



CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

Introductory Section	
Finance Director's Letter of Transmittal	1
Organizational Chart.....	7
Principal Officials of the City of Sparks, Nevada.....	8
Certificate of Achievement for Excellence in Financial Reporting	9
Financial Section	
Independent Auditor's Report.....	10
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities.....	30
Fund Financial Statements	
Balance Sheet – Governmental Funds	31
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	34
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund...	35
Statement of Net Position – Proprietary Funds.....	38
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	40
Statement of Cash Flows – Proprietary Funds.....	41
Statement of Fiduciary Net Position	43
Notes to Financial Statements.....	44
Required Supplementary Information	
Schedule of Changes in the Total Other Postemployment Benefits Liability and Other Ratios.....	83
Schedule of City's Share of Net Pension Liability	84
Schedule of City's Contributions.....	85
Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	87
Nonmajor Special Revenue Funds	
Combining Balance Sheet – Nonmajor Special Revenue Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	90

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Community Development Block Grant Fund	91
Community Development Entitlement Grant Fund	92
Sparks Grants and Donations Fund.....	93
Tourism and Marketing Fund	95
Parks and Recreation Program Fund.....	96
Court Administrative Assessment Fund	97
Street Cut Fund	98
Impact Fee Service Area No. 1 Fund.....	99
Tourism Improvement District 1 Fund	100
Stabilization Fund.....	101
Debt Service Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Obligation Fund	103
Combining Balance Sheet – Nonmajor Debt Service Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds.....	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Redevelopment Agency Area No. 1 Tax Revenue Fund	106
Redevelopment Agency Area No. 2 Debt Service Fund.....	107
Capital Projects Funds	
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Recreation and Parks District 1 Fund	111
Recreation and Parks District 2 Fund	112
Recreation and Parks District 3 Fund	113
Road Fund.....	114
Capital Projects Fund.....	115
Capital Facilities Fund	116
Parks and Recreation Project Fund.....	117
Local Improvement District 3 Fund.....	118
Redevelopment Agency Area No. 1 Revolving Fund.....	119
Redevelopment Agency Area No. 2 Revolving Fund.....	120
Victorian Square Room Tax Fund	121
Enterprise Funds	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Sewer Operations Fund.....	123
Development Services Fund	124
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	126
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	127
Combining Statement of Cash Flows – Internal Service Funds	128
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Motor Vehicle Maintenance Fund	130
Group Insurance Self-Insurance Fund	131
Workers’ Compensation Insurance Fund.....	132
Municipal Self-Insurance Fund.....	133

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities – Agency Funds	135
Schedule of Fees Imposed Subject to NRS 354.5989 – Limitation of Fees for Business Licenses.....	137

Statistical Section (Unaudited)

Financial Trends

Schedule 1.1 – Net Position by Component	139
Schedule 1.2 – Changes in Net Position	140
Schedule 1.3 – Fund Balances, Governmental Funds.....	142
Schedule 1.4 – Changes in Fund Balances, Governmental Funds.....	143

Revenue Capacity

Schedule 2.1 – Assessed and Estimated Value of Taxable Property	144
Schedule 2.2 – Direct and Overlapping Property Tax Rates	145
Schedule 2.3 – Ten Largest Assessed Valuations.....	146
Schedule 2.4 – Property Tax Levies and Collections	147

Debt Capacity

Schedule 3.1 – Ratios of Outstanding Debt by Type.....	148
Schedule 3.2 – General Obligation Direct and Overlapping Debt.....	149
Schedule 3.3 – Legal Debt Margin Information	150
Schedule 3.4 – Pledged Revenue Coverage.....	151

Demographic and Economic Information

Schedule 4.1 – Demographic and Economic Statistics.....	152
Schedule 4.2 – Principal Employers	153

Operating Information

Schedule 5.1 – Full Time Equivalent City Government Employees by Function	154
Schedule 5.2 – Operating Indicators by Function/Program	155
Schedule 5.3 – Capital Assets Statistics by Function/Program.....	156

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 <i>Government Auditing Standards</i>	157
Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	159
Auditor’s Comments.....	161
Schedule of Expenditures of Federal Awards.....	162
Schedule of Findings and Questioned Costs.....	164



November 26, 2018

Honorable Mayor, Members of the City Council,
City Manager and Citizens of Sparks, Nevada:

The Comprehensive Annual Financial Report (CAFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2018, 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.

Our auditors, Eide Bailly LLP, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this CAFR 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 CAFR 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 2016-2017.
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 95,726, is the ninth largest 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 City-wide 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; 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 February 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 fifteen 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 February 23, 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. Fiscal year 1999-2000 established base year values for the second redevelopment district. A special assessment district was formed in 2002 to construct infrastructure needed for new development to the marina area. Redevelopment Agency Area No. 2 is set to expire on June 28, 2029.

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 or transfers also require City Council approval. Budgetary control is further enhanced through the use of encumbrance accounting.

State statutes require the Financial Services Director to submit a tentative budget for the ensuing fiscal year to the Nevada Department of Taxation by April 15. The Department 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.

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.

On July 23, 2007, the City created the Tourism Improvement District No. 1 known as the Legends at Sparks Marina, which is located within the Redevelopment Agency Area No.2. The City contracted with RED Development to develop the Legends at Sparks Marina into one of the premier retail destinations in the region. As established by SB 306 from the 2005 legislative session, a Tourism Improvement District (TID) allows Sales Tax Anticipated Revenue (STAR) bonds to be issued that are supported by up to 75 percent of sales taxes generated within the District. Proceeds from these bonds are used for infrastructure and land improvements for the purpose of enhancing the area as a tourism, entertainment, and retail destination of choice. More information on the debt issued in relation to the Legends project can be found within the notes to the financial statements.

Since fiscal year 2013-2014, which marked the beginning of a recovery from what is commonly referred to as the "Great Recession", the stabilization of the local economy has been fueled by a rebound in property values which have resulted in improved City revenues. Looking forward to fiscal year 2018-2019, we anticipate the stabilization to continue and are expecting a modest increase in total General Fund revenue for the sixth consecutive year.

In 2014, Tesla and other large companies, agreed to open facilities in the Tahoe Reno Industrial Center located east of Sparks in Storey County. The neighboring communities, such as the City of Sparks, have experienced a positive impact to the economy and expect to continue seeing economic improvement over the next several years as a result of the addition of an estimated 50,000 new jobs. These anticipated jobs will bring welcome relief to a region that was hit hard by high levels of unemployment during the recession.

In March of 2018, our State Demographer indicated that the increase in population was largely due to the state going from a period of significant job loss during the Great Recession to a period of solid job growth and that job gains in Nevada have been among the strongest in the nation. While much of that growth has been in Southern Nevada, Sparks has seen an increase of 2.3% in population in the last year. The housing growth in the area that was seen in fiscal year 2017 to meet the growing population demands has steadied. In fiscal year 2017, permits were issued to build 475 single family homes and 765 multi-family units. In fiscal year 2018, 471 single family home permits were issued, and 541 multi-family units were permitted. A decrease of one percent and twenty-nine percent respectively. This may indicate that our period of significant growth has reached a peak.

However, the resulting expected growth in existing property assessed value is not expected to match the property tax growth that is allowed under Nevada property 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).

Due to extremely low growth and inflation in recent years, this secondary property tax cap calculation will result in property tax revenue growth of only 4.2% on general property rather than the 8% cap in fiscal year 2018-2019. Any assessed value increases for existing property that is above the cap of 3% for residential and 4.2% for general property will be abated. However, after considering new development which is not subject to the cap, the City is anticipating a 5.2% increase in property tax revenues in fiscal year 2018-2019 even though the City’s overall assessed value is expected to grow by only 2.2%. Thus, the property tax cap 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.

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 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 currently has three licensed distributors whose quarterly renewal of business license fees are based on gross receipts. Due to the unpredictable nature of the revenues and a conservative approach to budgeting in fiscal year 2019 the proceeds from licensing will be allocated to provide funding for non-recurring capital expenses. In addition to licensing revenue the City is expected to receive a modest distribution

from the State to help mitigate expenses expected to be incurred related to the legalization of recreational marijuana.

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 (the 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

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 intended to keep interest rates low for an extended period of time, investment earnings have remained low. For fiscal year 2017-2018, the average interest rate earned on investments maturing during the year was 1.68 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. However, primarily due to legislation passed by the 2015 Nevada Legislature, the City of Sparks saw a significant decrease in the projected HLC liability in 2014-2015, and 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. To properly account for this benefit, the City adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* beginning with the 2014-2015 fiscal year. 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. To properly account for these benefits, in fiscal year 2017-2018 the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 Comprehensive Annual Financial Report (CAFR) for each fiscal year ended June 30, 1981 through 2017. Fiscal year 2016-2017 was the thirty-seventh 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 CAFR. 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 2017-2018 CAFR 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.

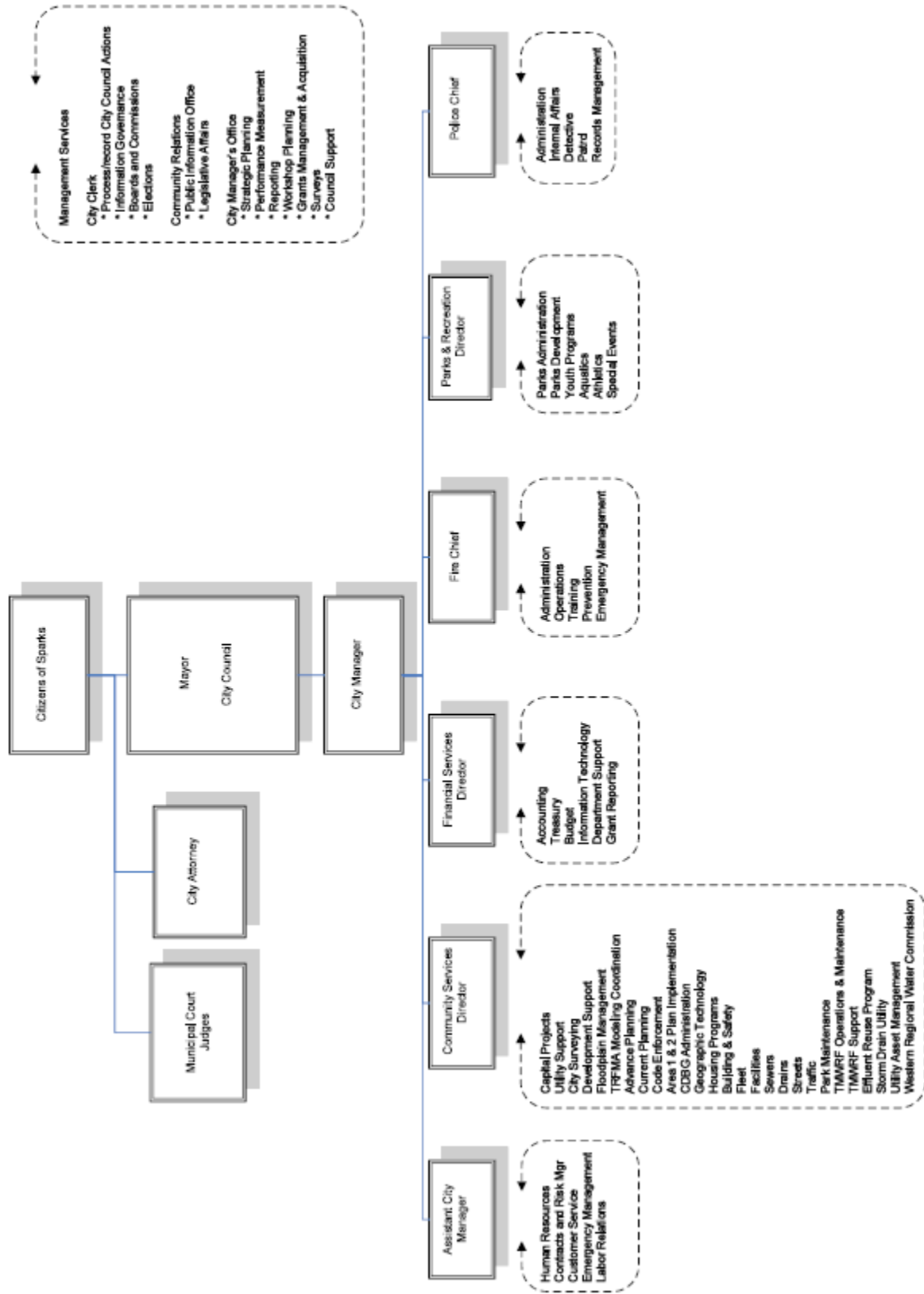
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this 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,



Jeff Cronk, CPA
Financial Services Director



06/30/2018

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Geno R. Martini	4 years	November, 2018
Council Member Ward 1	Donald Abbott	4 years	November, 2020
Council Member Ward 2	Ed Lawson	4 years	November, 2018
Council Member Ward 3	Ron Smith	4 years	November, 2020
Council Member Ward 4	Charlene Bybee	4 years	November, 2018
Council Member Ward 5	Kristopher Dahir	4 years	November, 2020
City Attorney	Chet Adams	4 years	November, 2020
Municipal Judge, District 1	Barbara McCarthy	6 years	November, 2020
Municipal Judge, District 2	Jim Spoo	6 years	November, 2018
City Manager	Stephen W. Driscoll	Appointed	
Assistant City Manager	Neil Krutz	Appointed	
City Clerk	Teresa Gardner	Appointed	
Community Services Director	John Martini	Appointed	
Financial Services Director	Jeff Cronk	Appointed	
Fire Chief	Chris Maples	Appointed	
Parks & Recreation Director	Tracy Domingues	Appointed	
Police Chief	Brian Allen	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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

To the Honorable Mayor and City Council
City of Sparks, Nevada
Sparks, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 of Sparks, Nevada, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 and 18 to the financial statements, the City of Sparks, Nevada has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Corrections of Errors

As discussed in Note 18 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employee’s Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources, net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

As discussed in Note 18 to the financial statements, certain errors resulted in an overstatement of road infrastructure donations constructed by the Regional Transportation Commission (RTC) and recorded as construction in progress in the governmental activities as of June 30, 2017, were discovered by management of City of Sparks, Nevada during the current year. The construction of certain roads was initially reported to the City of Sparks, Nevada by RTC as a road infrastructure donation, however the City of Sparks, Nevada subsequently determined this portion of Pyramid Highway would fall under the jurisdiction of the State of Nevada and would not be a road infrastructure donation on City of Sparks, Nevada’s books. Accordingly, the amount reported for construction in progress has been restated as of July 1, 2017 to correct the error. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 13 through 28, the schedule of changes in the total other post-employment benefits liability and related ratios on page 83, the schedule of the City’s share of net pension liability on page 84, and the schedule of the City’s contributions on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sparks, Nevada's basic financial statements. The introductory section, nonmajor combining and individual fund statements and schedules including budgetary comparisons, statistical section, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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* (Uniform Guidance), and is also not a required part of the basic financial statements.

The nonmajor combining and individual fund statements and schedules including budgetary comparisons, the schedule of expenditures of federal awards, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor combining and individual fund statements and schedules including budgetary comparisons, the schedule of expenditures of federal awards, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Prior Year Comparative Information

We have previously audited, in accordance with accounting standards generally accepted in the United States of America, the basic financial statements of the City of Sparks, Nevada, as of and for the year ended June 30, 2017, and have issued our report thereon dated November 28, 2017, which expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2017, is consistent with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2017 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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. The individual fund financial statements and schedules are 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 November 26, 2018, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 of Sparks, Nevada's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned in the lower-left area of the page.

Reno, Nevada
November 26, 2018

City of Sparks, Nevada
Management's Discussion and Analysis

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, 2018. 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 at June 30, 2018 by \$408,713,535 (net position), an increase of 8.1 percent from the prior year restated net position. The net position is primarily represented by the City's net investment in capital assets.
- A restatement of prior period net position in the amount of \$103,742,381 was made to correct two errors and to implement a new accounting standard. Assets incorrectly reported by the Regional Transportation Commission as a donation to the City accounted for \$72,736,752 of the adjustment. A restatement of employer contributions made by the Public Employees' Retirement System in accordance with their implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, was not reported to the City timely and resulted in an adjustment of \$7,298,744. The adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulted in an adjustment of \$23,706,885.
- Net Pension liability of the City is \$86,625,696, a decrease of \$998,515 from the prior year liability of \$87,624,211. 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 Employees' Retirement System of Nevada (PERS). As a result of recording the decrease in the City's portion of net pension liability (\$998,515), a decrease in deferred pension inflows (\$824,545), and a decrease in deferred pension outflows (\$1,610,576) after a prior period restatement of \$7,298,744, net position was increased by \$212,484.
- Governmental activity revenues were \$107,073,192 as compared to \$136,233,617 for the year ended June 30, 2017. The decrease of \$29,160,425 is primarily driven by a decrease in contributed grants, interest and capital of \$36,842,855, mostly from the Regional Transportation Commission and an increase in charges for services revenue of \$4,594,122, an increase in Ad valorem taxes of \$1,200,088 and an increase in Consolidated tax revenues of \$3,354,052. Business-type activity revenues were \$45,805,886 in fiscal year 2017-2018, an increase of \$9,363,356 over the prior year revenues of \$36,442,530. The increase is primarily related to an increase in revenues from sewer connection fees. Expenses of the business type activities increased by \$1,970,252, 7.4 percent, and were related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks

contributes from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in the Note 6 of the financial statements.

- Sparks' governmental funds reported combined ending fund balances of \$49,542,587 as of June 30, 2018, which is an increase of \$6,811,212 from fiscal year 2016-2017 ending fund balance total of \$42,731,375. The increase was primarily due to an increase in revenues from property taxes and special assessments.
- Governmental Accounting Standards Board Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2018, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$6,815,213, which represents 11.0 percent of General Fund departmental expenditures (excluding capital). Of that amount, \$183,927 is assigned for open purchase orders and \$771,131 is assigned as a budgeted resource to be expended in fiscal year 2018-2019, leaving \$5,860,155 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.6 percent of total General Fund revenues and have increased by 9.7 percent from last year's results. Consolidated tax revenues, which included a tax payer refund of approximately \$1.1 million dollars in the fiscal year 2016-2017, increased 14.5 percent, and property taxes increased by 4.4 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$98,307,765 can cover current liabilities 2.1 times on a government-wide basis.
- The City's long-term liabilities outstanding decreased by \$19,741,847 in fiscal year 2017-2018. The decrease was primarily attributable to regular debt service payments, and a bond call on the 2016 Limited Obligation Improvement Refunding Bonds which is special assessment debt.

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 to 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. But 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, 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 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 governmental-wide financial statements are those that are accounted for in enterprise funds. The major enterprise fund reported in this manner is the Sewer Operations Fund, and the non-major enterprise fund is 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 fund schedules 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 non-major 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, after a prior period restatement, increased by 8.1 percent during fiscal year 2017-2018. This is primarily due to an increase in capital assets most of which were related to the North Truckee Drain project, and a decrease in long term liabilities related to regular debt service payments and a bond call on the City’s 2016 Limited Obligation Improvement Refunding Bonds.

A restatement of prior period net position in the amount of \$103,742,381 was made to correct an error in donated assets reported by the Regional Transportation Commission of \$72,736,752 and to implement two new accounting standards which impacted net position by \$31,005,629. More information on the adjustments can be found in Note 18 of the financial statements.

CITY OF SPARKS' STATEMENT OF NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Current and other assets	\$ 79,130,023	\$ 76,031,295	\$ 100,615,391	\$ 99,929,027	\$ 179,745,414	\$ 175,960,322
Capital assets	391,304,755	392,420,165	174,626,689	164,919,420	565,931,444	557,339,585
Total assets	470,434,778	468,451,460	275,242,080	264,848,447	745,676,858	733,299,907
Deferred outflow bond refundings	185,688	2,073,101	-	-	185,688	2,073,101
Deferred outflow related to pensions	10,950,654	12,409,292	1,142,193	1,294,131	12,092,847	13,703,423
Deferred outflow related to OPEB	540,996	-	22,799	-	563,795	-
Total deferred outflow of resources	11,677,338	14,482,393	1,164,992	1,294,131	12,842,330	15,776,524
Total assets and deferred outflows	482,112,116	482,933,853	276,407,072	266,142,578	758,519,188	749,076,431
Long-term liabilities outstanding	246,176,650	260,372,107	47,374,734	52,921,124	293,551,384	313,293,231
Other liabilities	38,897,025	37,878,472	8,929,500	10,398,442	47,826,525	48,276,914
Total liabilities	285,073,675	298,250,579	56,304,234	63,319,566	341,377,909	361,570,145
Deferred inflow related to pensions	7,760,716	8,507,939	667,028	744,350	8,427,744	9,252,289
Total deferred inflow of resources	7,760,716	8,507,939	667,028	744,350	8,427,744	9,252,289
Total liabilities and deferred inflows	292,834,391	306,758,518	56,971,262	64,063,916	349,805,653	370,822,434
Net investment in capital assets	363,842,341	305,219,526	137,394,248	136,405,793	501,236,589	441,625,319
Restricted	38,126,693	36,694,210	-	-	38,126,693	36,694,210
Unrestricted	(212,691,309)	(165,738,401)	82,041,562	65,672,869	(130,649,747)	(100,065,532)
Total net position	\$ 189,277,725	\$ 176,175,335	\$ 219,435,810	\$ 202,078,662	\$ 408,713,535	\$ 378,253,997

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, \$501,236,589, 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 \$38,126,693, 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 \$1,432,483 is comprised of increases related to amounts restricted for self-insurance claims and capital projects and decreases in amounts restricted for debt service.

Unrestricted net position is the amount available to meet the City's on-going obligations. The negative unrestricted net position value of \$130,649,747 in fiscal year 2017-2018 is comprised primarily of a deficit of \$212,691,309 related to governmental activities. This deficit is largely the result of two 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 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. The second large component of the unrestricted deficit is related to the portion of the Public Employees' 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.

CITY OF SPARKS CHANGES IN NET POSITION

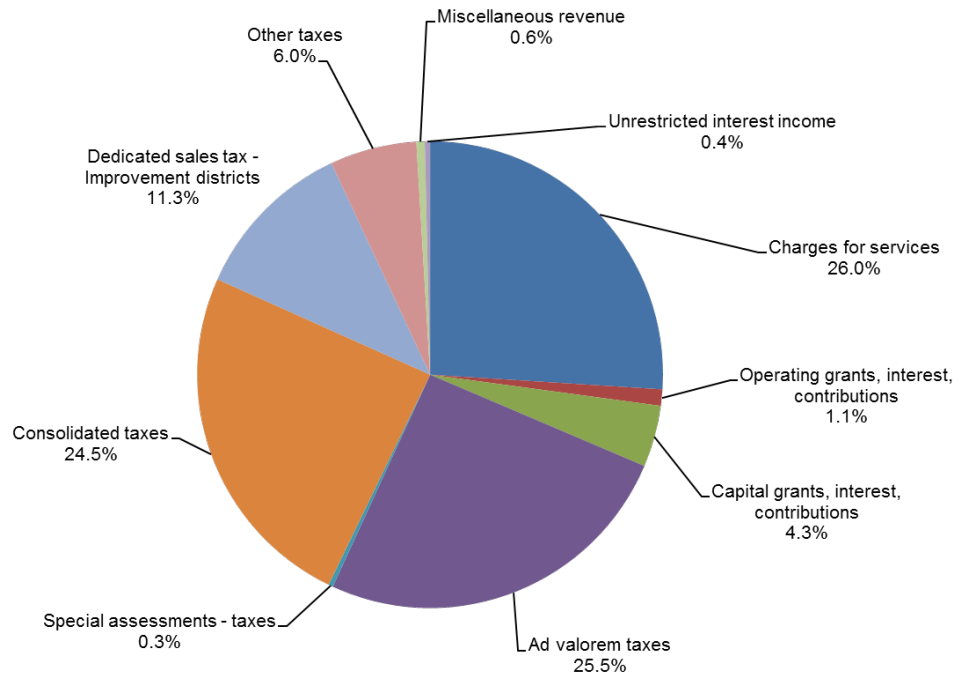
	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 28,159,957	\$ 23,565,835	\$ 31,105,437	\$ 28,714,298	\$ 59,265,394	\$ 52,280,133
Operating grants, interest and contributions	1,224,032	1,722,150	-	13,729	1,224,032	1,735,879
Capital grants, interest and contributions	4,620,380	41,463,235	14,538,770	7,648,854	19,159,150	49,112,089
	<u>34,004,369</u>	<u>66,751,220</u>	<u>45,644,207</u>	<u>36,376,881</u>	<u>79,648,576</u>	<u>103,128,101</u>
General revenues:						
Ad valorem taxes	27,562,058	26,361,970			27,562,058	26,361,970
Special Assessments - taxes	342,080	889,479			342,080	889,479
Consolidated tax	26,549,389	23,195,337			26,549,389	23,195,337
Dedicated sales tax - improvement districts	12,288,002	11,148,798			12,288,002	11,148,798
Other taxes	6,516,466	6,018,224			6,516,466	6,018,224
Unrestricted investment income	393,507	243,579	69,182	(39,993)	462,689	203,586
Gain (Loss) on sale of capital assets	(1,208,486)	654,519	-	-	(1,208,486)	654,519
Miscellaneous revenue	625,807	970,491	92,497	105,642	718,304	1,076,133
	<u>73,068,823</u>	<u>69,482,397</u>	<u>161,679</u>	<u>65,649</u>	<u>73,230,502</u>	<u>69,548,046</u>
Total revenues	<u>107,073,192</u>	<u>136,233,617</u>	<u>45,805,886</u>	<u>36,442,530</u>	<u>152,879,078</u>	<u>172,676,147</u>
Expenses:						
General Government	13,621,461	13,628,107			13,621,461	13,628,107
Judicial	2,462,689	2,351,052			2,462,689	2,351,052
Public safety:						
Police	27,129,738	26,748,439			27,129,738	26,748,439
Fire	16,674,528	16,528,033			16,674,528	16,528,033
Public Works	1,616,735	1,497,563			1,616,735	1,497,563
Public Works	9,069,840	9,177,840			9,069,840	9,177,840
Culture and recreation	10,788,462	10,092,377			10,788,462	10,092,377
Community support	2,025,939	3,298,425			2,025,939	3,298,425
Interest on long-term debt	10,352,937	10,501,091			10,352,937	10,501,091
Sewer			24,247,795	22,922,462	24,247,795	22,922,462
Development services			4,429,416	3,784,497	4,429,416	3,784,497
	<u>93,742,329</u>	<u>93,822,927</u>	<u>28,677,211</u>	<u>26,706,959</u>	<u>122,419,540</u>	<u>120,529,886</u>
Total expenses	<u>93,742,329</u>	<u>93,822,927</u>	<u>28,677,211</u>	<u>26,706,959</u>	<u>122,419,540</u>	<u>120,529,886</u>
Increase (Decrease) in net position						
before transfers & special items	13,330,863	42,410,690	17,128,675	9,735,571	30,459,538	52,146,261
Transfers	(228,473)	(25,941)	228,473	25,941	-	-
Increase (Decrease) in net position	<u>13,102,390</u>	<u>42,384,749</u>	<u>17,357,148</u>	<u>9,761,512</u>	<u>30,459,538</u>	<u>52,146,261</u>
Net position, July 1, as originally reported	277,957,194	235,572,445	204,039,184	194,277,672	481,996,378	429,850,117
Prior period adjustment	(101,781,859)	-	(1,960,522)	-	(103,742,381)	-
Net position, July 1, as restated	<u>176,175,335</u>	<u>235,572,445</u>	<u>202,078,662</u>	<u>194,277,672</u>	<u>378,253,997</u>	<u>429,850,117</u>
Net position, June 30	<u>\$ 189,277,725</u>	<u>\$ 277,957,194</u>	<u>\$ 219,435,810</u>	<u>\$ 204,039,184</u>	<u>\$ 408,713,535</u>	<u>\$ 481,996,378</u>

Governmental Activities

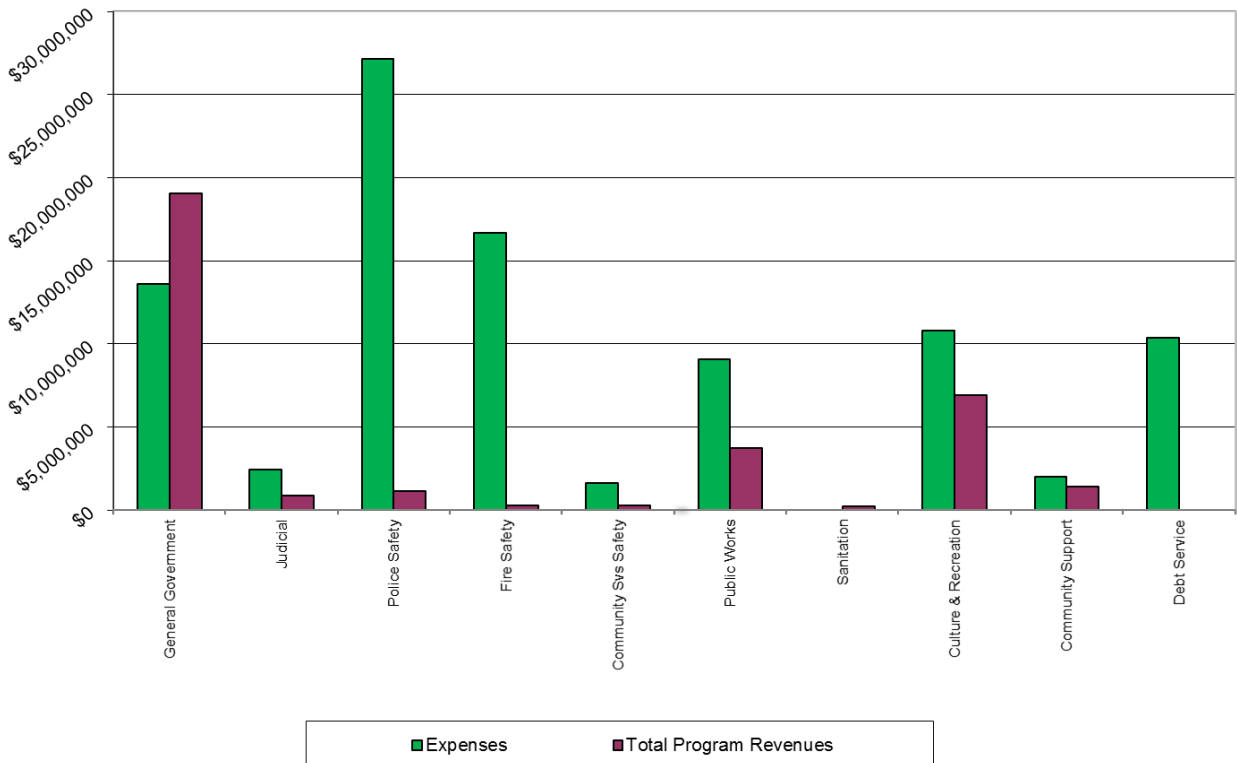
Governmental activities in fiscal year 2017-2018, including a prior period adjustment, decreased the City's net position by \$88,679,469. Of the more significant results for governmental activities that contributed to this change the following was observed:

- A decrease to net position related to prior period activity was recorded in the amount of \$101,781,859. Of this, \$22,399,719 was related to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, \$6,645,388 was related to the correction of an error related to the Public Employees' Retirement System (PERS) implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*, and \$72,736,752 was related to a correction of an error reported by the Regional Transportation Commission in relation to donated assets;
- In fiscal year 2017-2018, charge for services revenues increased by 19.5 percent or \$4,594,122. The primary reason for this increase is attributable to increased business licensing revenues which include licensing for marijuana sales, increased franchise fee revenue, and increased park construction tax revenues;
- Ad valorem tax revenues increased by 4.6 percent, or \$1,200,088, from fiscal year 2016-2017. Since the housing decline, the City's assessed values remain decreased by 5.7 percent. Two bills passed during the 2005 Legislative Session – AB 489 and SB 509 – collectively known as the “property tax relief measure”, have significantly limited future property tax receipts, by placing caps on property tax bills of up to 3 percent for residential properties and up to 8 percent for certain commercial properties, based on the greater of the 10-year rolling average of assessed value growth in the county or two times the consumer price index. Thus, the increases in assessed values that the City is starting to see will not result in comparable increases in revenues;
- Consolidated taxes (consisting primarily of sales taxes) increased by 14.5 percent or \$3,354,052 from fiscal year 2016-2017. Fiscal year 2017-2018 is the first year that collections have exceeded (by 2.9 percent) those of 2005-2006, the peak before the Great recession.

Revenues by Source Governmental Activities



Expenses and Program Revenues Governmental Activities

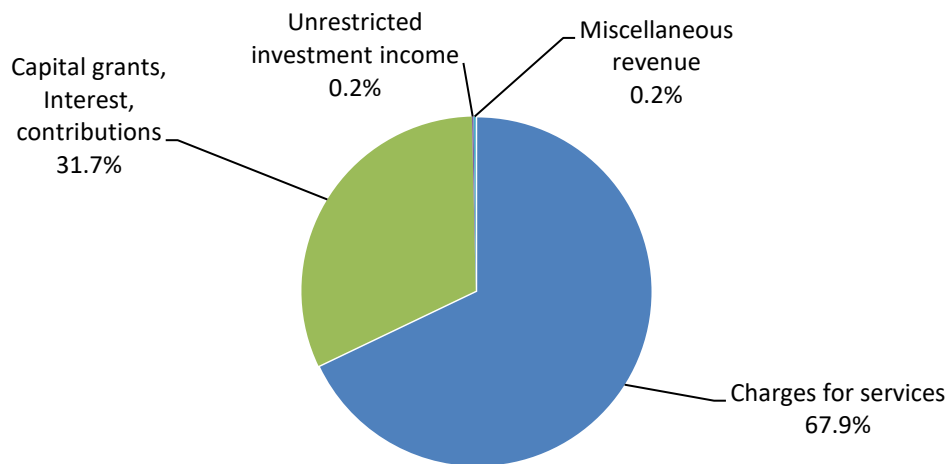


Business-type Activities

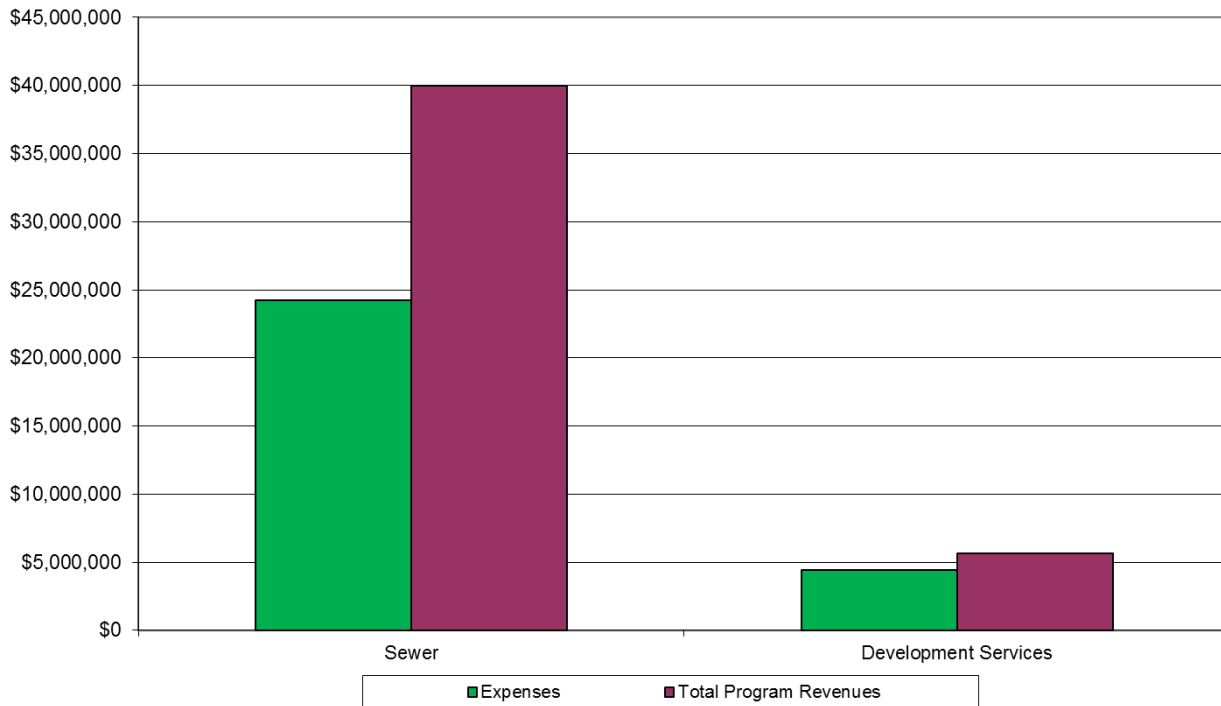
Business-type activities, in fiscal year 2017-2018, increased the City's net position by \$15,396,626 which includes a prior period adjustment. Significant results include:

- A decrease to net position related to prior period activity was recorded in the amount of \$1,960,522. Of this, \$1,307,166 was related to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and \$653,356 was related to the correction of an error related to the Public Employees' Retirement System (PERS) implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*;
- Total revenues increased by 25.7 percent, or \$9,363,356, which was driven primarily by an increase in revenues from capital grants, interest and contributions, such as sewer connection fees;
- Expenses of the business type activities increased from \$26,706,959 to \$28,677,211, an increase of \$1,970,252, 7.4 percent, and were related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks makes contributions from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in Note 6 of the financial statements.

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 Board Statement No. 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 financial statements.

- As of June 30, 2018, Sparks’ governmental funds reported combined ending fund balances of \$49,542,587 which is an increase of \$6,811,212 from fiscal year 2016-2017 ending fund balance of \$42,731,375. The increase was primarily due to an increase in revenues from property taxes and special assessments.
- The combined ending fund balance of \$49,542,587 is comprised of: \$33,709,418 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$15,833,169 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 32.0 percent of the combined ending fund balances, or \$15,833,169, is unrestricted. Of the unrestricted balance, \$1,240,812 has been committed by Council action and \$8,732,202 has been assigned by the Financial Services Director (a designee of Council) for budget deficits, encumbered purchase orders, or as required by the specific purpose of each fund. The remaining \$5,860,155 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, 2018, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$6,815,213 or 151.1 percent greater than the prior year's unrestricted balance of \$2,714,072. The increase is due to the receipt of increased consolidated sales tax revenues, business license revenues, and property tax revenues. For fiscal year 2017-2018 revenues exceeded expenditures and resulted in an increase of the City's unrestricted fund balance to 11.0% of departmental expenditures (excluding capital outlay), which is above the established policy goal of 8.3 percent. The unrestricted fund balance is 9.9 percent of General Fund revenues which is up from 4.4 percent of General Fund revenues from fiscal year 2016-2017.

Although the City's General Fund balance was \$6,815,213 at June 30, 2018, it should be noted that \$955,058 is considered assigned for specific purposes, including \$183,927 for open purchase orders and \$771,131 as budgeted resources to be expended in fiscal year 2018-2019. This leaves \$5,860,155 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$6,706,330 (10.8 percent) increase in revenues and transfers in and a \$688,145 (1.1 percent) decrease in expenditures and transfers out. The three largest areas of revenue changes were; intergovernmental revenues increased \$3,540,732 (13.6 percent), most of which is related to increased Consolidated Tax revenue collected by the state, and licenses and permit revenues increased \$2,552,541 (22.9 percent) most of which is related to marijuana license revenues, and property taxes increased \$916,543 (4.4 percent) mostly related to real property tax revenues. The decrease in expenditures and transfers out was related to a \$1,375,175 (34.4 percent) decrease in transfers out of the General Fund, most of which was for capital projects. The result is that the ending fund balance within the General Fund increased by \$4,101,141, or 151.1 percent, from the prior year.

General Obligation Debt Service Fund

The existing debt in this fund is either backed by sales tax revenues (Sales Tax Anticipation Revenue bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was \$13,848,981 compared to \$14,993,867 for the prior year, a decrease of 7.6 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 statements but contain more detail.

The net position of the Sewer Operations Enterprise Fund was \$217,528,939 as of June 30, 2018, an increase of \$15,633,287 or 7.7 percent over the prior year's balance, as restated of \$201,895,652. The major changes were a \$5,521,443 (104.6 percent) increase in revenues from sewer connection fees, and a \$1,427,057 (6.0 percent) increase in sewer service charges.

Net position of the Development Services Enterprise Fund increased to \$3,055,516 from the restated amount of \$1,869,096, or 63.5 percent. Continued development in the area is evidenced by an increase of \$970,410, or 20.6 percent, in operating revenues, primarily attributed to increases in building and zoning receipts, and a corresponding increase in operating expenses of \$675,733, or 17.7 percent, primarily related to an increase in salary and wage expenses.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget appropriations decreased by \$66,206, approximately 0.1 percent below the original budget. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$3,280,978 more than budgeted, primarily due to an increase in business license revenue related to marijuana establishment licensing which was not budgeted due to the novelty of the revenue, and an increase in consolidated tax revenue above budgeted expectations.

Actual expenditures were 1.7 percent below the final amended budget, which was primarily due to underspends in professional services and contracts, and travel expenditures.

The following functions are highlighted:

- General government achieved \$621,829, or 4.9 percent, in budgetary savings, primarily from an underspend in professional services within the Management Services department;
- The Municipal Court achieved \$75,164, or 3.4 percent, in budgetary savings, primarily from changes in personnel that affected group health and retirement costs;
- Public safety achieved \$175,410 or 0.4 percent in budgetary savings, primarily from overtime reimbursements related to mutual aid services provided by the Fire Department;
- Budgetary savings within the Culture and recreation function totaled \$95,287, or 3.2 percent, which was primarily due to an underspend in professional and contract services, and an underspend in water costs.

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, 2018 amounted to \$565,931,444, an increase of \$8,591,859 compared to \$557,339,585 from the prior year, as restated for an error correction. 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 decrease from fiscal year 2017-2018 operations for governmental activities was \$1,115,410, (from \$392,420,165 as restated to \$391,304,755), while business-type activities increased by \$9,707,269 (from \$164,919,420 as restated to \$174,626,689).

Significant capital asset activities that occurred during fiscal year 2017-2018 included:

- An adjustment of \$72,736,752 was made to the amount reported as invested in governmental capital assets in fiscal year 2016-2017 which brought the prior balance of \$465,156,917 to \$392,420,165. The adjustment was made to correct an error caused by improper owner identification of donated assets from the Regional Transportation Commission, such as the Pyramid McCarran intersection;
- During the fiscal year assets classified as infrastructure, net of depreciation, increased by \$16,083,977, of which \$6,738,706 was reclassified from construction in progress to infrastructure. The increase was primarily due to additions of drainage assets related to the North Truckee Drain project.

CITY OF SPARKS' CAPITAL ASSETS
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2018	2017, as restated	2018	2017	2018	2017, as restated
Land	\$ 32,820,178	\$ 31,383,244	\$ -	\$ -	\$ 32,820,178	\$ 31,383,244
Intangibles	3,536,241	3,585,544	2,648	2,648	3,538,889	3,588,192
Buildings	17,210,621	17,918,853	593,608	622,176	17,804,229	18,541,029
Improvements other than Buildings	32,431,038	35,175,406	736,364	812,448	33,167,402	35,987,854
Equipment, Furnishings & Vehicles	11,067,913	9,729,491	449,677	141,790	11,517,590	9,871,281
Infrastructure	207,515,230	206,165,292	165,322,174	150,588,135	372,837,404	356,753,427
Construction in progress	86,634,653	88,373,454	495,716	5,725,721	87,130,369	94,099,175
Water Rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	\$ 391,304,755	\$ 392,420,165	\$ 174,626,689	\$ 164,919,420	\$ 565,931,444	\$ 557,339,585

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, 2018, the City of Sparks had a total of \$293,551,384 of long-term liabilities outstanding. Of this amount, \$86,625,696 is related to pension benefits, \$34,637,755 is related to Other Post-Employment Benefits (OPEB), \$50,000 is related to refundable deposits, and \$172,238,133 is outstanding for all other long-term liabilities.

Short and long-term liabilities not related to pension, OPEB, and deposits, amounting to \$207,813,864 are comprised of \$162,725,106 of governmental activities and \$45,088,758 of business-type activities. Governmental activity includes revenue bonds of \$103,776,530; tax allocation bonds of \$31,969,961; incentive agreement payable to Syufy of \$1,500,000; and accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$25,478,615. Business-type activity includes Sewer Utility general obligation bonds totaling \$38,082,582; a \$4,945,551 note payable to the City of Reno representing the City of Sparks' share of the costs related to expansion at the Truckee Meadows Water Reclamation Facility; and accrued compensated absences and sick leave conversion liabilities of \$2,060,625. The City of Sparks' outstanding debt, including debt of the Redevelopment Agency, decreased by \$18,453,306, or 8.2 percent, during the fiscal year ended June 30, 2018.

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 3.7 percent in June 2018, compared to 4.0 percent in June 2017.
- Since the national recession officially ended in 2009, 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. While still slightly below the peak values seen prior to the recession, home values have rebounded significantly to about \$328,000, which reflects an increase of about 14.7 percent during the past year.
- Improved employment within the region has been a direct influence on the steady improvement of taxable sales. 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 \$8.5 billion in fiscal year 2017-2018, an increase of 63.5 percent during the past eight fiscal years. We expect taxable sales to continue to improve as regional employment remains strong.
- In July 2017, the State legalized recreational marijuana sales. The City collected \$1,549,302 of marijuana licensing fees for cultivation, production and distribution operations. California legalized recreational marijuana sales in January 2018, which may impact demand in Nevada.
- As mentioned previously, the City's Ad Valorem tax revenues increased by 4.6 percent in fiscal year 2017-2018. This was due to an increase of 5.0 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps, between fiscal year 2017-2018 and fiscal year 2016-2017. As the residential housing market continues to strengthen, we anticipate ad valorem revenues to

increase over the next several years. 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 slightly during fiscal year 2017-2018 (2.3 percent). The high unemployment rate that caused people to relocate to areas with better employment opportunity has been steadily improving. Sparks had an annual population growth that averaged 1.5 percent from fiscal year 2015 to 2018, and the Nevada State Demographer's office is projecting a population increase for fiscal year 2018-2019. Looking forward, the recent announcement of several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to attract thousands of new residents to the City of Sparks over the next decade or so.
- In January of 2014, the City Council approved a four-year annual rate increase of 8.25 percent to the sewer portion of the sewer, storm drain and flood mitigation user fees. Sewer service and storm drain rates are \$361.00, and the flood mitigation fee is \$64.92, per year. In addition, sewer connection fees, which include sewer, storm drain, and flood mitigation components increased from \$5,875 to \$6,108 per residence as of January 1, 2018.

All of these factors and others were considered in preparing the City's budget for the upcoming 2018-2019 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.

City of Sparks
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 45,198,284	\$ 53,109,481	\$ 98,307,765
Accounts receivable	11,993,369	2,457,689	14,451,058
Internal balances	1,148,645	(1,148,645)	-
Due from other governments	9,060,646	495,262	9,555,908
Inventories	193,405	-	193,405
Prepays	30,000	-	30,000
Deposits	19,072	-	19,072
Notes receivable	-	4,984,128	4,984,128
Restricted assets			
Cash and investments	11,486,602	-	11,486,602
Investment in the Truckee Meadows Water Reclamation Facility	-	40,717,476	40,717,476
Capital assets			
Land, construction in progress, intangible, assets, and water rights	122,773,077	7,524,866	130,297,943
Other capital assets, net of depreciation	268,531,678	167,101,823	435,633,501
Total assets	<u>470,434,778</u>	<u>275,242,080</u>	<u>745,676,858</u>
Deferred Outflows of Resources			
Deferred amount on bond refundings	185,688	-	185,688
Deferred outflows related to OPEB	540,996	22,799	563,795
Deferred outflows related to pensions	10,950,654	1,142,193	12,092,847
Total deferred outflows of resources	<u>11,677,338</u>	<u>1,164,992</u>	<u>12,842,330</u>
Total assets and deferred outflows of resources	<u>482,112,116</u>	<u>276,407,072</u>	<u>758,519,188</u>
Liabilities			
Accounts payable and accrued expenses	3,728,197	452,449	4,180,646
Accrued interest payable	663,754	338,809	1,002,563
Contracts and retentions payable	1,259,596	843,521	2,103,117
Deposits	25,129	65,000	90,129
Due to other governments	3,034,982	1,020,688	4,055,670
Unearned revenue	594,574	224,095	818,669
Noncurrent liabilities			
Due within one year	29,590,793	5,984,938	35,575,731
Due in more than one year	133,134,313	39,103,820	172,238,133
Refundable deposits	-	50,000	50,000
Net pension liability	79,929,784	6,695,912	86,625,696
Total OPEB liability	33,112,553	1,525,002	34,637,555
Total liabilities	<u>285,073,675</u>	<u>56,304,234</u>	<u>341,377,909</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	7,760,716	667,028	8,427,744
Total liabilities and deferred inflows of resources	<u>292,834,391</u>	<u>56,971,262</u>	<u>349,805,653</u>
Net Position			
Net investment in capital assets	363,842,341	137,394,248	501,236,589
Restricted for			
Court improvements	1,262,893	-	1,262,893
Road and street projects	2,204,637	-	2,204,637
Grants	1,493,351	-	1,493,351
Claims	3,102,396	-	3,102,396
Debt service	17,865,984	-	17,865,984
Capital projects	11,773,131	-	11,773,131
Promotion of special events	98,200	-	98,200
Public safety	326,101	-	326,101
Unrestricted	(212,691,309)	82,041,562	(130,649,747)
Total Net Position	<u>\$ 189,277,725</u>	<u>\$ 219,435,810</u>	<u>\$ 408,713,535</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Governmental activities				
General government	\$ 13,621,461	\$ 17,303,881	\$ -	\$ 1,736,146
Judicial	2,462,689	884,023	-	-
Public safety				
Police	27,129,738	583,716	514,063	50,051
Fire	16,674,528	82,620	180,072	-
Community services	1,616,735	295,014	-	-
Public works	9,069,840	2,033,918	-	1,712,276
Sanitation	-	254,414	-	-
Culture and recreation	10,788,462	6,706,621	55,777	171,907
Community support	2,025,939	15,750	474,120	950,000
Debt service				
Interest and fiscal charges	10,352,937	-	-	-
Total governmental activities	<u>93,742,329</u>	<u>28,159,957</u>	<u>1,224,032</u>	<u>4,620,380</u>
Business-type activities				
Sewer	24,247,795	25,421,540	-	14,538,770
Development Services	<u>4,429,416</u>	<u>5,683,897</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>28,677,211</u>	<u>31,105,437</u>	<u>-</u>	<u>14,538,770</u>
Total primary government	<u>\$ 122,419,540</u>	<u>\$ 59,265,394</u>	<u>\$ 1,224,032</u>	<u>\$ 19,159,150</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
Miscellaneous revenue
Loss on sale of capital assets

Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year, as Originally Reported

Prior Period Adjustment

Net Position, Beginning of Year, as Restated

Net Position, End of Year

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 5,418,566	\$ -	\$ 5,418,566
(1,578,666)	-	(1,578,666)
(25,981,908)	-	(25,981,908)
(16,411,836)	-	(16,411,836)
(1,321,721)	-	(1,321,721)
(5,323,646)	-	(5,323,646)
254,414	-	254,414
(3,854,157)	-	(3,854,157)
(586,069)	-	(586,069)
(10,352,937)	-	(10,352,937)
(59,737,960)	-	(59,737,960)
-	15,712,515	15,712,515
-	1,254,481	1,254,481
-	16,966,996	16,966,996
(59,737,960)	16,966,996	(42,770,964)
27,562,058	-	27,562,058
342,080	-	342,080
26,549,389	-	26,549,389
12,288,002	-	12,288,002
2,033,634	-	2,033,634
2,560,742	-	2,560,742
346,909	-	346,909
126,543	-	126,543
1,285,863	-	1,285,863
162,775	-	162,775
393,507	69,182	462,689
625,807	92,497	718,304
(1,208,486)	-	(1,208,486)
(228,473)	228,473	-
72,840,350	390,152	73,230,502
13,102,390	17,357,148	30,459,538
277,957,194	204,039,184	481,996,378
(101,781,859)	(1,960,522)	(103,742,381)
176,175,335	202,078,662	378,253,997
\$ 189,277,725	\$ 219,435,810	\$ 408,713,535

City of Sparks
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 5,068,888	\$ 4,261,408	\$ 26,906,988	\$ 36,237,284
Accounts receivable, net	1,764,901	7,859,066	2,283,667	11,907,634
Prepays	-	-	30,000	30,000
Due from other funds	1,057	-	-	1,057
Due from other governments	5,903,479	2,248,007	907,258	9,058,744
Restricted assets				
Cash and investments	-	8,541,602	2,945,000	11,486,602
Total assets	<u>\$ 12,738,325</u>	<u>\$ 22,910,083</u>	<u>\$ 33,072,913</u>	<u>\$ 68,721,321</u>
Liabilities				
Accounts payable	\$ 915,896	\$ -	\$ 609,257	\$ 1,525,153
Accrued liabilities	1,756,196	-	230,397	1,986,593
Contracts payable	18,153	-	1,135,700	1,153,853
Contract retentions payable	-	-	105,743	105,743
Refundable deposits	7,615	-	17,514	25,129
Unearned revenues	183,096	-	411,479	594,575
Due to other funds	-	-	1,057	1,057
Due to other governments	2,812,824	-	198,088	3,010,912
Total liabilities	<u>5,693,780</u>	<u>-</u>	<u>2,709,235</u>	<u>8,403,015</u>
Deferred Inflows of Resources				
Unavailable revenue – other	31,019	-	67,361	98,380
Unavailable revenue – grants	96,138	-	1,357,179	1,453,317
Unavailable revenue – property and other taxes	102,175	1,202,036	60,745	1,364,956
Unavailable revenue – special assessments	-	7,859,066	-	7,859,066
Total deferred inflows of resources	<u>229,332</u>	<u>9,061,102</u>	<u>1,485,285</u>	<u>10,775,719</u>
Fund Balances				
Restricted for				
Grants and donations	-	-	144,425	144,425
Law enforcement	-	-	304,326	304,326
Promotion of special events	-	-	98,200	98,200
Various judicial uses	-	-	229,998	229,998
Municipal facilities construction	-	-	153,114	153,114
Court fee collection programs	-	-	776,254	776,254
Developer agreements	-	-	1,845,942	1,845,942
Bond proceeds defined projects	-	-	21,448	21,448
Debt service reserve	-	13,848,981	5,158,705	19,007,686
Parks and recreation	-	-	4,313,298	4,313,298
Street improvements and rehabilitation	-	-	1,258,618	1,258,618
Capital projects	-	-	448,709	448,709
Improvements to Victorian Square	-	-	5,107,400	5,107,400
Committed for				
Economic development	-	-	30,458	30,458
Parks and recreation	-	-	208,874	208,874
Road surface repairs	-	-	610,803	610,803
Economic stabilization	-	-	390,677	390,677
Assigned for				
Purchases on order	183,927	-	-	183,927
Specific capital projects	-	-	2,381,312	2,381,312
Next year's budget deficit	771,131	-	-	771,131
Other capital projects	-	-	5,395,832	5,395,832
Unassigned	5,860,155	-	-	5,860,155
Total fund balances	<u>6,815,213</u>	<u>13,848,981</u>	<u>28,878,393</u>	<u>49,542,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,738,325</u>	<u>\$ 22,910,083</u>	<u>\$ 33,072,913</u>	<u>\$ 68,721,321</u>

City of Sparks
 Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
 June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds		\$ 49,542,587
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	550,519,440	
Less accumulated depreciation	<u>(169,539,081)</u>	380,980,359
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	(103,776,530)	
Tax allocation bonds payable	(31,969,961)	
Compensated absences payable	(13,125,737)	
Net pension liability	(78,923,820)	
Net OPEB asset (obligation)	(32,959,110)	
Sick leave conversion payable	(4,350,041)	
Financial incentive agreement payable	<u>(1,500,000)</u>	(266,605,199)
Interest payable		(663,754)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		10,775,720
Deferred outflows and inflows of resources related to pensions and bond refundings are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	10,787,861	
Deferred outflows of resources related to OPEB	539,103	
Deferred outflows of resources related to bond refundings	185,688	
Deferred inflows of resources related to pensions	<u>(7,656,595)</u>	3,856,057
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.		10,243,310
Internal balances is a receivable from/(payable to) business-type activities		<u>1,148,645</u>
Net position of governmental activities		<u><u>\$ 189,277,725</u></u>

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2018

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 21,944,121	\$ 5,839,431	\$ 7,756,624	\$ 35,540,176
Licenses and permits	13,699,662	-	5,219,813	18,919,475
Intergovernmental revenues	29,614,730	11,085,966	4,541,389	45,242,085
Charges for services	2,593,862	-	3,258,533	5,852,395
Fines and forfeits	701,704	-	2,000	703,704
Miscellaneous	116,551	172,313	481,645	770,509
Total revenues	<u>68,670,630</u>	<u>17,097,710</u>	<u>21,260,004</u>	<u>107,028,344</u>
Expenditures				
Current				
General government	12,106,110	-	667,664	12,773,774
Judicial	2,116,540	-	231,070	2,347,610
Public safety	42,978,079	-	1,005,496	43,983,575
Public works	1,531,334	-	3,203,318	4,734,652
Culture and recreation	2,859,653	-	4,699,706	7,559,359
Community support	278,231	-	957,241	1,235,472
Total current expenditures	<u>61,869,947</u>	<u>-</u>	<u>10,764,495</u>	<u>72,634,442</u>
Capital outlay				
General government	35,532	-	304,030	339,562
Judicial	-	-	103,528	103,528
Public safety	41,990	-	575,335	617,325
Public works	-	-	1,356,812	1,356,812
Culture and recreation	-	-	1,306,484	1,306,484
Community support	-	-	544,942	544,942
Total capital outlay	<u>77,522</u>	<u>-</u>	<u>4,191,131</u>	<u>4,268,653</u>
Debt service				
Principal	-	10,804,519	2,840,000	13,644,519
Interest	-	8,434,867	988,275	9,423,142
Fiscal charges and other	-	13,840	4,313	18,153
Total debt service	<u>-</u>	<u>19,253,226</u>	<u>3,832,588</u>	<u>23,085,814</u>
Total expenditures	<u>61,947,469</u>	<u>19,253,226</u>	<u>18,788,214</u>	<u>99,988,909</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,723,161</u>	<u>(2,155,516)</u>	<u>2,471,790</u>	<u>7,039,435</u>
Other Financing Sources (Uses)				
Capital asset sales	-	-	250	250
Transfers				
Transfers in	-	1,010,630	1,929,108	2,939,738
Transfers out	(2,622,020)	-	(546,191)	(3,168,211)
Total other financing sources (uses)	<u>(2,622,020)</u>	<u>1,010,630</u>	<u>1,383,167</u>	<u>(228,223)</u>
Net Change in Fund Balances	4,101,141	(1,144,886)	3,854,957	6,811,212
Fund Balances, Beginning of Year	<u>2,714,072</u>	<u>14,993,867</u>	<u>25,023,436</u>	<u>42,731,375</u>
Fund Balances, End of Year	<u>\$ 6,815,213</u>	<u>\$ 13,848,981</u>	<u>\$ 28,878,393</u>	<u>\$ 49,542,587</u>

City of Sparks

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of
Activities – Governmental Funds
Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	6,811,212
<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	4,268,653	
Proceeds from sale of assets	(250)	
Sale/disposition of assets	(1,166,234)	
Less current year depreciation	<u>(9,430,675)</u>	(6,328,506)
<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 - other	33,099	
Change in unavailable revenue - grants	(7,748)	
Change in unavailable revenue - property and other taxes	1,159,328	
Change in unavailable revenue - special assessments	(5,497,351)	
Donated capital assets	<u>4,570,329</u>	257,657
<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>13,644,519</u>	13,644,519
<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	(196,920)	
Amortization of bond refundings	(1,887,413)	
Change in accrued interest	1,172,688	
Change in long-term compensated absences payable	(948,097)	
Change in total OPEB liability	(1,240,546)	
Change in sick leave conversion payable	<u>485,709</u>	(2,614,579)
<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	5,274,466	
City pension expense	<u>(5,084,253)</u>	190,213
<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>1,141,874</u>
Change in net position of governmental activities	\$	<u><u>13,102,390</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Real property	\$ 21,075,000	\$ 21,075,000	\$ 20,531,007	\$ (543,993)
Personal property	1,120,000	1,120,000	1,413,114	293,114
	<u>22,195,000</u>	<u>22,195,000</u>	<u>21,944,121</u>	<u>(250,879)</u>
Licenses and permits				
Business licenses and permits				
Business licenses	4,804,884	4,804,884	6,638,450	1,833,566
Business license penalties	105,553	105,553	96,384	(9,169)
Liquor licenses	257,727	257,727	289,574	31,847
City gaming licenses	535,963	535,963	594,834	58,871
Telecommunication licenses	930,000	930,000	980,999	50,999
Franchise fees				
Gas	448,612	448,612	491,472	42,860
Electric	1,380,015	1,380,015	1,519,934	139,919
Water	463,500	463,500	447,763	(15,737)
Sanitation	1,325,893	1,325,893	1,443,490	117,597
Other	917,377	917,377	855,089	(62,288)
Other licenses and permits	237,941	237,941	341,673	103,732
	<u>11,407,465</u>	<u>11,407,465</u>	<u>13,699,662</u>	<u>2,292,197</u>
Intergovernmental revenues				
Federal and state grants	-	-	9,688	9,688
State shared revenue				
Consolidated taxes payment	25,450,000	25,450,000	26,549,389	1,099,389
Fair share distribution	2,000,000	2,000,000	2,033,634	33,634
Marijuana shared revenue	-	-	126,543	126,543
Other local government shared revenues				
County gaming licenses (City's share)	362,448	362,448	346,909	(15,539)
Other	548,567	548,567	548,567	-
	<u>28,361,015</u>	<u>28,361,015</u>	<u>29,614,730</u>	<u>1,253,715</u>
Charges for services				
General government				
Building and zoning fees	3,000	3,000	1,905	(1,095)
Other	2,642,261	2,642,261	2,591,957	(50,304)
	<u>2,645,261</u>	<u>2,645,261</u>	<u>2,593,862</u>	<u>(51,399)</u>
Fines and forfeits				
Fines - Court	607,000	607,000	603,687	(3,313)
Forfeits - Bail	6,000	6,000	3,086	(2,914)
Forfeits - Other	6,500	6,500	94,931	88,431
	<u>619,500</u>	<u>619,500</u>	<u>701,704</u>	<u>82,204</u>
Miscellaneous				
Investment income	50,000	50,000	11,435	(38,565)
Rents and royalties	61,939	61,939	53,465	(8,474)
Other	49,472	49,472	51,651	2,179
	<u>161,411</u>	<u>161,411</u>	<u>116,551</u>	<u>(44,860)</u>
Total revenues	<u>65,389,652</u>	<u>65,389,652</u>	<u>68,670,630</u>	<u>3,280,978</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2018

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government				
Executive (Mayor)				
Salaries and wages	\$ 62,084	\$ 62,084	\$ 64,067	\$ (1,983)
Employee benefits	43,603	43,603	44,230	(627)
Services and supplies	5,421	5,420	996	4,424
	<u>111,108</u>	<u>111,107</u>	<u>109,293</u>	<u>1,814</u>
Legislative (City Council)				
Salaries and wages	262,227	262,227	271,390	(9,163)
Employee benefits	165,240	165,240	173,028	(7,788)
Services and supplies	14,790	14,790	27,987	(13,197)
	<u>442,257</u>	<u>442,257</u>	<u>472,405</u>	<u>(30,148)</u>
Management services				
Salaries and wages	1,653,463	1,653,462	1,804,547	(151,085)
Employee benefits	2,194,545	2,194,545	2,080,513	114,032
Services and supplies	2,612,989	2,590,472	1,916,758	673,714
	<u>6,460,997</u>	<u>6,438,479</u>	<u>5,809,818</u>	<u>628,661</u>
Legal (City Attorney)				
Salaries and wages	1,015,184	1,015,184	1,064,904	(49,720)
Employee benefits	526,585	526,585	511,202	15,383
Services and supplies	121,475	121,474	98,756	22,718
	<u>1,663,244</u>	<u>1,663,243</u>	<u>1,674,862</u>	<u>(11,619)</u>
Finance				
Salaries and wages	1,683,301	1,683,300	1,745,680	(62,380)
Employee benefits	836,531	836,531	858,499	(21,968)
Services and supplies	833,294	833,293	746,026	87,267
Capital outlay	15,000	15,000	27,532	(12,532)
	<u>3,368,126</u>	<u>3,368,124</u>	<u>3,377,737</u>	<u>(9,613)</u>
Community services				
Salaries and wages	419,563	419,563	415,315	4,248
Employee benefits	222,665	222,665	214,507	8,158
Services and supplies	98,033	98,033	67,705	30,328
	<u>740,261</u>	<u>740,261</u>	<u>697,527</u>	<u>42,734</u>
Total general government	<u>12,785,993</u>	<u>12,763,471</u>	<u>12,141,642</u>	<u>621,829</u>
Judicial				
Municipal Court				
Salaries and wages	1,246,244	1,246,244	1,227,862	18,382
Employee benefits	710,933	710,933	670,589	40,344
Services and supplies	234,527	234,527	218,089	16,438
	<u>2,191,704</u>	<u>2,191,704</u>	<u>2,116,540</u>	<u>75,164</u>
Public safety				
Police department				
Salaries and wages	14,385,191	14,385,191	14,640,713	(255,522)
Employee benefits	8,215,453	8,215,454	8,012,837	202,617
Services and supplies	3,079,612	3,078,712	2,986,434	92,278
Capital outlay	-	-	34,495	(34,495)
	<u>25,680,256</u>	<u>25,679,357</u>	<u>25,674,479</u>	<u>4,878</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fire department				
Salaries and wages	\$ 9,084,768	\$ 9,084,769	\$ 8,982,385	\$ 102,384
Employee benefits	5,255,316	5,255,316	5,208,803	46,513
Services and supplies	1,853,034	1,853,034	1,767,440	85,594
Capital outlay	-	-	7,495	(7,495)
	<u>16,193,118</u>	<u>16,193,119</u>	<u>15,966,123</u>	<u>226,996</u>
Community services				
Salaries and wages	69,113	69,113	71,189	(2,076)
Employee benefits	46,797	46,797	47,100	(303)
Services and supplies	1,207,093	1,207,093	1,261,178	(54,085)
	<u>1,323,003</u>	<u>1,323,003</u>	<u>1,379,467</u>	<u>(56,464)</u>
Total public safety	<u>43,196,377</u>	<u>43,195,479</u>	<u>43,020,069</u>	<u>175,410</u>
Public works				
Community services				
Salaries and wages	461,361	461,361	424,322	37,039
Employee benefits	263,091	263,091	243,952	19,139
Services and supplies	913,424	870,603	863,060	7,543
Total public works	<u>1,637,876</u>	<u>1,595,055</u>	<u>1,531,334</u>	<u>63,721</u>
Culture and recreation				
Community services				
Salaries and wages	689,318	689,318	670,253	19,065
Employee benefits	488,797	488,797	465,565	23,232
Services and supplies	1,776,826	1,776,825	1,723,835	52,990
Total culture and recreation	<u>2,954,941</u>	<u>2,954,940</u>	<u>2,859,653</u>	<u>95,287</u>
Community support				
Management services				
Services and supplies	291,250	291,286	278,231	13,055
Total expenditures	<u>63,058,141</u>	<u>62,991,935</u>	<u>61,947,469</u>	<u>1,044,466</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,331,511</u>	<u>2,397,717</u>	<u>6,723,161</u>	<u>4,325,444</u>
Other Financing Sources (Uses)				
Contingency	(1,000,000)	(1,000,000)	-	1,000,000
Transfers				
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	(2,622,020)	(2,622,020)	(2,622,020)	-
Total other financing sources (uses)	<u>(2,622,020)</u>	<u>(2,622,020)</u>	<u>(2,622,020)</u>	<u>-</u>
Net Change in Fund Balances	(290,509)	(224,303)	4,101,141	4,325,444
Fund Balances, Beginning of Year	<u>4,078,210</u>	<u>4,022,655</u>	<u>2,714,072</u>	<u>(1,308,583)</u>
Fund Balances, End of Year	<u>\$ 3,787,701</u>	<u>\$ 3,798,352</u>	<u>\$ 6,815,213</u>	<u>\$ 3,016,861</u>

City of Sparks
Statement of Net Position – Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Assets				
Unrestricted current assets				
Cash and investments	\$ 46,591,662	\$ 6,517,819	\$ 53,109,481	\$ 8,961,000
Accounts receivable	2,441,349	16,340	2,457,689	85,735
Notes receivable	541,011	-	541,011	-
Due from other governments	494,667	595	495,262	1,902
Deposits	-	-	-	19,072
Inventory of supplies	-	-	-	193,405
Total unrestricted current assets	50,068,689	6,534,754	56,603,443	9,261,114
Noncurrent assets				
Capital assets				
Construction in progress	488,216	7,500	495,716	1,322,292
Intangible assets	2,648	-	2,648	-
Buildings	982,424	-	982,424	451,019
Site improvements	3,657,383	-	3,657,383	245,445
Machinery and equipment	759,520	123,422	882,942	27,047,760
Water rights	7,026,502	-	7,026,502	-
Roads and streets	7,095,011	-	7,095,011	-
Storm drains	123,901,984	-	123,901,984	-
Sewer lines	144,219,431	-	144,219,431	-
	288,133,119	130,922	288,264,041	29,066,516
Less accumulated depreciation	113,567,714	69,638	113,637,352	18,742,120
Capital assets, net	174,565,405	61,284	174,626,689	10,324,396
Other noncurrent assets				
Investment in Truckee Meadows Water Reclamation Facility	40,717,476	-	40,717,476	-
Notes receivable, net	4,443,117	-	4,443,117	-
Total other noncurrent assets	45,160,593	-	45,160,593	-
Total noncurrent assets	219,725,998	61,284	219,787,282	10,324,396
Total assets	269,794,687	6,596,038	276,390,725	19,585,510
Deferred Outflows of Resources				
Deferred outflows related to OPEB	11,734	11,065	22,799	1,893
Deferred outflows related pensions	780,303	361,890	1,142,193	162,794
	792,037	372,955	1,164,992	164,687
Total Assets and Deferred Outflows of Resources	270,586,724	6,968,993	277,555,717	19,750,197

City of Sparks
Statement of Net Position – Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Liabilities				
Current liabilities (payable from current assets)				
Accounts payable	\$ 122,823	\$ 84,333	\$ 207,156	\$ 200,979
Accrued liabilities	152,494	92,799	245,293	15,472
Contracts payable	406,189	70,426	476,615	-
Contract retentions payable	366,906	-	366,906	-
Refundable deposits	-	65,000	65,000	-
Unearned revenues	224,095	-	224,095	-
Due to other governments	917,281	103,407	1,020,688	24,070
Interest payable	338,809	-	338,809	-
Current maturities of long-term liabilities	<u>5,758,785</u>	<u>226,153</u>	<u>5,984,938</u>	<u>2,564,864</u>
Total current liabilities	<u>8,287,382</u>	<u>642,118</u>	<u>8,929,500</u>	<u>2,805,385</u>
Long-term liabilities				
Refundable deposits (net of current portion)	-	50,000	50,000	-
Compensated absences (net of current portion)	651,548	518,312	1,169,860	166,786
Total OPEB liability	814,060	710,942	1,525,002	153,443
Net pension obligation	4,962,022	1,733,890	6,695,912	1,005,964
Sick leave conversion payable (net of current portion)	244,579	116,838	361,417	26,950
Claims liabilities (net of current portion)	-	-	-	5,244,238
General obligation bonds and note (net of current portion)	<u>37,572,543</u>	<u>-</u>	<u>37,572,543</u>	<u>-</u>
Total long-term liabilities	<u>44,244,752</u>	<u>3,129,982</u>	<u>47,374,734</u>	<u>6,597,381</u>
Total liabilities	<u>52,532,134</u>	<u>3,772,100</u>	<u>56,304,234</u>	<u>9,402,766</u>
Deferred Inflows of Resources				
Deferred inflows related pensions	<u>525,651</u>	<u>141,377</u>	<u>667,028</u>	<u>104,121</u>
Total Liabilities and Deferred Inflows of Resources	<u>53,057,785</u>	<u>3,913,477</u>	<u>56,971,262</u>	<u>9,506,887</u>
Net Position				
Net investment in capital assets	137,332,964	61,284	137,394,248	10,324,396
Claims	-	-	-	3,102,396
Unrestricted	<u>80,195,975</u>	<u>2,994,232</u>	<u>83,190,207</u>	<u>(3,183,482)</u>
Total Net Position	<u>\$ 217,528,939</u>	<u>\$ 3,055,516</u>	220,584,455	<u>\$ 10,243,310</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(1,148,645)</u>
Net Position of Business-Type Activities			<u>\$ 219,435,810</u>	

City of Sparks
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Revenues				
Licenses and permits	\$ 199,820	\$ 2,540,760	\$ 2,740,580	\$ -
Charges for services	25,222,431	3,143,138	28,365,569	17,219,700
Miscellaneous	91,557	-	91,557	348,592
Total operating revenues	<u>25,513,808</u>	<u>5,683,898</u>	<u>31,197,706</u>	<u>17,568,292</u>
Operating Expenses				
Salaries and wages	2,955,354	1,870,810	4,826,164	554,296
Employee benefits	1,667,935	856,240	2,524,175	322,912
Services and supplies	9,975,216	1,759,575	11,734,791	13,470,673
Depreciation	6,845,539	4,164	6,849,703	1,565,188
Net loss from Truckee Meadows Water Reclamation Facility	2,657,986	-	2,657,986	-
Total operating expenses	<u>24,102,030</u>	<u>4,490,789</u>	<u>28,592,819</u>	<u>15,913,069</u>
Operating Income (Loss)	<u>1,411,778</u>	<u>1,193,109</u>	<u>2,604,887</u>	<u>1,655,223</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	53,951	15,231	69,182	63,421
Interest expense	(621,833)	-	(621,833)	-
Grants	(711)	-	(711)	(1,922)
Miscellaneous	(516)	1,455	939	4,845
Gain (loss) on disposition of assets	-	-	-	(42,252)
Total nonoperating revenues (expenses)	<u>(569,109)</u>	<u>16,686</u>	<u>(552,423)</u>	<u>24,092</u>
Income (Loss) Before Capital Contributions and transfers	<u>842,669</u>	<u>1,209,795</u>	<u>2,052,464</u>	<u>1,679,315</u>
Capital Contributions				
Sewer connection fees	10,802,523	-	10,802,523	-
Sewer lines and storm drains	3,736,247	-	3,736,247	-
Total capital contributions	<u>14,538,770</u>	<u>-</u>	<u>14,538,770</u>	<u>-</u>
Transfers				
Transfers in	255,744	-	255,744	30,068
Transfers out	(3,896)	(23,375)	(27,271)	(30,068)
Total transfers	<u>251,848</u>	<u>(23,375)</u>	<u>228,473</u>	<u>-</u>
Change in Net Position	<u>15,633,287</u>	<u>1,186,420</u>	<u>16,819,707</u>	<u>1,679,315</u>
Net Position, Beginning of Year, Originally Reported	203,058,882	2,666,388		8,787,861
Prior period adjustments	(1,163,230)	(797,292)		(223,866)
Net Assets, Beginning of Year, as Restated	<u>201,895,652</u>	<u>1,869,096</u>		<u>8,563,995</u>
Net Position, End of Year	<u>\$ 217,528,939</u>	<u>\$ 3,055,516</u>		<u>\$ 10,243,310</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	
				<u>537,441</u>
Change in net position of business-type activities			<u>\$ 17,357,148</u>	

City of Sparks
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
Operating Activities				
Cash received from customers and users	\$ 25,734,629	\$ 5,678,716	\$ 31,413,345	\$ 2,764,728
Cash received from interfund services provided	-	-	-	14,576,696
Cash received from reimbursements of insurance claims	91,557	1,255	92,812	383,188
Cash paid to employees	(4,500,316)	(2,513,897)	(7,014,213)	(871,514)
Cash paid to suppliers	(12,516,057)	(1,712,405)	(14,228,462)	(13,564,942)
Cash paid to Truckee Meadows Water Reclamation Facility	(1,747,632)	-	(1,747,632)	-
Miscellaneous cash receipts (expenses)	(516)	-	(516)	-
Net Cash from (used for) Operating Activities	<u>7,061,665</u>	<u>1,453,669</u>	<u>8,515,334</u>	<u>3,288,156</u>
Noncapital Financing Activities				
Subsidy from federal, state and other grants	(711)	-	(711)	(1,922)
Transfers in	255,744	-	255,744	-
Transfers out	(3,896)	(23,375)	(27,271)	-
Net Cash from (used for) Noncapital Financing Activities	<u>251,137</u>	<u>(23,375)</u>	<u>227,762</u>	<u>(1,922)</u>
Capital and Related Financing Activities				
Bond and capital lease obligation principal payments	(5,285,940)	-	(5,285,940)	-
Bond and capital lease interest expense paid	(934,766)	-	(934,766)	-
Proceeds from sale of capital assets	-	-	-	36,899
Acquisition of capital assets	(12,053,373)	(28,648)	(12,082,021)	(2,282,291)
Cash contributions - sewer connection fees	10,802,529	-	10,802,529	-
Net Cash used for Capital and Related Financing Activities	<u>(7,471,550)</u>	<u>(28,648)</u>	<u>(7,500,198)</u>	<u>(2,245,392)</u>
Investing Activities				
Investment income (loss)	53,951	15,231	69,182	63,421
Principal received on notes receivable	512,081	-	512,081	-
Net Cash from Investing Activities	<u>566,032</u>	<u>15,231</u>	<u>581,263</u>	<u>63,421</u>
Net Change in Cash and Cash Equivalents	407,284	1,416,877	1,824,161	1,104,263
Cash and Cash Equivalents, Beginning of Year	46,184,378	5,100,942	51,285,320	7,856,737
Cash and Cash Equivalents, End of Year	<u>\$ 46,591,662</u>	<u>\$ 6,517,819</u>	<u>\$ 53,109,481</u>	<u>\$ 8,961,000</u>

City of Sparks
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash from (used for) operating activities:				
Operating income (loss)	\$ 1,411,778	\$ 1,193,109	\$ 2,604,887	\$ 1,655,223
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:				
Depreciation	6,845,539	4,164	6,849,703	1,565,188
Miscellaneous cash receipts	(516)	1,455	939	-
Changes in				
Accounts receivable	97,885	(14,131)	83,754	24,253
Due from other governments	169,053	-	169,053	132,677
Inventory of supplies	-	-	-	46,318
Deferred outflows related to pensions	103,120	48,818	151,938	23,037
Net OPEB asset and deferred outflows related to OPEB	(7,508)	(6,745)	(14,253)	(1,354)
Investment in Truckee Meadows Water Reclamation Facility	910,354	-	910,354	-
Accounts payable	(12,784)	(32,126)	(44,910)	63,749
Accrued liabilities	21,026	17,477	38,503	(1,078)
Compensated absences	32,717	54,810	87,527	9,396
Contracts payable	(2,612,692)	51,506	(2,561,186)	-
Net pension liability and deferred inflows related to pensions	(116,840)	(54,118)	(170,958)	(26,262)
Total OPEB liability	26,357	26,558	52,915	1,952
Sick leave conversion payable	64,093	126,346	190,439	-
Unearned revenue	45,440	-	45,440	(607)
Refundable deposits	-	8,750	8,750	(892)
Due to other governments	84,643	27,796	112,439	(1,468)
Claims liabilities	-	-	-	(201,976)
Total adjustments	5,649,887	260,560	5,910,447	1,632,933
Net Cash from Operating Activities	<u>\$ 7,061,665</u>	<u>\$ 1,453,669</u>	<u>\$ 8,515,334</u>	<u>\$ 3,288,156</u>
Noncash investing and capital and related financing activities:				
Contributions of capital assets from developers	<u>\$ 3,736,247</u>	<u>\$ -</u>	<u>\$ 3,736,247</u>	<u>\$ -</u>
Book value of capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,180</u>

City of Sparks
Statement of Fiduciary Net Position
June 30, 2018

	<u>Agency</u>
Assets	
Cash and investments	<u>\$ 4,267,731</u>
Liabilities	
Accounts payable	\$ 207,936
Group insurance premium payable	355,674
Due to other governments	<u>3,704,121</u>
Total liabilities	<u>\$ 4,267,731</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Sparks, Nevada 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.

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 specific 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 instead 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 displayed in a separate column. All remaining governmental 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 are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund 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.

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 government 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, debt service expenditures, as well as expenditures related to 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 use the accrual method of accounting and are custodial in nature; therefore, no results of operations are presented and there is no measurement focus.

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 government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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 *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 fund:

The *Sewer Operations Fund* accounts for the City's sewer services to its residents and some residents of Washoe County.

Additionally, the City reports the following fund types:

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.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds account for cash, held by the City of Sparks for others in a custodial or agent capacity, prior to allocation to various special districts and other governmental agencies.

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 Financial Services Director. 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*.

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 "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 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.
- 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, Redevelopment Agency Area No. 1 Tax Revenue 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 following notification as either construction in progress for uncompleted projects or in their respective categories for completed projects.

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	10 years

Long-Term Liabilities

Government-wide and proprietary fund type fund 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*. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund statements.

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 and advance 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.

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 is 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.

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 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 City reflects deferred outflow of resources in the Statement of Net Position for items related to pensions, other post-employment benefits (OPEB) 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 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 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 in the Statement of Net Position under the accrual basis of accounting.

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.

Equity Classifications

In the government-wide 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 and reduced by outstanding balances of any bonds, notes, 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 Financial Services Director 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.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2016-2017 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 2016-2017. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standards on beginning net position is disclosed in Note 18 to the financial statements and the additional disclosures required by this standard are include in Note 15.

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 Agency 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 Financial Services Director 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 Financial Services Director or designee may approve budget adjustments within a function. Budget adjustments between functions or funds may be approved by the Financial Services Director 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 exception for an apparent violation of NRS 354.626:

Actual expenditures exceeded those budgeted for the year in the culture and recreation function of the Parks and Recreation Program Fund by \$72,377. However, the majority of the overspend, approximately \$44,000, meets the exclusion under NRS 354.626(2)c.

Deficit Fund Equity

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$4,406,603 at June 30, 2018.

Note 3 - Cash and Investments

Deposits

At June 30, 2018, the City's carrying amount of deposits was \$6,539,683 and the bank balance was \$6,492,645. 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 less than the City's carrying amount by \$46,738.

Investments

At June 30, 2018, 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	\$ 52,951,028	\$ 990,620	\$ 44,136,770	\$ 7,823,638
Negotiable certificates of deposit	8,424,378	1,219,327	7,205,051	-
Money market mutual funds	46,147,003	46,147,003	-	-
	<u>\$ 107,522,409</u>	<u>\$ 48,356,950</u>	<u>\$ 51,341,821</u>	<u>\$ 7,823,638</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.

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.

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 A- by Standard and Poor's and A1 by Moody's Investor Services. The City's investments in corporate notes are rated no lower than A- by Standard and Poor's and A1 by Moody's Investor Services.

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, 2018, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security – Federal National Mortgage Association	8.13%
U.S. Agency security – Federal Home Loan Mortgage Corporation	14.79%
U.S. Agency security – Federal Farm Credit Bank	10.85%
U.S. Agency security – Federal Home Loan Bank	15.47%

External 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, 2018, the City had the following recurring fair value measurements:

	June 30, 2018	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	\$ 52,951,028	\$ -	\$ 52,951,028	\$ -
Negotiable certificates of deposit	8,424,378	-	8,424,378	-
Money market mutual funds	46,147,003	46,147,003	-	-
Total investments measured at fair value	<u>\$ 107,522,409</u>	<u>\$ 46,147,003</u>	<u>\$ 61,375,406</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.

Corporate notes – Valued based on cash flow models that include interest rate yield curves.

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, 2018 follows:

Deposits	\$ 6,539,689
Investments	<u>107,522,409</u>
	<u>\$ 114,062,098</u>
Governmental activities	
Cash and investments	\$ 45,198,284
Cash and investments – restricted	11,486,602
Business-type activities	
Cash and investments	53,109,481
Fiduciary Funds	<u>4,267,731</u>
	<u>\$ 114,062,098</u>

Note 4 - Accounts Receivable and Notes Receivable

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable						
Miscellaneous	\$ 1,776,742	\$ -	\$ 934,741	\$ 2,711,483	\$ 85,735	\$ 2,797,218
Special Assessments	-	7,859,066	-	7,859,066	-	7,859,066
Housing Rehabilitation loans	-	-	1,381,578	1,381,578	-	1,381,578
	<u>1,776,742</u>	<u>7,859,066</u>	<u>2,316,319</u>	<u>11,952,127</u>	<u>85,735</u>	<u>12,037,862</u>
Less allowance for uncollectibles	<u>11,841</u>	<u>-</u>	<u>32,652</u>	<u>44,493</u>	<u>-</u>	<u>44,493</u>
Accounts receivable, net	<u>\$ 1,764,901</u>	<u>\$ 7,859,066</u>	<u>\$ 2,283,667</u>	<u>\$ 11,907,634</u>	<u>\$ 85,735</u>	<u>\$ 11,993,369</u>

Accounts receivable not expected to be collected within one year are \$7,168,141 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,381,578 less the allowance of \$32,652 reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund	Nonmajor Development Services	Total Business-Type Activities
Accounts Receivable			
Sewer charges	\$ 2,441,349	\$ -	\$ 2,441,349
Miscellaneous	-	16,340	16,340
	\$ 2,441,349	\$ 16,340	\$ 2,457,689
Notes Receivable			
Effluent connection fees	\$ 920,089	\$ -	\$ 920,089
Sun Valley GID	4,064,039	-	4,064,039
Notes Receivable	\$ 4,984,128	\$ -	\$ 4,984,128

The current portion of notes receivable was \$541,011 as of June 30, 2018. These notes receivable include Sun Valley GID notes with interest rates ranging from 2.66% to 2.78%, principal and interest payable semi-annually through January 2024 and January 2027. Also included are effluent connection fees, which generally include a 4% 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, 2018 is as follows:

	Due To General Fund
Nonmajor Governmental	\$ 1,057

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 for the year ended June 30, 2018 are as follows:

Transfers Out	Transfers In					
	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Internal Service	Total
General Fund	\$ 692,912	\$ 1,929,108	\$ 2,622,020	\$ -	\$ -	\$ 2,622,020
Nonmajor Governmental	290,447	-	290,447	255,744	-	546,191
Total governmental	983,359	1,929,108	2,912,467	255,744	-	3,168,211
Sewer	3,896	-	3,896	-	-	3,896
Nonmajor Enterprise	23,375	-	23,375	-	-	23,375
Total business-type	27,271	-	27,271	-	-	27,271
Internal Service	-	-	-	-	30,068	30,068
Total	\$ 1,010,630	\$ 1,929,108	\$ 2,939,738	\$ 255,744	\$ 30,068	\$ 3,225,550

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, and (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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, 2018, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$2,657,986.

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, 2018, is \$40,717,476.

Summary June 30, 2018 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 6,046,998
Capital assets, net of accumulated depreciation	<u>138,134,467</u>
Total assets	<u>144,181,465</u>
Deferred outflows related to pensions	
Deferred outflows related to OPEB	<u>1,146,153</u> <u>18,635</u>
Total deferred outflows of resources	<u>1,164,788</u>
Total assets and deferred outflows of resources	<u>145,346,253</u>
Liabilities	
Current liabilities	2,179,267
Noncurrent liabilities	<u>8,856,993</u>
Total liabilities	<u>11,036,260</u>
Deferred inflows related to pensions	
Total liabilities and deferred inflows of resources	<u>614,325</u> <u>11,650,585</u>
Net Position	
Net investment in capital assets	138,134,467
Unrestricted	<u>(4,438,799)</u>
Total net position	<u>\$ 133,695,668</u>
Operating revenues	
Operating expenses before depreciation and amortization	\$ 20,457,083 (20,437,499)
Depreciation and amortization	(6,763,899)
Nonoperating revenues (expenses)	(82,032)
Capital contributions	<u>5,566,678</u>
Change in net position	<u>\$ (1,259,669)</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2018 totaled approximately \$5.49 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 70% and 30%, 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, 2018, the City of Sparks has recorded \$4,945,551 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 Financial Services Director of the City of Sparks at 431 Prater Way, P.O. Box 857, Sparks, NV 89432-0857.

Local Government Oversight Committee Joint Venture (Truckee River Water Quality Settlement 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, 2018, 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, 2018, 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, 2018, 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, 2018 was as follows:

Governmental Activities

	Balance July 1, 2017 (RESTATED)	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2018
Capital assets, not being depreciated					
Land	\$ 31,383,244	\$ 1,908,053	\$ (471,119)	\$ -	\$ 32,820,178
Construction in progress	88,373,454	2,157,497	(32,356)	(3,863,942)	86,634,653
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	<u>123,074,944</u>	<u>4,065,550</u>	<u>(503,475)</u>	<u>(3,863,942)</u>	<u>122,773,077</u>
Capital assets, being depreciated					
Intangible assets	692,057	20,927	-	-	712,984
Buildings	40,596,256	968,260	(2,452,999)	12,922	39,124,439
Improvements other than buildings	94,356,998	1,388,300	(211,249)	210,295	95,744,344
Machinery and equipment	31,416,203	1,462,391	(1,206,106)	2,180,944	33,853,432
Infrastructure	282,702,084	3,215,816	-	1,459,781	287,377,681
Total capital assets, being depreciated	<u>449,763,598</u>	<u>7,055,694</u>	<u>(3,870,354)</u>	<u>3,863,942</u>	<u>456,812,880</u>
Less accumulated depreciation for					
Intangible assets	(335,878)	(70,230)	-	-	(406,108)
Buildings	(22,677,403)	(1,055,660)	1,819,245	-	(21,913,818)
Improvements other than buildings	(59,181,592)	(4,322,507)	190,793	-	(63,313,306)
Machinery and equipment	(21,686,712)	(2,221,807)	1,123,000	-	(22,785,519)
Infrastructure	(76,536,792)	(3,325,659)	-	-	(79,862,451)
Total accumulated depreciation	<u>(180,418,377)</u>	<u>(10,995,863)</u>	<u>3,133,038</u>	<u>-</u>	<u>(188,281,202)</u>
Total capital assets, being depreciated, net	<u>269,345,221</u>	<u>(3,940,169)</u>	<u>(737,316)</u>	<u>3,863,942</u>	<u>268,531,678</u>
Governmental activities capital assets, net	<u>\$ 392,420,165</u>	<u>\$ 125,381</u>	<u>\$ (1,240,791)</u>	<u>\$ -</u>	<u>\$ 391,304,755</u>

City of Sparks
Notes to Financial Statements
June 30, 2018

Business-type Activities

	Balance July 1, 2017	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2018
Capital assets, not being depreciated					
Construction in progress	\$ 5,725,721	\$ 323,645	\$ -	\$ (5,553,650)	\$ 495,716
Water rights	7,026,502	-	-	-	7,026,502
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	12,754,871	323,645	-	(5,553,650)	7,524,866
Capital assets, being depreciated					
Buildings	982,424	-	-	-	982,424
Improvements other than buildings	3,657,383	-	-	-	3,657,383
Machinery and equipment	545,689	74,355	(11,827)	274,725	882,942
Roads and streets	5,541,710	1,110,020	-	443,281	7,095,011
Storm drains	105,454,058	13,888,559	-	4,559,367	123,901,984
Sewer lines	142,782,761	1,160,393	-	276,277	144,219,431
Total capital assets, being depreciated	258,964,025	16,233,327	(11,827)	5,553,650	280,739,175
Less accumulated depreciation for					
Buildings	(360,248)	(28,568)	-	-	(388,816)
Improvements other than buildings	(2,844,935)	(76,084)	-	-	(2,921,019)
Machinery and equipment	(403,899)	(41,193)	11,827	-	(433,265)
Roads and streets	(912,976)	(422,943)	-	-	(1,335,919)
Storm drains	(38,098,325)	(2,630,630)	-	-	(40,728,955)
Sewer lines	(64,179,093)	(3,650,285)	-	-	(67,829,378)
Total accumulated depreciation	(106,799,476)	(6,849,703)	11,827	-	(113,637,352)
Total capital assets, being depreciated, net	152,164,549	9,383,624	-	5,553,650	167,101,823
Business-type activities capital assets, net	\$ 164,919,420	\$ 9,707,269	\$ -	\$ -	\$ 174,626,689

Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental Activities	
General government	\$ 421,015
Judicial	63,070
Public safety	861,054
Public works	4,121,124
Culture and recreation	3,173,117
Community support	791,295
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,565,188</u>
Total depreciation expenses - governmental activities	<u><u>\$ 10,995,863</u></u>
 Business-type Activities	
Sewer	\$ 6,845,539
Development Services	<u>4,164</u>
Total depreciation expenses - business-type activities	<u><u>\$ 6,849,703</u></u>

Note 8 - Leases

Operating Lease

The City has a non-cancelable operating lease for an office building with total costs for this lease of \$46,420 for the year ended June 30, 2018. The future minimum lease payments for the operating lease expiring June 30, 2018 are as follows based upon the amended lease agreement:

<u>Fiscal Year Ending June 30,</u>	
2019	\$ 47,816
2020	49,247
2021	50,724
2022	52,246
2023	<u>44,620</u>
	<u><u>\$ 244,653</u></u>

Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities

The following schedule summarizes the changes in the City's long-term liabilities:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities			
Revenue Bonds Payable			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Refunding Revenue Bonds, Series 2011	5/12/2011	3.05%	5/1/2018
Consolidated Tax Refunding Revenue Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Less deferred amounts for issuance discounts			
Tax Allocation Bonds and Notes Payable			
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/A1:			
2010 Tax Increment Refunding Revenue Bonds			
(Redevelopment Agency)	5/11/2010	4.0-5.13%	1/15/2023
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			
Financial Incentive Agreement - Syuffy Agreement			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Claims Liabilities			
Total governmental activities			

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).

City of Sparks
Notes to Financial Statements
June 30, 2018

Authorized	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in 2018-2019
\$ 83,290,000	\$ 70,060,000	\$ -	\$ 3,120,000	\$ 66,940,000	\$ 3,515,000
36,600,000	32,716,045	-	1,381,066	31,334,979	13,614,668
4,180,000	745,000	-	745,000	-	-
7,330,000	7,267,000	-	24,000	7,243,000	810,000
131,400,000	110,788,045	-	5,270,066	105,517,979	17,939,668
-	1,934,943	-	193,494	1,741,449	-
131,400,000	108,853,102	-	5,076,572	103,776,530	17,939,668
13,498,290	13,498,290	-	5,534,454	7,963,836	872,168
9,660,000	9,181,000	-	740,000	8,441,000	759,000
22,165,000	11,605,000	-	1,710,000	9,895,000	1,790,000
7,285,000	6,075,000	-	390,000	5,685,000	405,000
52,608,290	40,359,290	-	8,374,454	31,984,836	3,826,168
-	18,301	-	3,426	14,875	-
52,608,290	40,340,989	-	8,371,028	31,969,961	3,826,168
-	1,500,000	-	-	1,500,000	1,000,000
-	12,404,029	3,952,077	2,994,586	13,361,520	3,610,861
-	4,862,700	369,228	854,937	4,376,991	718,230
-	7,942,080	9,845,492	10,047,468	7,740,104	2,495,866
184,008,290	175,902,900	14,166,797	27,344,591	162,725,106	29,590,793

City of Sparks
Notes to Financial Statements
June 30, 2018

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Business-Type Activities			
Sewer Utility General Obligation Bonds and Note Payable			
Supported by Sewer Fund revenues			
2016 Riverflood Bonds	2/18/2016	2.0-5.0%	3/1/2026
2016 Sewer Refunding Bond	9/1/2016	1.25%	7/1/2029
Plus deferred amounts for issuance premiums			
Note Payable to City of Reno - TMWRF Expansion Refunding	12/1/2016	1.61%	7/1/2025
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total business-type activities			
Total long-term liabilities			

City of Sparks
Notes to Financial Statements
June 30, 2018

Authorized	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in 2018-2019
\$ 18,010,000	\$ 16,520,000	\$ -	\$ 1,565,000	\$ 14,955,000	\$ 1,625,000
27,099,691	25,625,498	-	3,013,849	22,611,649	3,103,311
<u>45,109,691</u>	<u>42,145,498</u>	<u>-</u>	<u>4,578,849</u>	<u>37,566,649</u>	<u>4,728,311</u>
-	783,471	-	267,538	515,933	-
<u>45,109,691</u>	<u>42,928,969</u>	<u>-</u>	<u>4,846,387</u>	<u>38,082,582</u>	<u>4,728,311</u>
5,998,790	5,652,642	-	707,091	4,945,551	727,280
-	1,501,409	505,104	417,577	1,588,936	419,075
-	281,250	289,444	99,005	471,689	110,272
<u>51,108,481</u>	<u>50,364,270</u>	<u>794,548</u>	<u>6,070,060</u>	<u>45,088,758</u>	<u>5,984,938</u>
<u>\$ 235,116,771</u>	<u>\$ 226,267,170</u>	<u>\$ 14,961,345</u>	<u>\$ 33,414,651</u>	<u>\$ 207,813,864</u>	<u>\$ 35,575,731</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds and notes outstanding at June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities				Business-Type Activities*			
	Revenue Bonds		Tax Allocation Bonds		General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 17,939,668	\$ 6,503,566	\$ 3,826,168	\$ 1,117,050	\$ 4,728,311	\$ 699,540	\$ 727,280	\$ 70,878
2020	6,523,334	5,483,963	3,781,988	965,452	4,905,453	577,220	748,049	58,918
2021	7,056,355	5,095,299	3,934,798	805,922	4,843,015	451,737	769,413	46,617
2022	7,635,863	4,668,556	4,094,842	643,349	4,752,990	342,087	791,389	33,965
2023	8,255,902	4,201,056	4,252,063	472,661	4,394,603	272,816	813,994	20,951
2024-2028	58,106,857	12,485,630	11,094,977	1,052,200	13,203,966	424,418	1,095,426	8,561
2029-3032	-	-	1,000,000	29,783	738,311	4,657	-	-
Total	<u>\$ 105,517,979</u>	<u>\$ 38,438,070</u>	<u>\$ 31,984,836</u>	<u>\$ 5,086,417</u>	<u>\$ 37,566,649</u>	<u>\$ 2,772,475</u>	<u>\$ 4,945,551</u>	<u>\$ 239,890</u>

*Full accrual basis of accounting

Compliance

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2018. In addition, there are a number of limitations and restrictions contained in the various bond indentures, with which the City was in compliance at June 30, 2018.

Financial Incentive Agreement

In February 2017, the City of Sparks entered into a Financial Incentive Agreement with Syufy Enterprise to provide \$1,500,000 of its 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. The City of Sparks will provide \$1,000,000 upon opening of the cinema to the public and \$100,000 per year for five years. As of June 30, 2018, the \$1,500,000 remains outstanding as the cinema had not yet been opened to the public.

Advance Refundings

In a prior year, the City defeased special assessment revenue bonds by placing proceeds of the new bonds in an irrevocable trust account to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2018, \$12,570,000 of the defeased bonds remain outstanding and the balance of the amounts held by the escrow agent that will be used to make future debt service payments is \$12,928,484.

Pledged Revenues

The City has pledged specific revenues to repay bonds in governmental and business-type activities.

Governmental activities

The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011, and the Consolidated Tax Revenue Refunding Bonds, Series 2014, issued during fiscal year ended June 30, 2014. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2011 were used to reduce the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2014 were used to extinguish the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. The total principal and interest remaining to be paid on the bonds is \$8,285,504 payable through fiscal year 2026. For the current year, principal and interest paid for the two bonds totaled \$1,010,630 and pledged revenues totaled \$3,982,408.

The City has pledged 75% (less a State collection fee) of the State Sales Tax, Local School Support Tax, City/County Relief Tax, and Reciprocal Use Taxes that are collected in the Tourism Improvement District, for the repayment of the Senior Sales Tax Anticipation Revenue Bonds, Series A, and the Subordinate Sales Tax Anticipation Revenue Bonds, Series A, sold during fiscal year ended June 30, 2009. Proceeds from the bonds were used to acquire, improve, and equip certain real and personal property at the Legends at Sparks Marina. The total principal and interest remaining to be paid on the bonds is \$135,974,663 payable through fiscal year 2028. The bonds are secured and payable solely from the pledged revenues and the City has no obligation to pay the debt from any other source. For the current year, principal and interest due on the bonds totaled \$19,736,535, and pledged revenues totaled \$11,085,966 resulting in delinquent pledged revenues of \$8,650,569 at June 30, 2018.

The City has pledged revenues comprised of the incremental property tax revenues, governmental services tax revenues, and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 1. 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. These pledged revenues are for the repayment of the 2010 Tax Increment Refunding Revenue Bonds, issued during the fiscal year ended June 30, 2010. The bond is a limited obligation of the Redevelopment Agency and the Redevelopment Agency is not obligated to pay for them except from pledged revenues. Proceeds from the bonds were used to refund all of the Redevelopment Agency's Tax Allocation Refunding Revenue Bonds, Series 2000A. The total principal and interest remaining to be paid on the bond is \$11,451,462, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,286,981 and pledged revenues totaled \$2,900,618.

The City has pledged revenues comprised of the 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. These pledged revenues are for the repayment of the 2016 Tax Increment Refunding Bonds, issued during the fiscal year ended June 30, 2017 (2016 Bonds), and the 2014 Tax Allocation Refunding Bonds, issued during fiscal year ended June 30, 2015 (2014 Bonds). The bonds are special, limited obligation of the Redevelopment Agency are payable solely from the pledged revenues described above. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The total principal and interest remaining to be paid on the bonds is \$16,480,695, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$1,541,294 and pledged revenues totaled \$2,713,519.

Business-type activities

The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay sewer utility general obligation bonds issued in fiscal year 2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through fiscal year 2030. The total principal and interest to be paid on the bonds is \$23,834,013. For the current year, principal and interest paid for the bonds totaled \$3,324,818. Net pledged revenues totaled \$21,626,255.

Special Assessment Debt

Special assessment bonds are issued to finance improvements that benefit taxpayers in the defined area. Bonds are repaid from assessments levied against these taxpayers, 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, all monies, (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.

The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay \$13,498,290 in limited obligation improvement refunding bonds, Local Improvement District Series 2016 (2016 Bonds), issued during fiscal year ended June 30, 2017. Proceeds from the 2016 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. The bonds are intended to be paid solely from assessment revenues and payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$9,501,728. For the current year, principal and interest paid for the bonds totaled \$6,135,278 and pledged revenues totaled \$5,839,431. Excess revenues received in fiscal year 2017 were used to cover the deficiency.

Note 10 - Stabilization Arrangements

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. At June 30, 2018, the Stabilization Special Revenue Fund has a committed fund balance of \$390,677.

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 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. 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 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering 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. 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 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Police/Fire members entering PERS 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 and at any age with thirty-three and a third years of service. Only service performed in a position as a police officer or firefighter may be counted towards to 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. For employees covered by the Employer-Pay provisions, average compensation is increased by half the total contributions made by the City and may not be less than it would have been if contributions had been made by the member and the employer separately.

In fiscal year 2017, the measurement date of net pension liability, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses classification of employer-paid contributions and requires certain contribution payments made by the employer to be classified as member contributions. As a result of implementing this statement, a prior period adjustment in the amount of \$7,298,744 was made to reduce pension expense and deferred outflows related to contributions previously classified as employer contributions, as further described in Note 18.

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, 2018 and 2017 the statutory employer-pay contribution (EPC) rate was 28.00% for Regular members and 40.50% for Police/Fire.

The City's contributions were \$11,803,598 for the year ended June 30, 2018. Of this amount, \$5,901,799 was classified as Employer contributions and \$5,901,799 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 the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability – At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability of \$86,625,696. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2017, the City’s proportion was 0.65133 percent, which was a decrease of .01383 from its proportion measured as of June 30, 2016.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City as of June 30, 2018, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 130,953,866	\$ 86,625,696	\$ 49,810,456

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website www.nvpers.org.

Actuarial Assumptions – The City’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

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 contribution requirement as a percentage of salary.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, 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, 2017.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City's proportionate share of the PERS net pension liability for the year ended June 30, 2018, the City recognized pension expense of \$5,702,166 and recognized a prior period expense adjustment related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, in the amount of \$7,298,744 as described in Note 18. At June 30, 2018, 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	\$ -	\$ 5,679,670
Changes in assumptions or other inputs	5,635,198	-
Net difference between projected and actual earnings on pension plan investments	551,524	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	4,326	2,748,074
City contributions subsequent to the measurement date	5,901,799	-
	\$ 12,092,847	\$ 8,427,744

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$5,901,799 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other estimated amounts reported 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</u>	
2019	\$ (1,930,517)
2020	1,006,641
2021	(51,384)
2022	(2,033,770)
2023	443,954
Thereafter	328,380

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at July 1, 2017 is 6.39 years.

Additional Information – The PERS Comprehensive Annual Financial Report (CAFR) 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, 2018, 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, 2018 is \$3,274,389.

Note 13 - Commitments

As of June 30, 2018, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Governmental funds		
Nonmajor capital projects funds		
Parks and Recreation Project Fund		
Golden Eagle Regional Park Synthetic Turf Replacement	<u>\$ 1,062,701</u>	2018-2019

Significant commitments, other than for unfinished capital projects, include the encumbrances outstanding in the General Fund which have been included in the appropriate classifications are shown below.

	Encumbrances
General Fund	\$ 183,927

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, 2018			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,143,230	\$ 8,782,525	\$ (8,874,535)	\$ 1,051,220
Municipal Self-Insurance Fund	-	412,593	(412,593)	-
Workers' Compensation Fund	6,798,850	650,374	(760,340)	6,688,884
	\$ 7,942,080	\$ 9,845,492	\$ (10,047,468)	\$ 7,740,104
	Fiscal Year Ended June 30, 2017			
Group Insurance Self-Insurance Fund	\$ 1,094,053	\$ 9,666,701	\$ (9,617,524)	\$ 1,143,230
Municipal Self-Insurance Fund	-	312,353	(312,353)	-
Workers' Compensation Fund	7,166,120	768,301	(1,135,571)	6,798,850
	\$ 8,260,173	\$ 10,747,355	\$ (11,065,448)	\$ 7,942,080

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 coverages 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 \$275,000 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 generally self-insured for general liability claims up to \$100,000 for each occurrence, 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, 2018, the City paid \$953,942 in health insurance premiums on behalf of 121 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 a single-employer defined benefit healthcare plan, City of Sparks Medical and Dental Benefit Plan (Sparks Plan) which administered by Hometown Health, and to an agent multiple-employer defined benefit healthcare plan administered by the Nevada Public Employees' Benefits Program (NPEBP).

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.

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, after 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, can range from \$78.66 to \$1,713.85 and may be allocated to more than one public employer based on retiree employment history. 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 their health insurance premiums up to age 65, and 50% 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 to \$1,270.06 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, 2018, is shown below:

	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 812.89	\$ 1,492.69	\$ 1,422.20	\$ 2,121.62
Retiree, no Medicare	808.82	1,487.80	1,417.30	2,116.76
Spouse, with Medicare	645.52	1,343.92	-	1,956.90
Retiree, Medicare	648.97	1,184.08	-	1,813.02
Spouse, no Medicare	805.37	1,327.95	-	1,956.90

At June 30, 2018, the following employees were covered by the benefit terms:

	<u>Sparks Plan</u>	<u>NPEBP</u>	<u>Totals</u>
Inactive employees or beneficiaries currently receiving benefits	156	90	246
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-	-	-
Active employees	<u>427</u>	<u>-</u>	<u>427</u>
Total	<u><u>583</u></u>	<u><u>90</u></u>	<u><u>673</u></u>

Total OPEB Liability: The City's total OPEB liability of \$34,637,555, of which \$27,536,440 is related to the Sparks Plan and \$7,101,115 is related to NPEBP, was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Sparks Plan</u>	<u>NPEBP</u>
Actuarial valuation date	July 1, 2016	July 1, 2016
Actuarial funding method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	7.24 Years	7.24 Years
Asset valuation method	Market value	Market value
Inflation	3.00%	3.00%
Projected salary increases	4.5% Average, Including Inflation	4.5% Average, Including Inflation
Discount Rate	3.87%	3.87%
Healthcare cost trend rate*	5.90%	5.90%

*Declining gradually, to an ultimate rate of 3.9 percent by 2075.

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the RP-2000 Group Annuity Mortality Table with adjustments for mortality improvements.

The actuarial assumptions used in the July 1, 2016 valuation were based on the same demographic assumptions as developed and used for a the most recent NV PERS GASB 68 actuarial report which was based on an experience review developed in 2013 using data from the previous seven years.

Changes in the Total OPEB Liability

	<u>Sparks Plan</u>	<u>NPEBP</u>	<u>Totals</u>
Balance at June 30, 2017, as restated	\$ 25,790,494	\$ 7,003,457	\$ 32,793,951
Changes for the year:			
Service costs	785,174	-	785,174
Interest	1,019,654	274,311	1,293,965
Changes in assumptions or other inputs	539,508	114,654	654,162
Benefit payments	(598,390)	(291,307)	(889,697)
Net changes	<u>1,745,946</u>	<u>97,658</u>	<u>1,843,604</u>
Balance at June 30, 2018	<u>\$ 27,536,440</u>	<u>\$ 7,101,115</u>	<u>\$ 34,637,555</u>

Changes of assumptions and other inputs reflect a change in the actuarial cost method, the amortization method and period, the discount rate, and the healthcare cost trend rate as shown in the section above entitled 'Actuarial assumptions and other inputs'.

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 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1% Decrease in Discount Rate (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase in Discount Rate (4.87%)</u>
Sparks Plan Total OPEB Liability	\$ 32,175,729	\$ 27,536,440	\$ 23,705,550
NPEBP Total OPEB Liability	8,297,498	7,101,115	6,113,203
	<u>\$ 40,473,227</u>	<u>\$ 34,637,555</u>	<u>\$ 29,818,753</u>

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 5.9% decreasing to 3.9% by 2075, 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 (4.9% decreasing to 2.9%) or 1-percentage-point higher (6.9% decreasing to 4.9%) than the current healthcare cost trend rates:

	<u>1% Decrease (4.9% decreasing to 2.9% by 2075)</u>	<u>Healthcare Cost Trend Rate (5.9% decreasing to 3.9% by 2075)</u>	<u>1% Increase (6.9% decreasing to 4.9% by 2075)</u>
Sparks Plan Total OPEB Liability	\$ 23,102,360	\$ 27,536,440	\$ 33,032,020
NPEBP Total OPEB Liability	5,957,652	7,101,115	8,518,319
	<u>\$ 29,060,012</u>	<u>\$ 34,637,555</u>	<u>\$ 41,550,339</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, after restating fiscal year 2017 OPEB Liability, the City recognized an OPEB expense of \$2,169,506, of which \$1,879,357 is related to the Sparks Plan and \$290,149 is related to NPEBP. At June 30, 2018, 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 changes of economic and demographic assumptions or of other inputs	\$ 464,979	\$ -
NPEBP		
Differences between changes of economic and demographic assumptions or of other inputs	98,816	-
	\$ 563,795	\$ -

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

Year Ending June 30	Sparks Plan	NPEBP
2019	\$ 74,528	\$ 15,839
2020	74,528	15,839
2021	74,528	15,839
2022	74,528	15,839
2023	74,528	15,839
Thereafter	92,339	19,621

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 2018 intergovernmental revenues of the City by \$729,403.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 20,901
Data Centers Abatement (NRS 360.754)	290,310
Local Sales and Use Tax Abatement*	417,810
Renewable Energy Abatement (NRS 701A.370)	382

*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 \$219,603 on the following:

Capital Facilities - Fire Station 1 - 3rd Floor Shower Room Remodel	\$	62,808
Capital Facilities - Special Events Area CCTV		26,839
Capital Facilities - Citywide Re-Keying/Security Infrastructure		25,483
Capital Facilities - Fire Station 1 - Security and Paging System Replacement		14,940
Capital Facilities - Fire Station 1 - Fire Prevention Office Renovation and ADA Upgrade		16,602
Capital Facilities - Community Services Wing Restroom Renovation and ADA Upgrade		61,506
Capital Facilities - Museum Annex Roof Replacement		3,077
Capital Facilities - Museum Exterior Paint		8,348
		8,348
	\$	219,603

Note 18 - Accounting Changes

Adoption of New Standard

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard requires governments calculate and report the cost, obligations, and deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional footnote disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning total OPEB liability.

Corrections of Errors

During 2018, the City identified misstatements in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee’s Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, net pension-liability amounts at June 30, 2017.

During 2018, City management’s review of road infrastructure donations constructed by the Regional Transportation Commission and recorded in construction in progress at June 30, 2017 were identified items improperly reported by the Regional Transportation Commission as City of Sparks roads, and therefore the City’s construction in progress was overstated. Beginning net position and construction in progress for governmental-type activities were restated to correct this error as disclosed in the following tables.

The impact of the adoption of the new standards and the corrections of errors is as follows:

	Governmental Activities	Business-type Activities	Total	
Net position at June 30, 2017, as previously reported	\$ 277,957,194	\$ 204,039,184	\$ 481,996,378	
Adoption of New Standard				
Net OPEB asset at June 30, 2017	(56,094)	(8,546)	(64,640)	
Net OPEB liability at June 30, 2017	8,986,787	164,921	9,151,708	
Total OPEB liability at July 1, 2017	(31,330,412)	(1,463,541)	(32,793,953)	
Correction of an Error				
Deferred outflows of resources related to pension plan contributions made during the year ended June 30, 2017	(6,645,388)	(653,356)	(7,298,744)	
Correction to roads - Southeast Connector	(11,313,075)	-	(11,313,075)	
Correction to roads - Pyramid Highway	(61,423,677)	-	(61,423,677)	
Net position at July 1, 2017, as restated	\$ 176,175,335	\$ 202,078,662	\$ 378,253,997	
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Net position at June 30, 2017, as previously reported	\$ 203,058,882	\$ 2,666,388	\$ 205,725,270	\$ 8,787,861
Adoption of New Standard				
Net OPEB asset at June 30, 2017	(4,226)	(4,320)	(8,546)	(540)
Net OPEB liability at June 30, 2017	95,784	69,137	164,921	
Total OPEB liability at July 1, 2017	(783,477)	(680,064)	(1,463,541)	38,434 (150,951)
Correction of an Error				
Deferred outflows of resources related to pension plan contributions made during the year ended June 30, 2017	(471,311)	(182,045)	(653,356)	(110,809)
Net position at July 1, 2017, as restated	\$ 201,895,652	\$ 1,869,096	\$ 203,764,748	\$ 8,563,995



Required Supplementary Information
City of Sparks

City of Sparks
Schedule of Changes in the Total Other Postemployment Benefits Liability and Other Ratios
June 30, 2018

	2018	
	Sparks Plan	NPEBP
Total OPEB Liability		
Service cost	\$ 785,174	\$ -
Interest	1,019,654	274,311
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	539,508	114,654
Benefit payments	<u>(598,390)</u>	<u>(291,307)</u>
Net change in total OPEB liability	1,745,946	97,658
Total OPEB liability-beginning, as restated	<u>25,790,494</u>	<u>7,003,457</u>
Total OPEB liability-ending	<u>\$ 27,536,440</u>	<u>\$ 7,101,115</u>
Total Covered-employee payroll	\$ 34,886,779	N/A
Total OPEB liability as a percentage of covered-employee payroll	78.93%	N/A

* 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. Changes of assumptions were related to changes between the valuation date of July 1, 2016 and the measurement date of June 30, 2018 as noted below:

	Valuation Date	Measurement Date
Actuarial cost method	Projected Unit Credit	Entry Age Normal
Amortization method	Level Dollar	Level Percent of Payroll
Remaining amortization period	30 years	7.24 years
Discount rate	4%, net of OPEB plan investment expense, including inflation	3.87%
Healthcare cost trend rate	5.9% declining gradually over 60 years, to an ultimate rate of 3.94%	

City of Sparks
 Schedule of City's Share of Net Pension Liability
 Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's portion of the net pension liability	0.65133%	0.63750%	0.66963%	0.68240%
City's proportionate share of the net pension liability	\$ 86,625,696	\$ 87,624,211	\$ 77,407,621	\$ 71,650,806
City's covered payroll	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326	\$ 31,931,910
City's proportional share of the net pension liability as a percentage of its covered payroll	248.77%	266.84%	244.40%	224.39%
Plan fiduciary net position as a percentage of the total pension liability	74.40%	72.20%	75.10%	76.30%

* 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048	\$ 5,168,048
Contributions in relation to the statutorily required contribution	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048	\$ 5,168,048
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
Contributions as a percentage of covered payroll	17.12%	16.42%	16.46%	16.32%

* 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.



Supplementary Information
City of Sparks

City of Sparks
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	\$ 5,410,859	\$ 2,184,110	\$ 19,312,019	\$ 26,906,988
Accounts receivable, net	1,413,871	-	869,796	2,283,667
Prepays	30,000	-	-	30,000
Due from other governments	165,091	29,595	712,572	907,258
Restricted assets				
Cash and investments	-	2,945,000	-	2,945,000
Total assets	<u>\$ 7,019,821</u>	<u>\$ 5,158,705</u>	<u>\$ 20,894,387</u>	<u>\$ 33,072,913</u>
Liabilities				
Accounts payable	\$ 336,847	\$ -	\$ 272,410	\$ 609,257
Accrued liabilities	165,935	-	64,462	230,397
Contracts payable	174,105	-	961,595	1,135,700
Contract retentions payable	13,756	-	91,987	105,743
Refundable deposits	14,514	-	3,000	17,514
Unearned revenues	406,399	-	5,080	411,479
Due to other funds	1,057	-	-	1,057
Due to other governments	146,703	-	51,385	198,088
Total liabilities	<u>1,259,316</u>	<u>-</u>	<u>1,449,919</u>	<u>2,709,235</u>
Deferred Inflows of Resources				
Unavailable revenue – other	67,361	-	-	67,361
Unavailable revenue – grants	1,348,926	-	8,253	1,357,179
Unavailable revenue – property and other taxes	-	-	60,745	60,745
Total deferred inflows of resources	<u>1,416,287</u>	<u>-</u>	<u>68,998</u>	<u>1,485,285</u>
Fund Balances				
Restricted for				
Grants and donations	144,425	-	-	144,425
Law enforcement	304,326	-	-	304,326
Promotion of special events	98,200	-	-	98,200
Various judicial uses	229,998	-	-	229,998
Municipal facilities construction	153,114	-	-	153,114
Court fee collection programs	776,254	-	-	776,254
Developer agreements	1,375,641	-	470,301	1,845,942
Bond proceeds defined projects	21,448	-	-	21,448
Debt service reserve	-	5,158,705	-	5,158,705
Parks and recreation	-	-	4,313,298	4,313,298
Street improvements and rehabilitation	-	-	1,258,618	1,258,618
Capital projects	-	-	448,709	448,709
Improvements to Victorian Square	-	-	5,107,400	5,107,400
Committed for				
Economic development	30,458	-	-	30,458
Parks and recreation	208,874	-	-	208,874
Road surface repairs	610,803	-	-	610,803
Economic stabilization	390,677	-	-	390,677
Assigned for				
Specific capital projects	-	-	2,381,312	2,381,312
Other capital projects	-	-	5,395,832	5,395,832
Total fund balances	<u>4,344,218</u>	<u>5,158,705</u>	<u>19,375,470</u>	<u>28,878,393</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,019,821</u>	<u>\$ 5,158,705</u>	<u>\$ 20,894,387</u>	<u>\$ 33,072,913</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 3,970,000	\$ 3,590,624	\$ 7,756,624
Licenses and permits	1,381,758	-	3,838,055	5,219,813
Intergovernmental revenues	1,578,649	192,370	2,770,370	4,541,389
Charges for services	3,123,797	-	134,736	3,258,533
Fines and forfeits	-	-	2,000	2,000
Miscellaneous	342,295	38,197	101,153	481,645
Total revenues	6,622,499	4,200,567	10,436,938	21,260,004
Expenditures				
Current				
General government	342	-	667,322	667,664
Judicial	231,070	-	-	231,070
Public safety	919,619	-	85,877	1,005,496
Public works	380,783	-	2,822,535	3,203,318
Culture and recreation	4,108,416	-	591,290	4,699,706
Community support	669,154	-	288,087	957,241
Total current	6,309,384	-	4,455,111	10,764,495
Capital outlay				
General government	90,000	-	214,030	304,030
Judicial	103,528	-	-	103,528
Public safety	260,556	-	314,779	575,335
Public works	-	-	1,356,812	1,356,812
Culture and recreation	132,422	-	1,174,062	1,306,484
Community support	151	-	544,791	544,942
Total capital outlay	586,657	-	3,604,474	4,191,131
Debt service				
Principal	-	2,840,000	-	2,840,000
Interest	-	988,275	-	988,275
Fiscal charges and other	-	4,313	-	4,313
Total debt service	-	3,832,588	-	3,832,588
Total expenditures	6,896,041	3,832,588	8,059,585	18,788,214
Excess (Deficiency) of Revenues over Expenditures	(273,542)	367,979	2,377,353	2,471,790
Other Financing Sources (Uses)				
Capital asset sales	-	-	250	250
Transfers				
Transfers in	1,175,000	-	754,108	1,929,108
Transfers out	(255,744)	-	(290,447)	(546,191)
Total other financing sources (uses)	919,256	-	463,911	1,383,167
Net Change in Fund Balances	645,714	367,979	2,841,264	3,854,957
Fund Balances, Beginning of Year	3,698,504	4,790,726	16,534,206	25,023,436
Fund Balances, End of Year	\$ 4,344,218	\$ 5,158,705	\$ 19,375,470	\$ 28,878,393

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.

Sparks Grants and Donations Fund

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.

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 to be collected in the Northern Sparks Sphere of Influence.

Tourism Improvement District 1 Fund

To account for monies deposited into the fund, from proceeds of Sales Tax Anticipation Revenue Bonds, to be used to acquire, improve, and equip certain real and personal property within the City of Sparks, Nevada Tourism Improvement District No. 1 (Legends at Sparks Marina).

Stabilization Fund

To account for resources committed by the City Council for fiscal emergencies.

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Assets				
Cash and investments	\$ 13,674	\$ -	\$ 607,480	\$ 264,200
Accounts receivable, net	1,348,926	-	23	-
Prepays	-	-	-	30,000
Due from other governments	-	38,096	81,409	-
Total assets	\$ 1,362,600	\$ 38,096	\$ 688,912	\$ 294,200
Liabilities				
Accounts payable	\$ 6,849	\$ 32,304	\$ 186,286	\$ -
Accrued liabilities	-	-	15,257	-
Contracts payable	6,825	-	-	-
Contract retentions payable	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	-	196,000
Due to other funds	-	1,057	-	-
Due to other governments	-	4,735	16,843	-
Total liabilities	13,674	38,096	218,386	196,000
Deferred Inflows of Resources				
Unavailable revenue – other	-	-	21,775	-
Unavailable revenue – grants	1,348,926	-	-	-
Total deferred inflows of resources	1,348,926	-	21,775	-
Fund Balances				
Restricted for				
Grants and donations	-	-	144,425	-
Law enforcement	-	-	304,326	-
Promotion of special events	-	-	-	98,200
Various judicial uses	-	-	-	-
Municipal facilities construction	-	-	-	-
Court fee collection programs	-	-	-	-
Developer agreements	-	-	-	-
Bond proceeds defined projects	-	-	-	-
Committed for				
Economic development	-	-	-	-
Parks and recreation	-	-	-	-
Road surface repairs	-	-	-	-
Economic stabilization	-	-	-	-
Total fund balances	-	-	448,751	98,200
Total liabilities, deferred inflows of resources and fund balances	\$ 1,362,600	\$ 38,096	\$ 688,912	\$ 294,200

City of Sparks
Combining Balance Sheet – Nonmajor Special Revenue Funds
June 30, 2018

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ 821,367	\$ 1,262,866	\$ 646,863	\$ 1,382,284	\$ 21,448	\$ 390,677	\$ 5,410,859
23,489	28	41,405	-	-	-	1,413,871
-	-	-	-	-	-	30,000
-	-	45,586	-	-	-	165,091
<u>\$ 844,856</u>	<u>\$ 1,262,894</u>	<u>\$ 733,854</u>	<u>\$ 1,382,284</u>	<u>\$ 21,448</u>	<u>\$ 390,677</u>	<u>\$ 7,019,821</u>
\$ 111,289	\$ -	\$ 96	\$ 23	\$ -	\$ -	\$ 336,847
145,986	-	4,692	-	-	-	165,935
-	103,528	63,752	-	-	-	174,105
-	-	7,136	6,620	-	-	13,756
14,514	-	-	-	-	-	14,514
210,399	-	-	-	-	-	406,399
-	-	-	-	-	-	1,057
123,336	-	1,789	-	-	-	146,703
<u>605,524</u>	<u>103,528</u>	<u>77,465</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>1,259,316</u>
-	-	45,586	-	-	-	67,361
-	-	-	-	-	-	1,348,926
-	-	45,586	-	-	-	1,416,287
-	-	-	-	-	-	144,425
-	-	-	-	-	-	304,326
-	-	-	-	-	-	98,200
-	229,998	-	-	-	-	229,998
-	153,114	-	-	-	-	153,114
-	776,254	-	-	-	-	776,254
-	-	-	1,375,641	-	-	1,375,641
-	-	-	-	21,448	-	21,448
30,458	-	-	-	-	-	30,458
208,874	-	-	-	-	-	208,874
-	-	610,803	-	-	-	610,803
-	-	-	-	-	390,677	390,677
<u>239,332</u>	<u>1,159,366</u>	<u>610,803</u>	<u>1,375,641</u>	<u>21,448</u>	<u>390,677</u>	<u>4,344,218</u>
<u>\$ 844,856</u>	<u>\$ 1,262,894</u>	<u>\$ 733,854</u>	<u>\$ 1,382,284</u>	<u>\$ 21,448</u>	<u>\$ 390,677</u>	<u>\$ 7,019,821</u>

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	343,751	974,784	-
Charges for services	119,311	-	9,111	-
Miscellaneous	-	-	306,086	2,069
Total revenues	119,311	343,751	1,289,981	198,069
Expenditures				
Current				
General government	-	-	342	-
Judicial	-	-	84,405	-
Public safety	-	-	919,619	-
Public works	-	-	-	-
Culture and recreation	-	-	75,400	-
Community support	120,054	343,600	-	203,100
Total current	120,054	343,600	1,079,766	203,100
Capital outlay				
General government	-	-	90,000	-
Judicial	-	-	-	-
Public safety	-	-	260,556	-
Culture and recreation	-	-	-	-
Community support	-	151	-	-
Total capital outlay	-	151	350,556	-
Total expenditures	120,054	343,751	1,430,322	203,100
Excess (Deficiency) of Revenues over Expenditures	(743)	-	(140,341)	(5,031)
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(743)	-	(140,341)	(5,031)
Fund Balances, Beginning of Year	743	-	589,092	103,231
Fund Balances, End of Year	\$ -	\$ -	\$ 448,751	\$ 98,200

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
Year Ended June 30, 2018

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
21,406	-	284,944	875,408	-	200,000	1,381,758
-	260,114	-	-	-	-	1,578,649
2,995,375	-	-	-	-	-	3,123,797
2,691	-	6,372	18,724	1,323	5,030	342,295
<u>3,019,472</u>	<u>260,114</u>	<u>291,316</u>	<u>894,132</u>	<u>1,323</u>	<u>205,030</u>	<u>6,622,499</u>
-	-	-	-	-	-	342
-	146,665	-	-	-	-	231,070
-	-	-	-	-	-	919,619
-	-	330,376	50,407	-	-	380,783
4,033,016	-	-	-	-	-	4,108,416
-	-	-	-	2,400	-	669,154
<u>4,033,016</u>	<u>146,665</u>	<u>330,376</u>	<u>50,407</u>	<u>2,400</u>	<u>-</u>	<u>6,309,384</u>
-	-	-	-	-	-	90,000
-	103,528	-	-	-	-	103,528
-	-	-	-	-	-	260,556
-	-	-	132,422	-	-	132,422
-	-	-	-	-	-	151
-	103,528	-	132,422	-	-	586,657
<u>4,033,016</u>	<u>250,193</u>	<u>330,376</u>	<u>182,829</u>	<u>2,400</u>	<u>-</u>	<u>6,896,041</u>
<u>(1,013,544)</u>	<u>9,921</u>	<u>(39,060)</u>	<u>711,303</u>	<u>(1,077)</u>	<u>205,030</u>	<u>(273,542)</u>
1,175,000	-	-	-	-	-	1,175,000
-	-	-	(255,744)	-	-	(255,744)
<u>1,175,000</u>	<u>-</u>	<u>-</u>	<u>(255,744)</u>	<u>-</u>	<u>-</u>	<u>919,256</u>
161,456	9,921	(39,060)	455,559	(1,077)	205,030	645,714
77,876	1,149,445	649,863	920,082	22,525	185,647	3,698,504
<u>\$ 239,332</u>	<u>\$ 1,159,366</u>	<u>\$ 610,803</u>	<u>\$ 1,375,641</u>	<u>\$ 21,448</u>	<u>\$ 390,677</u>	<u>\$ 4,344,218</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-loan reimbursements				
Housing rehabilitation	\$ 120,000	\$ 119,311	\$ (689)	\$ 84,005
Expenditures				
Community support				
Services and supplies	123,539	120,054	3,485	83,262
Net Change in Fund Balances	(3,539)	(743)	2,796	743
Fund Balances, Beginning of Year	3,539	743	(2,796)	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ 743

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Entitlement Grant Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Community Development Block and Entitlement grants	\$ 858,936	\$ 343,751	\$ (515,185)	\$ 1,086,294
Expenditures				
Community support				
Salaries and wages	100,857	78,098	22,759	77,207
Employee benefits	41,057	35,422	5,635	32,668
Services and supplies	292,173	230,080	62,093	182,101
Capital outlay	424,849	151	424,698	794,318
Total expenditures	858,936	343,751	515,185	1,086,294
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Sparks Grants and Donations Fund
 Year Ended June 30, 2018
 (with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Federal grants				
Department of Justice	\$ 312,826	\$ 184,695	\$ (128,131)	\$ 227,890
Department of Transportation, Traffic Safety	49,000	50,051	1,051	47,224
Department of Homeland Security	106,499	106,499	-	2,786
Department of Health and Human Services	-	62	62	310
Executive Office of the President	10,405	11,265	860	13,640
State grants				
Council of The Arts	-	350	350	517
Local Emergency Planning Committee grants	-	700	700	-
Washoe County	167,677	135,269	(32,408)	76,777
Other local government shared revenues				
Crime forfeitures	299,360	299,111	(249)	133,620
Other	79,396	186,782	107,386	77,926
Charges for services				
Other	9,111	9,111	-	2,228
Miscellaneous				
Investment income	-	4,119	4,119	1,755
Other	217,054	301,967	84,913	231,276
Total revenues	<u>1,251,328</u>	<u>1,289,981</u>	<u>38,653</u>	<u>815,949</u>
Expenditures				
General government				
Services and supplies	30,889	342	30,547	2,114
Capital outlay	90,000	90,000	-	-
Total General Government	<u>120,889</u>	<u>90,342</u>	<u>30,547</u>	<u>-</u>
Judicial				
Services and supplies	98,783	84,405	14,378	64,903
Public safety				
Salaries and wages	350,446	316,427	34,019	308,099
Employee benefits	156,633	142,227	14,406	133,326
Services and supplies	687,691	460,965	226,726	304,885
Capital outlay	402,627	260,556	142,071	49,319
Total public safety	<u>1,597,397</u>	<u>1,180,175</u>	<u>417,222</u>	<u>795,629</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Sparks Grants and Donations Fund
 Year Ended June 30, 2018
 (with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Culture and recreation				
Salaries and wages	\$ 15,262	\$ 11,849	\$ 3,413	\$ 10,412
Employee benefits	386	359	27	168
Services and supplies	118,021	63,192	54,829	24,312
Capital outlay	-	-	-	5,000
Total culture and recreation	<u>133,669</u>	<u>75,400</u>	<u>58,269</u>	<u>39,892</u>
Total expenditures	<u>1,950,738</u>	<u>1,430,322</u>	<u>520,416</u>	<u>902,538</u>
Net Change in Fund Balances	(699,410)	(140,341)	559,069	(86,589)
Fund Balances, Beginning of Year	<u>1,590,902</u>	<u>589,092</u>	<u>(1,001,810)</u>	<u>675,681</u>
Fund Balances, End of Year	<u>\$ 891,492</u>	<u>\$ 448,751</u>	<u>\$ (442,741)</u>	<u>\$ 589,092</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism and Marketing Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income	425	2,069	1,644	797
Total revenues	<u>196,425</u>	<u>198,069</u>	<u>1,644</u>	<u>196,797</u>
Expenditures				
Community support				
Services and supplies	<u>209,000</u>	<u>203,100</u>	<u>5,900</u>	<u>252,831</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,575)</u>	<u>(5,031)</u>	<u>7,544</u>	<u>(56,034)</u>
Net Change in Fund Balances	(12,575)	(5,031)	7,544	(56,034)
Fund Balances, Beginning of Year	<u>155,610</u>	<u>103,231</u>	<u>(52,379)</u>	<u>159,265</u>
Fund Balances, End of Year	<u>\$ 143,035</u>	<u>\$ 98,200</u>	<u>\$ (44,835)</u>	<u>\$ 103,231</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Program Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 16,200	\$ 21,406	\$ 5,206	\$ 16,662
Charges for services				
Recreation program fees	2,419,950	2,612,576	192,626	2,494,283
Administrative service charges	3,750	1,720	(2,030)	1,707
Other	352,153	381,079	28,926	321,350
Miscellaneous				
Gifts and bequests	-	-	-	1,830
Other	-	2,691	2,691	2,190
Total revenues	<u>2,792,053</u>	<u>3,019,472</u>	<u>227,419</u>	<u>2,838,022</u>
Expenditures				
Culture and recreation				
Salaries and wages	2,596,107	2,661,068	(64,961)	2,500,023
Employee benefits	603,426	667,849	(64,423)	640,929
Services and supplies	761,106	704,099	57,007	658,020
Total expenditures	<u>3,960,639</u>	<u>4,033,016</u>	<u>(72,377)</u>	<u>3,798,972</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,168,586)</u>	<u>(1,013,544)</u>	<u>155,042</u>	<u>(960,950)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	<u>1,175,000</u>	<u>1,175,000</u>	<u>-</u>	<u>847,689</u>
Net Change in Fund Balances	6,414	161,456	155,042	(113,261)
Fund Balances, Beginning of Year	<u>76,103</u>	<u>77,876</u>	<u>1,773</u>	<u>191,137</u>
Fund Balances, End of Year	<u>\$ 82,517</u>	<u>\$ 239,332</u>	<u>\$ 156,815</u>	<u>\$ 77,876</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Court Administrative Assessment Fund
 Year Ended June 30, 2018
 (with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 35,100	\$ 31,932	\$ (3,168)	\$ 32,757
Court collection fees	160,000	182,999	22,999	154,151
Court facility administrative assessments	55,000	45,183	(9,817)	45,481
Total revenues	<u>250,100</u>	<u>260,114</u>	<u>10,014</u>	<u>232,389</u>
Expenditures				
Judicial				
Salaries and wages	-	5,151	(5,151)	-
Employee benefits	-	12	(12)	-
Services and supplies	941,147	141,502	799,645	131,514
Capital outlay	40,500	103,528	(63,028)	-
Total expenditures	<u>981,647</u>	<u>250,193</u>	<u>731,454</u>	<u>131,514</u>
Excess (Deficiency) of Revenues over expenditures	(731,547)	9,921	741,468	100,875
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(54,426)
Net Change in Fund Balances	(731,547)	9,921	741,468	46,449
Fund Balances, Beginning of Year	<u>872,309</u>	<u>1,149,445</u>	<u>277,136</u>	<u>1,102,996</u>
Fund Balances, End of Year	<u>\$ 140,762</u>	<u>\$ 1,159,366</u>	<u>\$ 1,018,604</u>	<u>\$ 1,149,445</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Cut Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cut permits	\$ 250,000	\$ 284,944	\$ 34,944	\$ 249,653
Miscellaneous				
Investment income	1,080	6,372	5,292	2,146
Total revenues	<u>251,080</u>	<u>291,316</u>	<u>40,236</u>	<u>251,799</u>
Expenditures				
Public works				
Salaries and wages	34,163	37,479	(3,316)	35,387
Employee benefits	18,818	18,740	78	18,560
Services and supplies	370,439	274,157	96,282	194,985
Total expenditures	<u>423,420</u>	<u>330,376</u>	<u>93,044</u>	<u>248,932</u>
Net Change in Fund Balances	(172,340)	(39,060)	133,280	2,867
Fund Balances, Beginning of Year	<u>370,829</u>	<u>649,863</u>	<u>279,034</u>	<u>646,996</u>
Fund Balances, End of Year	<u>\$ 198,489</u>	<u>\$ 610,803</u>	<u>\$ 412,314</u>	<u>\$ 649,863</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Impact Fee Service Area No. 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 25,000	\$ 93,243	\$ 68,243	\$ 33,205
Public facility fees	125,000	295,014	170,014	95,928
Park fees	150,000	232,737	82,737	157,576
Sanitary sewer fee	150,000	254,414	104,414	81,760
Miscellaneous				
Investment income	7,000	18,724	11,724	9,607
Total revenues	<u>457,000</u>	<u>894,132</u>	<u>437,132</u>	<u>378,076</u>
Expenditures				
Public safety				
Services and supplies	-	-	-	12,491
Public works				
Services and supplies	260,407	50,407	210,000	39,594
Culture and recreation:				
Services and supplies	-	30	(30)	-
Capital outlay	250,000	132,392	117,608	10,700
Total expenditures	<u>510,407</u>	<u>182,829</u>	<u>327,578</u>	<u>62,785</u>
Excess (Deficiency) of Revenues over Expenditures	(53,407)	711,303	764,710	315,291
Other Financing Sources (Uses)				
Transfers				
Transfers out	(150,000)	(255,744)	(105,744)	(82,092)
Net Change in Fund Balances	(203,407)	455,559	658,966	233,199
Fund Balances, Beginning of Year	<u>863,097</u>	<u>920,082</u>	<u>56,985</u>	<u>686,883</u>
Fund Balances, End of Year	<u>\$ 659,690</u>	<u>\$ 1,375,641</u>	<u>\$ 715,951</u>	<u>\$ 920,082</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism Improvement District 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 55	\$ 1,323	\$ 1,268	\$ 90
Expenditures				
Community support				
Services and supplies	21,700	2,400	19,300	3,155
Net Change in Fund Balances	(21,645)	(1,077)	20,568	(3,065)
Fund Balances, Beginning of Year	22,390	22,525	135	25,590
Fund Balances, End of Year	<u>\$ 745</u>	<u>\$ 21,448</u>	<u>\$ 20,703</u>	<u>\$ 22,525</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Stabilization Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits:				
Business licenses	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Miscellaneous				
Investment income	2,500	5,030	2,530	2,266
Total Revenues	<u>202,500</u>	<u>205,030</u>	<u>2,530</u>	<u>202,266</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(251,910)</u>
Net Change in Fund Balances	202,500	205,030	2,530	(49,644)
Fund Balances, Beginning of Year	<u>185,880</u>	<u>185,647</u>	<u>(233)</u>	<u>235,291</u>
Fund Balances, End of Year	<u><u>\$ 388,380</u></u>	<u><u>\$ 390,677</u></u>	<u><u>\$ 2,297</u></u>	<u><u>\$ 185,647</u></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:

- General Obligation (Limited Tax) Medium Term Bonds - Series 2007A
- General Obligation (Limited Tax) Medium Term Bonds - Series 2007B

Ad valorem taxes are used to service the debt.

- Consolidated Tax Refunding Revenue Bond - Series 2011
- Consolidated Tax Refunding Revenue Bond - Series 2014

Consolidated taxes are used to service the debt.

- Senior Sales Tax Anticipation Revenue Bonds – Series A
- Subordinated Sales Tax Anticipation Revenue Bonds – Series A

Sales taxes are used to service the debt.

- 2008 Limited Obligation Improvement Bonds
- 2016 Limited Obligation Improvement Refunding Bonds

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:

- Tax Increment Refunding Revenue Bonds – Series 2010

Ad valorem taxes and governmental services taxes are used to service the debt.

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:

- Tax Increment Revenue Bonds – Series 2008
- Tax Increment Revenue Refunding Bonds – Series 2016
- Subordinate Lien Tax Increment Revenue Bonds – Series 2014

Ad valorem taxes are used to service the debt.

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
General Obligation Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 1,604,241	\$ 5,839,431	\$ 4,235,190	\$ 1,827,875
Intergovernmental revenues				
Dedicated sales tax - improvement districts	12,000,000	11,085,966	(914,034)	11,148,798
Miscellaneous				
Investment income	19,900	172,313	152,413	56,626
Other	-	-	-	6,348
Total revenues	<u>13,624,141</u>	<u>17,097,710</u>	<u>3,473,569</u>	<u>13,039,647</u>
Expenditures				
Debt service				
Principal	4,685,321	10,804,519	(6,119,198)	5,353,000
Interest	9,045,079	8,434,867	610,212	9,165,068
Fiscal charges and other	-	13,840	(13,840)	20,023
Advance refunding escrow	-	-	-	1,443,180
Refunding bond issuance costs	-	-	-	107,001
Total expenditures	<u>13,730,400</u>	<u>19,253,226</u>	<u>(5,522,826)</u>	<u>16,088,272</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(106,259)</u>	<u>(2,155,516)</u>	<u>(2,049,257)</u>	<u>(3,048,625)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	13,498,290
Payment to refunded bond escrow agent	-	-	-	(13,498,290)
Transfers				
Transfers in	<u>1,010,630</u>	<u>1,010,630</u>	<u>-</u>	<u>2,090,459</u>
Total other financing sources (uses)	<u>1,010,630</u>	<u>1,010,630</u>	<u>-</u>	<u>2,090,459</u>
Net Change in Fund Balances	904,371	(1,144,886)	(2,049,257)	(958,166)
Fund Balances, Beginning of Year	<u>14,881,736</u>	<u>14,993,867</u>	<u>112,131</u>	<u>15,952,033</u>
Fund Balances, End of Year	<u>\$ 15,786,107</u>	<u>\$ 13,848,981</u>	<u>\$ (1,937,126)</u>	<u>\$ 14,993,867</u>

City of Sparks
Combining Balance Sheet – Nonmajor Debt Service Funds
June 30, 2018

	<u>Redevelopment Agency Area No. 1 Tax Revenue</u>	<u>Redevelopment Agency Area No. 2 Debt Service</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,107,945	\$ 1,076,165	\$ 2,184,110
Due from other governments	29,595	-	29,595
Restricted assets			
Cash and investments	<u>2,216,500</u>	<u>728,500</u>	<u>2,945,000</u>
Total assets	<u>\$ 3,354,040</u>	<u>\$ 1,804,665</u>	<u>\$ 5,158,705</u>
Fund Balances			
Restricted for			
Debt service reserve	<u>3,354,040</u>	<u>1,804,665</u>	<u>5,158,705</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,354,040</u>	<u>\$ 1,804,665</u>	<u>\$ 5,158,705</u>

City of Sparks

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year Ended June 30, 2018

	<u>Redevelopment Agency Area No. 1 Tax Revenue</u>	<u>Redevelopment Agency Area No. 2 Debt Service</u>	<u>Total</u>
Revenues			
Taxes	\$ 2,205,000	\$ 1,765,000	\$ 3,970,000
Intergovernmental revenues	192,370	-	192,370
Miscellaneous	19,782	18,415	38,197
	<u>2,417,152</u>	<u>1,783,415</u>	<u>4,200,567</u>
Total revenues			
Expenditures			
Debt service			
Principal	1,710,000	1,130,000	2,840,000
Interest	576,981	411,294	988,275
Fiscal charges and other	1,000	3,313	4,313
	<u>2,287,981</u>	<u>1,544,607</u>	<u>3,832,588</u>
Total expenditures			
Net Change in Fund Balances	129,171	238,808	367,979
Fund Balance, Beginning of Year	<u>3,224,869</u>	<u>1,565,857</u>	<u>4,790,726</u>
Fund Balance, End of Year	<u><u>\$ 3,354,040</u></u>	<u><u>\$ 1,804,665</u></u>	<u><u>\$ 5,158,705</u></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, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 2,205,000	\$ 2,205,000	\$ -	\$ 2,205,000
Intergovernmental revenues				
Motor vehicle privilege tax	177,572	192,370	14,798	162,774
Miscellaneous				
Investment income	6,600	19,782	13,182	10,317
Total revenues	<u>2,389,172</u>	<u>2,417,152</u>	<u>27,980</u>	<u>2,378,091</u>
Expenditures				
Debt service				
Principal	1,710,000	1,710,000	-	1,640,000
Interest	576,981	576,981	-	646,681
Fiscal charges and other	1,000	1,000	-	1,000
Total expenditures	<u>2,287,981</u>	<u>2,287,981</u>	<u>-</u>	<u>2,287,681</u>
Excess (Deficiency) of Revenues over Expenditures	<u>101,191</u>	<u>129,171</u>	<u>27,980</u>	<u>90,410</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	50,000
Transfers out	-	-	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	101,191	129,171	27,980	90,410
Fund Balances, Beginning of Year	<u>3,236,468</u>	<u>3,224,869</u>	<u>(11,599)</u>	<u>3,134,459</u>
Fund Balances, End of Year	<u>\$ 3,337,659</u>	<u>\$ 3,354,040</u>	<u>\$ 16,381</u>	<u>\$ 3,224,869</u>

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, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,765,000	\$ 1,765,000	\$ -	\$ 1,855,000
Miscellaneous				
Investment income	6,000	18,415	12,415	4,508
Total revenues	<u>1,771,000</u>	<u>1,783,415</u>	<u>12,415</u>	<u>1,859,508</u>
Expenditures				
Debt service				
Principal	1,130,000	1,130,000	-	859,000
Interest	411,294	411,294	-	353,523
Fiscal charges and other	3,500	3,313	187	2,313
Advance refunding escrow	-	-	-	1,456,787
Refunding bond issuance costs	-	-	-	110,756
Total expenditures	<u>1,544,794</u>	<u>1,544,607</u>	<u>187</u>	<u>2,782,379</u>
Excess (Deficiency) of Revenues over Expenditures	<u>226,206</u>	<u>238,808</u>	<u>12,602</u>	<u>(922,871)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	9,660,000
Payments to refunded bond escrow agent	-	-	-	(9,635,000)
Transfers				
Transfers in	-	-	-	650,000
Transfers out	-	-	-	(650,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balances	226,206	238,808	12,602	(897,871)
Fund Balances, Beginning of Year	<u>3,024,087</u>	<u>1,565,857</u>	<u>(1,458,230)</u>	<u>2,463,728</u>
Fund Balances, End of Year	<u>\$ 3,250,293</u>	<u>\$ 1,804,665</u>	<u>\$ (1,445,628)</u>	<u>\$ 1,565,857</u>

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 and franchise 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.

Parks and Recreation Project Fund

To provide for specific park and recreation purposes. Financing is provided by a negotiated settlement from the Helms Pit lawsuit and 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.

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 and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Assets					
Cash and investments	\$ 989,772	\$ 1,137,422	\$ 1,292,626	\$ 1,503,503	\$ 1,820,376
Accounts receivable	-	-	-	389,314	1,046
Due from other governments	-	-	-	445,535	-
Total assets	\$ 989,772	\$ 1,137,422	\$ 1,292,626	\$ 2,338,352	\$ 1,821,422
Liabilities					
Accounts payable	\$ -	\$ 323	\$ 60	\$ (12,473)	\$ 46,900
Accrued liabilities	-	-	-	46,105	-
Contracts payable	-	-	-	941,156	20,439
Contract retentions payable	-	-	21,497	66,098	-
Refundable deposits	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other governments	-	-	-	38,848	-
Total liabilities	-	323	21,557	1,079,734	67,339
Deferred Inflows of Resources					
Unavailable revenue – grants	-	-	-	-	-
Unavailable revenue – property taxes and other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Restricted for					
Parks and recreation	989,772	1,137,099	1,271,069	-	-
Street improvements and rehabilitation	-	-	-	1,258,618	-
Capital projects	-	-	-	-	-
Developer agreements	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	298,573
Other capital projects	-	-	-	-	1,455,510
Total fund balances	989,772	1,137,099	1,271,069	1,258,618	1,754,083
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 989,772	\$ 1,137,422	\$ 1,292,626	\$ 2,338,352	\$ 1,821,422

City of Sparks
Combining Balance Sheet – Nonmajor Capital Projects Funds
June 30, 2018

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
\$ 460,125	\$ 2,673,110	\$ 470,344	\$ 1,789,327	\$ 2,172,906	\$ 5,002,508	\$ 19,312,019
-	478,186	-	1,250	-	-	869,796
2,331	8,253	-	96,953	47,938	111,562	712,572
<u>\$ 462,456</u>	<u>\$ 3,159,549</u>	<u>\$ 470,344</u>	<u>\$ 1,887,530</u>	<u>\$ 2,220,844</u>	<u>\$ 5,114,070</u>	<u>\$ 20,894,387</u>
\$ 13,747	\$ 112,004	\$ 43	\$ 101,871	\$ 3,265	\$ 6,670	\$ 272,410
-	18,075	-	282	-	-	64,462
-	-	-	-	-	-	961,595
-	4,392	-	-	-	-	91,987
-	3,000	-	-	-	-	3,000
-	3,830	-	1,250	-	-	5,080
-	11,898	-	639	-	-	51,385
<u>13,747</u>	<u>153,199</u>	<u>43</u>	<u>104,042</u>	<u>3,265</u>	<u>6,670</u>	<u>1,449,919</u>
-	8,253	-	-	-	-	8,253
-	-	-	57,200	3,545	-	60,745
-	8,253	-	57,200	3,545	-	68,998
-	915,358	-	-	-	-	4,313,298
-	-	-	-	-	-	1,258,618
448,709	-	-	-	-	-	448,709
-	-	470,301	-	-	-	470,301
-	-	-	-	-	5,107,400	5,107,400
-	2,082,739	-	-	-	-	2,381,312
-	-	-	1,726,288	2,214,034	-	5,395,832
<u>448,709</u>	<u>2,998,097</u>	<u>470,301</u>	<u>1,726,288</u>	<u>2,214,034</u>	<u>5,107,400</u>	<u>19,375,470</u>
<u>\$ 462,456</u>	<u>\$ 3,159,549</u>	<u>\$ 470,344</u>	<u>\$ 1,887,530</u>	<u>\$ 2,220,844</u>	<u>\$ 5,114,070</u>	<u>\$ 20,894,387</u>

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Revenues					
Taxes	\$ 403,000	\$ 430,993	\$ 215,000	\$ -	\$ -
Licenses and permits	-	-	-	1,677,348	-
Intergovernmental revenues	-	-	-	2,561,088	-
Charges for services	-	-	-	451	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	5,902	1,793	9,051	8,383	5,398
Total revenues	408,902	432,786	224,051	4,247,270	5,398
Expenditures					
Current					
General government	-	-	-	-	588,998
Public safety	-	-	-	-	26,912
Public works	-	-	-	2,771,864	50,671
Culture and recreation	13,076	16,494	5,681	-	-
Community support	-	-	-	-	-
Total current	13,076	16,494	5,681	2,771,864	666,581
Capital outlay					
General government	-	-	-	-	205,365
Public safety	-	-	-	-	279,394
Public works	-	-	-	1,356,812	-
Culture and recreation	103,040	29,608	512,521	-	-
Community support	-	-	-	-	-
Total capital outlay	103,040	29,608	512,521	1,356,812	484,759
Total expenditures	116,116	46,102	518,202	4,128,676	1,151,340
Excess (Deficiency) of Revenues over Expenditures	292,786	386,684	(294,151)	118,594	(1,145,942)
Other Financing Sources (Uses)					
Capital asset sales	-	-	-	250	-
Transfers					
Transfers in	-	-	-	-	754,108
Transfer out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	250	754,108
Net Change in Fund Balances	292,786	386,684	(294,151)	118,844	(391,834)
Fund Balances, Beginning of Year	696,986	750,415	1,565,220	1,139,774	2,145,917
Fund Balances, End of Year	\$ 989,772	\$ 1,137,099	\$ 1,271,069	\$ 1,258,618	\$ 1,754,083

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
Year Ended June 30, 2018

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
\$ -	\$ -	\$ -	\$ 503,249	\$ 948,519	\$ 1,089,863	\$ 3,590,624
-	2,160,707	-	-	-	-	3,838,055
209,282	-	-	-	-	-	2,770,370
-	134,285	-	-	-	-	134,736
-	-	-	-	2,000	-	2,000
3,690	15,582	16,964	19,971	(7,352)	21,771	101,153
<u>212,972</u>	<u>2,310,574</u>	<u>16,964</u>	<u>523,220</u>	<u>943,167</u>	<u>1,111,634</u>	<u>10,436,938</u>
78,324	-	-	-	-	-	667,322
58,965	-	-	-	-	-	85,877
-	-	-	-	-	-	2,822,535
11,425	544,614	-	-	-	-	591,290
-	-	8,115	218,583	54,066	7,323	288,087
<u>148,714</u>	<u>544,614</u>	<u>8,115</u>	<u>218,583</u>	<u>54,066</u>	<u>7,323</u>	<u>4,455,111</u>
8,665	-	-	-	-	-	214,030
35,385	-	-	-	-	-	314,779
-	-	-	-	-	-	1,356,812
26,839	502,054	-	-	-	-	1,174,062
-	-	-	173,897	-	370,894	544,791
<u>70,889</u>	<u>502,054</u>	<u>-</u>	<u>173,897</u>	<u>-</u>	<u>370,894</u>	<u>3,604,474</u>
<u>219,603</u>	<u>1,046,668</u>	<u>8,115</u>	<u>392,480</u>	<u>54,066</u>	<u>378,217</u>	<u>8,059,585</u>
<u>(6,631)</u>	<u>1,263,906</u>	<u>8,849</u>	<u>130,740</u>	<u>889,101</u>	<u>733,417</u>	<u>2,377,353</u>
-	-	-	-	-	-	250
-	-	-	-	-	-	754,108
-	-	-	(290,447)	-	-	(290,447)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,447)</u>	<u>-</u>	<u>-</u>	<u>463,911</u>
(6,631)	1,263,906	8,849	(159,707)	889,101	733,417	2,841,264
<u>455,340</u>	<u>1,734,191</u>	<u>461,452</u>	<u>1,885,995</u>	<u>1,324,933</u>	<u>4,373,983</u>	<u>16,534,206</u>
<u>\$ 448,709</u>	<u>\$ 2,998,097</u>	<u>\$ 470,301</u>	<u>\$ 1,726,288</u>	<u>\$ 2,214,034</u>	<u>\$ 5,107,400</u>	<u>\$ 19,375,470</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 300,000	\$ 403,000	\$ 103,000	\$ 301,062
Miscellaneous				
Investment income (loss)	1,750	5,902	4,152	2,165
Total revenues	<u>301,750</u>	<u>408,902</u>	<u>107,152</u>	<u>303,227</u>
Expenditures				
General government				
Services and supplies	20	-	20	-
Culture and recreation				
Services and supplies	101,950	13,076	88,874	18,113
Capital outlay	130,000	103,040	26,960	5,720
Total culture and recreation	<u>231,950</u>	<u>116,116</u>	<u>115,834</u>	<u>23,833</u>
Total expenditures	<u>231,970</u>	<u>116,116</u>	<u>115,854</u>	<u>23,833</u>
Net Change in Fund Balances	69,780	292,786	223,006	279,394
Fund Balances, Beginning of Year	<u>585,424</u>	<u>696,986</u>	<u>111,562</u>	<u>417,592</u>
Fund Balances, End of Year	<u>\$ 655,204</u>	<u>\$ 989,772</u>	<u>\$ 334,568</u>	<u>\$ 696,986</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 2 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 150,000	\$ 430,993	\$ 280,993	\$ 128,000
Miscellaneous				
Investment income (loss)	8,000	(207)	(8,207)	3,039
Other	-	2,000	2,000	-
Total revenues	<u>158,000</u>	<u>432,786</u>	<u>274,786</u>	<u>131,039</u>
Expenditures				
Culture and recreation				
Services and supplies	120,834	16,494	104,340	53,413
Capital outlay	244,000	29,608	214,392	12,600
Total culture and recreation	<u>364,834</u>	<u>46,102</u>	<u>318,732</u>	<u>66,013</u>
Total expenditures	<u>364,834</u>	<u>46,102</u>	<u>318,732</u>	<u>66,013</u>
Net Change in Fund Balances	(206,834)	386,684	593,518	65,026
Fund Balances, Beginning of Year	<u>682,580</u>	<u>750,415</u>	<u>67,835</u>	<u>685,389</u>
Fund Balances, End of Year	<u><u>\$ 475,746</u></u>	<u><u>\$ 1,137,099</u></u>	<u><u>\$ 661,353</u></u>	<u><u>\$ 750,415</u></u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 3 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 300,000	\$ 215,000	\$ (85,000)	\$ 165,000
Miscellaneous				
Investment income (loss)	15,000	9,051	(5,949)	7,101
Total revenues	<u>315,000</u>	<u>224,051</u>	<u>(90,949)</u>	<u>172,101</u>
Expenditures				
Culture and recreation				
Services and supplies	25,000	5,681	19,319	9,570
Capital outlay	967,266	512,521	454,745	43,944
Total culture and recreation	<u>992,266</u>	<u>518,202</u>	<u>474,064</u>	<u>53,514</u>
Total expenditures	<u>992,266</u>	<u>518,202</u>	<u>474,064</u>	<u>53,514</u>
Net Change in Fund Balances	(677,266)	(294,151)	383,115	118,587
Fund Balances, Beginning of Year	<u>1,592,190</u>	<u>1,565,220</u>	<u>(26,970)</u>	<u>1,446,633</u>
Fund Balances, End of Year	<u>\$ 914,924</u>	<u>\$ 1,271,069</u>	<u>\$ 356,145</u>	<u>\$ 1,565,220</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Road Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 695,250	\$ 671,645	\$ (23,605)	\$ 652,881
Electric franchise fees	690,007	759,967	69,960	1,358,032
Gas franchise fees	224,306	245,736	21,430	431,814
Intergovernmental revenues				
Federal grants				
Department of Homeland Security	-	346	346	-
FEMA Grant				
State shared revenues				
Motor vehicle fuel tax	2,512,464	2,560,742	48,278	2,403,953
Charges for services				
Other	-	451	451	1,709
Miscellaneous				
Investment income (loss)	10,000	8,383	(1,617)	1,238
Total revenues	<u>4,132,027</u>	<u>4,247,270</u>	<u>115,243</u>	<u>4,849,627</u>
Expenditures				
Public works				
Salaries and wages	1,069,149	986,862	82,287	1,044,506
Employee benefits	641,271	575,485	65,786	626,689
Services and supplies	1,458,478	1,209,517	248,961	1,338,123
Capital outlay	1,570,396	1,356,812	213,584	4,533,207
Total public works	<u>4,739,294</u>	<u>4,128,676</u>	<u>610,618</u>	<u>7,542,525</u>
Other Financing Sources (Uses)				
Capital asset sales	-	250	250	-
Net Change in Fund Balances	(607,267)	118,844	726,111	(2,692,898)
Fund Balances, Beginning of Year	<u>1,054,748</u>	<u>1,139,774</u>	<u>85,026</u>	<u>3,832,672</u>
Fund Balances, End of Year	<u>\$ 447,481</u>	<u>\$ 1,258,618</u>	<u>\$ 811,137</u>	<u>\$ 1,139,774</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 8,500	\$ 4,352	\$ (4,148)	\$ 3,742
Rebates	-	1,046	1,046	2,191
Total revenues	<u>8,500</u>	<u>5,398</u>	<u>(3,102)</u>	<u>5,933</u>
Expenditures				
General government				
Services and supplies	764,266	588,998	175,268	722,491
Capital outlay	628,431	205,365	423,066	431,297
Total general government	<u>1,392,697</u>	<u>794,363</u>	<u>598,334</u>	<u>1,153,788</u>
Public safety				
Services and supplies	27,453	26,912	541	73,839
Capital outlay	711,575	279,394	432,181	135,530
Total public safety	<u>739,028</u>	<u>306,306</u>	<u>432,722</u>	<u>209,369</u>
Public works				
Services and supplies	61,740	50,671	11,069	29,270
Culture and recreation				
Capital outlay	352,890	-	352,890	-
Total expenditures	<u>2,546,355</u>	<u>1,151,340</u>	<u>1,395,015</u>	<u>1,392,427</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,537,855)</u>	<u>(1,145,942)</u>	<u>1,391,913</u>	<u>(1,386,494)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	754,108	754,108	-	2,455,240
Total other financing sources (uses)	<u>754,108</u>	<u>754,108</u>	<u>-</u>	<u>2,455,240</u>
Net Change in Fund Balances	(1,783,747)	(391,834)	1,391,913	1,068,746
Fund Balances, Beginning of Year	<u>2,073,236</u>	<u>2,145,917</u>	<u>72,681</u>	<u>1,077,171</u>
Fund Balances, End of Year	<u>\$ 289,489</u>	<u>\$ 1,754,083</u>	<u>\$ 1,464,594</u>	<u>\$ 2,145,917</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Facilities Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 198,283	\$ 209,282	\$ 10,999	\$ 197,776
Miscellaneous				
Investment income	5,500	3,690	(1,810)	2,439
Total revenues	<u>203,783</u>	<u>212,972</u>	<u>9,189</u>	<u>200,215</u>
Expenditures				
General government				
Services and supplies	77,860	78,324	(464)	59,469
Capital outlay	68,665	8,665	60,000	8,450
Total general government	<u>146,525</u>	<u>86,989</u>	<u>59,536</u>	<u>67,919</u>
Public safety				
Services and supplies	62,808	58,965	3,843	64,189
Capital outlay	190,793	35,385	155,408	82,530
Total public safety	<u>253,601</u>	<u>94,350</u>	<u>159,251</u>	<u>146,719</u>
Culture and recreation				
Services and supplies	160,000	11,425	148,575	-
Capital outlay	60,000	26,839	33,161	-
Total Culture and Recreation	<u>220,000</u>	<u>38,264</u>	<u>181,736</u>	<u>-</u>
Total expenditures	<u>620,126</u>	<u>219,603</u>	<u>400,523</u>	<u>214,638</u>
Net Change in Fund Balances	(416,343)	(6,631)	409,712	(14,423)
Fund Balances, Beginning of Year	<u>419,542</u>	<u>455,340</u>	<u>35,798</u>	<u>469,763</u>
Fund Balances, End of Year	<u>\$ 3,199</u>	<u>\$ 448,709</u>	<u>\$ 445,510</u>	<u>\$ 455,340</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Project Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 99,996	\$ 99,996	\$ -	\$ 99,996
Electric franchise fees	1,380,016	1,519,933	139,917	679,016
Gas franchise fees	448,612	491,473	42,861	215,907
Park fees	50,000	49,305	(695)	57,285
Charges for services				
Other	108,000	134,285	26,285	127,104
Miscellaneous				
Investment income	13,000	15,582	2,582	8,788
Other	-	-	-	12,207
Total revenues	<u>2,099,624</u>	<u>2,310,574</u>	<u>210,950</u>	<u>1,200,303</u>
Expenditures				
Culture and recreation				
Salaries and wages	277,220	282,650	(5,430)	273,473
Employee benefits	138,594	134,860	3,734	134,276
Services and supplies	359,249	127,104	232,145	338,430
Capital outlay	2,559,801	502,054	2,057,747	575,995
Total culture and recreation	<u>3,334,864</u>	<u>1,046,668</u>	<u>2,288,196</u>	<u>1,322,174</u>
Total expenditures	<u>3,334,864</u>	<u>1,046,668</u>	<u>2,288,196</u>	<u>1,322,174</u>
Net Change in Fund Balances	(1,235,240)	1,263,906	2,499,146	(121,871)
Fund Balance, Beginning of Year	<u>1,639,613</u>	<u>1,734,191</u>	<u>94,578</u>	<u>1,856,062</u>
Fund Balances, End of Year	<u>\$ 404,373</u>	<u>\$ 2,998,097</u>	<u>\$ 2,593,724</u>	<u>\$ 1,734,191</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Improvement District 3 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 850	\$ 3,124	\$ 2,274	\$ 1,240
Other	-	13,840	13,840	20,023
	<u>850</u>	<u>16,964</u>	<u>16,114</u>	<u>21,263</u>
Expenditures				
Community support				
Services and supplies	440,350	8,115	432,235	18,501
Net Change in Fund Balances	(439,500)	8,849	448,349	2,762
Fund Balances, Beginning of Year	<u>439,501</u>	<u>461,452</u>	<u>21,951</u>	<u>458,690</u>
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ 470,301</u>	<u>\$ 470,300</u>	<u>\$ 461,452</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 1 Revolving Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 445,000	\$ 503,249	\$ 58,249	\$ 270,264
Miscellaneous				
Investment income (loss)	8,500	6,221	(2,279)	2,933
Property rentals	15,000	13,750	(1,250)	15,000
Total revenues	<u>468,500</u>	<u>523,220</u>	<u>54,720</u>	<u>288,197</u>
Expenditures				
Community support				
Salaries and wages	14,507	14,756	(249)	13,920
Employee benefits	7,423	7,501	(78)	7,261
Services and supplies	106,916	196,326	(89,410)	56,682
Capital outlay	958,343	173,897	784,446	12,168
Total community support	<u>1,087,189</u>	<u>392,480</u>	<u>694,709</u>	<u>90,031</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(618,689)</u>	<u>130,740</u>	<u>749,429</u>	<u>198,166</u>
Other Financing Sources (Uses)				
Capital asset sales	-	-	-	1,096,000
Transfers				
Transfers in	-	-	-	50,000
Transfers out	(290,447)	(290,447)	-	(341,015)
Total other financing sources (uses)	<u>(290,447)</u>	<u>(290,447)</u>	<u>-</u>	<u>804,985</u>
Net Change in Fund Balances	(909,136)	(159,707)	749,429	1,003,151
Fund Balances, Beginning of Year	<u>1,878,587</u>	<u>1,885,995</u>	<u>7,408</u>	<u>882,844</u>
Fund Balances, End of Year	<u>\$ 969,451</u>	<u>\$ 1,726,288</u>	<u>\$ 756,837</u>	<u>\$ 1,885,995</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 2 Revolving Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,005,000	\$ 948,519	\$ (56,481)	\$ 830,229
Fines and forfeits				
Other	-	2,000	2,000	6,300
Miscellaneous				
Investment income (loss)	38,000	(7,352)	(45,352)	53,389
Total revenues	<u>1,043,000</u>	<u>943,167</u>	<u>(99,833)</u>	<u>889,918</u>
Expenditures				
Community support				
Services and supplies	90,406	54,066	36,340	11,651
Excess (Deficiency) of Revenues over Expenditures	<u>952,594</u>	<u>889,101</u>	<u>(63,493)</u>	<u>878,267</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	650,000
Transfers out	-	-	-	(1,727,853)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,077,853)</u>
Net Change in Fund Balances	952,594	889,101	(63,493)	(199,586)
Fund Balances, Beginning of Year	<u>1,234,856</u>	<u>1,324,933</u>	<u>90,077</u>	<u>1,524,519</u>
Fund Balances, End of Year	<u>\$ 2,187,450</u>	<u>\$ 2,214,034</u>	<u>\$ 26,584</u>	<u>\$ 1,324,933</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Victorian Square Room Tax Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room tax	\$ 925,000	\$ 1,089,863	\$ 164,863	\$ 928,190
Miscellaneous				
Investment income (loss)	36,500	21,771	(14,729)	20,688
Total revenues	<u>961,500</u>	<u>1,111,634</u>	<u>150,134</u>	<u>948,878</u>
Expenditures				
Community support				
Services and supplies	1,037,947	7,323	1,030,624	6,948
Capital outlay	861,802	370,894	490,908	7,795
Total community support	<u>1,899,749</u>	<u>378,217</u>	<u>1,521,532</u>	<u>14,743</u>
Net Change in Fund Balances	(938,249)	733,417	1,671,666	934,135
Fund Balances, Beginning of Year	<u>4,293,632</u>	<u>4,373,983</u>	<u>80,351</u>	<u>3,439,848</u>
Fund Balances, End of Year	<u>\$ 3,355,383</u>	<u>\$ 5,107,400</u>	<u>\$ 1,752,017</u>	<u>\$ 4,373,983</u>

Major Enterprise Fund

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.

Nonmajor Enterprise Fund

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 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Miscellaneous	\$ 185,000	\$ 199,820	\$ 14,820	\$ 205,437
Charges for services				
Sewer charges	25,289,369	25,222,431	(66,938)	23,795,374
Miscellaneous	65,893	91,557	25,664	105,152
Total operating revenues	<u>25,540,262</u>	<u>25,513,808</u>	<u>(26,454)</u>	<u>24,105,963</u>
Operating Expenses				
Salaries and wages	2,809,199	2,955,354	(146,155)	2,794,426
Employee benefits	1,755,536	1,667,935	87,601	1,582,908
Services and supplies	12,922,116	9,975,216	2,946,900	9,675,194
Depreciation	8,187,762	6,845,539	1,342,223	6,370,188
Net loss from Truckee Meadows Water Reclamation Facility	2,300,000	2,657,986	(357,986)	2,083,084
Total operating expenses	<u>27,974,613</u>	<u>24,102,030</u>	<u>3,872,583</u>	<u>22,505,800</u>
Operating Income (Loss)	<u>(2,434,351)</u>	<u>1,411,778</u>	<u>3,846,129</u>	<u>1,600,163</u>
Nonoperating Revenues (Expenses)				
Grants	-	(711)	(711)	13,134
Investment income (loss)	141,936	53,951	(87,985)	(58,721)
Interest expense	(934,405)	(621,833)	312,572	(816,602)
Miscellaneous	-	(516)	(516)	(932)
Total nonoperating revenue (expenses)	<u>(792,469)</u>	<u>(569,109)</u>	<u>223,360</u>	<u>(863,121)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(3,226,820)</u>	<u>842,669</u>	<u>4,069,489</u>	<u>737,042</u>
Capital Contributions				
Sewer connection fees	3,536,595	10,802,523	7,265,928	5,281,080
Sewer lines and storm drains	-	3,736,247	3,736,247	2,367,774
Total capital contributions	<u>3,536,595</u>	<u>14,538,770</u>	<u>11,002,175</u>	<u>7,648,854</u>
Transfers				
Transfers in	150,000	255,744	105,744	82,092
Transfers out	(3,896)	(3,896)	-	(3,904)
Total transfers	<u>146,104</u>	<u>251,848</u>	<u>105,744</u>	<u>78,188</u>
Change in Net Position	<u>\$ 455,879</u>	15,633,287	<u>\$ 15,177,408</u>	<u>\$ 8,464,084</u>
Net Position, Beginning of Year, as Originally Reported		203,058,882		
Prior Period Adjustment		<u>(1,163,230)</u>		
Net Position, Beginning of Year, as Restated		<u>201,895,652</u>		
Net Position, End of Year		<u>\$ 217,528,939</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Development Services Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 1,736,284	\$ 2,479,464	\$ 743,180	\$ 2,223,579
Other	40,935	61,296	20,361	42,918
Charges for services				
Building and zoning fees	1,339,201	2,321,244	982,043	1,805,574
Other	313,218	821,894	508,676	641,417
Total operating revenues	<u>3,429,638</u>	<u>5,683,898</u>	<u>2,254,260</u>	<u>4,713,488</u>
Operating Expenses				
Salaries and wages	1,894,710	1,870,810	23,900	1,562,534
Employee benefits	1,104,374	856,240	248,134	645,405
Services and supplies	2,382,630	1,759,575	623,055	1,606,159
Depreciation	-	4,164	(4,164)	958
Total operating expenses	<u>5,381,714</u>	<u>4,490,789</u>	<u>890,925</u>	<u>3,815,056</u>
Operating Income (Loss)	<u>(1,952,076)</u>	<u>1,193,109</u>	<u>3,145,185</u>	<u>898,432</u>
Nonoperating Revenues (Expenses)				
Grants	-	-	-	595
Investment income (loss)	28,000	15,231	(12,769)	18,728
Miscellaneous	58,320	1,455	(56,865)	1,421
Total nonoperating revenues (expenses)	<u>86,320</u>	<u>16,686</u>	<u>(69,634)</u>	<u>20,744</u>
Income (Loss) Before Transfers	(1,865,756)	1,209,795	3,075,551	919,176
Transfers				
Transfers out	(23,375)	(23,375)	-	(52,247)
Change in Net Position	<u>\$ (1,889,131)</u>	1,186,420	<u>\$ 3,075,551</u>	<u>\$ 866,929</u>
Net Position, Beginning of Year, as Originally Reported		2,666,388		
Prior Period Adjustment		(797,292)		
Net Position, Beginning of Year, as Restated		<u>1,869,096</u>		
Net Position, End of Year		<u>\$ 3,055,516</u>		

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	\$ 2,503,949	\$ 4,165,195	\$ 2,272,281
Accounts receivable	7,068	78,667	-
Due from other governments	1,902	-	-
Deposits	-	9,072	10,000
Inventory of supplies	193,405	-	-
Total current assets	<u>2,706,324</u>	<u>4,252,934</u>	<u>2,282,281</u>
Noncurrent assets			
Capital assets			
Construction in progress	1,322,292	-	-
Buildings	451,019	-	-
Site improvements	245,445	-	-
Machinery and equipment	27,047,760	-	-
Less accumulated depreciation	18,742,120	-	-
Total noncurrent assets	<u>10,324,396</u>	<u>-</u>	<u>-</u>
Total assets	<u>13,030,720</u>	<u>4,252,934</u>	<u>2,282,281</u>
Deferred Outflows of Resources			
Deferred outflows related to OPEB	1,893	-	-
Deferred outflows related to pensions	162,794	-	-
Total deferred outflows of resources	<u>164,687</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>13,195,407</u>	<u>4,252,934</u>	<u>2,282,281</u>
Liabilities			
Current liabilities			
Accounts payable	68,800	115,254	-
Accrued liabilities	28,758	(13,286)	-
Due to other governments	24,070	-	-
Current portion of long-term liabilities	68,998	1,051,220	1,444,646
Total current liabilities	<u>190,626</u>	<u>1,153,188</u>	<u>1,444,646</u>
Long-term liabilities			
Compensated absences (net of current portion)	166,786	-	-
Other post employment benefits	153,443	-	-
Sick leave conversion payable (net of current portion)	26,950	-	-
Claims liabilities (net of current portion)	-	-	5,244,238
Net pension obligation	1,005,964	-	-
Total long-term liabilities	<u>1,353,143</u>	<u>-</u>	<u>5,244,238</u>
Total liabilities	<u>1,543,769</u>	<u>1,153,188</u>	<u>6,688,884</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	104,121	-	-
Total liabilities and deferred inflows of resources	<u>1,647,890</u>	<u>1,153,188</u>	<u>6,688,884</u>
Net Position			
Net investment in capital assets	10,324,396	-	-
Restricted for claims	-	3,099,746	-
Unrestricted	1,223,121	-	(4,406,603)
Total net position	<u>\$ 11,547,517</u>	<u>\$ 3,099,746</u>	<u>\$ (4,406,603)</u>

City of Sparks
Combining Statement of Net Position – Internal Service Funds
June 30, 2018

Municipal Self-Insurance	Totals
\$ 19,575	\$ 8,961,000
-	85,735
-	1,902
-	19,072
-	193,405
<u>19,575</u>	<u>9,261,114</u>
-	1,322,292
-	451,019
-	245,445
-	27,047,760
-	18,742,120
<u>-</u>	<u>10,324,396</u>
<u>19,575</u>	<u>19,585,510</u>
-	1,893
-	162,794
<u>-</u>	<u>164,687</u>
<u>19,575</u>	<u>19,750,197</u>
16,925	200,979
-	15,472
-	24,070
-	2,564,864
<u>16,925</u>	<u>2,805,385</u>
-	166,786
-	153,443
-	26,950
-	5,244,238
-	1,005,964
<u>-</u>	<u>6,597,381</u>
<u>16,925</u>	<u>9,402,766</u>
<u>-</u>	<u>104,121</u>
<u>16,925</u>	<u>9,506,887</u>
-	10,324,396
2,650	3,102,396
-	(3,183,482)
<u>\$ 2,650</u>	<u>\$ 10,243,310</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 4,445,833	\$ 11,530,212	\$ 357,984
Miscellaneous	(3,610)	263,474	-
Total operating revenues	<u>4,442,223</u>	<u>11,793,686</u>	<u>357,984</u>
Operating Expenses			
Salaries and wages	554,296	-	-
Employee benefits	322,912	-	-
Services and supplies	1,563,153	9,908,941	1,009,490
Depreciation	1,565,188	-	-
Total operating expenses	<u>4,005,549</u>	<u>9,908,941</u>	<u>1,009,490</u>
Operating Income (Loss)	<u>436,674</u>	<u>1,884,745</u>	<u>(651,506)</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	24,139	12,340	26,675
Miscellaneous	4,845	-	-
Grants	(1,922)	-	-
Gain (loss) on disposition of assets	(42,252)	-	-
Total nonoperating revenues (expenses)	<u>(15,190)</u>	<u>12,340</u>	<u>26,675</u>
Income (Loss) Before Capital Contributions and Transfers	<u>421,484</u>	<u>1,897,085</u>	<u>(624,831)</u>
Transfers			
Transfers in	30,068	-	-
Transfers out	-	-	-
	<u>30,068</u>	<u>-</u>	<u>-</u>
Change in Net Position	451,552	1,897,085	(624,831)
Net Position, Beginning of Year, as Originally Reported	11,319,831	1,202,661	(3,781,772)
Prior Period Adjustment	<u>(223,866)</u>	<u>-</u>	<u>-</u>
Net Position, Beginning of Year	<u>11,095,965</u>	<u>1,202,661</u>	<u>(3,781,772)</u>
Net Position, End of Year	<u>\$ 11,547,517</u>	<u>\$ 3,099,746</u>	<u>\$ (4,406,603)</u>

City of Sparks
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2018

Municipal Self-Insurance	Totals
\$ 885,671	\$ 17,219,700
88,728	348,592
<u>974,399</u>	<u>17,568,292</u>
-	554,296
-	322,912
989,089	13,470,673
<u>-</u>	<u>1,565,188</u>
989,089	15,913,069
<u>(14,690)</u>	<u>1,655,223</u>
267	63,421
-	4,845
-	(1,922)
<u>-</u>	<u>(42,252)</u>
267	24,092
<u>(14,423)</u>	<u>1,679,315</u>
-	30,068
<u>(30,068)</u>	<u>(30,068)</u>
<u>(30,068)</u>	<u>-</u>
(44,491)	1,679,315
47,141	8,787,861
<u>-</u>	<u>(223,866)</u>
47,141	8,563,995
<u>\$ 2,650</u>	<u>\$ 10,243,310</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Activities			
Cash received from customers and users	\$ 12,411	\$ 2,178,247	\$ 484,529
Cash received from interfund services provided	4,445,832	9,245,193	-
Cash received from reimbursements of insurance claims	-	383,188	-
Cash paid to employees	(871,543)	29	-
Cash paid to suppliers	(1,551,371)	(9,896,576)	(1,119,455)
Net Cash from (used for) Operating Activities	2,035,329	1,910,081	(634,926)
Noncapital Financing Activities			
Subsidy from federal grant	(1,922)	-	-
Capital and Related Financing Activities			
Proceeds from sale of capital assets	36,899	-	-
Acquisition of capital assets	(2,252,223)	-	-
Net Cash used for Capital and Related Financing Activities	(2,215,324)	-	-
Investing Activities			
Investment income (loss)	24,139	12,340	26,675
Net Change in Cash and Cash Equivalents	(157,778)	1,922,421	(608,251)
Cash and Cash Equivalents, Beginning of Year	2,661,727	2,242,774	2,880,532
Cash and Cash Equivalents, End of Year	\$ 2,503,949	\$ 4,165,195	\$ 2,272,281

City of Sparks
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2018

Municipal Self-Insurance	Totals
\$ 89,541	\$ 2,764,728
885,671	14,576,696
-	383,188
-	(871,514)
(997,540)	(13,564,942)
(22,328)	3,288,156
-	(1,922)
-	36,899
(30,068)	(2,282,291)
(30,068)	(2,245,392)
267	63,421
(52,129)	1,104,263
71,704	7,856,737
\$ 19,575	\$ 8,961,000

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities			
Operating income (loss)	\$ 436,674	\$ 1,884,745	\$ (651,506)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	1,565,188	-	-
Changes in			
Accounts receivable	9,891	13,550	-
Due from other governments	6,131	-	126,546
Inventory of supplies	46,318	-	-
Deferred outflows related to pensions	23,037	-	-
Net OPEB asset and deferred outflows related to OPEB	(1,354)	-	-
Accounts payable	(33,067)	105,266	-
Accrued liabilities	(1,107)	29	-
Compensated absences	9,396	-	-
Net pension liability and deferred inflows related to pension	(26,262)	-	-
OPEB liability	1,952	-	-
Unearned revenue	-	(607)	-
Refundable deposits	-	(892)	-
Due to other governments	(1,468)	-	-
Claims liabilities	-	(92,010)	(109,966)
Total Adjustments	1,598,655	25,336	16,580
Net Cash from (used for) Operating Activities	<u>\$ 2,035,329</u>	<u>\$ 1,910,081</u>	<u>\$ (634,926)</u>
Noncash investing and capital and related financing activities			
Contributions of capital assets from/to other funds	<u>\$ 30,068</u>	<u>\$ -</u>	<u>\$ -</u>
Book value of capital asset disposals	<u>\$ 68,180</u>	<u>\$ -</u>	<u>\$ -</u>

City of Sparks
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2018

<u>Municipal Self-Insurance</u>	<u>Totals</u>
\$ (14,690)	\$ 1,655,223
-	1,565,188
812	24,253
-	132,677
-	46,318
-	23,037
-	(1,354)
(8,450)	63,749
-	(1,078)
-	9,396
-	(26,262)
-	1,952
-	(607)
-	(892)
-	(1,468)
-	(201,976)
<u>(7,638)</u>	<u>1,632,933</u>
<u>\$ (22,328)</u>	<u>\$ 3,288,156</u>
<u>\$ (30,068)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 68,180</u>

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Motor Vehicle Maintenance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 3,733,221	\$ 3,864,387	\$ 131,166	\$ 3,823,689
Fuel	626,389	581,446	(44,943)	500,561
Miscellaneous	17,000	(3,610)	(20,610)	36,652
Total operating revenues	<u>4,376,610</u>	<u>4,442,223</u>	<u>65,613</u>	<u>4,360,902</u>
Operating Expenses				
Salaries and wages	606,845	554,296	52,549	591,317
Employee benefits	365,690	322,912	42,778	342,762
Services and supplies	1,516,257	1,563,153	(46,896)	1,411,253
Depreciation	1,589,223	1,565,188	24,035	1,462,451
Total operating expenses	<u>4,078,015</u>	<u>4,005,549</u>	<u>72,466</u>	<u>3,807,783</u>
Operating Income (Loss)	<u>298,595</u>	<u>436,674</u>	<u>138,079</u>	<u>553,119</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	24,000	24,139	139	10,747
Grants	-	(1,922)	(1,922)	8,033
Miscellaneous	-	4,845	4,845	-
Gain on disposition of assets	50,000	13,703	(36,297)	264,348
Loss on disposition of assets	-	(55,955)	(55,955)	(895)
Total nonoperating revenues (expenses)	<u>74,000</u>	<u>(15,190)</u>	<u>(89,190)</u>	<u>282,233</u>
Income (Loss) Before Capital Contributions and Transfers	<u>372,595</u>	<u>421,484</u>	<u>48,889</u>	<u>835,352</u>
Capital Contributions				
Vehicles	-	-	-	3,024
Total capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,024</u>
Transfers				
Transfers in	-	30,068	30,068	28,826
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	<u>(1,000,000)</u>	<u>30,068</u>	<u>1,030,068</u>	<u>28,826</u>
Change in Net Position	<u>\$ (627,405)</u>	<u>451,552</u>	<u>\$ 1,078,957</u>	<u>\$ 867,202</u>
Net Position, Beginning of Year, as Originally Reported		11,319,831		
Prior Period Adjustment		<u>(223,866)</u>		
Net Position, Beginning of Year, as Restated		11,095,965		
Net Position, End of Year		<u>\$ 11,547,517</u>		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Group Insurance Self-Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 12,001,020	\$ 11,530,212	\$ (470,808)	\$ 11,423,950
Miscellaneous				
Reimbursement from insurance claims	-	263,474	263,474	211,108
Total operating revenues	12,001,020	11,793,686	(207,334)	11,635,058
Operating Expenses				
Services and supplies	11,976,099	9,908,941	2,067,158	10,623,303
Operating Income (Loss)	24,921	1,884,745	1,859,824	1,011,755
Nonoperating Revenues (Expenses)				
Investment income (loss)	5,500	12,340	6,840	(572)
Change in Net Position	<u>\$ 30,421</u>	1,897,085	<u>\$ 1,866,664</u>	<u>\$ 1,011,183</u>
Net Position, Beginning of Year		<u>1,202,661</u>		
Net Position, End of Year		<u>\$ 3,099,746</u>		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Workers' Compensation Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Contributions and reimbursements	\$ 416,499	\$ 357,984	\$ (58,515)	\$ 316,324
Miscellaneous				
Reimbursement from insurance claims	-	-	-	205,046
Total operating revenues	<u>416,499</u>	<u>357,984</u>	<u>(58,515)</u>	<u>521,370</u>
Operating Expenses				
Services and supplies	<u>1,688,641</u>	<u>1,009,490</u>	<u>679,151</u>	<u>1,137,079</u>
Operating Income (Loss)	<u>(1,272,142)</u>	<u>(651,506)</u>	<u>620,636</u>	<u>(615,709)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	<u>40,000</u>	<u>26,675</u>	<u>(13,325)</u>	<u>21,686</u>
Change in Net Position	<u><u>\$ (1,232,142)</u></u>	<u>(624,831)</u>	<u><u>\$ 607,311</u></u>	<u><u>\$ (594,023)</u></u>
Net Position, Beginning of Year		<u>(3,781,772)</u>		
Net Position, End of Year		<u><u>\$ (4,406,603)</u></u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Municipal Self-Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 875,671	\$ 885,671	\$ 10,000	\$ 848,621
Miscellaneous				
Reimbursement from insurance claims	70,000	88,728	18,728	108,058
Total operating revenues	945,671	974,399	28,728	956,679
Operating Expenses				
Services and supplies	1,088,709	989,089	99,620	881,131
Operating Income (Loss)	(143,038)	(14,690)	128,348	75,548
Nonoperating Revenues (Expenses)				
Investment income (loss)	1,000	267	(733)	84
Total nonoperating revenues (expenses)	1,000	267	(733)	84
Income (Loss) Before Transfers	(142,038)	(14,423)	127,615	75,632
Transfers				
Transfers out	-	(30,068)	(30,068)	-
Change in Net Position	<u>\$ (142,038)</u>	(44,491)	<u>\$ 97,547</u>	<u>\$ 75,632</u>
Net Position, Beginning of Year		47,141		
Net Position, End of Year		<u>\$ 2,650</u>		

Agency Funds

Sick Leave Retirement Trust Fund

To account for the accumulation of resources for health insurance premium payments of specified retirees.

Postemployment Medical Benefits Trust Fund

To account for the accumulation of resources for postemployment medical benefits of specified retirees.

Truckee Meadows Water Reclamation Facility

To account for assets held for the Truckee Meadows Water Reclamation Facility.

Regional Transportation Commission Road Impact Fund

To account for assets held to be distributed on a quarterly basis to the Regional Transportation Commission.

Others

The following funds are maintained to account for the accumulation of resources to perform limited maintenance of landscaping within the respective subdivisions:

- Mesa Meadows Landscape Maintenance Fund
- Promontory Landscape Maintenance Fund
- Triple Crown Landscape Maintenance Fund

City of Sparks
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Sick Leave Retirement Trust Fund				
Assets				
Cash and investments	\$ 29,322	\$ -	\$ 6,445	\$ 22,877
Liabilities				
Group insurance premiums payable	\$ 29,322	\$ -	\$ 6,445	\$ 22,877
Post Employment Medical Benefits Trust Fund				
Assets				
Cash and investments	\$ 387,918	\$ 229,587	\$ 284,708	\$ 332,797
Liabilities				
Group insurance premiums payable	\$ 387,918	\$ 229,587	\$ 284,708	\$ 332,797
Truckee Meadows Water Reclamation Facility				
Assets				
Cash and investments	\$ 3,638,402	\$ 20,144,217	\$ 20,579,207	\$ 3,203,412
Liabilities				
Due to other governments	\$ 3,638,402	\$ 20,144,217	\$ 20,579,207	\$ 3,203,412
Regional Transportation Commission Road Impact Fund				
Assets				
Cash and investments	\$ 137,855	\$ 362,854	\$ -	\$ 500,709
Liabilities				
Due to other governments	\$ 137,855	\$ 362,854	\$ -	\$ 500,709
Mesa Meadows Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 7,032	\$ 67,182	\$ 61,724	\$ 12,490
Liabilities				
Accounts payable	\$ 7,032	\$ 67,182	\$ 61,724	\$ 12,490
Promontory Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 18,605	\$ 17,425	\$ 14,111	\$ 21,919
Liabilities				
Accounts payable	\$ 18,605	\$ 17,425	\$ 14,111	\$ 21,919

City of Sparks
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Triple Crown Landscape Maintenance Fund</u>				
Assets				
Cash and investments	<u>\$ 165,297</u>	<u>\$ 49,494</u>	<u>\$ 41,264</u>	<u>\$ 173,527</u>
Liabilities				
Accounts payable	<u>\$ 165,297</u>	<u>\$ 49,494</u>	<u>\$ 41,264</u>	<u>\$ 173,527</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	<u>\$ 4,384,431</u>	<u>\$ 20,870,759</u>	<u>\$ 20,987,459</u>	<u>\$ 4,267,731</u>
Liabilities				
Accounts payable	\$ 190,934	\$ 134,101	\$ 117,099	\$ 207,936
Group insurance premiums payable	417,240	229,587	291,153	355,674
Due to other governments	<u>3,776,257</u>	<u>20,507,071</u>	<u>20,579,207</u>	<u>3,704,121</u>
Total liabilities	<u>\$ 4,384,431</u>	<u>\$ 20,870,759</u>	<u>\$ 20,987,459</u>	<u>\$ 4,267,731</u>

City of Sparks
 Schedule of Fees Imposed Subject to NRS 354.5989 – Limitation of Fees for Business Licenses
 Year Ended June 30, 2018

Flat Fixed Fees		
Business license revenue for the year ended June 30, 2017 (Base Year)		<u>\$ 818,067</u>
Adjustment to Base		
Percentage increase in population of the local government	2.29%	
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)	2.70%	<u>4.99%</u>
		<u>40,822</u>
Adjusted base at June 30, 2018		858,889
Actual revenue at June 30, 2018		<u>749,032</u>
Amount under allowable amount		<u>\$ (109,857)</u>
Fee Calculated on a Percentage of Gross Revenue		
Base revenue at June 30, 2017		\$ 4,104,677
Percentage change in CPI		<u>1.027</u>
Adjusted base revenue at June 30, 2018		\$ 4,215,503
Actual revenue at June 30, 2018		<u>4,511,854</u>
Actual amount over allowable amount		<u>\$ 296,351</u>

This part of the City of Sparks' comprehensive annual 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 #
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.	1.1 - 1.4
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.	2.1 - 2.4
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.	3.1 - 3.4
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.	4.1 - 4.2
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.	5.1 - 5.3

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

	2018	2017	2016	2015
Governmental Activities				
Net investment in				
capital assets	\$ 363,842,341	\$ 377,956,278	\$ 364,071,812	\$ 349,494,836
Restricted	74,705,337	36,694,210	35,374,824	35,589,211
Unrestricted	<u>(249,270,951)</u>	<u>(136,693,294)</u>	<u>(163,874,191)</u>	<u>(162,908,270)</u>
Total governmental activities	<u>\$ 189,276,727</u>	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>	<u>\$ 222,175,777</u>
Business-Type Activities				
Net investment in				
Capital assets	\$ 137,394,248	\$ 136,405,793	\$ 133,052,926	\$ 132,378,854
Restricted	-	-	-	-
Unrestricted	<u>82,041,558</u>	<u>67,633,391</u>	<u>61,224,746</u>	<u>52,757,466</u>
Total business-type activities	<u>\$ 219,435,806</u>	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>	<u>\$ 185,136,320</u>
Primary Government				
Net investment in				
Capital assets	\$ 501,236,589	\$ 514,362,071	\$ 497,124,738	\$ 481,873,690
Restricted	74,705,337	36,694,210	35,374,824	35,589,211
Unrestricted	<u>(167,229,393)</u>	<u>(69,059,903)</u>	<u>(102,649,445)</u>	<u>(110,150,804)</u>
Total primary government	<u>\$ 408,712,533</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>	<u>\$ 407,312,097</u>

Prepared on the accrual basis of accounting.

City of Sparks
Schedule 1.1 – Net Position by Component
Last Ten Fiscal Years (Unaudited)

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 333,680,025	\$ 276,456,276	\$ 244,417,470	\$ 248,628,684	\$ 240,120,081	\$ 231,945,948
41,194,330	42,903,334	51,091,604	54,408,668	52,436,068	29,215,548
<u>(113,144,667)</u>	<u>(101,758,726)</u>	<u>(103,675,703)</u>	<u>(106,405,447)</u>	<u>(99,397,357)</u>	<u>(92,013,116)</u>
<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 191,833,371</u>	<u>\$ 196,631,905</u>	<u>\$ 193,158,792</u>	<u>\$ 169,148,380</u>
\$ 124,836,498	\$ 118,604,065	\$ 117,872,586	\$ 116,663,143	\$ 114,408,011	\$ 110,657,125
-	-	-	-	-	-
<u>62,226,339</u>	<u>62,724,798</u>	<u>64,634,725</u>	<u>65,174,839</u>	<u>66,681,450</u>	<u>70,313,937</u>
<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 182,507,311</u>	<u>\$ 181,837,982</u>	<u>\$ 181,089,461</u>	<u>\$ 180,971,062</u>
\$ 458,516,523	\$ 395,060,341	\$ 362,290,056	\$ 365,291,827	\$ 354,528,092	\$ 342,603,073
41,194,330	42,903,334	51,091,604	54,408,668	52,436,068	29,215,548
<u>(50,918,328)</u>	<u>(39,033,928)</u>	<u>(39,040,978)</u>	<u>(41,230,608)</u>	<u>(32,715,907)</u>	<u>(21,699,179)</u>
<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>	<u>\$ 374,340,682</u>	<u>\$ 378,469,887</u>	<u>\$ 374,248,253</u>	<u>\$ 350,119,442</u>

	2018	2017	2016	2015
Expenses				
Governmental Activities				
General government	\$ 13,621,466	\$ 13,628,107	\$ 17,259,801	\$ 12,531,485
Judicial	2,462,687	2,351,052	2,085,243	2,119,937
Public safety	45,421,040	44,774,035	41,989,882	39,489,038
Public works	9,069,841	9,177,840	8,564,996	6,300,571
Culture and recreation	10,789,464	10,092,377	10,163,718	9,829,803
Community support	2,025,937	3,298,425	2,577,879	1,384,932
Intergovernmental	-	-	-	-
Interest on long-term debt	10,352,937	10,501,091	9,827,453	11,187,762
Total governmental activities expenses	93,743,372	93,822,927	92,468,972	82,843,528
Business-type Activities				
Sewer	24,247,805	22,922,462	23,863,114	22,442,881
Development services	4,429,417	3,784,497	2,871,068	1,991,181
Total business-type activities expenses	28,677,222	26,706,959	26,734,182	24,434,062
Total primary government expenses	\$ 122,420,594	\$ 120,529,886	\$ 119,203,154	\$ 107,277,590
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 17,319,752	\$ 14,401,815	\$ 14,374,893	\$ 13,190,273
Judicial	884,023	858,488	940,585	959,730
Public safety	961,349	570,336	718,541	972,957
Public works	2,035,840	2,725,585	3,124,194	3,246,022
Sanitation	254,414	81,760	112,103	89,864
Culture, recreation, and community support	6,722,371	4,927,851	4,703,917	4,520,065
Operating grants, interest, and contributions	1,206,231	1,722,150	1,534,679	1,234,890
Capital grants, interest, and contributions	4,620,380	41,463,235	14,611,760	23,015,112
Total governmental activities program revenues	34,004,360	66,751,220	40,120,672	47,228,913
Business-type Activities				
Charges for services				
Sewer	25,422,251	24,000,811	22,858,463	21,956,804
Development services	5,683,897	4,713,487	4,153,119	3,266,871
Special events	-	-	-	-
Operating grants, interest, and contributions	(711)	13,729	-	-
Capital grants, interest, and contributions	14,538,770	7,648,854	6,490,750	5,509,920
Total business-type activities program revenues	45,644,207	36,376,881	33,502,332	30,733,595
Total primary government program revenues	79,648,567	103,128,101	73,623,004	77,962,508

Prepared on the accrual basis of accounting.

City of Sparks
Schedule 1.2 – Changes in Net Position
Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
\$ 10,756,417	\$ 10,863,112	\$ 8,817,144	\$ 10,025,892	\$ 9,446,502	\$ 14,777,036
2,213,707	2,225,488	2,054,034	2,158,409	2,304,226	2,260,022
44,473,405	40,779,887	37,286,519	36,969,841	41,712,851	41,632,067
13,107,396	13,780,817	14,071,989	14,151,854	14,700,661	11,447,145
10,230,616	9,672,978	9,149,895	9,899,309	11,237,024	11,814,474
1,949,757	1,568,970	2,473,833	3,206,527	6,101,231	96,486,490
-	-	-	-	-	-
10,748,859	13,158,074	13,480,497	12,860,069	12,398,040	11,611,485
<u>93,480,157</u>	<u>92,049,326</u>	<u>87,333,911</u>	<u>89,271,901</u>	<u>97,900,535</u>	<u>190,028,719</u>
24,153,084	24,622,329	20,399,005	21,680,905	22,979,230	22,541,333
1,624,933	1,780,442	1,468,521	1,653,448	2,636,060	4,356,655
<u>25,778,017</u>	<u>26,402,771</u>	<u>21,867,526</u>	<u>23,334,353</u>	<u>25,615,290</u>	<u>26,897,988</u>
<u>\$ 119,258,174</u>	<u>\$ 118,452,097</u>	<u>\$ 109,201,437</u>	<u>\$ 112,606,254</u>	<u>\$ 123,515,825</u>	<u>\$ 216,926,707</u>
\$ 12,019,773	\$ 11,417,822	\$ 11,607,851	\$ 11,639,553	\$ 12,791,944	\$ 13,540,898
988,053	991,278	1,032,788	1,317,073	1,327,287	1,162,867
960,766	728,109	880,505	2,014,994	801,870	674,869
3,040,582	3,055,505	2,835,071	2,695,408	2,622,887	2,675,642
37,520	6,300	15,330	-	30,852	93,775
4,446,327	4,197,108	5,295,120	4,114,266	4,217,444	4,459,484
1,867,496	2,184,401	1,940,111	2,445,242	2,095,270	1,395,463
<u>56,827,683</u>	<u>37,135,600</u>	<u>6,441,089</u>	<u>16,900,744</u>	<u>20,097,164</u>	<u>12,625,105</u>
<u>80,188,200</u>	<u>59,716,123</u>	<u>30,047,865</u>	<u>41,127,280</u>	<u>43,984,718</u>	<u>36,628,103</u>
21,209,352	21,114,955	19,851,753	18,827,593	18,523,097	18,101,886
2,317,542	2,117,900	2,013,713	1,410,322	1,463,498	3,545,235
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,746,694</u>	<u>2,246,382</u>	<u>589,860</u>	<u>797,086</u>	<u>1,993,711</u>	<u>3,508,720</u>
<u>31,273,588</u>	<u>25,479,237</u>	<u>22,455,326</u>	<u>21,035,001</u>	<u>21,980,306</u>	<u>25,155,841</u>
<u>111,461,788</u>	<u>85,195,360</u>	<u>52,503,191</u>	<u>62,162,281</u>	<u>65,965,024</u>	<u>61,783,944</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (Expense)/Revenue				
Governmental activities	\$ (59,739,012)	\$ (27,071,707)	\$ (52,348,300)	\$ (35,614,615)
Business-type activities	<u>16,966,985</u>	<u>9,669,922</u>	<u>6,768,150</u>	<u>6,299,533</u>
Total primary government net expense	<u>\$ (42,772,027)</u>	<u>\$ (17,401,785)</u>	<u>\$ (45,580,150)</u>	<u>\$ (29,315,082)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem	\$ 27,562,057	\$ 26,361,970	\$ 25,735,620	\$ 24,206,813
Special assessments - taxes	342,080	889,479	1,197,930	1,082,636
Consolidated	26,549,389	23,195,337	22,695,286	20,916,103
Other	18,804,467	17,167,022	16,199,616	15,418,511
Unrestricted investment income	393,505	243,579	506,173	254,882
Other	(582,632)	1,625,010	215,107	584,991
Transfers	<u>(228,473)</u>	<u>(25,941)</u>	<u>53,047</u>	<u>714,946</u>
Total governmental activities	<u>72,840,393</u>	<u>69,456,456</u>	<u>66,602,779</u>	<u>63,178,882</u>
Business-type Activities				
Unrestricted investment income	69,183	(39,993)	493,674	246,574
Other	92,496	105,642	126,503	154,962
Transfers	<u>228,473</u>	<u>25,941</u>	<u>(53,047)</u>	<u>(714,946)</u>
Total business-type activities	<u>390,152</u>	<u>91,590</u>	<u>567,130</u>	<u>(313,410)</u>
Total primary government activities	<u>\$ 73,230,545</u>	<u>\$ 69,548,046</u>	<u>\$ 67,169,909</u>	<u>\$ 62,865,472</u>
Change in Net Position				
Governmental activities	\$ 13,101,381	\$ 42,384,749	\$ 14,254,479	\$ 27,564,267
Business-type activities	<u>17,357,137</u>	<u>9,761,512</u>	<u>7,335,280</u>	<u>5,986,123</u>
Total primary government change in net position	<u>\$ 30,458,518</u>	<u>\$ 52,146,261</u>	<u>\$ 21,589,759</u>	<u>\$ 33,550,390</u>

Prepared on the accrual basis of accounting.

City of Sparks
Schedule 1.2 – Changes in Net Position
Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
\$ (13,291,957)	\$ (32,333,203)	\$ (57,286,046)	\$ (48,144,621)	\$ (53,915,817)	\$ (153,400,616)
<u>5,495,571</u>	<u>(923,534)</u>	<u>587,800</u>	<u>(2,299,352)</u>	<u>(3,634,984)</u>	<u>(1,742,147)</u>
<u>\$ (7,796,386)</u>	<u>\$ (33,256,737)</u>	<u>\$ (56,698,246)</u>	<u>\$ (50,443,973)</u>	<u>\$ (57,550,801)</u>	<u>\$ (155,142,763)</u>
\$ 23,423,624	\$ 23,200,778	\$ 23,935,797	\$ 25,692,651	\$ 29,194,703	\$ 30,028,590
1,188,135	1,830,467	1,895,243	1,960,106	28,130,914	-
19,356,294	18,252,243	17,513,809	16,725,697	16,582,397	18,521,203
14,282,782	13,571,789	11,119,363	11,418,369	9,518,119	6,413,406
378,347	3,638	367,254	475,772	1,575,591	3,667,677
778,449	776,389	480,804	(4,471,332)	(7,462,151)	3,972,094
<u>342,882</u>	<u>465,412</u>	<u>13,273</u>	<u>(183,529)</u>	<u>(2,403,664)</u>	<u>(9,423,035)</u>
<u>59,750,513</u>	<u>58,100,716</u>	<u>55,325,543</u>	<u>51,617,734</u>	<u>75,135,909</u>	<u>53,179,935</u>
454,632	19,311	399,619	382,358	1,114,003	1,399,026
126,653	191,187	371,133	299,956	235,716	335,532
<u>(342,882)</u>	<u>(465,412)</u>	<u>(13,273)</u>	<u>183,529</u>	<u>2,403,664</u>	<u>9,423,035</u>
<u>238,403</u>	<u>(254,914)</u>	<u>757,479</u>	<u>865,843</u>	<u>3,753,383</u>	<u>11,157,593</u>
<u>\$ 59,988,916</u>	<u>\$ 57,845,802</u>	<u>\$ 56,083,022</u>	<u>\$ 52,483,577</u>	<u>\$ 78,889,292</u>	<u>\$ 64,337,528</u>
\$ 46,458,556	\$ 25,767,513	\$ (1,960,503)	\$ 3,473,113	\$ 21,220,092	\$ (100,220,681)
<u>5,733,974</u>	<u>(1,178,448)</u>	<u>1,345,279</u>	<u>(1,433,509)</u>	<u>118,399</u>	<u>9,415,446</u>
<u>\$ 52,192,530</u>	<u>\$ 24,589,065</u>	<u>\$ (615,224)</u>	<u>\$ 2,039,604</u>	<u>\$ 21,338,491</u>	<u>\$ (90,805,235)</u>

	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable			-	333
Restricted	-	-	-	-
Assigned	955,058	332,086	2,345,634	2,499,431
Unassigned	5,860,157	2,381,986	3,661,772	3,946,852
Total general fund ⁽¹⁾	<u>\$ 6,815,215</u>	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</u>	<u>\$ 6,446,616</u>
All Other Governmental Funds				
Unreserved				
Designated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Undesignated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Restricted	33,709,413	32,696,433	36,862,093	35,767,128
Committed	1,240,812	913,386	1,073,424	798,424
Assigned	7,777,139	6,407,484	3,429,725	3,993,693
Total all other governmental funds ⁽¹⁾	<u>\$ 42,727,364</u>	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</u>	<u>\$ 40,559,245</u>

Notes:

⁽¹⁾ Fluctuations in total general fund balance and total all other governmental funds balance primarily reflect activity related to large capital projects.

⁽²⁾ Fund balances beginning with fiscal year 2011 have been reclassified per GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

City of Sparks
Schedule 1.3 – Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 103,542	\$ 145,056
-	-	-	-	3,569,096	4,787,612
-	-	-	-	1,180,678	1,428,367
-	-	1,268	788	-	-
-	-	13,571	346,058	-	-
1,101,885	1,693,859	2,153,036	1,336,536	-	-
3,762,386	4,113,903	4,324,416	5,161,421	-	-
<u>\$ 4,864,271</u>	<u>\$ 5,807,762</u>	<u>\$ 6,492,291</u>	<u>\$ 6,844,803</u>	<u>\$ 4,853,316</u>	<u>\$ 6,361,035</u>
-	-	-	-	3,042,768	1,817,197
-	-	-	-	17,203,646	20,778,418
-	-	-	-	10,689,211	17,217,241
-	-	-	-	2,020,507	99,033
-	-	-	-	2,777,260	1,107,955
-	-	-	-	7,885,152	6,166,558
41,650,718	35,210,268	36,390,477	35,551,672	-	-
1,163,684	1,040,583	837,136	692,616	-	-
3,443,911	3,417,542	3,523,829	4,559,865	-	-
<u>\$ 46,258,313</u>	<u>\$ 39,668,393</u>	<u>\$ 40,751,442</u>	<u>\$ 40,804,153</u>	<u>\$ 43,618,544</u>	<u>\$ 47,186,402</u>

	2018	2017	2016	2015
Revenues				
Taxes	\$ 35,540,175	\$ 29,734,198	\$ 28,969,948	\$ 27,564,923
Licenses and permits	18,919,474	15,476,836	15,892,828	15,806,282
Intergovernmental revenues	45,242,535	41,886,672	40,724,097	38,096,816
Charges for services	5,851,944	5,713,677	5,186,023	5,107,022
Fines and forfeits	703,704	622,678	663,882	653,313
Miscellaneous	770,508	597,537	846,889	435,736
Total revenues	107,028,340	94,031,598	92,283,667	87,664,092
Expenditures				
General government*	12,773,777	13,009,722	10,979,858	10,113,421
Judicial	2,347,609	2,272,818	1,998,477	2,097,670
Public safety	43,983,574	43,333,646	41,066,025	39,716,955
Public works	4,734,654	4,709,480	4,827,742	4,774,668
Culture and recreation	7,559,391	7,534,030	7,258,973	6,820,522
Community support	1,235,472	994,435	1,802,744	901,936
Intergovernmental	-	-	-	-
Capital outlay	4,268,622	6,726,641	5,918,626	5,082,673
Debt service:				
Principal	13,644,519	7,852,000	7,398,000	13,797,000
Interest	9,423,142	10,165,272	10,920,981	11,208,334
Advance Funding Escrow	-	2,899,967	-	-
Other	18,153	241,093	4,366	211,815
Total expenditures	99,988,913	99,739,104	92,175,792	94,724,994
Excess (Deficiency) of Revenues Over Expenditures	7,039,427	(5,707,506)	107,875	(7,060,902)
Other Financing Sources (Uses)				
Capital asset sales	250	1,096,000	934,000	2,150,000
Refunding bonds issued	-	23,158,290	-	-
Bonds issued	-	-	-	-
Proceeds of refunding bonds	-	-	-	7,285,000
Payment to refunded bond escrow	-	(23,124,790)	-	(7,132,187)
Refunded bonds redeemed	-	-	-	-
Discount on bonds issued	-	(8,500)	-	-
Transfers in	2,939,738	7,099,724	6,542,487	5,749,856
Transfers out	(3,168,211)	(7,154,491)	(7,217,575)	(5,108,490)
Prior period adjustment	-	-	-	-
Total other financing sources (uses)	(228,223)	1,066,233	258,912	2,944,179
Net Change in Fund Balances	\$ 6,811,204	\$ (4,641,273)	\$ 366,787	\$ (4,116,723)
Debt service as a percentage of noncapital expenditures	24.1%	19.4%	21.2%	27.9%

* 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)

2014	2013	2012	2011	2010	2009
\$ 32,673,904	\$ 26,825,221	\$ 27,612,851	\$ 29,467,590	\$ 32,410,994	\$ 31,274,738
14,636,255	13,878,721	13,721,762	13,238,303	13,669,551	14,689,530
36,101,825	35,016,415	31,605,381	31,505,744	29,576,686	27,967,425
5,460,416	5,366,208	6,303,327	7,168,837	8,147,497	8,506,396
662,907	686,356	707,145	923,884	965,408	994,119
950,298	440,595	1,624,222	2,187,918	2,240,126	6,238,845
<u>90,485,605</u>	<u>82,213,516</u>	<u>81,574,688</u>	<u>84,492,276</u>	<u>87,010,262</u>	<u>89,671,053</u>
10,013,248	9,484,391	9,538,767	9,303,631	9,766,563	15,469,427
1,931,962	1,976,186	1,972,078	2,060,499	2,087,748	2,106,624
38,156,786	35,632,227	35,869,222	35,178,504	37,207,229	37,831,695
4,539,922	5,737,079	6,274,814	7,983,441	9,028,720	8,401,507
6,797,156	6,365,455	6,501,064	6,990,564	7,952,673	9,048,897
1,117,381	725,288	1,619,322	2,011,557	5,188,476	95,685,899
-	-	259,051	295,331	378,557	522,230
4,077,064	6,920,081	3,228,900	5,672,383	14,080,842	31,682,011
13,825,000	6,080,000	5,665,000	5,120,000	5,375,177	3,022,679
12,003,482	11,135,169	10,068,803	10,427,468	11,808,027	10,115,441
-	-	-	-	-	-
150,057	95,898	95,907	148,273	517,375	2,543,061
<u>92,612,058</u>	<u>84,151,774</u>	<u>81,092,928</u>	<u>85,191,651</u>	<u>103,391,387</u>	<u>216,429,471</u>
<u>(2,126,453)</u>	<u>(1,938,258)</u>	<u>481,760</u>	<u>(699,375)</u>	<u>(16,381,125)</u>	<u>(126,758,418)</u>
100,000	88,258	-	-	(173,812)	7,250
-	-	-	-	-	-
-	-	-	4,180,000	31,948,734	147,774,213
7,330,000	-	-	-	-	-
-	-	-	-	(22,176,160)	-
-	-	-	(4,120,000)	-	-
-	-	-	-	-	-
6,207,065	4,643,725	4,699,972	4,911,833	7,109,022	10,650,405
(5,864,183)	(4,561,303)	(4,582,435)	(5,095,362)	(8,562,739)	(11,220,378)
-	-	(1,004,520)	-	3,160,503	-
<u>7,772,882</u>	<u>170,680</u>	<u>(886,983)</u>	<u>(123,529)</u>	<u>11,305,548</u>	<u>147,211,490</u>
<u>\$ 5,646,429</u>	<u>\$ (1,767,578)</u>	<u>\$ (405,223)</u>	<u>\$ (822,904)</u>	<u>\$ (5,075,577)</u>	<u>\$ 20,453,072</u>
<u>29.2%</u>	<u>22.3%</u>	<u>20.2%</u>	<u>19.6%</u>	<u>19.2%</u>	<u>7.1%</u>

Fiscal Year Ended June 30,	Real Property Assessed Value			
	Residential	Commercial	Industrial	Other
2018	\$ 1,893,681,236	\$ 488,497,068	\$ 384,454,122	\$ 152,542,043
2017	1,796,385,878	469,528,526	373,049,844	157,675,703
2016	1,628,545,964	492,592,811	352,196,393	149,463,174
2015	1,412,538,525	491,969,082	346,266,412	139,008,743
2014	1,194,487,527	490,827,042	344,402,528	139,544,675
2013	1,205,915,561	484,053,275	333,460,281	135,939,375
2012	1,297,586,987	485,223,299	335,130,418	134,354,569
2011	1,438,907,544	466,143,248	326,211,878	128,602,963
2010	1,631,892,071	492,034,961	336,335,074	141,731,139
2009	2,064,362,454	518,466,654	331,729,137	154,562,665

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 and 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
\$ 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	158,289,982	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
5,004,005	151,109,413	2,013,263,084	5,752,180,239	35.00%	0.9161
4,905,887	153,036,305	2,104,164,855	6,011,899,586	35.00%	0.9161
4,809,693	142,328,445	2,222,346,881	6,349,562,516	35.00%	0.9161
4,715,385	134,931,327	2,471,777,303	7,062,220,866	35.00%	0.9161
4,622,926	127,744,539	2,945,999,297	8,417,140,849	35.00%	0.9161

	2018	2017	2016	2015
City of Sparks Direct Rate				
Operating Rate	0.7109	0.7109	0.7109	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1384
Debt Service	0.0000	0.0000	-	-
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
Washoe Regional Water Planning Board/Special Districts	0.0000	0.0000	0.0000	0.0000
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><u>3.6600</u></u>	<u><u>3.6600</u></u>	<u><u>3.6600</u></u>	<u><u>3.6600</u></u>
Redevelopment Agency of the City of Sparks	<u><u>3.2085</u></u>	<u><u>3.2085</u></u>	<u><u>3.2085</u></u>	<u><u>3.194</u></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)

2014	2013	2012	2011	2010	2009
0.6672	0.6672	0.6672	0.6672	0.6372	0.6372
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1284	0.1284
-	-	-	-	0.0400	0.0400
<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0000	0.0000	0.0000	0.0005	0.0004	0.0004
<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>	<u>2.7007</u>	<u>2.7006</u>	<u>2.7006</u>
<u><u>3.6163</u></u>	<u><u>3.6163</u></u>	<u><u>3.6163</u></u>	<u><u>3.6168</u></u>	<u><u>3.6167</u></u>	<u><u>3.6167</u></u>
<u><u>3.1238</u></u>	<u><u>3.1336</u></u>	<u><u>3.1336</u></u>	<u><u>3.2075</u></u>	<u><u>3.2294</u></u>	<u><u>3.2525</u></u>

City of Sparks
Schedule 2.3 – Ten Largest Assessed Valuations
Current Year and Nine Years Ago (Unaudited)

Taxpayer	2018			2009		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
ICON Reno Property Owner Pool 3	\$ 15,880,535	1	0.57%	-	-	-
Northwest Mutual Life	15,406,127	2	0.55%	\$ 17,303,377	3	0.59%
Prime Park Vista LLC	13,483,589	3	0.49%	14,090,657	5	0.48%
RCG-Sparks LLC	12,638,082	4	0.46%	-	-	-
Waterstone Village LLC	12,546,548	5	0.45%	-	-	-
BL Road LLC	12,186,899	6	0.44%	-	-	-
Westcore II Reno Portfolio LLC	12,089,093	7	0.44%	-	-	-
Oakmont Properties Trails	11,995,644	8	0.43%	-	-	-
Fortuna Realty ADA Compliant LTD	11,555,888	9	0.42%	-	-	-
Vineyards at Galleria LLC	11,351,114	10	0.41%	-	-	-
Prologis NA3 LLC	-	-	-	35,864,437	1	1.22%
Sparks Nugget, Inc.	-	-	-	24,333,677	2	0.83%
AIG Baker Sparks, LLC	-	-	-	14,838,992	4	0.50%
Sparks Galleria Investors LLC	-	-	-	13,690,759	6	0.46%
Prologis Trust	-	-	-	12,572,418	7	0.43%
Sparks Family Hospital Inc	-	-	-	12,247,869	8	0.42%
Prologic NA3 NV V LLC	-	-	-	11,161,771	9	0.38%
Kiley Ranch LLC	-	-	-	11,116,769	10	0.38%
Total, Ten Largest Taxpayers	129,133,519		4.65%	167,220,726		5.68%
Total, Other Taxpayers	2,648,267,890		95.35%	2,778,778,571		94.32%
Total Assessed Valuations	\$ 2,777,401,409		100.00%	\$ 2,945,999,297		100.00%

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			Totals to Date		
	Taxes Levied	Tax Collections	Percent of Taxes Levied	Delinquent Tax Collections	Tax Collections	Percent of Taxes Levied
2018	\$ 24,780,831	\$ 24,741,565	99.84%	\$ -	\$ 24,741,565	99.84%
2017	23,805,924	23,725,954	99.66%	71,084	23,797,038	99.96%
2016	23,092,284	23,012,450	99.65%	68,299	23,080,749	99.95%
2015	22,185,805	22,076,170	99.51%	105,605	22,181,775	99.98%
2014	22,220,370	21,302,629	95.87%	909,574	22,212,203	99.96%
2013	22,131,906	21,370,949	96.56%	742,137	22,113,086	99.91%
2012	21,867,752	21,720,508	99.33%	133,228	21,853,736	99.94%
2011	23,635,725	23,309,474	98.62%	323,847	23,633,321	99.99%
2010	26,557,900	26,036,651	98.04%	519,900	26,556,551	99.99%
2009	27,308,204	26,605,426	97.43%	682,240	27,287,666	99.92%

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.

General Bonded Debt									
Fiscal Year Ended June 30,	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					
2018	\$ -	\$ -	\$ 31,969,961	\$ -	\$ 31,969,961	\$ 28,845,695	\$ 3,124,266	0.04%	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	0.59%	649.20
2013	3,890,000	-	58,713,918	-	62,603,918	22,373,617	40,230,301	0.63%	694.83
2012	4,770,000	-	61,675,488	-	66,445,488	23,585,259	42,860,229	0.71%	719.87
2011	5,610,000	-	64,542,058	-	70,152,058	26,898,775	43,253,283	0.68%	777.19
2010	6,415,000	-	67,468,628	-	73,883,628	3,564,616	70,319,012	1.00%	809.80
2009	7,725,000	-	60,972,256	-	68,697,256	3,120,048	65,577,208	0.78%	749.28

⁽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				
Revenue Bonds	Capital Leases	Sewer Utility Bonds	Sewer Utility Notes	Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
\$ 103,776,531	\$ -	\$ 38,085,582	\$ 4,945,553	\$ 178,777,627	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	220,706,293	1.28%	\$2,446.47
119,952,126	1,292,535	39,407,646	8,403,635	231,659,860	1.41%	\$2,571.14
121,953,240	1,891,690	42,785,394	9,049,464	242,125,276	1.41%	\$2,623.19
123,674,746	2,464,385	46,060,110	9,680,647	252,031,946	1.26%	\$2,792.16
124,766,252	3,011,794	47,391,756	10,292,425	259,345,855	1.11%	\$2,842.55
124,684,114	3,576,062	44,443,986	10,607,736	252,009,154	0.51%	\$2,748.67

City of Sparks
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2018 (Unaudited)

Name of Government Unit	Debt Outstanding	Presently Self-Supporting Debt Outstanding	Percent Applicable ⁽¹⁾	Applicable Net Debt
Direct				
City of Sparks ⁽²⁾				
Governmental activity				
Notes and capital leases	\$ -	\$ -	100.00%	\$ -
Revenue bonds	103,776,531	103,776,531	100.00%	103,776,531
Tax allocation bonds & notes	31,969,961	31,969,961	100.00%	31,969,961
Total direct debt	135,746,492	135,746,492		135,746,492
Overlapping				
Washoe County School District	709,722,000		14.49%	102,838,718
Washoe County	137,836,000	41,116,000	14.49%	19,972,436
State of Nevada	1,358,070,000	296,840,000	2.49%	33,815,943
Total overlapping debt	2,205,628,000	337,956,000		156,627,097
Total general obligation direct and overlapping debt	\$ 2,341,374,492	\$ 473,702,492		\$ 292,373,589

Source: Washoe County Comptroller's Office; Washoe County School District; Reno/and State of Nevada

⁽¹⁾ Calculation based on present assessed valuation of Sparks compared to Washoe County and State of Nevada respectively.

⁽²⁾ Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2018

Assessed value of taxable property, including redevelopment				<u>\$ 2,976,142,680</u>
Debt limit (20% of assessed value)				\$ 595,228,536
Debt applicable to limit				
Governmental GO Debt				-
Business-type Activities GO Debt			<u>37,566,619</u>	
Total Net Debt Subject to Limitation				<u>37,566,619</u>
Legal debt margin				<u>\$ 557,661,917</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt limit	\$ 595,228,536	\$ 564,422,667	\$ 493,984,971	\$ 479,349,402
Total net debt subject to limitation	<u>37,566,619</u>	<u>42,145,498</u>	<u>47,852,980</u>	<u>41,412,458</u>
Available General Obligation				
Debt Limit	<u>\$ 557,661,917</u>	<u>\$ 522,277,169</u>	<u>\$ 446,131,991</u>	<u>\$ 437,936,944</u>
Total Net Debt Subject to Limitation				
as a Percentage of Debt Limit	<u>6.3%</u>	<u>7.5%</u>	<u>9.7%</u>	<u>8.6%</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)

2014	2013	2012	2011	2010	2009
\$ 434,121,479	\$ 434,924,468	\$ 454,847,772	\$ 484,829,014	\$ 533,284,495	\$ 632,318,529
46,638,450	51,701,282	56,607,529	61,350,874	63,188,994	53,072,257
\$ 387,483,029	\$ 383,223,186	\$ 398,240,243	\$ 423,478,140	\$ 470,095,501	\$ 579,246,272
10.7%	11.9%	12.4%	12.7%	11.8%	8.4%

City of Sparks
Schedule 3.4 – Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Pledged Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Requirements			Coverage Ratios
				Principal	Interest	Total	
Sewer Utility Bonds ⁽³⁾							
2018	\$ 36,224,774	\$ 14,598,519	\$ 21,626,255	\$ 3,103,311	\$ 310,969	\$ 3,414,280	6.3
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
2013	23,097,560	15,017,616	8,079,944	3,377,748	1,183,914	4,561,662	1.8
2012	20,441,613	11,666,850	8,774,763	3,274,716	1,288,578	4,563,294	1.9
2011	19,542,426	12,398,442	7,143,984	2,877,236	1,380,953	4,258,189	1.7
2010	20,072,724	14,026,357	6,046,367	3,383,726	1,642,782	5,026,508	1.2
2009	21,035,781	14,014,230	7,021,551	3,980,586	1,781,264	5,761,850	1.2

⁽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.

Fiscal Year Ended June 30,	Population ⁽¹⁾	City Area Square Miles ⁽⁶⁾	Total Personal Income ⁽³⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2018	95,726	35.81	\$ 22,724,381,000	\$ 49,653	3.7%
2017	93,581	35.81	21,428,813,000	47,526	4.2%
2016	92,396	35.81	19,165,475,745	43,805	5.5%
2015	91,551	35.81	19,089,119,268	43,311	6.7%
2014	90,214	35.81	19,013,067,000	42,823	7.9%
2013	90,100	35.81	18,868,025,416	43,317	9.7%
2012	92,302	35.81	18,792,854,000	43,317	11.8%
2011	90,264	35.81*	18,258,112,000	42,524	13.0%
2010	91,237	37.26	17,547,353,000	41,169	13.6%
2009	91,684	36.44	17,037,671,000	40,394	11.7%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- ⁽¹⁾ Nevada Department of Taxation
- ⁽²⁾ City of Sparks, Revenue Division
- ⁽³⁾ U.S. Department of Commerce, Bureau of Economic Analysis, 2007-2015, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA
- ⁽⁴⁾ State of Nevada, Department of Employment Training & Rehabilitation for Reno/Sparks Metropolitan Area
- ⁽⁵⁾ Washoe County School District, enrollment for 2016 is estimated. Official counts are not available at time of publication.
- ⁽⁶⁾ City of Sparks, Community Development Department

City of Sparks
 Schedule 4.1 – Demographic and Economic Statistics
 Last Ten Fiscal Years (Unaudited)

Public School Enrollment ⁽⁵⁾	Business Licenses Issued ⁽²⁾	Total Construction Permits ⁽⁶⁾	Total Construction Value ⁽⁶⁾
18,503	7,378	3,935	\$ 344,557,136
18,780	7,372	3,636	259,406,469
18,058	6,966	3,712	232,467,828
17,927	7,053	3,581	175,692,045
17,737	6,529	2,579	125,653,129
18,401	6,377	2,393	124,334,661
18,401	6,084	2,463	110,712,242
17,862	4,956	1,763	60,711,375
17,197	6,592	2,007	56,625,109
18,168	6,852	2,579	144,659,880

City of Sparks
 Schedule 4.2 – Principal Employers
 Current Year and Nine Years Ago (Unaudited)

Employer	March, 2018			2009		
	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment
Sparks Nugget, Inc.	1000-1499	1	0.50%	2000-2499	1	1.03%
Peppermill Casnios	500-999	2	0.30%	400-499	6	0.21%
Q&D Consturction	500-999	3	0.30%	600-699	4	0.30%
Northern Nevada Medical Center	500-999	4	0.30%	400-499	9	0.21%
City of Sparks	500-999	5	0.30%	700-799	3	0.34%
Swift Transportatons	250-499	6	0.15%	-	-	-
Plantation Investments Inc	250-499	7	0.15%	-	-	-
Wurth USA	250-499	8	0.15%	-	-	-
Walmart Supercenter	250-499	9	0.15%	400-499	7	0.21%
Western Nevada Supply	250-499	10	0.15%	-	-	-
United Parcel Service	-	-	-	1000-1499	2	0.57%
Henry Shine	-	-	-	400-499	5	0.21%
Department of Transportation	-	-	-	300-399	8	0.16%
Scheels	-	-	-	300-399	10	0.16%
Total Reno/Sparks Metropolitan Area Covered Employment ⁽²⁾	248,754			217,400		

Source: Each of the two years reflect respective 1st quarter (March) information as compiled by the Nevada Department of Employment, Training, and Rehabilitation, Division of Labor Marketing.

⁽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	2018	2017	2016	2015
General government	58.5	58.6	59.7	56.5
Judicial	15.5	15.5	17	15.5
Public safety	250.5	250.3	245.3	241
Public works	21.5	21.0	21.5	42.7
Culture and recreation	89	93	91	53
Community support	1.0	0.1	-	-
Utilities	100	95.2	93.6	91
Development services	31.0	29.3	23.9	18.5
Total	567.0	563.0	552.0	518.2

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)

2014	2013	2012	2011	2010	2009
55	57.5	57.5	69.5	77	62
15.5	15.5	15.5	15	17	17
243	243	243	235	249	322
52.5	95.5	95.5	22	42	50
82	100.5	100.5	140.5	172.5	156.3
-	-	-	-	-	-
77	37	37	82	86	118
18	10	10	15.5	5	10
<u>543.0</u>	<u>559.0</u>	<u>559.0</u>	<u>579.5</u>	<u>648.5</u>	<u>735.3</u>

Function/Program	2018	2017	2016	2015
General Government				
Business licenses issued ⁽³⁾	7,378	7,694	6,966	7,053
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,802	1,731	1,778	1,999
Traffic and parking violations	3,679	4,140	4,366	4,635
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	112	112	110	108
Number of cases	11,565	12,283	11,815	12,656
Calls for service	82,386	78,604	80,345	79,176
Fire ⁽⁶⁾				
Number of firefighters	87	87	86	86
Emergency responses	12,685	13,724	12,882	11,163
Average travel response time (minutes)	3.9	3.8	3.7	3.5
Public Works ⁽⁷⁾				
Labor hours for graffiti removal	1,675	1,565	1,623	2,180
Pounds of material used for filling potholes	32,183	12,789	13,365	15,211
Tons of sand used during snow removal	664	279	428	145
Pounds of material used for pavement crack sealing	270,743	298,160	205,705	57,756
Street sweeper operator miles	8,014.0	8,238.0	8,872	10,190
Culture and Recreation ⁽⁸⁾				
Adult softball league number of participants	85,096	85,812	71,211	67,692
Before and after school program enrollment	17,194	15,937	15,933	15,319
Community "Fun Run" number of participants	1,634	1,720	1,054	2,330
Utilities				
Sewer residential accounts ⁽³⁾	30,697	29,494	29,647	28,956
Sewer commercial accounts ⁽³⁾	1,814	1,816	1,813	1,803
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	10,633.4	10,918.7	9,879	9,787
Development Services ⁽²⁾				
Building permits issued	3,935	3,636	3,712	3,581

NR = Not reported

Sources:

- ⁽¹⁾ Uniform System for Judicial Records, Nevada Administrative Office of the Courts (AOC), Planning and Analysis Division, Annual Report of the Nevada Judiciary, 1998-2006; City of Sparks Municipal Court, 2014
- ⁽²⁾ City of Sparks Community Development Department
- ⁽³⁾ City of Sparks Revenue Division.
- ⁽⁴⁾ Truckee Meadows Water Reclamation Facility (Plant Flows Billing Summary. Adjustment for FY 13 & FY 12)
- ⁽⁵⁾ City of Sparks Police Department
- ⁽⁶⁾ City of Sparks Fire Department
- ⁽⁷⁾ City of Sparks Public Works Department
- ⁽⁸⁾ City of Sparks Parks and Rec Department

City of Sparks
 Schedule 5.2 – Operating Indicators by Function/Program
 Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
6,529	7,067	6,084	4,956	6,592	6,850
1,923	1,977	1,999	2,320	2,575	2,404
5,158	5,044	4,945	7,618	8,297	8,079
108	108	105	105	116	116
11,850	11,845	11,598	12,400	14,422	17,177
76,962	76,566	79,568	77,554	81,531	86,066
87	87	87	89	89	91
10,055	9,415	8,831	8,198	7,698	7,610
3.5	5.5	5.4	4.9	5.0	4.9
2,427	2,045	1,369	1,854	2,025	2,060
16,254	112,979	154,592	N/R	N/R	N/R
350	804	187	452	1,098	964
283,600	255,159	152,445	168,147	171,817	168,448
9,509	9,458	1,372	700	698	690
82,840	78,086	69,436	65,839	69,942	73,647
15,265	14,465	14,302	12,010	12,087	12,844
2,303	2,400	1,885	1,739	1,820	1,994
28,643	29,127	28,975	28,794	28,669	28,477
1,790	1,730	1,723	1,709	1,701	1,687
9,706	10,227	10,659	9,626	9,716	10,237
2,579	2,393	2,463	1,763	2,007	2,579

Function/Program	2018	2017	2016	2015
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	450	425	460	408
Public Safety				
Police ⁽²⁾				
Marked police vehicles	62	56	45	30
Police motorcycles	6	10	6	5
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	17	17	17	17
Public Works ⁽¹⁾				
Paved streets (miles)	734.1	734.1	734.1	656.0
Culture and Recreation ⁽⁴⁾				
Parks	50	50	52	56
Acreage of parks - developed	617.7	618.6	616.0	591.0
Acreage of parks - undeveloped	598.0	579.2	582.4	616.0
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	12	12	12	12
Tennis courts - unlighted	3	3	3	3
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	3	3	3
Rodeo arenas	0	0	0	0
Sand volleyball courts	12	12	12	7
Utilities ⁽¹⁾				
Sewer lines (miles)	372.6	359.8	357.5	356.1
Storm drains (miles)	268.5	259.8	254.7	253.7

NR = Not reported

Sources:

- ⁽¹⁾ City of Sparks Public Works Department
- ⁽²⁾ City of Sparks Police Department
- ⁽³⁾ City of Sparks Fire Department
- ⁽⁴⁾ City of Sparks Parks and Rec Department
- ⁽⁵⁾ City of Sparks Information Technology Department

City of Sparks
 Schedule 5.3 – Capital Assets Statistics by Function/Program
 Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
48	48	48	48	48	48
352	352	352	400	463	463
30	29	29	29	29	29
5	5	5	5	6	5
5	5	5	5	5	5
17	17	17	17	17	15
656.0	656.0	656.0	656.0	656.0	652.0
56	56	56	55	55	55
591.0	591.0	591.0	587.0	583.0	577.9
616.0	693.7	697.0	697.0	697.7	699.7
1	1	1	2	2	2
2	2	2	1	1	1
26	26	24	24	24	24
28	28	28	28	14	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
34	34	34	34	21	21
3	4	4	3	3	3
0	0	1	1	1	1
8	10	10	10	10	10
395.0	346.8	346.8	344.8	345.8	337.1
250.0	248.6	248.6	247.3	246.0	231.6



Compliance Section
City of Sparks



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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada’s basic financial statements and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sparks, Nevada’s internal control over financial reporting (internal control) as a basis for designing the 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 of Sparks, Nevada’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sparks, Nevada’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sparks, Nevada'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 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 City of Sparks, Nevada'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 of Sparks, Nevada'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 26, 2018



Independent Auditor’s Report on Compliance for the Major Federal Program and 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

We have audited the City of Sparks, Nevada’s (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2018. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of The City’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the 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, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the 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.



Reno, Nevada
November 26, 2018



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, 2018, 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 26, 2018

City of Sparks
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Award				
CDBG - Entitlement Grants				
Community Development Block Grants / Entitlement Grants	14.218	B-17-MC-32-0004	\$ 236,693	\$ 124,153
Community Development Block Grants / Entitlement Grants	14.218	B-16-MC-32-0004	111,682	-
Community Development Block Grants / Entitlement Grants	14.218	B-15-MC-32-0004	155	-
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-32-0004	16,005	-
Community Development Block Grants / Program Income	14.218	--	120,053	-
Total U.S. Department of Housing and Urban Development			484,589	124,153
U.S. Department of Justice				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	2016 / 2017 BVP	10,750	-
Public Safety Partnership and Community Policing	16.710	2015UMWX0047	68,912	-
Equitable Sharing Program	16.922	--	436,345	-
			516,007	-
Pass-through from State of Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-25	16,134	-
Pass-through from State of Nevada Office of the Attorney General				
Violence Against Women Formula Grant	16.588	2017-VAWA-10	66,390	-
Total U.S. Department of Justice			598,531	-
U.S. Department of Transportation				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	JF-2018-SPD-00017	11,454	-
State and Community Highway Safety	20.600	JF-2018-SPD-00017	27,795	-
National Priority Safety Programs	20.616	JF-2017-SPD-00009	8,215	-
State and Community Highway Safety	20.600	LFD-2017-SPD-00015	2,312	-
Total Highway Safety Cluster			49,776	-
Total U.S. Department of Transportation			49,776	-
Executive Office of the President				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G14NV0001A	11,265	-
Total Executive Office of the President			11,265	-

City of Sparks
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Homeland Security				
Pass-through from State of Nevada Division of Emergency Management				
Disaster Grants - Public Assistance	97.036	PW SPARB02	\$ 108,284	\$ -
Disaster Grants - Public Assistance	97.036	PW SPARA01	17,018	-
Disaster Grants - Public Assistance	97.036	PW SPARG03	8,352	-
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03915	106,499	-
Total U.S. Department of Homeland Security			<u>240,153</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,384,313</u>	<u>\$ 124,153</u>

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. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

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. 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 - Costs related to the Federal Emergency Relief Funding (FEMA)

The City incurred \$133,654 in the year ended June 30, 2017, related to Federal Emergency Management Agency (FEMA) Public Disasters from the January 2017 flood. These costs were approved by FEMA in the year ended June 30, 2018 and are recorded on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2018.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None reported
Noncompliance material to financial statements notes?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218
Office of Justice Programs / Bureau of Justice Assistance Equitable Sharing Program	16.922
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Federal Award Findings and Questioned Costs

**2018-001: U.S. Department of Housing and Urban Development:
Community Development Block Grant – Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants, CFDA 14.218**

**Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Potentially affects all grant awards included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

Criteria: 2 CFR Part 200 (*Uniform Guidance*) states that a pass-through entity, at the time of the subaward, is responsible for identifying to the subrecipient the federal award information and applicable compliance requirements. A pass-through entity is responsible for monitoring the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. A pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient’s audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient’s audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition and Context: During our audit procedures over the “Nevada Grant Program Contract FY 2017-2018” (the Contract) between the City of Sparks, the City of Reno, and the Silver State Fair Housing Council, we noted that the City of Sparks made payments to the City of Reno, described under the Contract as a “Subgrantee.” However, the City of Sparks was unable to provide support for its monitoring of the subrecipient’s use of federal awards to provide for reasonable assurance that the subrecipient administered the program appropriately. The City of Sparks did not review the subrecipient audit reports, or issue management decisions, if applicable.

Questioned Costs: None reported.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the City of Sparks.

Cause: The City of Sparks did not have procedures in place to ensure all subrecipients received a subaward. In addition, procedures were not in place to ensure monitoring of subrecipients to obtain reasonable assurance that they were in compliance with the grant provisions occurred and procedures were not in place to ensure that audit reports were monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

*Repeat Finding from
Prior Year(s):*

No.

Recommendation:

We recommend the City of Sparks implement procedures to ensure all subrecipients receive a subaward. We also recommend procedures be implemented to ensure monitoring of subrecipients to obtain reasonable assurance that subrecipients are in compliance with the grant provisions occurs and procedures be implemented to ensure audit reports are monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

*Views of Responsible
Officials:*

Management agrees with the finding.

**2018-002: U.S. Department of Justice:
Office of Justice Programs / Bureau of Justice Assistance:
Equitable Sharing Program, CFDA 16.922**

**Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Affects grant included under CFDA 16.922.

Criteria: 2 CFR Part 200 (*Uniform Guidance*) requires price or rate quotations or full bid documents from an adequate number of qualified sources depending on the size of the purchase and the City of Sparks procurement policy thresholds.

Condition and Context: A nonstatistical sample of 24 procurement transactions were selected for testing. The federal procurement policies were not followed for three transactions. Quotations from an adequate number of sources were not obtained for these purchases.

Questioned Costs: None reported.

Effect: The best price for the purchase may not have been obtained.

Cause: The City of Sparks did not obtain price quotations for three purchases qualifying as small purchases under Uniform Guidance. The City of Sparks did not have adequate internal controls to ensure federal procurement policies were adhered to.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend City of Sparks enhance internal controls to ensure federal procurement policies are adhered to.

Views of Responsible Officials: Management agrees with the finding.

**2018-003: U.S. Department of Justice:
Office of Justice Programs / Bureau of Justice Assistance:
Equitable Sharing Program, CFDA 16.922**

**Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Affects grant included under CFDA 16.922.

Criteria: 2 CFR Part 200 (*Uniform Guidance*) requires costs to be adequately documented and not included as a cost of any other federally financed program.

In addition, the *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies* provides that shared funds may not be used for purchases of food and beverages except for meals for officers engaged in local emergency operations such as an earthquake or hurricane.

Condition and Context: A nonstatistical sample of 24 procurement transactions were selected for testing. Sample size approximated \$100,000 of \$436,345 in federal expenditures under CFDA 16.922. Food purchases made in conjunction with community events supplies were included as grant expenditures for two transactions.

Questioned Costs: None reported.

Effect: Amounts were charged to the grant award that may not be allowable costs.

Cause: City of Sparks did not have adequate controls in place to ensure expenditures charged to the grant were allowable under the *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*.

Repeat Finding from Prior Year(s): No.

Recommendation: We recommend City of Sparks enhance internal controls to ensure costs charged to the grant are allowable.

Views of Responsible Officials: Management agrees with the finding.