Taxation.
- The City of Sparks Chief Financial Officer is authorized to transfer appropriations between accounts. Any revisions that alter total appropriations must be approved in advance by the Committee. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.
- In accordance with State statute, the sum of operating and non-operating expenses may not exceed total budgeted appropriations.

The final budget reflected in the supplementary information has been amended from the original budget in accordance with State statute.

Cash and Cash Equivalents

The Facility is a voluntary participant in the external investment pool maintained by the City of Sparks. As such, cash balances are combined and, to the extent practicable, invested as permitted by law in combination with other funds held by the City of Sparks. The Sparks City Council has overall responsibility for investment of City funds in accordance with Nevada Revised Statute (NRS) 355.175. The City of Sparks Chief Financial Officer, under authority delegated by the Sparks City Council, is the primary investment official for the City. Since all cash and investments of the Facility are pooled with the City of Sparks and are available upon demand, they are considered to be cash equivalents.

The Facility's investment in the City of Sparks external investment pool is reported at fair value, which represents the Facility's original investment less liabilities (none noted), plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

The City of Sparks Chief Financial Officer may only invest in the securities as prescribed under NRS 355.170 and include certain "A" rated notes and bonds, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers' acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP).

Accounts Receivable

The Facility considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Supplies Inventory

Inventory of operating supplies is stated at the lower of cost or net realizable value. Cost is determined principally by the first-in, first-out method.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Facility defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Depreciation and amortization are computed using the straight-line method over estimated useful lives, in years, of 15 for roads and streets, 5-20 for equipment, 30-40 for wastewater facility and joint lines, and 10 for intangibles.

Compensated Absences

The liability for vacation and sick leave is accrued as amounts are earned by employees to the extent it is likely that those benefits will be paid. The liability is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*.

Post-Employment Health Care

Upon retirement, qualified employees, through the City of Sparks, have the option of foregoing cash payment of their accumulated sick leave balances by opting for conversion of the balance to fund their post-employment group health insurance premiums. The converted balances are reported as a sick leave conversion payable on the Facility's financial statements. The Facility pays the retirees' group health insurance premiums until exhaustion of the respective retirees' balances. Sick leave conversion benefits vary by bargaining unit or resolution and range from sixty-five percent to one hundred percent depending on qualifying years of service, which range from ten to twenty-five years.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position may report a separate section for deferred outflows of resources. This financial statement element represents the consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources related to pension and other postemployment benefits (OPEB) are reported in the Statement of Net Position under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position may report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows and outflows of resources related to pension and other postemployment benefits (OPEB) are reported in the Statement of Net Position under the accrual basis of accounting.

Equity Classifications

In the Statement of Net Position, equity is classified as net position and displayed as follows:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Facility has no debt outstanding at June 30, 2023.
- Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions or enabling legislation. The Facility does not have any restricted net position at June 30, 2023.
- Unrestricted Net Position – All other net position that does not meet the definition of "net investment in capital assets" or "restricted".

When an expenditure is incurred for purpose for which both restricted and unrestricted amounts are available, the facility considers restricted funds to have been spent first.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Compliance with Nevada Revised Statutes and Administrative Code

The Facility conformed to all significant statutory constraints on its financial administration during the year.

Truckee Meadows Water Reclamation Facility

Notes to the Financial Statements

June 30, 2023

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2023
Capital assets, not being depreciated					
Land	\$ 385,269	\$ -	\$ -	\$ -	\$ 385,269
Construction in progress	3,378,580	7,897,596	-	(1,576,236)	9,699,940
Total capital assets, not being depreciated	<u>3,763,849</u>	<u>7,897,596</u>	<u>-</u>	<u>(1,576,236)</u>	<u>10,085,209</u>
Capital assets, being depreciated/amortized					
Wastewater facility and joint lines	212,708,043	-	-	-	212,708,043
Equipment	60,008,958	495,595	-	1,576,236	62,080,789
Roads and streets	1,302,650	-	-	-	1,302,650
Intangible assets	388,440	-	-	-	388,440
Total capital assets, being depreciated/amortized	<u>274,408,091</u>	<u>495,595</u>	<u>-</u>	<u>1,576,236</u>	<u>276,479,922</u>
Less accumulated depreciation and amortization for					
Wastewater facility and joint lines	(126,503,587)	(5,196,107)	-	-	(131,699,694)
Equipment	(27,026,352)	(2,447,836)	-	-	(29,474,188)
Roads and streets	(886,092)	(49,399)	-	-	(935,491)
Intangible assets	(272,481)	(49,713)	-	-	(322,194)
Total accumulated depreciation/amortization	<u>(154,688,512)</u>	<u>(7,743,055)</u>	<u>-</u>	<u>-</u>	<u>(162,431,567)</u>
Total capital assets, being depreciated/amortized, net	<u>119,719,579</u>	<u>(7,247,460)</u>	<u>-</u>	<u>1,576,236</u>	<u>114,048,355</u>
Total capital assets, net	<u>\$ 123,483,428</u>	<u>\$ 650,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,133,564</u>

Ownership of the capital assets as of June 30, 2023 is as follows:

City of Reno	\$ 85,893,768
City of Sparks	<u>38,239,796</u>
	<u>\$ 124,133,564</u>

Note 4. Noncurrent Liabilities

Changes in the Facility's compensated absences payable and sick leave conversion liability are presented below. For information on the Facility's total OPEB liability, see Note 8 and for the net pension liability, see Note 7.

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due in 2023-2024
Compensated absences	\$ 1,356,235	\$ 656,043	\$ 559,662	\$ 1,452,616	\$ 430,006
Sick leave conversion	725,426	-	200,406	525,020	186,815
	<u>\$ 2,081,661</u>	<u>\$ 656,043</u>	<u>\$ 760,068</u>	<u>\$ 1,977,636</u>	<u>\$ 616,821</u>

Note 5. Net Position

At June 30, 2023 net position in the Facility is divided between the cities of Reno and Sparks as follows:

	City of Reno	City of Sparks	Total
Net investment in capital assets	\$ 85,893,768	\$ 38,239,796	\$ 124,133,564
Unrestricted (deficit)	(2,552,947)	(1,359,364)	(3,912,311)
	<u>\$ 83,340,821</u>	<u>\$ 36,880,432</u>	<u>\$ 120,221,253</u>

Note 6. Risk Management

The Facility, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The owners of the Facility are responsible for group medical insurance and workers' compensation premiums payable to the City of Sparks for coverage of the employees provided by the City of Sparks to the Facility, in the City of Sparks self-funded insurance program. All other risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have been minimal in the past three years.

Note 7. Defined Benefit Pension Plan

Plan Description - The Facility contributes to the Public Employees' Retirement System of the State of Nevada (PERS) for pension coverage of the employees provided by the City of Sparks to the Facility. PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948 and is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided - Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier for all years of service. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting - Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

Contributions - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The Facility contributes under the employer-pay contribution (EPC) option.

Under the Employer-Pay provisions, the contributions made by employers on behalf of employees are not credited to the member's PERS account and are not refunded upon termination. For employees covered by the Employer-Pay provisions, average compensation is increased by half the total contributions made by the Facility and may not be less than it would have been if contributions had been made by the member and the employer separately.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

For the fiscal year ended June 30, 2023 the statutory employer-pay rate was 29.75% and for the fiscal year ended June 30, 2022, the statutory employer-pay contribution (EPC) rate was 29.75% for Regular members.

The Facility's contributions were \$1,339,506 for the year ended June 30, 2023. Of this amount, \$669,753 was classified as Employer contributions and \$669,753 was classified as Member contributions.

PERS Investment Policy - PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Real Estate	6%	6.65%
Privaty Equity	6%	6.65%

As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability - At June 30, 2023, the Facility reported a liability for its proportionate share of the net pension liability of \$9,590,392. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Facility's proportion of the net pension liability was based on the Facility's share of contributions in the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2022, the Facility's proportion was 0.05312 percent, which was an increase of 0.00537 percent from its proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity - The following presents the net pension liability of the Facility as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 14,724,389	\$ 9,590,392	\$ 5,354,074

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report (ACFR), available on the PERS website www.nvpers.org.

Actuarial Assumptions - The Facility's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.5%
Payroll Growth	3.5%
Investment Rate of Return/ Discount Rate	7.25%, including inflation
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10% depending on service Rates include inflation and productivity increases
Consumer Price Index	2.5%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables.

Mortality rates for disabled regular members based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study completed for the period July 1, 2016 through June 30, 2020.

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the Facility’s proportionate share of PERS net pension liability, for the year ended June 30, 2023 the Facility recognized pension expense of \$1,096,828. At June 30, 2023, the Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,455,392	\$ 14,994
Changes of assumptions or other inputs	1,443,855	-
Net difference between projected and actual earnings on pension plan investments	137,135	-
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	529,833	184,560
Facility contributions subsequent to the measurement date	669,753	-
	<u>\$ 4,235,968</u>	<u>\$ 199,554</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$669,753 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other estimated amounts reported collectively as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, 2023</u>	
2024	\$ 560,076
2025	537,917
2026	483,689
2027	1,578,766
2028	206,213

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at July 1, 2022 is 5.70 years.

Additional Information – The PERS Annual Comprehensive Financial Report (ACFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 8. Post-Employment Benefits Other than Pensions (OPEB)

Plan Descriptions - As described in Note 1, the City of Sparks provides employees for the Facility. The Facility contributes to the City of Sparks Medical and Dental Benefit Plan (Sparks Plan), a single-employer defined benefit healthcare plan administered by Hometown Health, and to a plan administered by the Nevada Public Employees' Benefits Program (NPEBP) which is treated as a single-employer defined benefit plan for financial reporting purposes.

Benefit provisions for the Sparks Plan are established pursuant to NRS 287.023 and amended through negotiations between the City and the Group Health Plan Benefits Committee whose voting membership consists of representatives of employee bargaining groups. Benefit provisions for NPEBP are established pursuant to NRS 287.023 and subject to amendment through legislation by the State of Nevada each biennium and are administered by a ten member governing board appointed by the governor.

Pursuant to NRS 287.023 (as amended during the 2007 session of the Nevada Legislature), through November 29, 2008, retirees had the option to participate in the Sparks Plan for postemployment health care benefits or to join the NPEBP offered by the State of Nevada. However, subsequent to November 29, 2008, new retirees no longer have the option of joining the NPEBP, yet still retain the option to participate in the Sparks Plan.

Neither plan has assets accumulated in a qualifying trust and therefore report an unreduced OPEB liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Each plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired Facility employees and beneficiaries.

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2023 by the Facility to NPEBP range from \$11.93 to \$717.52. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Retirees in the Sparks Plan receive no direct subsidy from the Facility, with the following exceptions. Facility employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 credit towards health insurance premiums for each year of service. These subsidies range from \$100.00 to \$165.00 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the Facility.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare.

A summary of the premium rates for the Sparks plan, as of June 30, 2023, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 896.24	\$ 1,652.66	\$ 1,574.08	\$ 2,353.39
Retiree, No Medicare	896.24	1,652.66	1,574.08	2,353.39
Spouse, with Medicare	726.14	1,482.56	-	2,183.29
Retiree, Medicare	726.14	1,312.46	1,403.98	2,013.19
Spouse, No Medicare	896.24	1,482.56	-	2,183.29

At June 30, 2023, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	16	10	26
Active employees	50	-	50
	<u>66</u>	<u>10</u>	<u>76</u>

Total OPEB Liability - The Facility's total OPEB liability of \$1,719,231, of which \$1,036,644 is related to the Sparks Plan and \$682,587 is related to NPEBP, was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2022 for both plans was determined using the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.70%	2.70%
Salary increases, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service
Discount rate	4.13%	4.13%
Healthcare cost trend rate	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076
Retiree share of benefit costs	Range from \$726.14 to \$1,656.56	Range from \$0.00 to \$1,332.65

The discount rate was based on the S&P Municipal Bond 20-year High Grade Index.

Mortality rates for employees were based on the Pub-2010 Headcount-Weighted Employee Table, projected generationally using MP-2021 and for retirees were based on the Pub-2010 Headcount-Weighted Retiree Table, projected fully generationally using MP-2021.

The demographic and payroll growth actuarial assumptions used in the July 1, 2022 valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2022, which was first adopted in the June 30, 2021 valuation.

Truckee Meadows Water Reclamation Facility

Notes to the Financial Statements

June 30, 2023

Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2022	\$ 854,605	\$ 659,737	\$ 1,514,342
Changes for the year:			
Service cost	30,301	-	30,301
Interest	29,708	22,863	52,571
Differences between expected and actual experience	276,545	51,287	327,832
Changes in assumptions or other inputs	(62,344)	(23,259)	(85,603)
Benefit payments	(92,171)	(28,041)	(120,212)
Net changes	<u>182,039</u>	<u>22,850</u>	<u>204,889</u>
Balance at June 30, 2023	<u>\$ 1,036,644</u>	<u>\$ 682,587</u>	<u>\$ 1,719,231</u>

Significant changes of assumptions and other inputs since the measurement date of June 30, 2023 are noted below:

- Mortality improvement scale has been updated from MP-2020 to using MP-2021. This change caused an increase in liability.
- Health care trend rates which are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model have been updated from the 2020 to 2022 version, with an initial rate of 6.75% for 2022 decreasing gradually to an ultimate rate of 4.14% in 2076. This change caused an increase in liability.
- The salary scale, withdrawals, and retirements assumptions have been updated to reflect the updated assumptions used by the Public Employees' Retirement System of Nevada actuarial valuation as of June 30, 2022. These changes caused a increase in liability.
- The discount rate changed from 3.54% to 4.13%

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Facility, calculated using a discount rate of 4.13%, as well as what the Facility's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Sparks Plan	\$ 1,169,226	\$ 1,036,644	\$ 927,958
NPEBP	769,886	682,587	611,021
Total OPEB Liability	<u>\$ 1,939,112</u>	<u>\$ 1,719,231</u>	<u>\$ 1,538,979</u>

Truckee Meadows Water Reclamation Facility

Notes to the Financial Statements

June 30, 2023

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Facility, calculated using healthcare cost trend rates of 6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076, as well as what the Facility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 3.14% by 2076)	Healthcare Cost Trend Rates (6.75% decreasing to 4.14% by 2076)	1% Increase (7.75% decreasing to 5.14% by 2076)
Sparks Plan	\$ 916,494	\$ 1,036,644	\$ 1,184,440
NPEBP	603,474	682,587	779,904
Total OPEB Liability	<u>\$ 1,519,968</u>	<u>\$ 1,719,231</u>	<u>\$ 1,964,344</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2023 the Facility recognized an OPEB expense of \$162,093, of which \$153,646 is related to the Sparks Plan and \$8,447 is related to NPEBP. At June 30, 2023, the Facility reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ 241,977	\$ 91,222
Differences between changes of economic and demographic assumptions or of other inputs	346,774	188,507
NPEBP		
Differences between expected and actual experience	151,097	487,898
Differences between changes of economic and demographic assumptions or of other inputs	185,916	122,887
Total	<u>\$ 925,764</u>	<u>\$ 890,514</u>

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

<u>Year ended June 30:</u>	<u>Sparks Plan</u>	<u>NPEBP</u>
2024	\$ 93,637	\$ (14,416)
2025	92,835	(15,890)
2026	57,013	(89,108)
2027	45,036	(119,996)
2028	(3,132)	(18,935)
Thereafter	23,633	(15,427)



Required Supplementary Information

	2023		2022	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability				
Service Cost	\$ 30,301	\$ -	\$ 43,403	\$ -
Interest	29,708	22,863	23,761	18,093
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	276,545	51,287	(60,663)	(42,787)
Changes of assumptions or other inputs	(62,344)	(23,259)	(178,605)	(136,716)
Benefit payments	(92,171)	(28,041)	(59,592)	(32,774)
Net change in total OPEB liability	182,039	22,850	(231,696)	(194,184)
Total OPEB liability-beginning	854,605	659,737	1,086,301	853,921
Total OPEB liability-ending	\$ 1,036,644	\$ 682,587	\$ 854,605	\$ 659,737
Covered-employee payroll	5,166,885	-	5,093,555	-
Total OPEB liability as a percentage of covered-employee payroll	20.06 %	-	16.78 %	-

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the Facility will present information only for those years for which information is available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of benefit terms: There were no changes to benefits terms.

Changes of assumptions: Sparks Plan and the NPEBP changes in actuarial assumptions are noted in italics:

	2023	2022
Discount rate	4.13%	3.54%
Payroll growth	<i>Ranges from 4.20% to 9.10% based on years of service</i>	Ranges from 4.25% to 9.15%, based on years of service
Healthcare cost trend rate	<i>6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076</i>	<i>0.00% for 2021 followed by 5.40% decreasing to an ultimate rate of 4.04% by 2075</i>
Mortality Table - Employee's	<i>Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2020
Mortality Table - Retiree's	<i>Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2020

Truckee Meadows Water Reclamation Facility
Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios
Last Ten Fiscal Years*

2021		2020		2019		2018	
Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
\$ 26,046	\$ -	\$ 18,846	\$ -	\$ 9,762	\$ -	\$ 9,774	\$ -
16,825	34,086	23,692	46,174	16,713	31,621	16,756	32,662
-	-	-	-	-	-	7,658	13,964
(2,353)	(776,370)	(35,011)	(28,387)	(102,822)	371,781	-	-
339,511	68,949	118,829	244,614	351,837	137,533	-	-
(57,632)	(30,087)	(36,859)	(40,776)	(45,924)	(44,180)	(16,508)	(48,443)
<u>322,397</u>	<u>(703,422)</u>	<u>89,497</u>	<u>221,625</u>	<u>229,566</u>	<u>496,755</u>	<u>17,680</u>	<u>(1,817)</u>
<u>763,904</u>	<u>1,557,343</u>	<u>674,407</u>	<u>1,335,718</u>	<u>444,841</u>	<u>838,963</u>	<u>427,161</u>	<u>840,780</u>
<u>\$ 1,086,301</u>	<u>\$ 853,921</u>	<u>\$ 763,904</u>	<u>\$ 1,557,343</u>	<u>\$ 674,407</u>	<u>\$ 1,335,718</u>	<u>\$ 444,841</u>	<u>\$ 838,963</u>
4,998,527	-	4,918,945	-	4,860,170	-	4,589,329	-
21.73 %	-	15.53 %	-	13.88 %	-	9.69 %	-

2021	2020	2019	2018
2.16%	2.21%	3.51%	3.87%
Ranges from 4.25% to 9.15% based on years of service	Ranges from 4.25% to 9.15%, based on years of service	Ranges from 4.25% to 9.15%, based on years of service	4.5%
5.7% for 2020 to 2021, decreasing to an ultimate rate of 4.04% by 2075	Initial rate of 1.5% followed by 5.4% declining to an ultimate rate of 3.94% by 2075	5.4% declining gradually to an ultimate rate of 3.94% by 2075	5.9% declining gradually over 60 year to an ultimate rate of 3.94%
Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2020	RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016	RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with a Scale AA, set back 1 year for females
Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2020	RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries	RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with a Scale AA, set back 1 year for females

	2022	2021	2020
Facility's portion of the net pension liability	0.05312 %	0.04775 %	0.04808 %
Facility's proportionate share of the net pension liability	\$ 9,590,392	\$ 4,354,735	\$ 6,696,767
Facility's covered payroll	\$ 4,470,505	\$ 4,560,990	\$ 4,256,562
Facility's proportional share of the net pension liability as a percentage of its covered payroll	214.53 %	95.48 %	157.33 %
Plan fiduciary net position as a percentage of the total pension liability	75.12 %	86.51 %	77.00 %

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the Facility will present information only for those years for which information is available.

Notes to Schedule:

	2022	2021	2020
Inflation rate	2.50%	2.50%	2.75%
Payroll growth	3.50%	3.50%	5.00%
Investment rate of return/ discount rate	7.25%	7.25%	7.50%
Productivity pay increase	0.50%	0.50%	0.50%
Projected salary increase			
Regular**	4.20% to 9.10%	4.20% to 9.10%	4.25% to 9.15%
Consumer price index	2.5%	2.50%	2.75%
Mortality rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee
Future mortality improvement	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	6 years

** Depending on service. Rates include inflation and productivity increases.

***Amount-Weighted Above-Median.

Truckee Meadows Water Reclamation Facility
Schedule of Facility's Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

2019	2018	2017	2016	2015	2014
0.04772 %	0.04720 %	0.04690 %	0.06028 %	0.06026 %	0.06141 %
\$ 6,506,409	\$ 6,436,381	\$ 6,237,137	\$ 6,331,089	\$ 5,364,431	\$ 4,851,094
\$ 4,148,806	\$ 4,064,028	\$ 3,842,978	\$ 3,669,488	\$ 3,612,216	\$ 3,279,050
156.83 %	158.37 %	162.30 %	172.53 %	148.51 %	147.94 %
76.50 %	75.20 %	74.40 %	72.20 %	75.10 %	76.30 %

2019	2018	2017	2016	2015	2014
2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7.50%	7.50%	7.50%	8.00%	8.00%	8.00%
0.50%	0.50%	0.50%	0.75%	0.75%	0.75%
4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%
2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table
Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	N/A	N/A	N/A
Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	N/A	N/A	N/A
6 years	6 years	6 years	N/A	N/A	N/A

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Statutorily required contribution	\$ 669,753	\$	651,638	\$	663,831
Contributions in relation to the statutorily required contribution	\$ 669,753	\$	651,638	\$	663,831
Employer's covered payroll	\$ 4,594,408	\$	4,470,505	\$	4,560,990
Contributions as a percentage of covered payroll	14.58 %		14.58 %		14.55 %

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the Facility will present information only for those years for which information is available.

Truckee Meadows Water Reclamation Facility
 Schedule of Facility's Contributions
 Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

2020	2019	2018	2017	2016	2015
\$ 619,529	\$ 580,833	\$ 568,964	\$ 538,017	\$ 511,062	\$ 465,073
\$ 619,529	\$ 580,833	\$ 568,964	\$ 538,017	\$ 511,062	\$ 465,073
\$ 4,256,562	\$ 4,148,806	\$ 4,064,028	\$ 3,842,978	\$ 3,669,488	\$ 3,612,216
14.55 %	14.00 %	14.00 %	14.00 %	13.93 %	12.88 %

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Truckee Meadows Water Reclamation Facility
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Reimbursement from City of Reno	\$ 16,591,368	\$ 15,076,658	\$ (1,514,710)	\$ 13,952,838
Reimbursement from City of Sparks	10,063,964	8,690,547	(1,373,417)	8,274,829
Other	601,000	1,034,707	433,707	1,013,015
Total operating revenues	<u>27,256,332</u>	<u>24,801,912</u>	<u>(2,454,420)</u>	<u>23,240,682</u>
Operating Expenses				
Salaries and wages	5,879,329	5,100,735	778,594	5,093,555
Employee benefits	3,047,231	3,052,427	(5,196)	1,818,272
Services and supplies	20,559,598	17,075,824	3,483,774	15,641,558
Total operating expenses before depreciation and amortization	29,486,158	25,228,986	4,257,172	22,553,385
Depreciation and amortization	9,075,982	7,743,055	1,332,927	8,035,976
Total operating expenses	<u>38,562,140</u>	<u>32,972,041</u>	<u>5,590,099</u>	<u>30,589,361</u>
Operating Income (Loss)	<u>(11,305,808)</u>	<u>(8,170,129)</u>	<u>3,135,679</u>	<u>(7,348,679)</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	15,600	101,753	86,153	(15,247)
Gain (loss) on sale of assets	-	-	-	(75,199)
Total non-operating revenues (expenses)	<u>15,600</u>	<u>101,753</u>	<u>86,153</u>	<u>(90,446)</u>
Income (loss) before Capital Contributions	<u>(11,290,208)</u>	<u>(8,068,376)</u>	<u>3,221,832</u>	<u>(7,439,125)</u>
Capital Contributions				
Contributions from City of Reno	3,907,423	5,760,247	1,852,824	1,717,939
Contributions from City of Sparks	1,838,787	2,632,944	794,157	785,251
Total capital contributions	<u>5,746,210</u>	<u>8,393,191</u>	<u>2,646,981</u>	<u>2,503,190</u>
Change in Net Position	<u>\$ (5,543,998)</u>	<u>324,815</u>	<u>\$ 5,868,813</u>	<u>\$ (4,935,935)</u>
Net Position, Beginning of Year		<u>119,896,438</u>		
Net Position, End of Year		<u>\$ 120,221,253</u>		

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Compliance Section



**Independent Auditor’s 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***

To the Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
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 business-type activities of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Facility’s basic financial statements and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Facility’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facility’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Facility’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facility's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Facility'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 Facility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, professional style.

Reno, Nevada
November 13, 2023



Auditor's Comments

To the Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Facility failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Facility's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

The Facility conformed to all significant statutory constraints on its financial administration during the prior year.

Prior Year Recommendations

There were no prior year recommendations.

Current Year Recommendations

There are no current year recommendations.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 13, 2023

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