



CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

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November 28, 2017

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, 2017, 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 2015-2016.
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 13, 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 93,581, is the fifth 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 (with abandoned retail parcels and a lack of infrastructure installations within the 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 anytime between the third Tuesday in May and the end of 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 legislative actions.

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.

Beginning in fiscal year 2006-2007, a significant softening in the local economy began, which we now know to be the beginning of what is commonly referred to as the "Great Recession". Residential construction which had displayed unprecedented growth during the preceding years, deteriorated dramatically, outpacing the national trend of a weakening real estate market. Also during fiscal year 2006-2007, the City of Sparks experienced a decline in consolidated tax revenue (over 80 percent of which is comprised of sales taxes), for the first year since the consolidated tax structure was initiated during fiscal year 1997-1998. The recession that began in fiscal year 2006-2007 resulted in lower General Fund revenues in every subsequent year until fiscal year 2013-2014. Since then, the local economy has stabilized fueled by a rebound in property values and resulting in improved City revenues. Looking forward to fiscal year 2017-2018, we anticipate the stabilization to continue and are expecting a modest increase in total General Fund revenue for the fifth consecutive year.

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.

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, anticipate a positive impact to the economy over the next several years, including 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. Evidence of the economic improvement can be seen in the increase in housing demands. Since fiscal year 2016, we have seen a significant rise in multi-family housing units constructed. Approximately 300 units were permitted to be built in fiscal year 2016 and an additional 875 units were permitted in fiscal year 2017.

However, the resulting expected growth in 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 2.6% on existing properties rather than the 8% general or 3% residential cap in fiscal year 2017-2018. This 2.6% revenue cap is in place even though overall City’s assessed value is expected to grow by 5% in fiscal year 2017-2018. 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 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. This is the first increase since 2003-2004. 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 2018 it is anticipated that actual licensing revenue will be in excess of budgeted. 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 2016-2017, the average interest rate earned on investments maturing during the year was 1.20 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, the City has adopted GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* beginning with the 2008-2009 fiscal year. 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

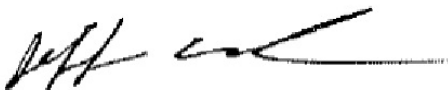
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Comprehensive Annual Financial Report (CAFR) for each fiscal year ended June 30, 1981 through 2016. Fiscal year 2015-2016 was the thirty-sixth 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 2016-2017 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.

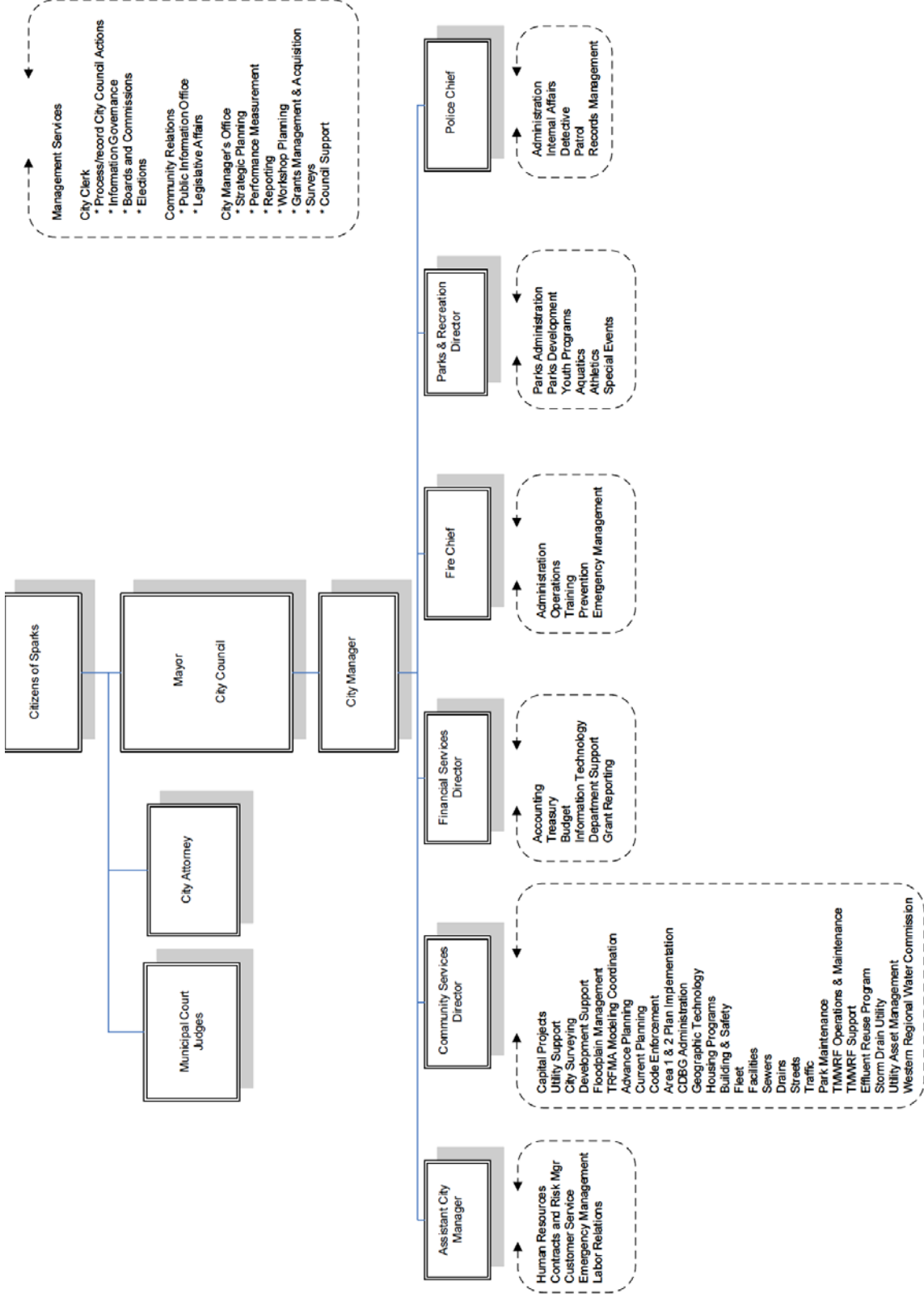
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this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

Respectfully submitted,



Jeff Cronk, CPA
Financial Services Director



06/30/2017

<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, 2016

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, 2017, 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, 2017, 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.

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 27, the other post-employment benefits schedule of funding progress on page 81, the schedule of the City's share of net pension liability on page 82, and the schedule of the City's contributions on page 83 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*, 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, 2016, and have issued our report thereon dated November 29, 2016, 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, 2015, 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 2016 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 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 28, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sparks, Nevada's internal control over financial reporting and compliance.



Reno, Nevada
November 28, 2017

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, 2017. 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, 2017 by \$481,996,378 (net position), an increase of 12.1 percent from the prior year. The net position is primarily represented by the City's net investment in capital assets.
- Net Pension liability of the City is \$87,624,211, an increase of \$10,216,590 from the prior year liability of \$77,407,621. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to report a proportionate share of the total Net Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS). As a result of recording the increase in the City's portion of net pension liability (\$10,216,590), a decrease in deferred pension inflows (\$1,827,452), and an increase in deferred pension outflows (\$9,067,511), net position was increased by \$678,373.
- Sparks' governmental funds reported combined ending fund balances of \$42,731,375 as of June 30, 2017 which is a decrease of \$4,641,273 from fiscal year 2015-2016 ending fund balance total of \$47,372,648. The decrease was primarily due to a decrease in the amounts held that are restricted for use on street improvements, debt service, and capital projects.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2017, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$2,714,072, which represents approximately 4.4 percent of General Fund expenditures (excluding capital). Of that amount, \$225,502 is assigned for open purchase orders and \$106,584 is assigned as a budgeted resource to be expended in fiscal year 2017-2018, leaving \$2,381,986 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 71.7 percent of total General Fund revenues, and have increased by 2.4 percent from last year's results. Consolidated tax revenues, after consideration of an anticipated taxpayer refund, increased 2.2 percent, and property taxes increased by 2.4 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$88,098,780 can cover current liabilities 1.8 times on a government-wide basis.

- Governmental activity expenses were \$93,822,927 as compared to \$92,468,972 for the year ended June 30, 2016. The increase of \$1,353,955 is primarily driven by increases in Public Safety expenses within the Police Department. Business-type activities posted overall expenses of \$26,706,959 as compared with \$26,734,182 in the prior year. The decrease of \$27,223 is primarily related to a decrease 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 funds 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.
- The City's long-term liabilities outstanding decreased by \$11,483,600 in fiscal year 2016-2017. The decrease was attributable to regular debt service payments and the refunding of existing debt to obtain lower interest rates.

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 funds elsewhere in the report.

Fiduciary Funds

Resources held for the benefit of parties outside the government are accounted for in fiduciary funds, which are not reflected in the government-wide financial statements because resources of those funds are not available to support the City of Sparks' own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining 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 increased by 12.0 percent during fiscal year 2016-2017. This is primarily due to an increase in capital assets mostly due to donated roads from the Regional Transportation Commission (RTC), and an increase in deferred outflows related to pensions. The deferred outflow change is primarily due to difference between projected and actual return on investments.

CITY OF SPARKS' STATEMENT OF NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 76,087,389	\$ 79,714,954	\$ 99,937,573	\$ 96,278,825	\$ 176,024,962	\$ 175,993,779
Capital assets	465,156,917	425,714,441	164,919,420	162,243,262	630,076,337	587,957,703
Total assets	541,244,306	505,429,395	264,856,993	258,522,087	806,101,299	763,951,482
Deferred outflow bond refundings	2,073,101	142,898	-	-	2,073,101	142,898
Deferred outflow related to pensions	19,054,680	10,840,446	1,947,487	1,094,210	21,002,167	11,934,656
Total deferred outflow of resources	21,127,781	10,983,344	1,947,487	1,094,210	23,075,268	12,077,554
Total assets and deferred outflows	562,372,087	516,412,739	266,804,480	259,616,297	829,176,567	776,029,036
Long-term liabilities outstanding	238,028,482	235,299,018	51,622,504	56,019,167	289,650,986	291,318,185
Other liabilities	37,878,472	35,374,963	10,398,442	8,406,030	48,276,914	43,780,993
Total liabilities	275,906,954	270,673,981	62,020,946	64,425,197	337,927,900	335,099,178
Deferred inflow related to pensions	8,507,939	10,166,313	744,350	913,428	9,252,289	11,079,741
Total deferred inflow of resources	8,507,939	10,166,313	744,350	913,428	9,252,289	11,079,741
Total liabilities and deferred inflows	284,414,893	280,840,294	62,765,296	65,338,625	347,180,189	346,178,919
Net investment in capital assets	377,956,278	364,071,812	136,405,793	133,052,926	514,362,071	497,124,738
Restricted	36,694,210	35,374,824	-	-	36,694,210	35,374,824
Unrestricted	(136,693,294)	(163,874,191)	67,633,391	61,224,746	(69,059,903)	(102,649,445)
Total net position	\$ 277,957,194	\$ 235,572,445	\$ 204,039,184	\$ 194,277,672	\$ 481,996,378	\$ 429,850,117

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, \$514,362,071, 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 \$36,694,210, 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 \$1,319,386 is largely due to the collection of transient occupancy taxes and an increase in amounts restricted for self-insurance claims.

Unrestricted net position is the amount of funds available to meet the City’s on-going obligations. The negative unrestricted net position value of \$69,059,903 in fiscal year 2016-2017 is comprised primarily of a deficit of \$136,693,294 related to governmental activities. This deficit is largely

comprised from 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 the result of the fiscal year 2015 implementation of GASB statement 68, *Accounting and Financial Reporting for Pensions*. More information related to the pension liability can be found in Note 11 of the financial statements.

CITY OF SPARKS CHANGES IN NET POSITION

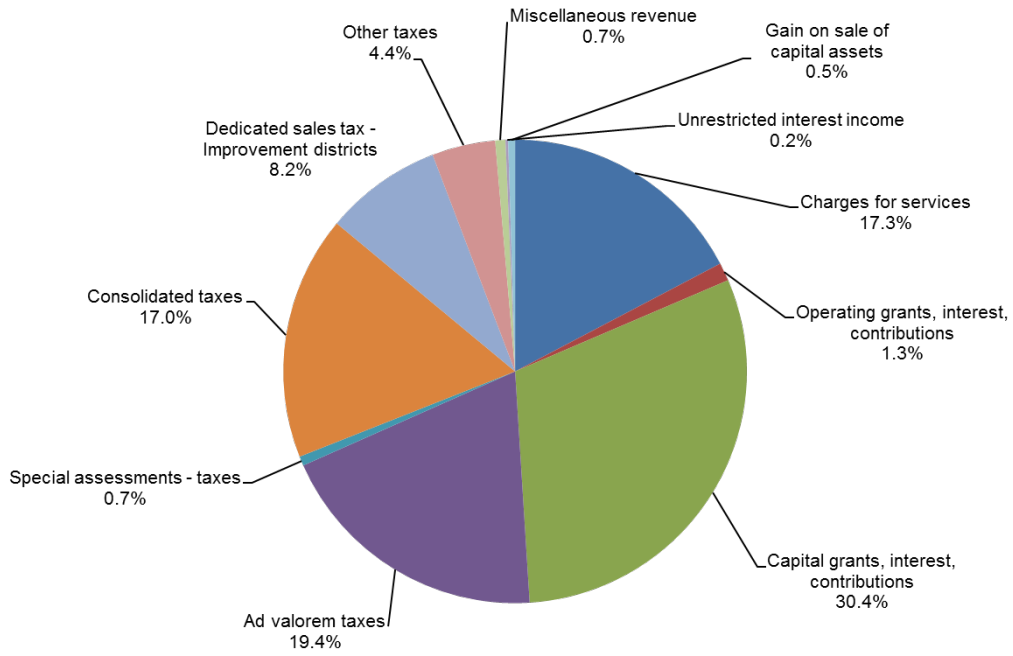
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 23,565,835	\$ 23,974,233	\$ 28,714,298	\$ 27,011,582	\$ 52,280,133	\$ 50,985,815
Operating grants, interest and contributions	1,722,150	1,534,679	13,729	-	1,735,879	1,534,679
Capital grants, interest and contributions	41,463,235	14,611,760	7,648,854	6,490,750	49,112,089	21,102,510
	<u>66,751,220</u>	<u>40,120,672</u>	<u>36,376,881</u>	<u>33,502,332</u>	<u>103,128,101</u>	<u>73,623,004</u>
General revenues:						
Ad valorem taxes	26,361,970	25,735,620			26,361,970	25,735,620
Special Assessments - taxes	889,479	1,197,930			889,479	1,197,930
Consolidated tax	23,195,337	22,695,286			23,195,337	22,695,286
Dedicated sales tax - improvement districts	11,148,798	10,659,831			11,148,798	10,659,831
Other taxes	6,018,224	5,539,785			6,018,224	5,539,785
Unrestricted investment income	243,579	506,173	(39,993)	493,674	203,586	999,847
Gain (Loss) on sale of capital assets	654,519	-	-	-	654,519	-
Miscellaneous revenue	970,491	215,107	105,642	126,503	1,076,133	341,610
	<u>69,482,397</u>	<u>66,549,732</u>	<u>65,649</u>	<u>620,177</u>	<u>69,548,046</u>	<u>67,169,909</u>
Total revenues	136,233,617	106,670,404	36,442,530	34,122,509	172,676,147	140,792,913
Expenses:						
General Government	13,628,107	17,259,801			13,628,107	17,259,801
Judicial	2,351,052	2,085,243			2,351,052	2,085,243
Public safety:						
Police	26,748,439	24,479,600			26,748,439	24,479,600
Fire	16,528,033	15,875,446			16,528,033	15,875,446
Public Works	1,497,563	1,634,836			1,497,563	1,634,836
Public Works	9,177,840	8,564,996			9,177,840	8,564,996
Culture and recreation	10,092,377	10,163,718			10,092,377	10,163,718
Community support	3,298,425	2,577,879			3,298,425	2,577,879
Interest on long-term debt	10,501,091	9,827,453			10,501,091	9,827,453
Sewer			22,922,462	23,863,114	22,922,462	23,863,114
Development services			3,784,497	2,871,068	3,784,497	2,871,068
Total expenses	93,822,927	92,468,972	26,706,959	26,734,182	120,529,886	119,203,154
Increase (Decrease) in net position						
before transfers & special items	42,410,690	14,201,432	9,735,571	7,388,327	52,146,261	21,589,759
Transfers	(25,941)	53,047	25,941	(53,047)	-	-
Increase (Decrease) in net position	42,384,749	14,254,479	9,761,512	7,335,280	52,146,261	21,589,759
Net position, July 1, as originally reported	235,572,445	222,175,777	194,277,672	185,136,320	429,850,117	407,312,097
Prior Period Adjustment	-	(857,811)	-	1,806,072	-	948,261
Net position, July 1, as restated	235,572,445	221,317,966	194,277,672	186,942,392	429,850,117	408,260,358
Net position, June 30	\$ 277,957,194	\$ 235,572,445	\$ 204,039,184	\$ 194,277,672	\$ 481,996,378	\$ 429,850,117

Governmental Activities

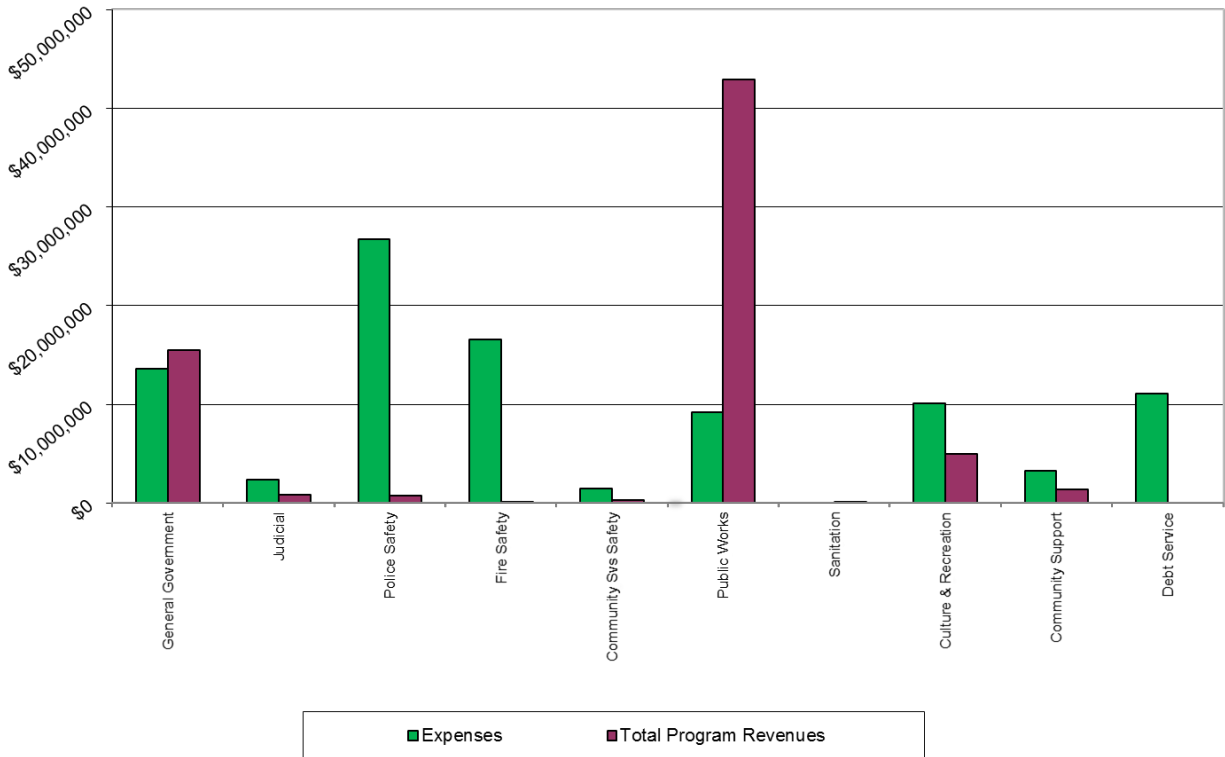
Governmental activities in fiscal year 2016-2017, increased the City's net position by \$42,384,749. Of the more significant results for governmental activities that contributed to this change the following was observed:

- In fiscal year 2016-2017, Governmental revenues were \$29,563,213, or 27.7 percent, more than the prior year. The increase is largely attributed to contributed assets from the Regional Transportation Commission (RTC). Revenues exceeded expenses by 42,410,690;
- Consolidated taxes (consisting primarily of sales taxes) increased by 2.2 percent or \$500,051 from fiscal year 2015-2016. A substantial taxpayer refund anticipated to be approved within the next year in the amount of \$1,100,000 is included as a reduction of consolidated taxes in fiscal 2016-2017. The increase in tax revenue indicates a level of improvement in the economy; however, consolidated tax revenues, unreduced for the anticipated refund, are still 5.5 percent below the peak levels achieved in fiscal year 2005-2006. Sales taxes comprise over 80 percent of the consolidated tax, and the still-repressed revenues are representative of the slow recovery from the recession;
- Ad valorem tax revenues increased by 2.4 percent, or \$626,350, from fiscal year 2015-2016. Since the housing decline, the City's assessed values remain decreased by 10.2 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;
- Total expenses increased 1.5 percent, or \$1,353,955, which was primarily due to increases in Public Safety salary and benefit increases within the Police department.

Revenues by Source Governmental Activities



Expenses and Program Revenues Governmental Activities

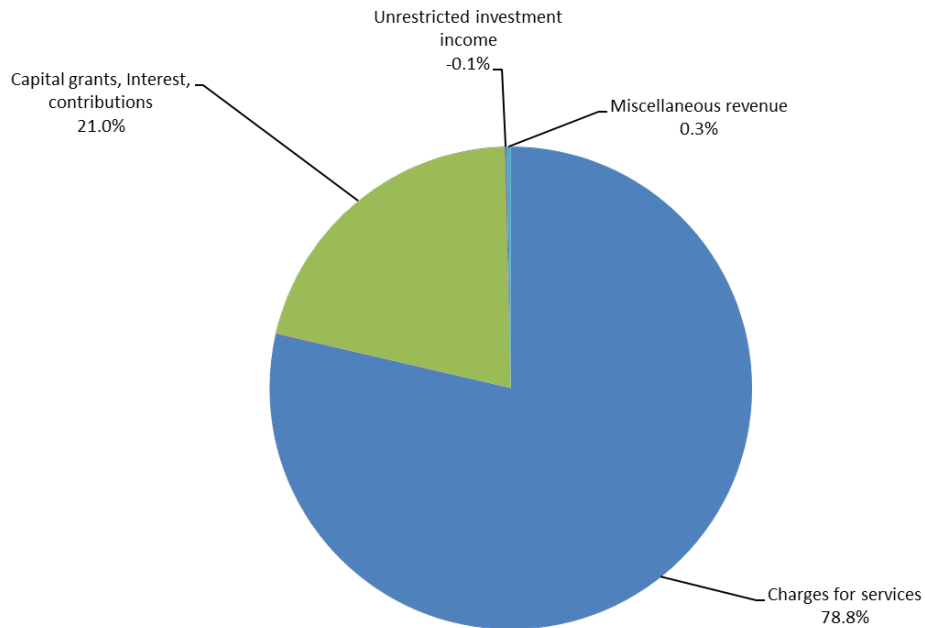


Business-type Activities

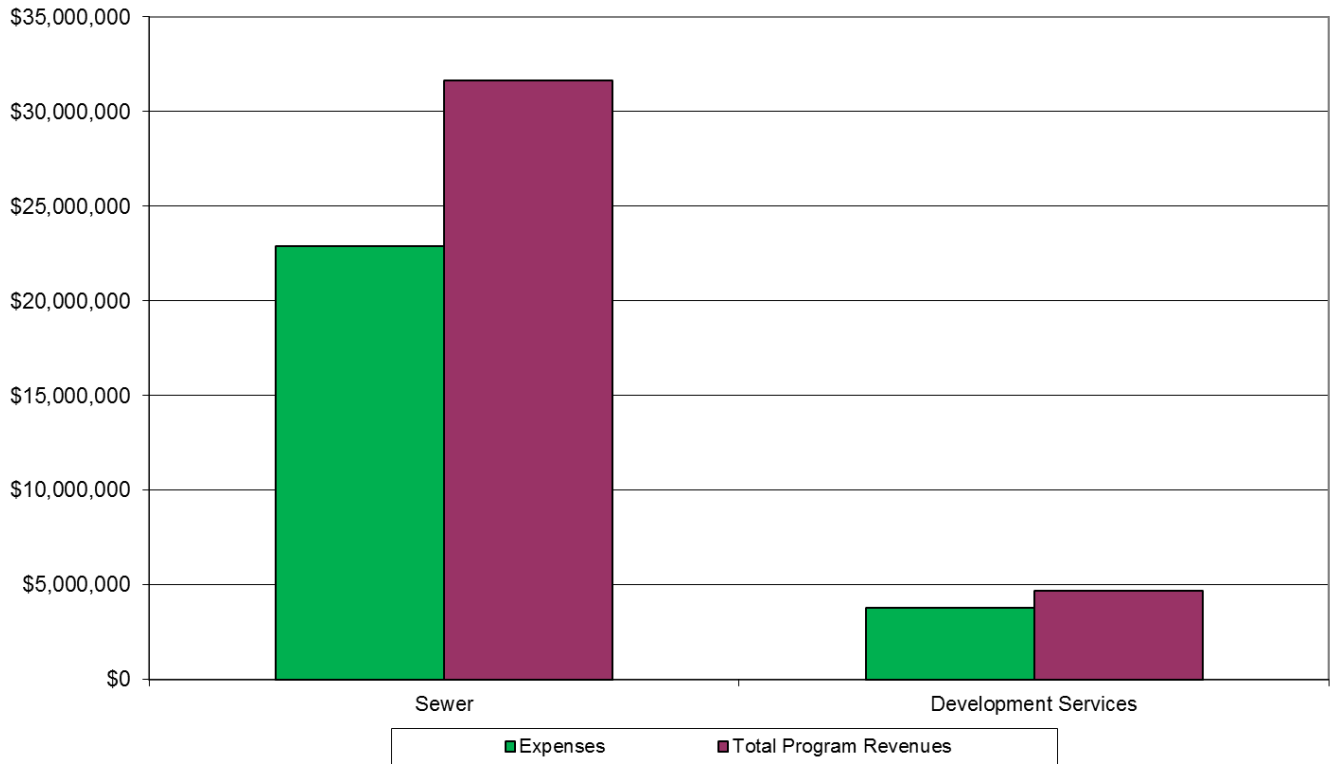
Business-type activities, in fiscal year 2016-2017, increased the City's net position by \$9,761,512. Significant results include:

- Total revenues increased by 6.8 percent, or \$2,320,021, which was driven primarily by an increase in revenues from services provided, such as sewer use fees and building and zoning fees;
- Total expenses decreased by 0.1 percent, or \$27,223 primarily related to; a decrease in sewer maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility.

Revenues by Source Business Type Activities



**Expenses and Program Revenues
Business-type Activities**



Financial Analysis of the City’s Funds

Governmental Funds

The focus of the City of Sparks’ governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information may be useful in assessing the City’s financing requirements. Governmental Accounting Standards Boards Statement 54 provides fund balance classifications for governmental funds. Unassigned fund balance, in particular, may be used as a measure of a government’s net resources available for spending at the end of the fiscal year. Additional information on the City’s fund balances can be found in Note 1 of the basic financial statements.

- As of June 30, 2017, Sparks’ governmental funds reported combined ending fund balances of \$42,731,375 which is a decrease of \$4,641,273 from fiscal year 2015-2016 ending fund balance of \$47,372,648. The decrease was primarily due to a decrease in amounts held that are restricted for use on street improvements, debt service, and capital projects.
- The combined ending fund balance of \$42,731,375 is comprised of: \$32,696,433 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$10,034,942 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 23.5 percent of the combined ending fund balances, or \$10,034,942, is unrestricted. Of the unrestricted balance, \$913,386 has been committed by Council action and \$6,739,570 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 \$2,381,986 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, 2017, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$2,714,072 or 54.8 percent lower than the prior year's unrestricted balance of \$6,007,406. The decline is due to; an anticipated consolidated tax refund, increased staffing costs, increased salary and benefit expenses, increased vehicle replacement costs and increased liability insurance costs. For fiscal year 2016-2017 expenditures exceed revenues and resulted in a drop of the City's unrestricted fund balance to 4.4% of departmental expenditures (excluding capital outlay), which is below the established policy goal of 8.3 percent. The unrestricted fund balance is 4.4 percent of General Fund revenues, as adjusted by the anticipated taxpayer refund, and is down from 10.0 percent of General Fund revenues from fiscal year 2015-2016.

Although the City's General Fund balance was \$2,714,072 at June 30, 2017, it should be noted that \$332,086 is considered assigned for specific purposes, including \$225,502 for open purchase orders and \$106,584 as budgeted resources to be expended in fiscal year 2017-2018. This leaves \$2,381,986 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$1,596,180 (2.6 percent) increase in revenues and transfers in, after consideration of anticipated taxpayer refund, and a \$4,450,304 (7.3 percent) increase in expenditures and transfers out. The two largest areas of revenue changes were intergovernmental revenues increased \$549,689 (2.2 percent) most of which is related to increased Consolidated Tax revenue collected by the state, net of the anticipated taxpayer refund; and property taxes increased \$530,533 (2.6 percent) mostly related to real property tax revenues. The notable areas of increase in expenditures and transfers out were salaries and wages increased \$1,851,422 (6.4 percent) due to increased staffing and contractual wage increases; employee benefits increased \$821,231 (4.7 percent) in relation to increased retirement costs and health insurance subsidy expenses; and services and supplies costs increased \$1,563,540 (15.1 percent) due to increased vehicle replacement and liability insurance costs. The result is that the ending fund balance within the General Fund decreased by \$3,293,329, or 54.8 percent, from the prior year.

General Obligation Debt Service Fund

The existing debt in this fund is either backed by sales tax revenues (STAR bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was \$14,993,867 compared to \$15,952,033 for the prior year, a decrease of 6.0 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 \$203,058,882 as of June 30, 2017, an increase of \$8,464,084 or 4.3 percent over the prior year's balance of \$194,594,798. The major changes were a \$1,141,013 (5.0 percent) increase in revenues from sewer services provided; a \$571,009 decrease in maintenance and repair costs; and an \$839,535 increase in sewer connection fees.

Net position of the Development Services Enterprise Fund increased to \$2,666,388 from \$1,799,459, or 48.2 percent. Continued development in the area is evidenced by an increase of \$560,369, or 13.5 percent, in operating revenues, primarily attributed to increases in building and zoning receipts, and a corresponding increase in operating expenses of \$958,186, or 33.5 percent, primarily related to an increase in contracted services.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations decreased by \$25,504, approximately 0.04 percent below the original budget. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$2,009,942 less than budgeted, primarily due to an unbudgeted taxpayer refund of consolidated taxes that is anticipated to occur, and a decrease in franchise fee revenues.

Actual expenditures were 1.1 percent below final amended budget, which was primarily due to underspends in employee benefits, and professional services and contracts, and travel reimbursements.

The following functions are highlighted:

- General government achieved \$157,855, or 1.3 percent, in budgetary savings primarily from an underspend in professional services within the Management Services department;
- The Municipal Court achieved \$124,071, or 5.6 percent, in budgetary savings primarily from changes in personnel that affected group health coverage costs;
- Public safety achieved \$115,940 or 0.3 percent in budgetary savings primarily from travel reimbursements related to mutual aid services provided by the Fire Department;
- Budgetary savings within the Public Works function totaled \$256,129, or 15.6 percent, which was primarily due from an underspend in professional and contract services;

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, 2017 amounted to \$630,076,337, an increase of \$42,118,634 compared to \$587,957,703 from the prior year. Capital assets include tangible items such as land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, storm drains and sewer lines. Additionally, the City has intangible assets in the form of right of way easements, water rights, and software development. The total increase from fiscal year 2016-2017 operations for governmental activities was \$39,442,476, (from \$425,714,441 to \$465,156,917), while business-type activities increased by \$2,676,158 (from \$162,243,262 to \$164,919,420).

Significant capital asset activities that occurred during fiscal year 2016-2017 included:

- Assets classified as Construction in progress increased by \$45,807,018 during fiscal year 2016-2017, primarily due to contributed assets from the Regional Transportation Commission (RTC) projects within the City;
- Assets classified as Improvements other than Buildings decreased by \$3,882,491 during the fiscal year, primarily due to depreciation.

CITY OF SPARKS' CAPITAL ASSETS Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 31,383,244	\$ 31,007,828	\$ -	\$ -	\$ 31,383,244	\$ 31,007,828
Intangibles	3,585,544	3,654,379	2,648	2,648	3,588,192	3,657,027
Buildings	17,918,853	18,458,804	622,176	650,784	18,541,029	19,109,588
Improvements other than Buildings	35,175,406	38,981,813	812,448	888,532	35,987,854	39,870,345
Equipment, Furnishings & Vehicles	9,729,491	9,400,449	141,790	38,699	9,871,281	9,439,148
Infrastructure	206,165,292	203,724,193	150,588,135	153,005,282	356,753,427	356,729,475
Construction in progress	161,110,206	120,398,094	5,725,721	630,815	166,835,927	121,028,909
Water Rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	\$ 465,156,917	\$ 425,714,441	\$ 164,919,420	\$ 162,243,262	\$ 630,076,337	\$ 587,957,703

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, 2017, the City of Sparks had a total of \$289,650,986 of long-term liabilities outstanding. Of this amount, \$87,624,211 is related to pension benefits, \$9,151,708 is related to Other Post-Employment Benefits (OPEB), \$50,000 are related to refundable deposits, and \$192,825,067 is outstanding for all other long-term liabilities.

Short and long-term liabilities not related to pension, OPEB, and deposits, amounting to \$226,267,170 are comprised of \$175,902,900 of governmental activities and \$50,364,270 of business-type activities. Governmental activity includes revenue bonds of \$108,853,102; tax allocation bonds of \$40,340,989; incentive agreement payable to Syufy of \$1,500,000; and accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$25,208,809. Business-type activity includes Sewer Utility general obligation bonds totaling \$42,928,969; a \$5,652,642 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 \$1,782,659. The City of Sparks' outstanding debt, including debt of the Redevelopment Agency, decreased by \$11,483,600, or 4.8 percent, during the fiscal year ended June 30, 2017.

Additional information on the City of Sparks' outstanding long-term debt can be found in Note 9 to the financial statements.

Other Factors

- The unemployment rate in the Reno-Sparks area was 4.0 percent in June 2017 compared to 5.8 percent in June 2016;
- 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 below the peak values seen prior to the recession, home values have rebounded significantly to about \$286,000, which reflects an increase of about 6.7 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 \$8.0 billion in fiscal year 2016-2017, an increase of 53.8 percent during the past seven fiscal years. We expect taxable sales to continue to improve as regional employment also improves;

- As mentioned previously, the City's Ad Valorem tax revenues increased by 2.4 percent in fiscal year 2016-2017. This was due to an increase of 7.1 percent in the assessed valuation between fiscal year 2016-2017 and fiscal year 2015-2016. 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 2016-2017 (1.3 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 1.2 percent from fiscal year 2014 to 2017, and the Nevada State Demographer's office is projecting a population increase for fiscal year 2017-2018. 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 \$341.11, 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 \$5,678 to \$5,875 per residence as of January 1, 2017.

All of these factors and others were considered in preparing the City's budget for the upcoming 2017-2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Sparks' finances. Questions concerning any of the information contained herein should be addressed to the City of Sparks, Financial Services Department, 431 Prater Way, Sparks, Nevada, 89431.

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City of Sparks
Statement of Net Position
June 30, 2017
(with Comparative Totals for June 30, 2016)

	Governmental Activities	Business-Type Activities	Total	2016
Assets				
Cash and investments	\$ 36,813,460	\$ 51,285,320	\$ 88,098,780	\$ 84,725,739
Accounts receivable	16,795,951	2,541,438	19,337,389	19,785,217
Internal balances	1,686,086	(1,686,086)	-	-
Due from other governments	8,896,619	664,316	9,560,935	8,393,735
Inventories	239,723	-	239,723	232,720
Deposits	18,180	-	18,180	26,027
Notes receivable	-	5,496,209	5,496,209	7,300,891
Net OPEB asset	56,094	8,546	64,640	44,406
Restricted assets				
Cash and investments	11,581,276	-	11,581,276	13,912,654
Investment in the Truckee Meadows Water Reclamation Facility	-	41,627,830	41,627,830	41,572,390
Capital assets				
Land, construction in progress, intangible, assets, and water rights	195,811,696	12,754,871	208,566,567	162,384,133
Other capital assets, net of depreciation	269,345,221	152,164,549	421,509,770	425,573,570
Total assets	<u>541,244,306</u>	<u>264,856,993</u>	<u>806,101,299</u>	<u>763,951,482</u>
Deferred Outflows of Resources				
Deferred amount on bond refundings	2,073,101	-	2,073,101	142,898
Deferred outflows related to pensions	19,054,680	1,947,487	21,002,167	11,934,656
Total deferred outflows of resources	<u>21,127,781</u>	<u>1,947,487</u>	<u>23,075,268</u>	<u>12,077,554</u>
Total assets and deferred outflow of resources	<u>562,372,087</u>	<u>266,804,480</u>	<u>829,176,567</u>	<u>776,029,036</u>
Liabilities				
Accounts payable and accrued expenses	3,095,050	458,856	3,553,906	3,516,685
Accrued interest payable	1,836,444	384,204	2,220,648	3,739,426
Contracts and retentions payable	1,441,472	2,665,993	4,107,465	863,872
Deposits	38,872	56,250	95,122	118,951
Due to other governments	3,078,618	908,249	3,986,867	2,870,004
Unearned revenue	692,148	178,655	870,803	658,554
Noncurrent liabilities				
Due within one year	27,695,868	5,746,235	33,442,103	32,013,501
Due in more than one year	148,207,032	44,618,035	192,825,067	205,737,269
Refundable deposits	-	50,000	50,000	70,000
Net pension liability	80,834,663	6,789,548	87,624,211	77,407,621
Net OPEB obligation	8,986,787	164,921	9,151,708	8,103,295
Total liabilities	<u>275,906,954</u>	<u>62,020,946</u>	<u>337,927,900</u>	<u>335,099,178</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	8,507,939	744,350	9,252,289	11,079,741
Total liabilities and deferred inflow of resources	<u>284,414,893</u>	<u>62,765,296</u>	<u>347,180,189</u>	<u>346,178,919</u>
Net Position				
Net investment in capital assets	377,956,278	136,405,793	514,362,071	497,124,738
Restricted for				
Court improvements	1,149,445	-	1,149,445	1,142,066
Road and street projects	2,283,484	-	2,283,484	4,371,999
Grants	1,725,373	-	1,725,373	1,457,663
Claims	1,249,802	-	1,249,802	191,478
Debt service	19,752,885	-	19,752,885	18,910,066
Capital projects	9,974,267	-	9,974,267	8,594,865
Promotion of special events	103,231	-	103,231	159,265
Public safety	455,723	-	455,723	547,422
Unrestricted	(136,693,294)	67,633,391	(69,059,903)	(102,649,445)
Total Net Position	<u>\$ 277,957,194</u>	<u>\$ 204,039,184</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Governmental activities				
General government	\$ 13,628,107	\$ 14,401,815	\$ -	\$ 1,057,483
Judicial	2,351,052	858,488	-	-
Public safety				
Police	26,748,439	180,042	486,194	50,248
Fire	16,528,033	52,202	3,835	-
Community services	1,497,563	338,092	-	-
Public works	9,177,840	2,725,585	-	40,218,455
Sanitation	-	81,760	-	-
Culture and recreation	10,092,377	4,886,528	61,823	-
Community support	3,298,425	41,323	1,170,298	137,049
Debt service				
Interest and fiscal charges	10,501,091	-	-	-
Total governmental activities	<u>93,822,927</u>	<u>23,565,835</u>	<u>1,722,150</u>	<u>41,463,235</u>
Business-type activities				
Sewer	22,922,462	24,000,811	13,134	7,648,854
Development Services	<u>3,784,497</u>	<u>4,713,487</u>	<u>595</u>	<u>-</u>
Total business-type activities	<u>26,706,959</u>	<u>28,714,298</u>	<u>13,729</u>	<u>7,648,854</u>
Total primary government	<u>\$ 120,529,886</u>	<u>\$ 52,280,133</u>	<u>\$ 1,735,879</u>	<u>\$ 49,112,089</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				
Room taxes				
Governmental services tax				
Unrestricted investment income				
Miscellaneous revenue				
Gain (loss) on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

See Notes to Financial Statements

City of Sparks
Statement of Activities
Year Ended June 30, 2017
(with Comparative Totals for Year Ended June 30, 2016)

Net (Expense) Revenue and Change in Net Position			
Governmental Activities	Business-Type Activities	Total	2016
\$ 1,831,191	\$ -	\$ 1,831,191	\$ (2,790,422)
(1,492,564)	-	(1,492,564)	(1,144,658)
(26,031,955)	-	(26,031,955)	(23,841,021)
(16,471,996)	-	(16,471,996)	(15,757,364)
(1,159,471)	-	(1,159,471)	(1,264,799)
33,766,200	-	33,766,200	8,903,363
81,760	-	81,760	112,103
(5,144,026)	-	(5,144,026)	(5,400,788)
(1,949,755)	-	(1,949,755)	(1,337,261)
<u>(10,501,091)</u>	<u>-</u>	<u>(10,501,091)</u>	<u>(9,827,453)</u>
<u>(27,071,707)</u>	<u>-</u>	<u>(27,071,707)</u>	<u>(52,348,300)</u>
-	8,740,337	8,740,337	5,486,099
<u>-</u>	<u>929,585</u>	<u>929,585</u>	<u>1,282,051</u>
-	9,669,922	9,669,922	6,768,150
<u>(27,071,707)</u>	<u>9,669,922</u>	<u>(17,401,785)</u>	<u>(45,580,150)</u>
26,361,970	-	26,361,970	25,735,620
889,479	-	889,479	1,197,930
23,195,337	-	23,195,337	22,695,286
11,148,798	-	11,148,798	10,659,831
1,913,456	-	1,913,456	1,717,502
2,403,953	-	2,403,953	2,244,970
413,851	-	413,851	396,427
1,124,190	-	1,124,190	1,003,314
162,774	-	162,774	177,572
243,579	(39,993)	203,586	999,847
970,491	105,642	1,076,133	341,610
654,519	-	654,519	-
<u>(25,941)</u>	<u>25,941</u>	<u>-</u>	<u>-</u>
<u>69,456,456</u>	<u>91,590</u>	<u>69,548,046</u>	<u>67,169,909</u>
42,384,749	9,761,512	52,146,261	21,589,759
<u>235,572,445</u>	<u>194,277,672</u>	<u>429,850,117</u>	<u>408,260,358</u>
<u>\$ 277,957,194</u>	<u>\$ 204,039,184</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>

City of Sparks
Balance Sheet – Governmental Funds
June 30, 2017
(with Comparative Totals for June 30, 2016)

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	2016
Assets					
Cash and investments	\$ 1,873,645	\$ 4,308,702	\$ 22,774,376	\$ 28,956,723	\$ 28,047,720
Accounts receivable, net	1,100,686	13,356,417	2,228,860	16,685,963	17,512,543
Notes receivable	-	-	-	-	1,300,000
Due from other funds	101,570	-	-	101,570	64,284
Due from other governments	5,519,209	2,048,889	1,193,942	8,762,040	7,849,068
Restricted assets					
Cash and investments	-	8,636,276	2,945,000	11,581,276	13,912,654
Total assets	<u>\$ 8,595,110</u>	<u>\$ 28,350,284</u>	<u>\$ 29,142,178</u>	<u>\$ 66,087,572</u>	<u>\$ 68,686,269</u>
Liabilities					
Accounts payable	\$ 782,786	\$ -	\$ 266,395	\$ 1,049,181	\$ 906,334
Accrued liabilities	1,669,403	-	222,688	1,892,091	1,655,041
Contracts payable	-	-	1,360,498	1,360,498	554,128
Contract retentions payable	-	-	80,973	80,973	87,764
Refundable deposits	19,748	-	19,124	38,872	43,451
Unearned revenues	298,470	-	393,071	691,541	455,575
Due to other funds	-	-	101,570	101,570	64,284
Due to other governments	2,873,272	-	179,808	3,053,080	1,698,710
Total liabilities	<u>5,643,679</u>	<u>-</u>	<u>2,624,127</u>	<u>8,267,806</u>	<u>5,465,287</u>
Deferred Inflows of Resources					
Unavailable revenue – other	-	-	65,281	65,281	-
Unavailable revenue – grants	122,853	-	1,338,212	1,461,065	1,324,016
Unavailable revenue – property and other taxes	114,506	-	91,122	205,628	229,505
Unavailable revenue – special assessments	-	13,356,417	-	13,356,417	14,294,813
Total deferred inflows of resources	<u>237,359</u>	<u>13,356,417</u>	<u>1,494,615</u>	<u>15,088,391</u>	<u>15,848,334</u>
Fund Balances					
Restricted for					
Grants and donations	-	-	134,112	134,112	128,259
Law enforcement	-	-	455,723	455,723	547,422
Promotion of special events	-	-	103,231	103,231	159,265
Various judicial uses	-	-	199,186	199,186	168,745
Municipal facilities construction	-	-	127,430	127,430	141,561
Court fee collection programs	-	-	822,829	822,829	792,690
Developer agreements	-	-	1,381,534	1,381,534	1,134,203
Bond proceeds defined projects	-	-	22,525	22,525	36,960
Debt service reserve	-	14,993,867	4,790,726	19,784,593	21,550,220
Parks and recreation	-	-	3,696,173	3,696,173	3,460,484
Street improvements and rehabilitation	-	-	1,139,774	1,139,774	3,832,672
Capital projects	-	-	455,340	455,340	1,469,763
Improvements to Victorian Square	-	-	4,373,983	4,373,983	3,439,848
Committed for					
Economic development	-	-	51,091	51,091	40,393
Parks and recreation	-	-	26,785	26,785	150,744
Road surface repairs	-	-	649,863	649,863	646,996
Economic stabilization	-	-	185,647	185,647	235,291
Assigned for					
Purchases on order	225,502	-	-	225,502	144,140
Specific capital projects	-	-	1,251,051	1,251,051	1,191,888
Next year's budget deficit	106,584	-	762,001	868,585	2,374,877
Other capital projects	-	-	4,394,432	4,394,432	2,064,455
Unassigned	2,381,986	-	-	2,381,986	3,661,772
Total fund balances	<u>2,714,072</u>	<u>14,993,867</u>	<u>25,023,436</u>	<u>42,731,375</u>	<u>47,372,648</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,595,110</u>	<u>\$ 28,350,284</u>	<u>\$ 29,142,178</u>	<u>\$ 66,087,572</u>	<u>\$ 68,686,269</u>

City of Sparks
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
June 30, 2017

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

Total fund balances - total governmental funds		\$ 42,731,375
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	618,044,549	
Less accumulated depreciation	<u>(162,569,230)</u>	455,475,319
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds and note payable	-	
Revenue bonds payable	(108,853,102)	
Tax allocation bonds payable	(40,340,989)	
Compensated absences payable	(12,177,640)	
Net pension liability	(79,814,315)	
Net OPEB asset (obligation)	(8,892,799)	
Sick leave conversion payable	(4,835,750)	
Financial incentive agreement payable	<u>(1,500,000)</u>	(256,414,595)
Interest payable		(1,836,444)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		15,088,391
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	18,758,040	
Deferred outflows of resources related to bond refundings	2,073,101	
Deferred inflows of resources related to pensions	<u>(8,391,940)</u>	12,439,201
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.		8,787,861
Internal balances is a receivable from/(payable to) business-type activities		<u>1,686,086</u>
Net position of governmental activities		<u><u>\$ 277,957,194</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2017
(with Comparative Totals for Year Ended June 30, 2016)

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	2016
Revenues					
Taxes	\$ 21,027,578	\$ 1,827,875	\$ 6,878,745	\$ 29,734,198	\$ 28,969,948
Licenses and permits	11,147,121	-	4,329,715	15,476,836	15,892,828
Intergovernmental revenues	26,073,998	11,148,798	4,663,876	41,886,672	40,724,097
Charges for services	2,681,291	-	3,032,386	5,713,677	5,186,023
Fines and forfeits	616,378	-	6,300	622,678	663,882
Miscellaneous	111,598	62,974	422,965	597,537	846,889
Total revenues	<u>61,657,964</u>	<u>13,039,647</u>	<u>19,333,987</u>	<u>94,031,598</u>	<u>92,283,667</u>
Expenditures					
Current					
General government	12,225,648	-	784,074	13,009,722	10,979,858
Judicial	2,076,401	-	196,417	2,272,818	1,998,477
Public safety	42,436,817	-	896,829	43,333,646	41,066,025
Public works	1,382,366	-	3,327,114	4,709,480	4,827,742
Culture and recreation	2,872,891	-	4,661,139	7,534,030	7,258,973
Community support	248,248	-	746,187	994,435	1,802,744
Total current expenditures	<u>61,242,371</u>	<u>-</u>	<u>10,611,760</u>	<u>71,854,131</u>	<u>67,933,819</u>
Capital outlay					
General government	7,050	-	439,747	446,797	1,605,705
Judicial	-	-	-	-	97,689
Public safety	11,018	-	267,379	278,397	200,247
Public works	-	-	4,533,207	4,533,207	3,103,478
Culture and recreation	-	-	653,959	653,959	698,222
Community support	-	-	814,281	814,281	213,285
Total capital outlay	<u>18,068</u>	<u>-</u>	<u>6,708,573</u>	<u>6,726,641</u>	<u>5,918,626</u>
Debt service					
Principal	-	5,353,000	2,499,000	7,852,000	7,398,000
Interest	-	9,165,068	1,000,204	10,165,272	10,920,981
Fiscal charges and other	-	20,023	3,313	23,336	4,366
Advance refunding escrow	-	1,443,180	1,456,787	2,899,967	-
Refunding bond issuance costs	-	107,001	110,756	217,757	-
Total debt service	<u>-</u>	<u>16,088,272</u>	<u>5,070,060</u>	<u>21,158,332</u>	<u>18,323,347</u>
Total expenditures	<u>61,260,439</u>	<u>16,088,272</u>	<u>22,390,393</u>	<u>99,739,104</u>	<u>92,175,792</u>
Excess (Deficiency) of Revenues over Expenditures	<u>397,525</u>	<u>(3,048,625)</u>	<u>(3,056,406)</u>	<u>(5,707,506)</u>	<u>107,875</u>
Other Financing Sources (Uses)					
Capital asset sales	-	-	1,096,000	1,096,000	934,000
Refunding bonds issued	-	13,498,290	9,660,000	23,158,290	-
Discount on bonds issued	-	-	(8,500)	(8,500)	-
Payments to refunded bond escrow agent	-	(13,498,290)	(9,626,500)	(23,124,790)	-
Transfers					
Transfers in	306,336	2,090,459	4,702,929	7,099,724	6,542,487
Transfers out	(3,997,195)	-	(3,157,296)	(7,154,491)	(7,217,575)
Total other financing sources (uses)	<u>(3,690,859)</u>	<u>2,090,459</u>	<u>2,666,633</u>	<u>1,066,233</u>	<u>258,912</u>
Net Change in Fund Balances	(3,293,334)	(958,166)	(389,773)	(4,641,273)	366,787
Fund Balances, Beginning of Year	<u>6,007,406</u>	<u>15,952,033</u>	<u>25,413,209</u>	<u>47,372,648</u>	<u>47,005,861</u>
Fund Balances, End of Year	<u>\$ 2,714,072</u>	<u>\$ 14,993,867</u>	<u>\$ 25,023,436</u>	<u>\$ 42,731,375</u>	<u>\$ 47,372,648</u>

See Notes to Financial Statements

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, 2017

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

Net change in fund balances - total governmental funds	\$	(4,641,273)
<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	6,726,641	
Proceeds from sale of assets	(1,096,000)	
Sale/disposition of assets	391,064	
Less current year depreciation	<u>(8,925,037)</u>	(2,903,332)
<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	65,281	
Change in unavailable revenue - grants	137,049	
Change in unavailable revenue - property and other taxes	(23,877)	
Change in unavailable revenue - special assessments	(938,396)	
Donated capital assets	<u>41,267,905</u>	40,507,962
<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>		
Refunding revenue bonds issued	(23,158,290)	
Revenue bonds refunded	23,124,790	
Advance refunding escrow	240,210	
Deferred amount on bond refundings	3,262,852	
Bond issuance discounts	8,500	
Principal payments	<u>7,852,000</u>	11,330,062
<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	(565,837)	
Amortization of bond refundings	(1,332,649)	
Financial incentive agreement	(1,500,000)	
Change in accrued interest	1,200,667	
Change in developer credits payable	12,491	
Change in long-term compensated absences payable	(384,879)	
Change in net OPEB obligation	(1,005,680)	
Change in sick leave conversion payable	<u>151,241</u>	(3,424,646)
<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	10,198,875	
City pension expense	<u>(9,612,394)</u>	586,481
<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>929,495</u>
Change in net position of governmental activities	\$	<u><u>42,384,749</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Variance with Final Budget	2016
	Original	Final			
Revenues					
Taxes					
Real property	\$ 19,790,000	\$ 19,790,000	\$ 19,685,073	\$ (104,927)	\$ 19,375,358
Personal property	1,400,000	1,400,000	1,342,505	(57,495)	1,121,687
	<u>21,190,000</u>	<u>21,190,000</u>	<u>21,027,578</u>	<u>(162,422)</u>	<u>20,497,045</u>
Licenses and permits					
Business licenses and permits					
Business licenses	4,680,000	4,680,000	4,639,166	(40,834)	4,428,284
Business license penalties	120,000	120,000	109,573	(10,427)	117,281
Liquor licenses	270,180	270,180	243,567	(26,613)	250,172
City gaming licenses	577,500	577,500	453,674	(123,826)	563,378
Telecommunication licenses	1,140,505	1,140,505	884,163	(256,342)	999,807
Franchise fees					
Gas	669,689	669,689	431,814	(237,875)	584,935
Electric	1,592,715	1,592,715	1,358,032	(234,683)	1,444,639
Water	423,064	423,064	435,255	12,191	407,283
Sanitation	1,260,000	1,260,000	1,291,376	31,376	1,186,158
Other	861,000	861,000	976,331	115,331	899,389
Other licenses and permits	244,315	244,315	324,170	79,855	245,181
	<u>11,838,968</u>	<u>11,838,968</u>	<u>11,147,121</u>	<u>(691,847)</u>	<u>11,126,507</u>
Intergovernmental revenues					
Federal and state grants	-	-	-	-	825
State shared revenue					
Consolidated taxes payment	24,400,000	24,400,000	24,295,337	(104,663)	22,695,286
Consolidated tax refunds	-	-	(1,100,000)	(1,100,000)	-
Fair share distribution	1,825,000	1,825,000	1,913,456	88,456	1,828,889
Other local government shared revenues					
County gaming licenses (City's share)	432,142	432,142	413,851	(18,291)	396,427
Other	551,354	551,354	551,354	-	602,882
	<u>27,208,496</u>	<u>27,208,496</u>	<u>26,073,998</u>	<u>(1,134,498)</u>	<u>25,524,309</u>
Charges for services					
General government					
Building and zoning fees	15,000	15,000	3,810	(11,190)	2,450
Other	2,636,870	2,636,870	2,677,481	40,611	2,353,078
	<u>2,651,870</u>	<u>2,651,870</u>	<u>2,681,291</u>	<u>29,421</u>	<u>2,355,528</u>
Fines and forfeits					
Fines - Court	607,000	607,000	600,603	(6,397)	655,739
Forfeits - Bail	8,000	8,000	4,207	(3,793)	6,373
Forfeits - Other	-	-	11,568	11,568	1,770
	<u>615,000</u>	<u>615,000</u>	<u>616,378</u>	<u>1,378</u>	<u>663,882</u>
Miscellaneous					
Investment income	50,000	50,000	16,760	(33,240)	63,773
Rents and royalties	66,700	66,700	54,850	(11,850)	66,938
Other	46,872	46,872	39,988	(6,884)	70,138
	<u>163,572</u>	<u>163,572</u>	<u>111,598</u>	<u>(51,974)</u>	<u>200,849</u>
Total revenues	<u>63,667,906</u>	<u>63,667,906</u>	<u>61,657,964</u>	<u>(2,009,942)</u>	<u>60,368,120</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Variance with Final Budget	2016
	Original	Final			
Expenditures					
General government					
Executive (Mayor)					
Salaries and wages	\$ 62,045	\$ 62,045	\$ 62,321	\$ (276)	\$ 60,760
Employee benefits	51,631	51,631	43,815	7,816	47,540
Services and supplies	5,375	5,374	2,799	2,575	2,270
	<u>119,051</u>	<u>119,050</u>	<u>108,935</u>	<u>10,115</u>	<u>110,570</u>
Legislative (City Council)					
Salaries and wages	258,680	258,680	258,653	27	253,516
Employee benefits	174,348	174,348	168,570	5,778	173,029
Services and supplies	13,990	13,991	8,361	5,630	13,077
	<u>447,018</u>	<u>447,019</u>	<u>435,584</u>	<u>11,435</u>	<u>439,622</u>
Management services					
Salaries and wages	1,598,564	1,594,964	1,690,339	(95,375)	1,530,488
Employee benefits	2,232,134	2,232,134	2,135,311	96,823	1,807,574
Services and supplies	2,421,198	2,244,014	2,077,781	166,233	1,587,040
	<u>6,251,896</u>	<u>6,071,112</u>	<u>5,903,431</u>	<u>167,681</u>	<u>4,925,102</u>
Legal (City Attorney)					
Salaries and wages	1,063,280	1,024,040	1,008,867	15,173	942,735
Employee benefits	531,479	531,480	521,395	10,085	504,423
Services and supplies	76,000	115,240	97,260	17,980	95,586
	<u>1,670,759</u>	<u>1,670,760</u>	<u>1,627,522</u>	<u>43,238</u>	<u>1,542,744</u>
Finance					
Salaries and wages	1,645,237	1,645,237	1,651,374	(6,137)	1,528,329
Employee benefits	837,457	837,458	815,335	22,123	768,991
Services and supplies	736,129	740,154	650,703	89,451	624,430
Capital outlay	-	-	7,050	(7,050)	-
	<u>3,218,823</u>	<u>3,222,849</u>	<u>3,124,462</u>	<u>98,387</u>	<u>2,921,750</u>
Community services					
Salaries and wages	498,530	485,531	541,237	(55,706)	468,543
Employee benefits	255,052	255,051	265,422	(10,371)	247,480
Services and supplies	93,431	119,181	226,105	(106,924)	65,335
	<u>847,013</u>	<u>859,763</u>	<u>1,032,764</u>	<u>(173,001)</u>	<u>781,358</u>
Total general government	<u>12,554,560</u>	<u>12,390,553</u>	<u>12,232,698</u>	<u>157,855</u>	<u>10,721,146</u>
Judicial					
Municipal Court					
Salaries and wages	1,197,206	1,197,206	1,203,148	(5,942)	1,047,425
Employee benefits	773,121	773,121	682,284	90,837	644,769
Services and supplies	230,144	230,145	190,969	39,176	188,967
Total judicial	<u>2,200,471</u>	<u>2,200,472</u>	<u>2,076,401</u>	<u>124,071</u>	<u>1,881,161</u>
Public safety					
Police department					
Salaries and wages	14,166,772	14,166,772	14,472,818	(306,046)	13,536,307
Employee benefits	8,217,068	8,217,067	8,037,788	179,279	7,773,134
Services and supplies	2,701,488	2,776,487	2,916,882	(140,395)	2,581,150
	<u>25,085,328</u>	<u>25,160,326</u>	<u>25,427,488</u>	<u>(267,162)</u>	<u>23,890,591</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Variance with Final Budget	2016
	Original	Final			
Fire department					
Salaries and wages	\$ 8,781,128	\$ 8,814,128	\$ 8,864,737	\$ (50,609)	\$ 8,676,991
Employee benefits	5,143,638	5,143,638	5,011,167	132,471	4,982,996
Services and supplies	2,071,639	2,038,640	1,883,199	155,441	1,263,831
Capital outlay	-	-	11,018	(11,018)	6,013
	<u>15,996,405</u>	<u>15,996,406</u>	<u>15,770,121</u>	<u>226,285</u>	<u>14,929,831</u>
Community services					
Salaries and wages	61,831	61,831	66,657	(4,826)	61,578
Employee benefits	44,470	44,470	45,920	(1,450)	44,194
Services and supplies	1,299,960	1,300,712	1,137,649	163,063	1,203,579
	<u>1,406,261</u>	<u>1,407,013</u>	<u>1,250,226</u>	<u>156,787</u>	<u>1,309,351</u>
Total public safety	<u>42,487,994</u>	<u>42,563,745</u>	<u>42,447,835</u>	<u>115,910</u>	<u>40,129,773</u>
Public works					
Community services					
Salaries and wages	516,390	421,390	399,947	21,443	415,822
Employee benefits	293,791	293,792	233,944	59,848	234,888
Services and supplies	921,092	923,313	748,475	174,838	802,356
Total public works	<u>1,731,273</u>	<u>1,638,495</u>	<u>1,382,366</u>	<u>256,129</u>	<u>1,453,066</u>
Culture and recreation					
Community services					
Salaries and wages	626,108	721,109	691,147	29,962	537,329
Employee benefits	449,649	449,650	472,420	(22,770)	383,122
Services and supplies	1,721,645	1,722,172	1,709,324	12,848	1,700,608
Capital outlay	-	-	-	-	8,725
Total culture and recreation	<u>2,797,402</u>	<u>2,892,931</u>	<u>2,872,891</u>	<u>20,040</u>	<u>2,629,784</u>
Community support					
Management services					
Services and supplies	215,203	275,203	248,248	26,955	205,986
Total expenditures	<u>61,986,903</u>	<u>61,961,399</u>	<u>61,260,439</u>	<u>700,960</u>	<u>57,020,916</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,681,003</u>	<u>1,706,507</u>	<u>397,525</u>	<u>(1,308,982)</u>	<u>3,347,204</u>
Other Financing Sources (Uses)					
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers					
Transfers in	1,054,426	1,054,426	306,336	(748,090)	-
Transfers out	(4,162,424)	(4,162,424)	(3,997,195)	165,229	(3,786,414)
Total other financing sources (uses)	<u>(4,107,998)</u>	<u>(4,107,998)</u>	<u>(3,690,859)</u>	<u>417,139</u>	<u>(3,786,414)</u>
Net Change in Fund Balances	(2,426,995)	(2,401,491)	(3,293,334)	(891,843)	(439,210)
Fund Balances, Beginning of Year	<u>6,103,289</u>	<u>6,077,775</u>	<u>6,007,406</u>	<u>(70,369)</u>	<u>6,446,616</u>
Fund Balances, End of Year	<u>\$ 3,676,294</u>	<u>\$ 3,676,284</u>	<u>\$ 2,714,072</u>	<u>\$ (962,212)</u>	<u>\$ 6,007,406</u>

City of Sparks
Statement of Net Position – Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Assets				
Unrestricted current assets				
Cash and investments	\$ 46,184,378	\$ 5,100,942	\$ 51,285,320	\$ 7,856,737
Accounts receivable	2,539,229	2,209	2,541,438	109,988
Notes receivable	528,166	-	528,166	-
Due from other governments	663,721	595	664,316	134,579
Deposits	-	-	-	18,180
Inventory of supplies	-	-	-	239,723
Total unrestricted current assets	<u>49,915,494</u>	<u>5,103,746</u>	<u>55,019,240</u>	<u>8,359,207</u>
Noncurrent assets				
Capital assets				
Construction in progress	5,725,721	-	5,725,721	2,149,829
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	443,415	102,274	545,689	24,684,452
Water rights	7,026,502	-	7,026,502	-
Roads and streets	5,541,710	-	5,541,710	-
Storm drains	105,454,058	-	105,454,058	-
Sewer lines	142,782,761	-	142,782,761	-
	<u>271,616,622</u>	<u>102,274</u>	<u>271,718,896</u>	<u>27,530,745</u>
Less accumulated depreciation	<u>106,734,002</u>	<u>65,474</u>	<u>106,799,476</u>	<u>17,849,147</u>
Capital assets, net	<u>164,882,620</u>	<u>36,800</u>	<u>164,919,420</u>	<u>9,681,598</u>
Other noncurrent assets				
Net OPEB asset	4,226	4,320	8,546	540
Investment in Truckee Meadows Water Reclamation Facility	41,627,830	-	41,627,830	-
Notes receivable, net	4,968,043	-	4,968,043	-
Total other noncurrent assets	<u>46,600,099</u>	<u>4,320</u>	<u>46,604,419</u>	<u>540</u>
Total noncurrent assets	<u>211,482,719</u>	<u>41,120</u>	<u>211,523,839</u>	<u>9,682,138</u>
Total assets	<u>261,398,213</u>	<u>5,144,866</u>	<u>266,543,079</u>	<u>18,041,345</u>
Deferred Outflows of Resources				
Deferred outflows related pensions	<u>1,354,734</u>	<u>592,753</u>	<u>1,947,487</u>	<u>296,640</u>
Total Assets and Deferred Outflows of Resources	<u>262,752,947</u>	<u>5,737,619</u>	<u>268,490,566</u>	<u>18,337,985</u>

City of Sparks
Statement of Net Position – Proprietary Funds
June 30, 2017

	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	\$ 135,607	\$ 116,459	\$ 252,066	\$ 137,230
Accrued liabilities	131,468	75,322	206,790	16,550
Contracts payable	2,447,347	18,920	2,466,267	-
Contract retentions payable	199,726	-	199,726	-
Refundable deposits	-	56,250	56,250	-
Unearned revenues	178,655	-	178,655	607
Due to other governments	832,638	75,611	908,249	25,538
Interest payable	384,204	-	384,204	-
Current maturities of long-term liabilities	<u>5,551,308</u>	<u>194,927</u>	<u>5,746,235</u>	<u>2,488,013</u>
Total current liabilities	<u>9,860,953</u>	<u>537,489</u>	<u>10,398,442</u>	<u>2,667,938</u>
Long-term liabilities				
Refundable deposits (net of current portion)	-	50,000	50,000	-
Compensated absences (net of current portion)	634,304	469,496	1,103,800	151,996
Net OPEB obligation	95,784	69,137	164,921	38,434
Net pension obligation	5,026,017	1,763,531	6,789,548	1,020,348
Sick leave conversion payable (net of current portion)	202,838	15,724	218,562	26,950
Claims liabilities (net of current portion)	-	-	-	5,528,459
General obligation bonds and note (net of current portion)	<u>43,295,673</u>	<u>-</u>	<u>43,295,673</u>	<u>-</u>
Total long-term liabilities	<u>49,254,616</u>	<u>2,367,888</u>	<u>51,622,504</u>	<u>6,766,187</u>
Total liabilities	<u>59,115,569</u>	<u>2,905,377</u>	<u>62,020,946</u>	<u>9,434,125</u>
Deferred Inflows of Resources				
Deferred inflows related pensions	<u>578,496</u>	<u>165,854</u>	<u>744,350</u>	<u>115,999</u>
Total Liabilities and Deferred Inflows of Resources	<u>59,694,065</u>	<u>3,071,231</u>	<u>62,765,296</u>	<u>9,550,124</u>
Net Position				
Net investment in capital assets	136,368,993	36,800	136,405,793	9,681,598
Claims	-	-	-	1,249,802
Unrestricted	<u>66,689,889</u>	<u>2,629,588</u>	<u>69,319,477</u>	<u>(2,143,539)</u>
Total Net Position	<u>\$ 203,058,882</u>	<u>\$ 2,666,388</u>	205,725,270	<u>\$ 8,787,861</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(1,686,086)</u>
Net Position of Business-Type Activities			<u>\$ 204,039,184</u>	

City of Sparks
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Revenues				
Licenses and permits	\$ 205,437	\$ 2,266,497	\$ 2,471,934	\$ -
Charges for services	23,795,374	2,446,991	26,242,365	16,913,145
Miscellaneous	105,152	-	105,152	560,864
Total operating revenues	<u>24,105,963</u>	<u>4,713,488</u>	<u>28,819,451</u>	<u>17,474,009</u>
Operating Expenses				
Salaries and wages	2,794,426	1,562,534	4,356,960	591,317
Employee benefits	1,582,908	645,405	2,228,313	342,762
Services and supplies	9,675,194	1,606,159	11,281,353	14,052,766
Depreciation	6,370,188	958	6,371,146	1,462,451
Net loss from Truckee Meadows Water Reclamation Facility	2,083,084	-	2,083,084	-
Total operating expenses	<u>22,505,800</u>	<u>3,815,056</u>	<u>26,320,856</u>	<u>16,449,296</u>
Operating Income (Loss)	<u>1,600,163</u>	<u>898,432</u>	<u>2,498,595</u>	<u>1,024,713</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	(58,721)	18,728	(39,993)	31,945
Interest expense	(816,602)	-	(816,602)	-
Grants	13,134	595	13,729	8,033
Miscellaneous	(932)	1,421	489	-
Gain (loss) on disposition of assets	-	-	-	263,453
Total nonoperating revenues (expenses)	<u>(863,121)</u>	<u>20,744</u>	<u>(842,377)</u>	<u>303,431</u>
Income (Loss) Before Capital Contributions and transfers	<u>737,042</u>	<u>919,176</u>	<u>1,656,218</u>	<u>1,328,144</u>
Capital Contributions				
Sewer connection fees	5,281,080	-	5,281,080	-
Sewer lines and storm drains	2,367,774	-	2,367,774	-
Vehicles	-	-	-	3,024
Total capital contributions	<u>7,648,854</u>	<u>-</u>	<u>7,648,854</u>	<u>3,024</u>
Transfers				
Transfers in	82,092	-	82,092	28,826
Transfers out	(3,904)	(52,247)	(56,151)	-
Total transfers	<u>78,188</u>	<u>(52,247)</u>	<u>25,941</u>	<u>28,826</u>
Change in Net Position	8,464,084	866,929	9,331,013	1,359,994
Net Position, Beginning of Year	<u>194,594,798</u>	<u>1,799,459</u>		<u>7,427,867</u>
Net Position, End of Year	<u>\$ 203,058,882</u>	<u>\$ 2,666,388</u>		<u>\$ 8,787,861</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>430,499</u>
Change in net position of business-type activities			<u>\$ 9,761,512</u>	

City of Sparks
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2017

	<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	\$ 23,607,566	\$ 4,671,434	\$ 28,279,000	\$ 2,711,361
Cash received from interfund services provided	-	-	-	14,353,899
Cash received from reimbursements of insurance claims	-	-	-	211,108
Cash paid to employees	(4,328,747)	(2,001,510)	(6,330,257)	(904,189)
Cash paid to suppliers	(9,842,235)	(1,583,880)	(11,426,115)	(14,860,796)
Cash paid to Truckee Meadows Water Reclamation Facility	(2,138,524)	-	(2,138,524)	-
Miscellaneous cash receipts (expenses)	(932)	1,421	489	-
Net Cash from (used for) Operating Activities	<u>7,297,128</u>	<u>1,087,465</u>	<u>8,384,593</u>	<u>1,511,383</u>
Noncapital Financing Activities				
Subsidy from federal, state and other grants	13,134	595	13,729	8,033
Transfers in	82,092	-	82,092	-
Transfers out	(3,904)	(52,247)	(56,151)	-
Net Cash from (used for) Noncapital Financing Activities	<u>91,322</u>	<u>(51,652)</u>	<u>39,670</u>	<u>8,033</u>
Capital and Related Financing Activities				
Bond and capital lease obligation principal payments	(38,474,926)	-	(38,474,926)	-
Bond and capital lease interest expense paid	(1,462,100)	-	(1,462,100)	-
Proceeds from sewer bonds and notes	33,098,481	-	33,098,481	-
Proceeds from sale of capital assets	-	-	-	298,920
Acquisition of capital assets	(4,136,000)	(37,758)	(4,173,758)	(2,543,972)
Cash contributions - sewer connection fees	5,281,080	-	5,281,080	-
Net Cash used for Capital and Related Financing Activities	<u>(5,693,465)</u>	<u>(37,758)</u>	<u>(5,731,223)</u>	<u>(2,245,052)</u>
Investing Activities				
Investment income (loss)	(58,721)	18,728	(39,993)	31,945
Principal received on notes receivable	504,682	-	504,682	-
Net Cash from Investing Activities	<u>445,961</u>	<u>18,728</u>	<u>464,689</u>	<u>31,945</u>
Net Change in Cash and Cash Equivalents	<u>2,140,946</u>	<u>1,016,783</u>	<u>3,157,729</u>	<u>(693,691)</u>
Cash and Cash Equivalents, Beginning of Year	44,043,432	4,084,159	48,127,591	8,550,428
Cash and Cash Equivalents, End of Year	<u>\$ 46,184,378</u>	<u>\$ 5,100,942</u>	<u>\$ 51,285,320</u>	<u>\$ 7,856,737</u>

City of Sparks
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash from (used for) operating activities:				
Operating income (loss)	\$ 1,600,163	\$ 898,432	\$ 2,498,595	\$ 1,024,713
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:				
Depreciation	6,370,188	958	6,371,146	1,462,451
Miscellaneous cash receipts	(932)	1,421	489	-
Pension expense	702,767	293,177	995,944	149,328
Pension contributions	(732,938)	(339,478)	(1,072,416)	(164,747)
Changes in				
Accounts receivable	(322,555)	(2,209)	(324,764)	(53,988)
Due from other governments	(191,726)	(595)	(192,321)	(61,907)
Inventory of supplies	-	-	-	(7,003)
Net OPEB asset	(1,329)	(1,348)	(2,677)	(169)
Investment in Truckee Meadows Water Reclamation Facility	(55,440)	-	(55,440)	-
Accounts payable	16,228	47,174	63,402	(437,547)
Accrued liabilities	18,196	14,140	32,336	(865)
Compensated absences	42,230	239,338	281,568	38,147
Contracts payable	-	(50,509)	(50,509)	(11,250)
Net OPEB obligation	13,039	8,387	21,426	3,919
Sick leave conversion payable	6,622	(7,787)	(1,165)	-
Unearned revenue	15,884	-	15,884	(39,601)
Refundable deposits	-	(39,250)	(39,250)	7,847
Due to other governments	(183,269)	25,614	(157,655)	(79,852)
Claims liabilities	-	-	-	(318,093)
Total adjustments	<u>5,696,965</u>	<u>189,033</u>	<u>5,885,998</u>	<u>486,670</u>
Net Cash from Operating Activities	<u>\$ 7,297,128</u>	<u>\$ 1,087,465</u>	<u>\$ 8,384,593</u>	<u>\$ 1,511,383</u>
Noncash investing and capital and related financing activities:				
Contributions of capital assets from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,850</u>
Contributions of capital assets from developers	<u>\$ 2,367,774</u>	<u>\$ -</u>	<u>\$ 2,367,774</u>	<u>\$ -</u>
Book value of capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,467</u>

City of Sparks
Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency</u>
Assets	
Cash and investments	<u>\$ 4,384,431</u>
Liabilities	
Accounts payable	\$ 190,934
Group insurance premium payable	417,240
Due to other governments	<u>3,776,257</u>
Total liabilities	<u>\$ 4,384,431</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, sanitation, 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 (sales taxes, cigarette taxes, government services taxes, real property transfer taxes, 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 and delinquent taxes from all roll years prior to 2015-16 have been written off. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation at the tax rates described above.

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 year end 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 separate 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 and the deferred amount on bond refundings. The City recognizes deferred outflows of resources related to pensions in the Statement of Net Position 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 separate 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 reported in the governmental funds balance sheet for delinquent property and other taxes, grants, and special assessments that arise under the modified accrual basis of accounting, and items related to pensions. 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 “restricted” or “net investment in capital assets.”

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 2015-2016 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 2015-2016. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Statement No. 77 and 82

As of July 1, 2016 the City adopted GASB Statement No. 77, *Tax Abatement Disclosures*. The implementation of this standard requires state and local governments to disclose tax abatements affecting their revenue-raising abilities in their financial reports. The additional disclosures required by this standard are included in Note 16.

As of July 1, 2016, the City adopted certain portions of GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of this standard is to clarify the presentation of payroll-related measures in required supplementary information.

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 submits to the City Council a tentative budget for the fiscal year commencing the following July 1.
- A public hearing to obtain taxpayer comments on the tentative budget is held between the third Tuesday in May and the end of May to obtain taxpayer comments. Beginning with the fiscal year 2017 budget, the Nevada Legislature changed this requirement so that the public hearing on the tentative budget may be held anytime between the third Tuesday in May and the end of 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 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 operating and non-operating expenses exceeded those budgeted for the year in the Motor Vehicle Maintenance Fund by \$39,237.

Deficit Fund Equity

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$3,781,722 at June 30, 2017.

Note 3 - Cash and Investments

Deposits

At June 30, 2017, the City's carrying amount of deposits was \$4,546,844 and the bank balance was \$4,644,027. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Bank balances were greater than the City's carrying amount by \$97,183.

Investments

At June 30, 2017, 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	\$ 51,920,554	\$ 6,989,590	\$ 40,881,889	\$ 4,049,075
Corporate notes	1,998,040	1,998,040	-	-
Negotiable certificates of deposit	7,627,778	734,432	6,409,792	483,554
Money market mutual funds	37,971,271	37,971,271	-	-
	<u>\$ 99,517,643</u>	<u>\$ 47,693,333</u>	<u>\$ 47,291,681</u>	<u>\$ 4,532,629</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, 2017, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security – Federal National Mortgage Association	12.92%
U.S. Agency security – Federal Home Loan Mortgage Corporation	19.24%
U.S. Agency security – Federal Farm Credit Bank	10.99%
U.S. Agency security – Federal Home Loan Bank	7.66%

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, 2017, the City had the following recurring fair value measurements:

	June 30, 2017	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	\$ 51,920,554	\$ -	\$ 51,920,554	\$ -
Corporate notes	1,998,040	-	1,998,040	-
Negotiable certificates of deposit	7,627,778	-	7,627,778	-
Money market mutual funds	<u>37,971,271</u>	<u>37,971,271</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 99,517,643</u>	<u>\$ 37,971,271</u>	<u>\$ 61,546,372</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, 2017 follows:

Deposits	\$ 4,546,844
Investments	<u>99,517,643</u>
	<u>\$ 104,064,487</u>
Governmental activities	
Cash and investments	\$ 36,813,460
Cash and investments – restricted	11,581,276
Business-type activities	
Cash and investments	51,285,320
Fiduciary Funds	<u>4,384,431</u>
	<u>\$ 104,064,487</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	\$ 1,116,850	\$ -	\$ 890,993	\$ 2,007,843	\$ 109,988	\$ 2,117,831
Special Assessments	-	13,356,417	-	13,356,417	-	13,356,417
Housing						
Rehabilitation loans	-	-	1,358,837	1,358,837	-	1,358,837
	1,116,850	13,356,417	2,249,830	16,723,097	109,988	16,833,085
Less allowance for uncollectibles	16,164	-	20,970	37,134	-	37,134
Accounts receivable, net	\$ 1,100,686	\$ 13,356,417	\$ 2,228,860	\$ 16,685,963	\$ 109,988	\$ 16,795,951

Accounts receivable not expected to be collected within one year are \$12,658,715 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,358,837 less the allowance of \$20,970 reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund	Nonmajor Development Services	Total Business-Type Activities
Accounts Receivable			
Sewer charges	\$ 2,539,229	\$ -	\$ 2,539,229
Miscellaneous	-	2,209	2,209
	\$ 2,539,229	\$ 2,209	\$ 2,541,438
Notes Receivable			
Effluent connection fees	\$ 1,014,637	\$ -	\$ 1,014,637
Sun Valley GID	4,481,572	-	4,481,572
Notes Receivable	\$ 5,496,209	\$ -	\$ 5,496,209

The current portion of notes receivable was \$528,166 as of June 30, 2017. 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, 2017 is as follows:

	Due To General Fund
Due From	
Nonmajor Governmental	\$ 101,570

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

Transfers

Transfers reported on the fund financial statements for the year ended June 30, 2017 are as follows:

Transfers Out	Transfers In						
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Internal Service	Total
General Fund	\$ -	\$ 694,266	\$ 3,302,929	\$ 3,997,195	\$ -	\$ -	\$ 3,997,195
Nonmajor Governmental	306,336	1,368,868	1,400,000	3,075,204	82,092	-	3,157,296
Total governmental	306,336	2,063,134	4,702,929	7,072,399	82,092	-	7,154,491
Sewer	-	3,904	-	3,904	-	-	3,904
Nonmajor Enterprise	-	23,421	-	23,421	-	28,826	52,247
Total business-type	-	27,325	-	27,325	-	28,826	56,151
Internal Service	-	-	-	-	-	-	-
Total	\$ 306,336	\$ 2,090,459	\$ 4,702,929	\$ 7,099,724	\$ 82,092	\$ 28,826	\$ 7,210,642

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 approximate ownership percentages of the cities of Reno and Sparks are 71% and 29%, respectively.

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, 2017, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$2,083,084.

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, 2017, is \$41,627,830.

Summary June 30, 2017 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 6,123,040
Capital assets, net of accumulated depreciation	139,439,773
Other noncurrent assets	<u>41,653</u>
Total assets	<u>145,604,466</u>
Deferred outflows related to pensions	<u>1,970,789</u>
Total assets and deferred outflows of resources	<u>147,575,255</u>
Liabilities	
Current liabilities	2,433,039
Noncurrent liabilities	<u>7,796,670</u>
Total liabilities	<u>10,229,709</u>
Deferred inflows related to pensions	<u>691,908</u>
Total liabilities and deferred inflows of resources	<u>10,921,617</u>
Net Position	
Net investment in capital assets	139,439,773
Unrestricted	<u>(2,786,135)</u>
Total net position	<u>\$ 136,653,638</u>
Operating revenues	\$ 18,823,516
Operating expenses before depreciation	(18,765,304)
Depreciation	(6,720,929)
Nonoperating revenues (expenses)	(235,719)
Capital contributions	<u>6,817,097</u>
Change in net position	<u>\$ (81,339)</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2017 totaled approximately \$3.16 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2017, the City of Sparks has recorded \$5,652,642 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, 2017, 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, 2017, 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, 2017, 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, 2017 was as follows:

Governmental Activities

	Balance July 1, 2016	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2017
Capital assets, not being depreciated					
Land	\$ 31,007,828	\$ 1,057,483	\$ (682,067)	\$ -	\$ 31,383,244
Construction in progress	120,398,094	42,902,008	-	(2,189,896)	161,110,206
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	<u>154,724,168</u>	<u>43,959,491</u>	<u>(682,067)</u>	<u>(2,189,896)</u>	<u>195,811,696</u>
Capital assets, being depreciated					
Intangible assets	692,057	-	-	-	692,057
Buildings	40,063,006	508,556	-	24,694	40,596,256
Improvements other than buildings	94,180,714	225,459	(49,426)	251	94,356,998
Machinery and equipment	30,174,794	1,071,998	(1,262,945)	1,432,356	31,416,203
Infrastructure	277,147,576	4,821,913	-	732,595	282,702,084
Total capital assets, being depreciated	<u>442,258,147</u>	<u>6,627,926</u>	<u>(1,312,371)</u>	<u>2,189,896</u>	<u>449,763,598</u>
Less accumulated depreciation for					
Intangible assets	(267,043)	(68,835)	-	-	(335,878)
Buildings	(21,604,202)	(1,073,201)	-	-	(22,677,403)
Improvements other than buildings	(55,198,901)	(4,008,631)	25,940	-	(59,181,592)
Machinery and equipment	(20,774,345)	(2,123,412)	1,211,045	-	(21,686,712)
Infrastructure	(73,423,383)	(3,113,409)	-	-	(76,536,792)
Total accumulated depreciation	<u>(171,267,874)</u>	<u>(10,387,488)</u>	<u>1,236,985</u>	<u>-</u>	<u>(180,418,377)</u>
Total capital assets, being depreciated, net	<u>270,990,273</u>	<u>(3,759,562)</u>	<u>(75,386)</u>	<u>2,189,896</u>	<u>269,345,221</u>
Governmental activities capital assets, net	<u>\$ 425,714,441</u>	<u>\$ 40,199,929</u>	<u>\$ (757,453)</u>	<u>\$ -</u>	<u>\$ 465,156,917</u>

City of Sparks
Notes to Financial Statements
June 30, 2017

Business-type Activities

	Balance July 1, 2016	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2017
Capital assets, not being depreciated					
Construction in progress	\$ 630,815	\$ 5,277,970	\$ -	\$ (183,064)	\$ 5,725,721
Water rights	7,026,502	-	-	-	7,026,502
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	7,659,965	5,277,970	-	(183,064)	12,754,871
Capital assets, being depreciated					
Buildings	982,424	-	-	-	982,424
Improvements other than buildings	3,657,383	-	-	-	3,657,383
Machinery and equipment	466,052	98,947	(42,447)	23,137	545,689
Roads and streets	4,301,010	1,240,700	-	-	5,541,710
Storm drains	103,973,658	1,367,714	-	112,686	105,454,058
Sewer lines	141,673,547	1,061,973	-	47,241	142,782,761
Total capital assets, being depreciated	255,054,074	3,769,334	(42,447)	183,064	258,964,025
Less accumulated depreciation for					
Buildings	(331,640)	(28,608)	-	-	(360,248)
Improvements other than buildings	(2,768,851)	(76,084)	-	-	(2,844,935)
Machinery and equipment	(427,353)	(18,993)	42,447	-	(403,899)
Roads and streets	(636,655)	(276,321)	-	-	(912,976)
Storm drains	(35,517,377)	(2,580,948)	-	-	(38,098,325)
Sewer lines	(60,788,901)	(3,390,192)	-	-	(64,179,093)
Total accumulated depreciation	(100,470,777)	(6,371,146)	42,447	-	(106,799,476)
Total capital assets, being depreciated, net	154,583,297	(2,601,812)	-	183,064	152,164,549
Business-type activities capital assets, net	\$ 162,243,262	\$ 2,676,158	\$ -	\$ -	\$ 164,919,420

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

Governmental Activities	
General government	\$ 408,601
Judicial	63,070
Public safety	861,513
Public works	3,978,511
Culture and recreation	2,818,264
Community support	795,078
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,462,451</u>
Total depreciation expenses - governmental activities	<u><u>\$ 10,387,488</u></u>
 Business-type Activities	
Sewer	\$ 6,370,188
Development Services	<u>958</u>
Total depreciation expenses - business-type activities	<u><u>\$ 6,371,146</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 \$5,067 for the year ended June 30, 2017. The future minimum lease payments for the operating lease expiring June 30, 2018 are as follows based upon the amended lease agreement:

Fiscal Year Ending June 30,	
2018	\$ 38,490

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			
General Obligation Bonds and Notes Payable			
Supported by ad valorem taxes			
2007 Various Purpose Refunding Bonds Series A	3/29/2007	3.78%	3/1/2017
2007 Various Purpose Refunding Bonds Series B	3/29/2007	5.65%	3/1/2017
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			
2008 Limited Obligation Improvement Bonds	7/2/2008	6.5-6.75%	9/1/2027
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2:			
2008 Tax Increment Obligation Bonds (Redevelopment Agency)	7/21/2008	6.4-6.7%	6/1/2028
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			
Developer Credits Payable			
Financial Incentive Agreement - Syufy 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, 2017

Authorized	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due in 2017-2018
\$ 7,090,000	\$ 835,000	\$ -	\$ 835,000	\$ -	\$ -
1,315,000	200,000	-	200,000	-	-
<u>8,405,000</u>	<u>1,035,000</u>	<u>-</u>	<u>1,035,000</u>	<u>-</u>	<u>-</u>
83,290,000	72,815,000	-	2,755,000	70,060,000	3,120,000
36,600,000	32,716,045	-	-	32,716,045	13,294,975
4,180,000	1,470,000	-	725,000	745,000	745,000
7,330,000	7,290,000	-	23,000	7,267,000	24,000
<u>131,400,000</u>	<u>114,291,045</u>	<u>-</u>	<u>3,503,000</u>	<u>110,788,045</u>	<u>17,183,975</u>
-	2,128,437	-	193,494	1,934,943	-
<u>131,400,000</u>	<u>112,162,608</u>	<u>-</u>	<u>3,309,506</u>	<u>108,853,102</u>	<u>17,183,975</u>
26,120,000	14,255,000	-	14,255,000	-	-
13,498,290	-	13,498,290	-	13,498,290	796,321
12,700,000	9,925,000	-	9,925,000	-	-
9,660,000	-	9,660,000	479,000	9,181,000	740,000
22,165,000	13,245,000	-	1,640,000	11,605,000	1,710,000
7,285,000	6,455,000	-	380,000	6,075,000	390,000
<u>91,428,290</u>	<u>43,880,000</u>	<u>23,158,290</u>	<u>26,679,000</u>	<u>40,359,290</u>	<u>3,636,321</u>
-	382,144	8,500	372,343	18,301	-
<u>91,428,290</u>	<u>43,497,856</u>	<u>23,149,790</u>	<u>26,306,657</u>	<u>40,340,989</u>	<u>3,636,321</u>
-	12,491	-	12,491	-	-
-	-	1,500,000	-	1,500,000	-
-	11,981,002	3,399,525	2,976,498	12,404,029	3,667,143
-	5,013,941	705,669	856,910	4,862,700	794,808
-	8,260,173	10,747,355	11,065,448	7,942,080	2,413,621
<u>231,233,290</u>	<u>181,963,071</u>	<u>39,502,339</u>	<u>45,562,510</u>	<u>175,902,900</u>	<u>27,695,868</u>

City of Sparks
Notes to Financial Statements
June 30, 2017

	<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			
1996 Sewer Bonds	5/15/1996	3.66%	7/1/2016
2000 Sewer Bonds	10/11/1999	3.71%	1/1/2020
2001 Sewer Bonds	9/10/2001	3.14%	7/1/2021
2002 Sewer Bonds	6/27/2002	3.21%	1/1/2022
2003 Sewer Bonds	11/14/2003	3.05%	1/1/2024
2005 Sewer Bonds	4/1/2005	2.88%	1/1/2025
2005B Sewer Bonds	9/28/2005	2.66%	7/1/2025
2006 Sewer Bonds	9/9/2006	2.69%	1/1/2026
2009 Sewer Bonds	8/27/2009	2.78%	7/1/2029
2009A Sewer Bonds	8/27/2009	2.78%	7/1/2029
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	4/9/2004	2.76%	1/1/2029
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, 2017

Authorized	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due in 2017-2018
\$ 6,814,488	\$ 255,492	\$ -	\$ 255,492	\$ -	\$ -
3,070,670	885,004	-	885,004	-	-
7,038,807	2,695,427	-	2,695,427	-	-
3,082,361	1,092,362	-	1,092,362	-	-
8,243,494	4,162,154	-	4,162,154	-	-
4,091,227	2,259,853	-	2,259,853	-	-
5,160,261	3,026,563	-	3,026,563	-	-
13,385,605	8,766,911	-	8,766,911	-	-
4,772,645	3,712,372	-	3,712,372	-	-
2,509,299	1,951,840	-	1,951,840	-	-
18,010,000	18,010,000	-	1,490,000	16,520,000	1,565,000
27,099,691	-	27,099,691	1,474,193	25,625,498	3,013,849
<u>103,278,548</u>	<u>46,817,978</u>	<u>27,099,691</u>	<u>31,772,171</u>	<u>42,145,498</u>	<u>4,578,849</u>
-	1,110,858	-	327,387	783,471	-
<u>103,278,548</u>	<u>47,928,836</u>	<u>27,099,691</u>	<u>32,099,558</u>	<u>42,928,969</u>	<u>4,578,849</u>
12,027,038	6,356,605	-	6,356,605	-	-
5,998,790	-	5,998,790	346,148	5,652,642	707,089
<u>-</u>	<u>1,219,843</u>	<u>711,735</u>	<u>430,169</u>	<u>1,501,409</u>	<u>397,609</u>
<u>-</u>	<u>282,415</u>	<u>68,025</u>	<u>69,190</u>	<u>281,250</u>	<u>62,688</u>
<u>121,304,376</u>	<u>55,787,699</u>	<u>33,878,241</u>	<u>39,301,670</u>	<u>50,364,270</u>	<u>5,746,235</u>
<u>\$ 352,537,666</u>	<u>\$ 237,750,770</u>	<u>\$ 73,380,580</u>	<u>\$ 84,864,180</u>	<u>\$ 226,267,170</u>	<u>\$ 33,442,103</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds and notes outstanding at June 30, 2017 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
2018	\$ 17,183,975	\$ 7,868,987	\$ 3,636,321	\$ 1,475,113	\$ 4,578,849	\$ 806,866	\$ 707,089	\$ 82,505
2019	6,025,758	5,838,021	4,018,924	1,292,368	4,728,310	699,540	727,280	70,878
2020	6,523,334	5,483,963	4,170,601	1,127,137	4,905,453	577,220	748,049	58,918
2021	7,056,355	5,098,299	4,343,411	952,085	4,843,015	451,737	769,413	46,617
2022	7,635,863	4,668,556	4,528,455	773,064	4,752,990	342,087	791,389	33,965
2023-2027	47,385,098	15,478,506	15,689,637	1,820,444	17,123,048	686,509	1,909,422	29,512
2028-3031	18,977,662	1,208,180	3,971,941	107,852	1,213,833	15,382	-	-
Total	<u>\$ 110,788,045</u>	<u>\$ 45,644,512</u>	<u>\$ 40,359,290</u>	<u>\$ 7,548,063</u>	<u>\$ 42,145,498</u>	<u>\$ 3,579,341</u>	<u>\$ 5,652,642</u>	<u>\$ 322,395</u>

*Full accrual basis of accounting

Compliance

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2017. 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, 2017.

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 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, 2017, the \$1,500,000 remains outstanding as the cinema had not yet been opened to the public. The agreement was extended in October 2017, to provide for performance by September 2018.

Advance Refundings

In October 2016, the Redevelopment Agency issued \$9,660,000 of Tax Increment Refunding Revenue Bonds, Series 2016 (2016 Bonds) to refund the existing Tax Increment Revenue Bonds, Series 2008 (2008 Bonds). The proceeds of the 2016 Bonds were deposited with an escrow agent and restricted to provide funds for the future debt service payment on the refunded bonds. As a result, the 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,405,970. The unamortized balance is being amortized as a component of interest expense over the remaining life of the defeased debt. The 2016 Bonds were issued at a reduced interest rate and will reduce total debt service over the next 11 years by \$2,036,048 and resulted in an economic gain of \$1,623,268. As of June 30, 2017, \$9,925,000 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 \$9,904,803.

In December 2016, the City of Sparks issued \$13,498,290 of Limited Obligation Refunding Bonds, Series 2016 (2016 Bonds) to refund the Limited Obligation Refunding Bonds, Series 2008 (2008 Series). The proceeds of the 2016 Bonds were deposited with an escrow agent and restricted to provide funds for the future debt service payment on the refunded bonds. As a result, the 2008 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,856,881. The unamortized balance is being amortized as a component of interest expense over the remaining life of the defeased debt. The 2016 Bonds were issued at a reduced interest rate and will reduce total debt service over the next 6 years and resulted in an economic gain of \$784,414. As of June 30, 2017, \$13,440,000 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 \$14,519,266.

Current Refunding

In September 2016, the City of Sparks issued \$27,099,691 of State Revolving Fund, Pledged Sewer Refunding Bonds, Series 2016B (2016B Bonds) to refund the existing State Revolving Funds bonds, 2000 C32-9902 (2000 Series), 2001 C32-0110 (2001 Series), 2002 C32-0101 (2002 Series), 2003 CS32-0303 (2003 Series), 2005 CS32-0409 (2005 Series), 2005B CS32-0408 (2005B Series), 2006 CS32-0609 (2006 Series) and 2009 CS32-0908/9 (2009 and 2009A Series). The proceeds of the 2016B Bonds were used to extinguish the outstanding principal amount of the 2000 Bonds, 2001 Bonds, 2002 Bonds, 2003 Bonds, 2005 Bonds, 2005B Bonds, 2006 Bonds, 2009 Bonds and 2009A Bonds and to pay the closing costs of the 2016B Bonds. The 2016B Bonds were issued at a reduced interest rate and will reduce total debt service over the next 5 years by \$2,200,000 and resulted in an economic gain of \$2,187,233.

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 \$9,296,135 payable through fiscal year 2026. For the current year, principal and interest paid for the two bonds totaled \$1,012,606 and pledged revenues totaled \$3,664,301.

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 \$147,373,576 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 \$20,261,577, and pledged revenues totaled \$11,148,798 resulting in delinquent pledged revenues of \$9,112,779 at June 30, 2017.

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 \$13,738,444, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,286,681 and pledged revenues totaled \$2,669,358.

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 \$18,021,989, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$1,212,523 and pledged revenues totaled \$2,731,323.

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 \$26,998,671. For the current year, principal and interest paid for the bonds totaled \$3,873,326. Net pledged revenues totaled \$15,229,367.

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 \$16,684,030. For the current year, principal and interest paid for the bonds totaled \$1,290,313 and pledged revenues totaled \$1,827,875.

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, 2017, the Stabilization Special Revenue Fund has a committed fund balance of \$185,647.

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 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier for all years of service. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting – Regular members 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 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. 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. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The City contributes under the employer-pay option.

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

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2017 and 2016 the statutory employer-pay contribution (EPC) rate was 28.00% for Regular members and 40.50% for Police/Fire.

The City's contributions were \$11,436,037 for the year ended June 30, 2017.

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, 2016:

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

As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability – At June 30, 2017, the City reported a liability for its proportionate share of the net pension liability of \$87,624,211. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.63750 percent, which was a decrease of .03213 from its proportion measured as of June 30, 2015.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City as of June 30, 2017, calculated using the discount rate of 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 128,439,975	\$ 87,624,211	\$ 53,665,998

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.

Actuarial Assumptions – The City's net pension liability was measured as of June 30, 2016, 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	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2015 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, 2016 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. 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, 2016, 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, 2016.

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, 2017, the City recognized pension expense of \$10,764,562. At June 30, 2017, 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	\$ -	\$ 5,853,733
Net difference between projected and actual earnings on pension plan investments	7,987,240	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,578,890	3,398,556
City contributions subsequent to the measurement date	11,436,037	-
	\$ 21,002,167	\$ 9,252,289

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$11,436,037 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 6.48 years.

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>	
2018	\$ (526,908)
2019	(526,909)
2020	1,423,475
2021	719,020
2022	(606,328)
Thereafter	(168,509)

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, 2017, 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, 2017 is \$4,443,158.

Note 13 - Commitments

As of June 30, 2017, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	Remaining Construction Commitment	Expected Date of Completion
Proprietary Fund		
Sewer operations fund		
North Truckee Drain Realignment Phase 3	\$ 11,087,712	2017-2018

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	\$ 225,502

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, 2017			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
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
	<u>\$ 8,260,173</u>	<u>\$ 10,747,355</u>	<u>\$ (11,065,448)</u>	<u>\$ 7,942,080</u>
	Fiscal Year Ended June 30, 2016			
Group Insurance Self-Insurance Fund	\$ 1,024,638	\$ 9,486,604	\$ (9,417,189)	\$ 1,094,053
Municipal Self-Insurance Fund	489,820	319,987	(809,807)	-
Workers' Compensation Fund	6,949,378	1,410,042	(1,193,300)	7,166,120
	<u>\$ 8,463,836</u>	<u>\$ 11,216,633</u>	<u>\$ (11,420,296)</u>	<u>\$ 8,260,173</u>

The City combines both self-insurance and commercial insurance to protect against loss. Settled claims resulting from these risks did not exceed commercial coverage over the past three fiscal years. The following is a detail of the 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, 2017, the City paid \$926,102 in health insurance premiums on behalf of 122 retirees who opted for the conversion of their accumulated sick leave.

Post-employment Benefits Other than Pensions (OPEB)

From an accrual accounting perspective, the cost of post-employment healthcare and life insurance benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with Governmental Accounting Standards Board Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), the City recognizes the cost of post-employment healthcare and life insurance in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. The annual funding, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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) and an agent multiple-employer defined benefit healthcare plan, Nevada Public Employees' Benefits Program (NPEBP). Each plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired City employees and beneficiaries.

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, subsequent to November 29, 2008, new retirees no longer have the option of joining the NPEBP, yet still retain the option to participate in the Sparks Plan.

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. As of June 30, 2017, 92 retirees from the City were utilizing this benefit. The subsidy paid directly to NPEBP by the City for this coverage during the year ended June 30, 2017 was \$290,985. 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.

NPEBP employer paid subsidy, adjusted for years of credited service, can range from \$65.28 to \$1,477.38 and may be allocated to more than one public employer based on retiree employment history.

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 \$1,381.43 per month. In addition, under state law, retire 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. As of June 30, 2017, 174 retirees from the City were utilizing this benefit.

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, 2017, are 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		1,343.92		
Retiree, Medicare	648.97	1,184.08	N/A	1,956.90
Spouse, no Medicare		1,327.95		1,813.02

Funding Policy and Annual OPEB Cost – The City is currently funding the annual OPEB cost according to projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2017, the City’s Net Employer Contribution was \$612,509 to the Sparks Plan and \$290,985 to the NPEBP, for a total contribution of \$903,494. The actuarial valuation was prepared from employee and retiree data as of July 2016. The City data included a total of 596 participants in the Sparks Plan consisting of 417 employees and 179 retirees, and a total of 97 participants in NPEBP, all retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation (asset), by plan, for fiscal years 2015 through 2017 are as follows:

Plan Type	Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation (Asset)	Percentage of Annual OPEB Cost Contributed
Sparks Plan	2017	\$ 1,660,922	\$ 612,509	\$ 9,151,708	36.88%
Sparks Plan	2016	1,287,086	650,168	8,103,295	50.51%
Sparks Plan	2015	1,249,095	511,724	7,466,377	40.97%
NPEBP	2017	270,751	290,985	(64,640)	107.47%
NPEBP	2016	307,680	300,062	(44,406)	97.52%
NPEBP	2015	301,559	305,282	(52,024)	101.23%
Totals	2017	1,931,673	903,494	9,087,068	46.77%
Totals	2016	1,594,766	950,230	8,058,889	59.58%
Totals	2015	1,550,654	817,006	7,414,353	52.69%

The net OPEB obligation (asset) (NOPEBO) as of June 30, 2017, was calculated as follows:

	Sparks Plan	NPEBP	Totals
Normal Cost (Current Service Cost)	\$ 697,513	\$ -	\$ 697,513
Amortization of the Unfunded Actuarial Accrued Liability (UAAL)	951,904	270,813	1,222,717
Interest on net OPEB obligation	324,133	(1,776)	322,357
Amortization on net OPEB obligation	(312,628)	1,714	(310,914)
Annual OPEB Cost	1,660,922	270,751	1,931,673
Contributions made	(612,509)	(290,985)	(903,494)
Increase in Net OPEB obligation	1,048,413	(20,234)	1,028,179
Net OPEB obligation (asset), beginning of year	8,103,295	(44,406)	8,058,889
Net OPEB obligation (asset), end of year	<u>\$ 9,151,708</u>	<u>\$ (64,640)</u>	<u>\$ 9,087,068</u>

For governmental activities, the net OPEB obligation is liquidated by those funds with salaries and related benefits; resulting in the majority of the obligations being liquidated by the General Fund.

Funded Status and Funding Progress – The funded status of the plan as of the most recent actuarial valuation (July 1, 2016) is as follows:

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (in millions) (c)	UAAL as a percentage of Covered Payroll [(b-a)/c]
Sparks Plan	7/1/2016	\$ -	\$ 24,673,342	\$ 24,673,342	0.00%	\$ 36.3	67.98%
NPEBP	7/1/2016	-	7,019,482	7,019,482	0.00%	N/A	N/A
Totals	7/1/2016	-	31,692,824	31,692,824	0.00%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides multi-year trend information about the ratio of the actuarial valuation of plan assets relative to the actuarial accrued liability for benefits over time.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point.

Actuarial calculations reflect long-term perspectives and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Sparks Plan	NPEBP
Actuarial valuation date	July 1, 2016	July 1, 2016
Actuarial funding method	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay	Level percentage of pay
Remaining amortization period	30 years, Open	30 years, Open
Asset valuation method	Market value	Market value
Actuarial assumptions		
Investment rate of return	4.00%	4.00%
Projected salary increases	6.5% (8% Law Enforcement)	6.5% (8% Law Enforcement)
Healthcare cost trend rate*	5.90%	5.90%

*Declining gradually, over 60 years, to an ultimate rate of 3.94 percent. These rates include a 2.3% general inflation rate.

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 2017 intergovernmental revenues of the City by \$1,004,777.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$	17,027
Data Centers Abatement (NRS 360.754)		19,312
Local Sales and Use Tax Abatement*		968,438

*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 \$214,638 on the following:

Capital Facilities - IT Voice Over Internet Telephone System	\$	28,193
Capital Facilities - Finance/IT Restroom Renovation		35,457
Capital Facilities - Community Services Wing Restroom Renovation and ADA Upgrade		4,269
Capital Facilities - Fire Station 1 - 3rd Floor Shower Room Remodel		11,550
Capital Facilities - Fire Station 1 - Security and Paging System Replacement		36,118
Capital Facilities - Fire Station 1 - Fire Prevention Office Renovation and ADA Upgrade		19,581
Capital Facilities - Fire Station 2 - Rollup Door Replacement		11,411
Capital Facilities - Fire Station 3 - Rollup Door Replacement		17,748
Capital Facilities - Police Department South Exterior Stairway Renovation		50,311
		214,638



Required Supplementary Information
City of Sparks

City of Sparks
Other Postemployment Benefits – Schedule of Funding Progress
June 30, 2017

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ^{(1),(2)} (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Sparks' Plan	7/1/2016	\$ -	\$ 24,673,342	\$ 24,673,342	0%	\$ 36,300,000	67.98%
NPEBP	7/1/2016	-	7,019,482	7,019,482	0%	N/A	N/A
Total		\$ -	\$ 31,692,824	\$ 31,692,824			
Sparks' Plan	7/1/2014	\$ -	\$ 19,796,651	\$ 19,796,651	0%	\$ 34,300,000	57.72%
NPEBP	7/1/2014	-	7,884,828	7,884,828	0%	N/A	N/A
Total		\$ -	\$ 27,681,479	\$ 27,681,479			
Sparks' Plan	7/1/2012	\$ -	\$ 16,391,284	\$ 16,391,284	0%	\$ 34,100,000	48.07%
NPEBP	7/1/2012	-	9,192,550	9,192,550	0%	N/A	N/A
Total		\$ -	\$ 25,583,834	\$ 25,583,834			

⁽¹⁾The 2012, 2014 and 2016 valuations were prepared using the projected credit unit actuarial funding method.

⁽²⁾From 2012 to 2014, the NPEBP plan saw declines related to a decrease in participants, while the Sparks Plan saw an increase due to an additional two years of accrued service time and overall increases in benefit costs.

From 2014 to 2016, the Sparks' Plan saw an increase primarily due to the result of an additional two years of accrued service time and impact of changes to mortality and disability rates.

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

	2016	2015	2014
City's portion of net the pension liability	0.63750%	0.66963%	0.68240%
City's proportionate share of the net pension liability	\$ 87,624,211	\$ 77,407,621	\$ 71,650,806
City's covered payroll	\$ 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	266.84%	244.40%	224.39%
Plan fiduciary net position as a percentage of the total pension liability	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>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 11,436,037	\$ 10,810,096	\$ 10,336,095
Contributions in relation to the statutorily required contribution	\$ 11,436,037	\$ 10,810,096	\$ 10,336,095
Contribution (deficiency) excess	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
Contributions as a percentage of covered payroll	32.84%	32.92%	32.63%

* 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, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	\$ 4,431,979	\$ 1,830,928	\$ 16,511,469	\$ 22,774,376
Accounts receivable, net	1,466,403	-	762,457	2,228,860
Due from other governments	428,840	44,393	720,709	1,193,942
Restricted assets				
Cash and investments	-	2,945,000	-	2,945,000
Total assets	\$ 6,327,222	\$ 4,820,321	\$ 17,994,635	\$ 29,142,178
Liabilities				
Accounts payable	\$ 186,179	\$ -	\$ 80,216	\$ 266,395
Accrued liabilities	155,716	-	66,972	222,688
Contracts payable	232,610	-	1,127,888	1,360,498
Contract retentions payable	20,785	-	60,188	80,973
Refundable deposits	16,124	-	3,000	19,124
Unearned revenues	389,596	-	3,475	393,071
Due to other funds	101,570	-	-	101,570
Due to other governments	122,991	-	56,817	179,808
Total liabilities	1,225,571	-	1,398,556	2,624,127
Deferred Inflows of Resources				
Unavailable revenue – other	65,281	-	-	65,281
Unavailable revenue – grants	1,337,866	-	346	1,338,212
Unavailable revenue – property and other taxes	-	29,595	61,527	91,122
Total deferred inflows of resources	1,403,147	29,595	61,873	1,494,615
Fund Balances				
Restricted for				
Grants and donations	134,112	-	-	134,112
Law enforcement	455,723	-	-	455,723
Promotion of special events	103,231	-	-	103,231
Various judicial uses	199,186	-	-	199,186
Municipal facilities construction	127,430	-	-	127,430
Court fee collection programs	822,829	-	-	822,829
Developer agreements	920,082	-	461,452	1,381,534
Bond proceeds defined projects	22,525	-	-	22,525
Debt service reserve	-	4,790,726	-	4,790,726
Parks and recreation	-	-	3,696,173	3,696,173
Street improvements and rehabilitation	-	-	1,139,774	1,139,774
Capital projects	-	-	455,340	455,340
Improvements to Victorian Square	-	-	4,373,983	4,373,983
Committed for				
Economic development	51,091	-	-	51,091
Parks and recreation	26,785	-	-	26,785
Road surface repairs	649,863	-	-	649,863
Economic stabilization	185,647	-	-	185,647
Assigned for				
Specific capital projects	-	-	1,251,051	1,251,051
Next year's budget deficit	-	-	762,001	762,001
Other capital projects	-	-	4,394,432	4,394,432
Total fund balances	3,698,504	4,790,726	16,534,206	25,023,436
Total liabilities, deferred inflows of resources and fund balances	\$ 6,327,222	\$ 4,820,321	\$ 17,994,635	\$ 29,142,178

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 4,060,000	\$ 2,622,745	\$ 6,878,745
Licenses and permits	834,784	-	3,494,931	4,329,715
Intergovernmental revenues	1,899,373	162,774	2,601,729	4,663,876
Charges for services	2,903,573	-	128,813	3,032,386
Fines and forfeits	-	-	6,300	6,300
Miscellaneous	251,957	14,825	156,183	422,965
Total revenues	<u>6,085,687</u>	<u>4,237,599</u>	<u>9,010,701</u>	<u>19,333,987</u>
Expenditures				
Current				
General government	2,114	-	781,960	784,074
Judicial	196,417	-	-	196,417
Public safety	758,801	-	138,028	896,829
Public works	288,526	-	3,038,588	3,327,114
Culture and recreation	3,833,864	-	827,275	4,661,139
Community support	631,224	-	114,963	746,187
Total current	<u>5,710,946</u>	<u>-</u>	<u>4,900,814</u>	<u>10,611,760</u>
Capital outlay				
General government	-	-	439,747	439,747
Public safety	49,319	-	218,060	267,379
Public works	-	-	4,533,207	4,533,207
Culture and recreation	15,700	-	638,259	653,959
Community support	794,318	-	19,963	814,281
Total capital outlay	<u>859,337</u>	<u>-</u>	<u>5,849,236</u>	<u>6,708,573</u>
Debt service				
Principal	-	2,499,000	-	2,499,000
Interest	-	1,000,204	-	1,000,204
Fiscal charges and other	-	3,313	-	3,313
Advance refunding escrow	-	1,456,787	-	1,456,787
Refunding bond issuance costs	-	110,756	-	110,756
Total debt service	<u>-</u>	<u>5,070,060</u>	<u>-</u>	<u>5,070,060</u>
Total expenditures	<u>6,570,283</u>	<u>5,070,060</u>	<u>10,750,050</u>	<u>22,390,393</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(484,596)</u>	<u>(832,461)</u>	<u>(1,739,349)</u>	<u>(3,056,406)</u>
Other Financing Sources (Uses)				
Capital asset sales	-	-	1,096,000	1,096,000
Refunding bonds issued	-	9,660,000	-	9,660,000
Discount on bonds issued	-	(8,500)	-	(8,500)
Payments to refunded bond escrow agent	-	(9,626,500)	-	(9,626,500)
Transfers				
Transfers in	847,689	700,000	3,155,240	4,702,929
Transfers out	(388,428)	(700,000)	(2,068,868)	(3,157,296)
Total other financing sources (uses)	<u>459,261</u>	<u>25,000</u>	<u>2,182,372</u>	<u>2,666,633</u>
Net Change in Fund Balances	<u>(25,335)</u>	<u>(807,461)</u>	<u>443,023</u>	<u>(389,773)</u>
Fund Balances, Beginning of Year	<u>3,723,839</u>	<u>5,598,187</u>	<u>16,091,183</u>	<u>25,413,209</u>
Fund Balances, End of Year	<u>\$ 3,698,504</u>	<u>\$ 4,790,726</u>	<u>\$ 16,534,206</u>	<u>\$ 25,023,436</u>

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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	\$ 21,223	\$ 505	\$ 628,686	\$ 299,956
Accounts receivable, net	1,337,867	-	30	-
Due from other governments	-	359,524	53,528	-
Total assets	\$ 1,359,090	\$ 360,029	\$ 682,244	\$ 299,956
Liabilities				
Accounts payable	\$ -	\$ -	\$ 43,620	\$ 725
Accrued liabilities	-	1,636	13,675	-
Contracts payable	-	232,610	-	-
Contract retentions payable	-	20,785	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	-	196,000
Due to other funds	-	101,570	-	-
Due to other governments	20,481	3,428	35,857	-
Total liabilities	20,481	360,029	93,152	196,725
Deferred Inflows of Resources				
Unavailable revenue – other	-	-	-	-
Unavailable revenue – grants	1,337,866	-	-	-
Total deferred inflows of resources	1,337,866	-	-	-
Fund Balances				
Restricted for				
Grants and donations	743	-	133,369	-
Law enforcement	-	-	455,723	-
Promotion of special events	-	-	-	103,231
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	743	-	589,092	103,231
Total liabilities, deferred inflows of resources and fund balances	\$ 1,359,090	\$ 360,029	\$ 682,244	\$ 299,956

City of Sparks
Combining Balance Sheet – Nonmajor Special Revenue Funds
June 30, 2017

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ 563,348	\$ 1,149,832	\$ 600,583	\$ 959,674	\$ 22,525	\$ 185,647	\$ 4,431,979
25,730	-	102,776	-	-	-	1,466,403
-	-	15,788	-	-	-	428,840
<u>\$ 589,078</u>	<u>\$ 1,149,832</u>	<u>\$ 719,147</u>	<u>\$ 959,674</u>	<u>\$ 22,525</u>	<u>\$ 185,647</u>	<u>\$ 6,327,222</u>
\$ 101,853	\$ 387	\$ 2	\$ 39,592	\$ -	\$ -	\$ 186,179
137,841	-	2,564	-	-	-	155,716
-	-	-	-	-	-	232,610
-	-	-	-	-	-	20,785
16,124	-	-	-	-	-	16,124
193,596	-	-	-	-	-	389,596
-	-	-	-	-	-	101,570
61,788	-	1,437	-	-	-	122,991
<u>511,202</u>	<u>387</u>	<u>4,003</u>	<u>39,592</u>	<u>-</u>	<u>-</u>	<u>1,225,571</u>
-	-	65,281	-	-	-	65,281
-	-	-	-	-	-	1,337,866
-	-	65,281	-	-	-	1,403,147
-	-	-	-	-	-	134,112
-	-	-	-	-	-	455,723
-	-	-	-	-	-	103,231
-	199,186	-	-	-	-	199,186
-	127,430	-	-	-	-	127,430
-	822,829	-	-	-	-	822,829
-	-	-	920,082	-	-	920,082
-	-	-	-	22,525	-	22,525
51,091	-	-	-	-	-	51,091
26,785	-	-	-	-	-	26,785
-	-	649,863	-	-	-	649,863
-	-	-	-	-	185,647	185,647
<u>77,876</u>	<u>1,149,445</u>	<u>649,863</u>	<u>920,082</u>	<u>22,525</u>	<u>185,647</u>	<u>3,698,504</u>
<u>\$ 589,078</u>	<u>\$ 1,149,832</u>	<u>\$ 719,147</u>	<u>\$ 959,674</u>	<u>\$ 22,525</u>	<u>\$ 185,647</u>	<u>\$ 6,327,222</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	-	1,086,294	580,690	-
Charges for services	84,005	-	2,228	-
Miscellaneous	-	-	233,031	797
Total revenues	84,005	1,086,294	815,949	196,797
Expenditures				
Current				
General government	-	-	2,114	-
Judicial	-	-	64,903	-
Public safety	-	-	746,310	-
Public works	-	-	-	-
Culture and recreation	-	-	34,892	-
Community support	83,262	291,976	-	252,831
Total current	83,262	291,976	848,219	252,831
Capital outlay				
Judicial	-	-	-	-
Public safety	-	-	49,319	-
Culture and recreation	-	-	5,000	-
Community support	-	794,318	-	-
Total capital outlay	-	794,318	54,319	-
Total expenditures	83,262	1,086,294	902,538	252,831
Excess (Deficiency) of Revenues over Expenditures	743	-	(86,589)	(56,034)
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	743	-	(86,589)	(56,034)
Fund Balances, Beginning of Year	-	-	675,681	159,265
Fund Balances, End of Year	\$ 743	\$ -	\$ 589,092	\$ 103,231

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
Year Ended June 30, 2017

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
16,662	-	249,653	368,469	-	200,000	834,784
-	232,389	-	-	-	-	1,899,373
2,817,340	-	-	-	-	-	2,903,573
4,020	-	2,146	9,607	90	2,266	251,957
<u>2,838,022</u>	<u>232,389</u>	<u>251,799</u>	<u>378,076</u>	<u>90</u>	<u>202,266</u>	<u>6,085,687</u>
-	-	-	-	-	-	2,114
-	131,514	-	-	-	-	196,417
-	-	-	12,491	-	-	758,801
-	-	248,932	39,594	-	-	288,526
3,798,972	-	-	-	-	-	3,833,864
-	-	-	-	3,155	-	631,224
<u>3,798,972</u>	<u>131,514</u>	<u>248,932</u>	<u>52,085</u>	<u>3,155</u>	<u>-</u>	<u>5,710,946</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	49,319
-	-	-	10,700	-	-	15,700
-	-	-	-	-	-	794,318
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,700</u>	<u>-</u>	<u>-</u>	<u>859,337</u>
<u>3,798,972</u>	<u>131,514</u>	<u>248,932</u>	<u>62,785</u>	<u>3,155</u>	<u>-</u>	<u>6,570,283</u>
<u>(960,950)</u>	<u>100,875</u>	<u>2,867</u>	<u>315,291</u>	<u>(3,065)</u>	<u>202,266</u>	<u>(484,596)</u>
847,689	-	-	-	-	-	847,689
-	(54,426)	-	(82,092)	-	(251,910)	(388,428)
<u>847,689</u>	<u>(54,426)</u>	<u>-</u>	<u>(82,092)</u>	<u>-</u>	<u>(251,910)</u>	<u>459,261</u>
(113,261)	46,449	2,867	233,199	(3,065)	(49,644)	(25,335)
<u>191,137</u>	<u>1,102,996</u>	<u>646,996</u>	<u>686,883</u>	<u>25,590</u>	<u>235,291</u>	<u>3,723,839</u>
<u>\$ 77,876</u>	<u>\$ 1,149,445</u>	<u>\$ 649,863</u>	<u>\$ 920,082</u>	<u>\$ 22,525</u>	<u>\$ 185,647</u>	<u>\$ 3,698,504</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-loan reimbursements				
Housing rehabilitation	\$ 84,005	\$ 84,005	\$ -	\$ 59,104
Expenditures				
Community support				
Services and supplies	84,005	83,262	743	59,104
Net Change in Fund Balances	-	743	743	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 743	\$ 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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Community Development Block and Entitlement grants	\$ 1,199,315	\$ 1,086,294	\$ (113,021)	\$ 597,257
Expenditures				
Community support				
Salaries and wages	125,594	77,207	48,387	76,547
Employee benefits	32,193	32,668	(475)	35,137
Services and supplies	183,101	182,101	1,000	260,212
Capital outlay	858,427	794,318	64,109	213,285
Total expenditures	1,199,315	1,086,294	113,021	585,181
Net Change in Fund Balances	-	-	-	12,076
Fund Balances, Beginning of Year	-	-	-	(12,076)
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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Federal grants				
Department of Justice	\$ 344,129	\$ 227,890	\$ (116,239)	\$ 144,186
Department of Transportation, Traffic Safety	56,525	47,224	(9,301)	71,511
Department of Homeland Security	-	2,786	2,786	50,827
Department of Health and Human Services	-	310	310	735
Executive Office of the President	13,286	13,640	354	7,105
State grants				
Council of The Arts	517	517	-	-
Local Emergency Planning Committee grants	-	-	-	8,492
Washoe County	153,553	76,777	(76,776)	52,822
Other local government shared revenues				
Crime forfeitures	133,620	133,620	-	251,038
Other	75,438	77,926	2,488	486,842
Charges for services				
Other	2,228	2,228	-	1,549
Miscellaneous				
Investment income	-	1,755	1,755	606
Other	95,441	231,276	135,835	141,353
Total revenues	<u>874,737</u>	<u>815,949</u>	<u>(58,788)</u>	<u>1,217,066</u>
Expenditures				
General government				
Services and supplies	23,892	2,114	21,778	9,589
Judicial				
Services and supplies	81,798	64,903	16,895	26,633
Public safety				
Salaries and wages	374,030	308,099	65,931	203,675
Employee benefits	163,450	133,326	30,124	68,417
Services and supplies	608,228	304,885	303,343	428,159
Capital outlay	193,909	49,319	144,590	12,923
Total public safety	<u>1,339,617</u>	<u>795,629</u>	<u>543,988</u>	<u>713,174</u>
Culture and recreation				
Salaries and wages	21,866	10,412	11,454	9,955
Employee benefits	337	168	169	212
Services and supplies	77,803	24,312	53,491	65,249
Capital outlay	5,000	5,000	-	452,655
Total culture and recreation	<u>105,006</u>	<u>39,892</u>	<u>65,114</u>	<u>528,071</u>
Total expenditures	<u>1,550,313</u>	<u>902,538</u>	<u>647,775</u>	<u>1,277,467</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, 2017
 (with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Net Change in Fund Balances	\$ (675,576)	\$ (86,589)	\$ 588,987	\$ (60,401)
Fund Balances, Beginning of Year	847,454	675,681	(171,773)	736,082
Fund Balances, End of Year	\$ 171,878	\$ 589,092	\$ 417,214	\$ 675,681

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism and Marketing Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income	75	797	722	269
Total revenues	<u>196,075</u>	<u>196,797</u>	<u>722</u>	<u>196,269</u>
Expenditures				
Community support				
Services and supplies	<u>296,100</u>	<u>252,831</u>	<u>43,269</u>	<u>182,392</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(100,025)</u>	<u>(56,034)</u>	<u>43,991</u>	<u>13,877</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,200)</u>
Net Change in Fund Balances	(100,025)	(56,034)	43,991	2,677
Fund Balances, Beginning of Year	<u>168,864</u>	<u>159,265</u>	<u>(9,599)</u>	<u>156,588</u>
Fund Balances, End of Year	<u>\$ 68,839</u>	<u>\$ 103,231</u>	<u>\$ 34,392</u>	<u>\$ 159,265</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 15,200	\$ 16,662	\$ 1,462	\$ 26,713
Charges for services				
Recreation program fees	2,408,518	2,494,283	85,765	2,380,091
Administrative service charges	3,750	1,707	(2,043)	2,428
Other	318,331	321,350	3,019	285,020
Miscellaneous				
Gifts and bequests	-	1,830	1,830	-
Other	-	2,190	2,190	4,063
Total revenues	2,745,799	2,838,022	92,223	2,698,315
Expenditures				
Culture and recreation				
Salaries and wages	2,593,981	2,500,023	93,958	2,305,153
Employee benefits	599,544	640,929	(41,385)	553,917
Services and supplies	638,740	658,020	(19,280)	619,419
Capital outlay	25,000	-	25,000	-
Total expenditures	3,857,265	3,798,972	58,293	3,478,489
Excess (Deficiency) of Revenues over Expenditures	(1,111,466)	(960,950)	150,516	(780,174)
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,005,000	847,689	(157,311)	846,200
Net Change in Fund Balances	(106,466)	(113,261)	(6,795)	66,026
Fund Balances, Beginning of Year	141,753	191,137	49,384	125,111
Fund Balances, End of Year	<u>\$ 35,287</u>	<u>\$ 77,876</u>	<u>\$ 42,589</u>	<u>\$ 191,137</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Court Administrative Assessment Fund
 Year Ended June 30, 2017
 (with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 35,000	\$ 32,757	\$ (2,243)	\$ 36,228
Court collection fees	180,000	154,151	(25,849)	164,660
Court facility administrative assessments	55,000	45,481	(9,519)	51,557
Total revenues	<u>270,000</u>	<u>232,389</u>	<u>(37,611)</u>	<u>252,445</u>
Expenditures				
Judicial				
Services and supplies	1,009,446	131,514	877,932	90,683
Capital outlay	75,000	-	75,000	97,689
Total expenditures	<u>1,084,446</u>	<u>131,514</u>	<u>952,932</u>	<u>188,372</u>
Excess (Deficiency) of Revenues over expenditures	(814,446)	100,875	915,321	64,073
Other Financing Sources (Uses)				
Transfers				
Transfers out	(54,426)	(54,426)	-	-
Net Change in Fund Balances	(868,872)	46,449	915,321	64,073
Fund Balances, Beginning of Year	<u>1,008,335</u>	<u>1,102,996</u>	<u>94,661</u>	<u>1,038,923</u>
Fund Balances, End of Year	<u>\$ 139,463</u>	<u>\$ 1,149,445</u>	<u>\$ 1,009,982</u>	<u>\$ 1,102,996</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Cut Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cut permits	\$ 500,000	\$ 249,653	\$ (250,347)	\$ 460,307
Miscellaneous				
Investment income	80	2,146	2,066	587
Total revenues	<u>500,080</u>	<u>251,799</u>	<u>(248,281)</u>	<u>460,894</u>
Expenditures				
Public works				
Salaries and wages	34,215	35,387	(1,172)	32,578
Employee benefits	18,870	18,560	310	18,045
Services and supplies	710,670	194,985	515,685	205,481
Total expenditures	<u>763,755</u>	<u>248,932</u>	<u>514,823</u>	<u>256,104</u>
Net Change in Fund Balances	(263,675)	2,867	266,542	204,790
Fund Balances, Beginning of Year	<u>552,000</u>	<u>646,996</u>	<u>94,996</u>	<u>442,206</u>
Fund Balances, End of Year	<u><u>\$ 288,325</u></u>	<u><u>\$ 649,863</u></u>	<u><u>\$ 361,538</u></u>	<u><u>\$ 646,996</u></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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 25,000	\$ 33,205	\$ 8,205	\$ 23,389
Public facility fees	200,000	95,928	(104,072)	134,220
Park fees	250,000	157,576	(92,424)	202,873
Sanitary sewer fee	125,000	81,760	(43,240)	112,103
Miscellaneous				
Investment income	4,000	9,607	5,607	8,118
Total revenues	<u>604,000</u>	<u>378,076</u>	<u>(225,924)</u>	<u>480,703</u>
Expenditures				
Public safety				
Services and supplies	97,300	12,491	84,809	134,510
Public works				
Services and supplies	92,100	39,594	52,506	-
Culture and recreation:				
Capital outlay	10,700	10,700	-	-
Total expenditures	<u>200,100</u>	<u>62,785</u>	<u>137,315</u>	<u>134,510</u>
Excess (Deficiency) of Revenues over Expenditures	403,900	315,291	(88,609)	346,193
Other Financing Sources (Uses)				
Transfers				
Transfers out	(125,000)	(82,092)	42,908	(112,484)
Net Change in Fund Balances	278,900	233,199	(45,701)	233,709
Fund Balances, Beginning of Year	<u>731,572</u>	<u>686,883</u>	<u>(44,689)</u>	<u>453,174</u>
Fund Balances, End of Year	<u>\$ 1,010,472</u>	<u>\$ 920,082</u>	<u>\$ (90,390)</u>	<u>\$ 686,883</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 35	\$ 90	\$ 55	\$ 75
Expenditures				
Community support				
Services and supplies	15,000	3,155	11,845	18,324
Net Change in Fund Balances	(14,965)	(3,065)	11,900	(18,249)
Fund Balances, Beginning of Year	26,874	25,590	(1,284)	43,839
Fund Balances, End of Year	<u>\$ 11,909</u>	<u>\$ 22,525</u>	<u>\$ 10,616</u>	<u>\$ 25,590</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Stabilization Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits:				
Business licenses	\$ 200,000	\$ 200,000	\$ -	\$ -
Miscellaneous				
Investment income	2,500	2,266	(234)	4,184
Total Revenues	<u>202,500</u>	<u>202,266</u>	<u>(234)</u>	<u>4,184</u>
Other Financing Sources (Uses)				
Transfers:				
Transfers out	<u>-</u>	<u>(251,910)</u>	<u>(251,910)</u>	<u>-</u>
Net Change in Fund Balances	202,500	(49,644)	(252,144)	4,184
Fund Balances, Beginning of Year	<u>233,107</u>	<u>235,291</u>	<u>2,184</u>	<u>231,107</u>
Fund Balances, End of Year	<u><u>\$ 435,607</u></u>	<u><u>\$ 185,647</u></u>	<u><u>\$ (249,960)</u></u>	<u><u>\$ 235,291</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 1,801,785	\$ 1,827,875	\$ 26,090	\$ 1,998,081
Intergovernmental revenues				
Dedicated sales tax - improvement districts	10,005,878	11,148,798	1,142,920	10,659,831
Miscellaneous				
Investment income	10,205	56,626	46,421	38,158
Other	-	6,348	6,348	29,705
Total revenues	<u>11,817,868</u>	<u>13,039,647</u>	<u>1,221,779</u>	<u>12,725,775</u>
Expenditures				
Debt service				
Principal	5,353,000	5,353,000	-	4,903,000
Interest	8,313,297	9,165,068	(851,771)	9,297,331
Fiscal charges and other	-	20,023	(20,023)	-
Advance refunding escrow	-	1,443,180	(1,443,180)	-
Refunding bond issuance costs	-	107,001	(107,001)	-
Total expenditures	<u>13,666,297</u>	<u>16,088,272</u>	<u>(2,421,975)</u>	<u>14,200,331</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,848,429)</u>	<u>(3,048,625)</u>	<u>(1,200,196)</u>	<u>(1,474,556)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	13,498,290	13,498,290	-
Payment to refunded bond escrow agent	-	(13,498,290)	(13,498,290)	-
Transfers				
Transfers in	<u>2,090,459</u>	<u>2,090,459</u>	<u>-</u>	<u>2,088,698</u>
Total other financing sources (uses)	<u>2,090,459</u>	<u>2,090,459</u>	<u>-</u>	<u>2,088,698</u>
Net Change in Fund Balances	242,030	(958,166)	(1,200,196)	614,142
Fund Balances, Beginning of Year	<u>15,407,443</u>	<u>15,952,033</u>	<u>544,590</u>	<u>15,337,891</u>
Fund Balances, End of Year	<u>\$ 15,649,473</u>	<u>\$ 14,993,867</u>	<u>\$ (655,606)</u>	<u>\$ 15,952,033</u>

City of Sparks
Combining Balance Sheet – Nonmajor Debt Service Funds
June 30, 2017

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Assets			
Cash and investments	\$ 993,571	\$ 837,357	\$ 1,830,928
Due from other governments	44,393	-	44,393
Restricted assets			
Cash and investments	<u>2,216,500</u>	<u>728,500</u>	<u>2,945,000</u>
Total assets	<u><u>\$ 3,254,464</u></u>	<u><u>\$ 1,565,857</u></u>	<u><u>\$ 4,820,321</u></u>
Deferred Inflows of Resources			
Unavailable revenue – government service taxes	<u>\$ 29,595</u>	<u>\$ -</u>	<u>\$ 29,595</u>
Fund Balances			
Restricted for			
Debt service reserve	<u>3,224,869</u>	<u>1,565,857</u>	<u>4,790,726</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 3,254,464</u></u>	<u><u>\$ 1,565,857</u></u>	<u><u>\$ 4,820,321</u></u>

City of Sparks

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year Ended June 30, 2017

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Revenues			
Taxes	\$ 2,205,000	\$ 1,855,000	\$ 4,060,000
Intergovernmental revenues	162,774	-	162,774
Miscellaneous	10,317	4,508	14,825
Total revenues	<u>2,378,091</u>	<u>1,859,508</u>	<u>4,237,599</u>
Expenditures			
Debt service			
Principal	1,640,000	859,000	2,499,000
Interest	646,681	353,523	1,000,204
Fiscal charges and other	1,000	2,313	3,313
Advance refunding escrow	-	1,456,787	1,456,787
Refunding bond issue costs	-	110,756	110,756
Total expenditures	<u>2,287,681</u>	<u>2,782,379</u>	<u>5,070,060</u>
Excess (Deficiency) of Revenues over Expenditures	<u>90,410</u>	<u>(922,871)</u>	<u>(832,461)</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	9,660,000	9,660,000
Discount on bonds issued	-	(8,500)	(8,500)
Payments to refunded bond escrow agent	-	(9,626,500)	(9,626,500)
Transfers			
Transfers in	50,000	650,000	700,000
Transfers out	(50,000)	(650,000)	(700,000)
Total other financing sources (uses)	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Net Change in Fund Balances	90,410	(897,871)	(807,461)
Fund Balance, Beginning of Year	<u>3,134,459</u>	<u>2,463,728</u>	<u>5,598,187</u>
Fund Balance, End of Year	<u>\$ 3,224,869</u>	<u>\$ 1,565,857</u>	<u>\$ 4,790,726</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 2,205,000	\$ 2,205,000	\$ -	\$ 2,175,000
Intergovernmental revenues				
Motor vehicle privilege tax	177,572	162,774	(14,798)	177,572
Miscellaneous				
Investment income	4,600	10,317	5,717	7,241
Total revenues	<u>2,387,172</u>	<u>2,378,091</u>	<u>(9,081)</u>	<u>2,359,813</u>
Expenditures				
Debt service				
Principal	1,640,000	1,640,000	-	1,580,000
Interest	646,681	646,681	-	709,881
Fiscal charges and other	1,000	1,000	-	-
Total expenditures	<u>2,287,681</u>	<u>2,287,681</u>	<u>-</u>	<u>2,289,881</u>
Excess (Deficiency) of Revenues over Expenditures	<u>99,491</u>	<u>90,410</u>	<u>(9,081)</u>	<u>69,932</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	50,000	50,000	168,000
Transfers out	-	(50,000)	(50,000)	(168,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	99,491	90,410	(9,081)	69,932
Fund Balances, Beginning of Year	<u>3,130,817</u>	<u>3,134,459</u>	<u>3,642</u>	<u>3,064,527</u>
Fund Balances, End of Year	<u>\$ 3,230,308</u>	<u>\$ 3,224,869</u>	<u>\$ (5,439)</u>	<u>\$ 3,134,459</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,855,000	\$ 1,855,000	\$ -	\$ 1,985,000
Miscellaneous				
Investment income	6,000	4,508	(1,492)	9,518
Total revenues	<u>1,861,000</u>	<u>1,859,508</u>	<u>(1,492)</u>	<u>1,994,518</u>
Expenditures				
Debt service				
Principal	950,000	859,000	91,000	915,000
Interest	867,183	353,523	513,660	913,769
Fiscal charges and other	2,500	2,313	187	4,366
Advance refunding escrow	-	1,456,787	(1,456,787)	-
Refunding bond issuance costs	-	110,756	(110,756)	-
Total expenditures	<u>1,819,683</u>	<u>2,782,379</u>	<u>(962,696)</u>	<u>1,833,135</u>
Excess (Deficiency) of Revenues over Expenditures	<u>41,317</u>	<u>(922,871)</u>	<u>(964,188)</u>	<u>161,383</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	9,660,000	9,660,000	-
Discount on bonds issued	-	(8,500)	(8,500)	-
Payments to refunded bond escrow agent	-	(9,626,500)	(9,626,500)	-
Transfers				
Transfers in	-	650,000	650,000	650,000
Transfers out	-	(650,000)	(650,000)	(750,000)
Total other financing sources (uses)	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>(100,000)</u>
Net Change in Fund Balances	41,317	(897,871)	(939,188)	61,383
Fund Balances, Beginning of Year	<u>2,561,073</u>	<u>2,463,728</u>	<u>(97,345)</u>	<u>2,402,345</u>
Fund Balances, End of Year	<u>\$ 2,602,390</u>	<u>\$ 1,565,857</u>	<u>\$ (1,036,533)</u>	<u>\$ 2,463,728</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	\$ 705,986	\$ 750,415	\$ 1,565,220	\$ 1,445,768	\$ 2,172,109
Accounts receivable	-	-	-	556,423	2,191
Due from other governments	-	-	-	422,174	-
Total assets	\$ 705,986	\$ 750,415	\$ 1,565,220	\$ 2,424,365	\$ 2,174,300
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 44,750	\$ 22,528
Accrued liabilities	-	-	-	51,372	-
Contracts payable	9,000	-	-	1,083,176	5,855
Contract retentions payable	-	-	-	60,188	-
Refundable deposits	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other governments	-	-	-	44,759	-
Total liabilities	9,000	-	-	1,284,245	28,383
Deferred Inflows of Resources					
Unavailable revenue – grants	-	-	-	346	-
Unavailable revenue – property taxes and other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	346	-
Fund Balances					
Restricted for					
Parks and recreation	696,986	750,415	1,565,220	-	-
Street improvements and rehabilitation	-	-	-	1,139,774	-
Capital projects	-	-	-	-	-
Developer agreements	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	200,412
Next year's budget deficit	-	-	-	-	-
Other capital projects	-	-	-	-	1,945,505
Total fund balances	696,986	750,415	1,565,220	1,139,774	2,145,917
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 705,986	\$ 750,415	\$ 1,565,220	\$ 2,424,365	\$ 2,174,300

City of Sparks
Combining Balance Sheet – Nonmajor Capital Projects Funds
June 30, 2017

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
\$ 455,245	\$ 1,597,100	\$ 461,492	\$ 1,824,839	\$ 1,256,892	\$ 4,276,403	\$ 16,511,469
-	202,593	-	1,250	-	-	762,457
2,345	-	-	120,910	77,700	97,580	720,709
<u>\$ 457,590</u>	<u>\$ 1,799,693</u>	<u>\$ 461,492</u>	<u>\$ 1,946,999</u>	<u>\$ 1,334,592</u>	<u>\$ 4,373,983</u>	<u>\$ 17,994,635</u>
\$ 2,250	\$ 2,435	\$ 40	\$ 6,828	\$ 1,385	\$ -	\$ 80,216
-	15,322	-	278	-	-	66,972
-	29,857	-	-	-	-	1,127,888
-	-	-	-	-	-	60,188
-	3,000	-	-	-	-	3,000
-	3,475	-	-	-	-	3,475
-	11,413	-	645	-	-	56,817
<u>2,250</u>	<u>65,502</u>	<u>40</u>	<u>7,751</u>	<u>1,385</u>	<u>-</u>	<u>1,398,556</u>
-	-	-	-	-	-	346
-	-	-	53,253	8,274	-	61,527
-	-	-	53,253	8,274	-	61,873
-	683,552	-	-	-	-	3,696,173
-	-	-	-	-	-	1,139,774
455,340	-	-	-	-	-	455,340
-	-	461,452	-	-	-	461,452
-	-	-	-	-	4,373,983	4,373,983
-	1,050,639	-	-	-	-	1,251,051
-	-	-	762,001	-	-	762,001
-	-	-	1,123,994	1,324,933	-	4,394,432
<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>\$ 457,590</u>	<u>\$ 1,799,693</u>	<u>\$ 461,492</u>	<u>\$ 1,946,999</u>	<u>\$ 1,334,592</u>	<u>\$ 4,373,983</u>	<u>\$ 17,994,635</u>

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Revenues					
Taxes	\$ 301,062	\$ 128,000	\$ 165,000	\$ -	\$ -
Licenses and permits	-	-	-	2,442,727	-
Intergovernmental revenues	-	-	-	2,403,953	-
Charges for services	-	-	-	1,709	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	2,165	3,039	7,101	1,238	5,933
Total revenues	303,227	131,039	172,101	4,849,627	5,933
Expenditures					
Current					
General government	-	-	-	-	722,491
Public safety	-	-	-	-	73,839
Public works	-	-	-	3,009,318	29,270
Culture and recreation	18,113	53,413	9,570	-	-
Community support	-	-	-	-	-
Total current	18,113	53,413	9,570	3,009,318	825,600
Capital outlay					
General government	-	-	-	-	431,297
Public safety	-	-	-	-	135,530
Public works	-	-	-	4,533,207	-
Culture and recreation	5,720	12,600	43,944	-	-
Community support	-	-	-	-	-
Total capital outlay	5,720	12,600	43,944	4,533,207	566,827
Total expenditures	23,833	66,013	53,514	7,542,525	1,392,427
Excess (Deficiency) of Revenues over Expenditures	279,394	65,026	118,587	(2,692,898)	(1,386,494)
Other Financing Sources (Uses)					
Capital asset sales	-	-	-	-	-
Transfers					
Transfers in	-	-	-	-	2,455,240
Transfer out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,455,240
Net Change in Fund Balances	279,394	65,026	118,587	(2,692,898)	1,068,746
Fund Balances, Beginning of Year	417,592	685,389	1,446,633	3,832,672	1,077,171
Fund Balances, End of Year	\$ 696,986	\$ 750,415	\$ 1,565,220	\$ 1,139,774	\$ 2,145,917

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
Year Ended June 30, 2017

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
\$ -	\$ -	\$ -	\$ 270,264	\$ 830,229	\$ 928,190	\$ 2,622,745
-	1,052,204	-	-	-	-	3,494,931
197,776	-	-	-	-	-	2,601,729
-	127,104	-	-	-	-	128,813
-	-	-	-	6,300	-	6,300
2,439	20,995	21,263	17,933	53,389	20,688	156,183
<u>200,215</u>	<u>1,200,303</u>	<u>21,263</u>	<u>288,197</u>	<u>889,918</u>	<u>948,878</u>	<u>9,010,701</u>
59,469	-	-	-	-	-	781,960
64,189	-	-	-	-	-	138,028
-	-	-	-	-	-	3,038,588
-	746,179	-	-	-	-	827,275
-	-	18,501	77,863	11,651	6,948	114,963
<u>123,658</u>	<u>746,179</u>	<u>18,501</u>	<u>77,863</u>	<u>11,651</u>	<u>6,948</u>	<u>4,900,814</u>
8,450	-	-	-	-	-	439,747
82,530	-	-	-	-	-	218,060
-	-	-	-	-	-	4,533,207
-	575,995	-	-	-	-	638,259
-	-	-	12,168	-	7,795	19,963
<u>90,980</u>	<u>575,995</u>	<u>-</u>	<u>12,168</u>	<u>-</u>	<u>7,795</u>	<u>5,849,236</u>
<u>214,638</u>	<u>1,322,174</u>	<u>18,501</u>	<u>90,031</u>	<u>11,651</u>	<u>14,743</u>	<u>10,750,050</u>
<u>(14,423)</u>	<u>(121,871)</u>	<u>2,762</u>	<u>198,166</u>	<u>878,267</u>	<u>934,135</u>	<u>(1,739,349)</u>
-	-	-	1,096,000	-	-	1,096,000
-	-	-	50,000	650,000	-	3,155,240
-	-	-	(341,015)	(1,727,853)	-	(2,068,868)
<u>-</u>	<u>-</u>	<u>-</u>	<u>804,985</u>	<u>(1,077,853)</u>	<u>-</u>	<u>2,182,372</u>
(14,423)	(121,871)	2,762	1,003,151	(199,586)	934,135	443,023
469,763	1,856,062	458,690	882,844	1,524,519	3,439,848	16,091,183
<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>

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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 300,000	\$ 301,062	\$ 1,062	\$ 127,714
Miscellaneous				
Investment income (loss)	1,000	2,165	1,165	2,848
Total revenues	<u>301,000</u>	<u>303,227</u>	<u>2,227</u>	<u>130,562</u>
Expenditures				
General government				
Services and supplies	20	-	20	-
Culture and recreation				
Services and supplies	50,000	18,113	31,887	19,303
Capital outlay	10,720	5,720	5,000	13,106
Total culture and recreation	<u>60,720</u>	<u>23,833</u>	<u>36,887</u>	<u>32,409</u>
Total expenditures	<u>60,740</u>	<u>23,833</u>	<u>36,907</u>	<u>32,409</u>
Net Change in Fund Balances	240,260	279,394	39,134	98,153
Fund Balances, Beginning of Year	<u>367,140</u>	<u>417,592</u>	<u>50,452</u>	<u>319,439</u>
Fund Balances, End of Year	<u>\$ 607,400</u>	<u>\$ 696,986</u>	<u>\$ 89,586</u>	<u>\$ 417,592</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 350,000	\$ 128,000	\$ (222,000)	\$ 57,000
Miscellaneous				
Investment income (loss)	8,500	3,039	(5,461)	13,505
Total revenues	<u>358,500</u>	<u>131,039</u>	<u>(227,461)</u>	<u>70,505</u>
Expenditures				
General government				
Services and supplies	250	-	250	-
Culture and recreation				
Services and supplies	66,043	53,413	12,630	240,334
Capital outlay	184,102	12,600	171,502	56,484
Total culture and recreation	<u>250,145</u>	<u>66,013</u>	<u>184,132</u>	<u>296,818</u>
Total expenditures	<u>250,395</u>	<u>66,013</u>	<u>184,382</u>	<u>296,818</u>
Net Change in Fund Balances	108,105	65,026	(43,079)	(226,313)
Fund Balances, Beginning of Year	<u>595,598</u>	<u>685,389</u>	<u>89,791</u>	<u>911,702</u>
Fund Balances, End of Year	<u>\$ 703,703</u>	<u>\$ 750,415</u>	<u>\$ 46,712</u>	<u>\$ 685,389</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 350,000	\$ 165,000	\$ (185,000)	\$ 229,000
Miscellaneous				
Recoveries and reimbursements	-	-	-	150,000
Investment income (loss)	9,500	7,101	(2,399)	17,717
Total revenues	<u>359,500</u>	<u>172,101</u>	<u>(187,399)</u>	<u>396,717</u>
Expenditures				
General government				
Services and supplies	200	-	200	-
Culture and recreation				
Services and supplies	25,000	9,570	15,430	10,629
Capital outlay	511,210	43,944	467,266	64,950
Total culture and recreation	<u>536,210</u>	<u>53,514</u>	<u>482,696</u>	<u>75,579</u>
Total expenditures	<u>536,410</u>	<u>53,514</u>	<u>482,896</u>	<u>75,579</u>
Net Change in Fund Balances	(176,910)	118,587	295,497	321,138
Fund Balances, Beginning of Year	<u>1,215,705</u>	<u>1,446,633</u>	<u>230,928</u>	<u>1,125,495</u>
Fund Balances, End of Year	<u>\$ 1,038,795</u>	<u>\$ 1,565,220</u>	<u>\$ 526,425</u>	<u>\$ 1,446,633</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Road Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 634,596	\$ 652,881	\$ 18,285	\$ 610,924
Electric franchise fees	1,592,715	1,358,032	(234,683)	1,444,639
Gas franchise fees	669,689	431,814	(237,875)	584,935
Intergovernmental revenues				
State shared revenues				
Motor vehicle fuel tax	2,376,282	2,403,953	27,671	2,244,970
Charges for services				
Other	-	1,709	1,709	-
Miscellaneous				
Investment income (loss)	35,000	1,238	(33,762)	59,055
Total revenues	<u>5,308,282</u>	<u>4,849,627</u>	<u>(458,655)</u>	<u>4,944,523</u>
Expenditures				
General government				
Services and supplies	800	-	800	-
Public works				
Salaries and wages	1,096,525	1,044,506	52,019	1,109,449
Employee benefits	677,550	626,689	50,861	678,964
Services and supplies	1,709,266	1,338,123	371,143	1,317,758
Capital outlay	4,627,433	4,533,207	94,226	3,103,478
Total public works	<u>8,110,774</u>	<u>7,542,525</u>	<u>568,249</u>	<u>6,209,649</u>
Total expenditures	<u>8,111,574</u>	<u>7,542,525</u>	<u>569,049</u>	<u>6,209,649</u>
Net Change in Fund Balances	(2,803,292)	(2,692,898)	110,394	(1,265,126)
Fund Balances, Beginning of Year	<u>3,704,710</u>	<u>3,832,672</u>	<u>127,962</u>	<u>5,097,798</u>
Fund Balances, End of Year	<u>\$ 901,418</u>	<u>\$ 1,139,774</u>	<u>\$ 238,356</u>	<u>\$ 3,832,672</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 8,500	\$ 3,742	\$ (4,758)	\$ 14,184
Rebates	-	2,191	2,191	-
Total revenues	<u>8,500</u>	<u>5,933</u>	<u>(2,567)</u>	<u>14,184</u>
Expenditures				
General government				
Services and supplies	1,159,996	722,491	437,505	239,487
Capital outlay	490,835	431,297	59,538	1,605,161
Total general government	<u>1,650,831</u>	<u>1,153,788</u>	<u>497,043</u>	<u>1,844,648</u>
Public safety				
Services and supplies	97,343	73,839	23,504	88,624
Capital outlay	826,207	135,530	690,677	81,658
Total public safety	<u>923,550</u>	<u>209,369</u>	<u>714,181</u>	<u>170,282</u>
Public works				
Services and supplies	47,082	29,270	17,812	12,401
Culture and recreation				
Services and supplies	-	-	-	2,410
Capital outlay	230,000	-	230,000	-
Total culture and recreation	<u>230,000</u>	<u>-</u>	<u>230,000</u>	<u>2,410</u>
Total expenditures	<u>2,851,463</u>	<u>1,392,427</u>	<u>1,459,036</u>	<u>2,029,741</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,842,963)</u>	<u>(1,386,494)</u>	<u>1,456,469</u>	<u>(2,015,557)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,655,240	2,455,240	(200,000)	1,871,589
Transfers out	-	-	-	(206,057)
Total other financing sources (uses)	<u>2,655,240</u>	<u>2,455,240</u>	<u>(200,000)</u>	<u>1,665,532</u>
Net Change in Fund Balances	(187,723)	1,068,746	1,256,469	(350,025)
Fund Balances, Beginning of Year	<u>678,842</u>	<u>1,077,171</u>	<u>398,329</u>	<u>1,427,196</u>
Fund Balances, End of Year	<u>\$ 491,119</u>	<u>\$ 2,145,917</u>	<u>\$ 1,654,798</u>	<u>\$ 1,077,171</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Facilities Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 186,761	\$ 197,776	\$ 11,015	\$ 194,155
Miscellaneous				
Investment income	3,000	2,439	(561)	6,363
Total revenues	<u>189,761</u>	<u>200,215</u>	<u>10,454</u>	<u>200,518</u>
Expenditures				
General government				
Services and supplies	134,531	59,469	75,062	10,800
Capital outlay	107,654	8,450	99,204	544
Total general government	<u>242,185</u>	<u>67,919</u>	<u>174,266</u>	<u>11,344</u>
Public safety				
Services and supplies	133,455	64,189	69,266	18,880
Capital outlay	158,990	82,530	76,460	99,653
Total public safety	<u>292,445</u>	<u>146,719</u>	<u>145,726</u>	<u>118,533</u>
Culture and recreation				
Capital outlay	60,000	-	60,000	-
Total expenditures	<u>594,630</u>	<u>214,638</u>	<u>379,992</u>	<u>129,877</u>
Net Change in Fund Balances	(404,869)	(14,423)	390,446	70,641
Fund Balances, Beginning of Year	<u>434,016</u>	<u>469,763</u>	<u>35,747</u>	<u>399,122</u>
Fund Balances, End of Year	<u>\$ 29,147</u>	<u>\$ 455,340</u>	<u>\$ 426,193</u>	<u>\$ 469,763</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 99,996	\$ 99,996	\$ -	\$ 99,996
Electric franchise fees	796,358	679,016	(117,342)	722,320
Gas franchise fees	334,845	215,907	(118,938)	292,467
Park fees	50,000	57,285	7,285	51,435
Charges for services				
Other	108,000	127,104	19,104	102,303
Miscellaneous				
Investment income	11,500	8,788	(2,712)	22,003
Other	-	12,207	12,207	-
Total revenues	<u>1,400,699</u>	<u>1,200,303</u>	<u>(200,396)</u>	<u>1,290,524</u>
Expenditures				
General government				
Services and supplies	100	-	100	-
Culture and recreation				
Salaries and wages	257,568	273,473	(15,905)	260,658
Employee benefits	131,781	134,276	(2,495)	129,981
Services and supplies	607,122	338,430	268,692	420,694
Capital outlay	1,195,604	575,995	619,609	102,302
Total culture and recreation	<u>2,192,075</u>	<u>1,322,174</u>	<u>869,901</u>	<u>913,635</u>
Total expenditures	<u>2,192,175</u>	<u>1,322,174</u>	<u>870,001</u>	<u>913,635</u>
Net Change in Fund Balances	(791,476)	(121,871)	669,605	376,889
Fund Balance, Beginning of Year	<u>1,752,325</u>	<u>1,856,062</u>	<u>103,737</u>	<u>1,479,173</u>
Fund Balances, End of Year	<u>\$ 960,849</u>	<u>\$ 1,734,191</u>	<u>\$ 773,342</u>	<u>\$ 1,856,062</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 825	\$ 1,240	\$ 415	\$ 1,410
Other	-	20,023	20,023	-
	<u>825</u>	<u>21,263</u>	<u>20,438</u>	<u>1,410</u>
Expenditures				
Community support				
Services and supplies	<u>1,142,630</u>	<u>18,501</u>	<u>1,124,129</u>	<u>694,274</u>
Net Change in Fund Balances	(1,141,805)	2,762	1,144,567	(692,864)
Fund Balances, Beginning of Year	<u>1,142,629</u>	<u>458,690</u>	<u>(683,939)</u>	<u>1,151,554</u>
Fund Balances, End of Year	<u>\$ 824</u>	<u>\$ 461,452</u>	<u>\$ 460,628</u>	<u>\$ 458,690</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 282,000	\$ 270,264	\$ (11,736)	\$ 216,875
Miscellaneous				
Investment income (loss)	3,000	2,933	(67)	9,003
Property rentals	15,000	15,000	-	15,000
Total revenues	<u>300,000</u>	<u>288,197</u>	<u>(11,803)</u>	<u>240,878</u>
Expenditures				
General government				
Services and supplies	760	-	760	(1,164)
Community support				
Salaries and wages	13,842	13,920	(78)	12,643
Employee benefits	6,955	7,261	(306)	6,875
Services and supplies	128,411	56,682	71,729	218,483
Capital outlay	50,000	12,168	37,832	-
Total community support	<u>199,208</u>	<u>90,031</u>	<u>109,177</u>	<u>238,001</u>
Total expenditures	<u>199,968</u>	<u>90,031</u>	<u>109,937</u>	<u>236,837</u>
Excess (Deficiency) of Revenues over Expenditures	<u>100,032</u>	<u>198,166</u>	<u>98,134</u>	<u>4,041</u>
Other Financing Sources (Uses)				
Capital asset sales	270,000	1,096,000	826,000	934,000
Transfers				
Transfers in	-	50,000	50,000	168,000
Transfers out	(291,015)	(341,015)	(50,000)	(459,695)
Total other financing sources (uses)	<u>(21,015)</u>	<u>804,985</u>	<u>826,000</u>	<u>642,305</u>
Net Change in Fund Balances	79,017	1,003,151	924,134	646,346
Fund Balances, Beginning of Year	<u>791,972</u>	<u>882,844</u>	<u>90,872</u>	<u>236,498</u>
Fund Balances, End of Year	<u>\$ 870,989</u>	<u>\$ 1,885,995</u>	<u>\$ 1,015,006</u>	<u>\$ 882,844</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 905,000	\$ 830,229	\$ (74,771)	\$ 680,919
Fines and forfeits				
Other	-	6,300	6,300	-
Miscellaneous				
Investment income (loss)	50,000	53,389	3,389	63,007
Total revenues	<u>955,000</u>	<u>889,918</u>	<u>(65,082)</u>	<u>743,926</u>
Expenditures				
Community support				
Services and supplies	87,080	11,651	75,429	14,782
Total expenditures	<u>87,080</u>	<u>11,651</u>	<u>75,429</u>	<u>14,782</u>
Excess (Deficiency) of Revenues over Expenditures	<u>867,920</u>	<u>878,267</u>	<u>10,347</u>	<u>729,144</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	650,000	650,000	750,000
Transfers out	(1,077,853)	(1,727,853)	(650,000)	(1,723,725)
Total other financing sources (uses)	<u>(1,077,853)</u>	<u>(1,077,853)</u>	<u>-</u>	<u>(973,725)</u>
Net Change in Fund Balances	(209,933)	(199,586)	10,347	(244,581)
Fund Balances, Beginning of Year	<u>1,383,870</u>	<u>1,524,519</u>	<u>140,649</u>	<u>1,769,100</u>
Fund Balances, End of Year	<u>\$ 1,173,937</u>	<u>\$ 1,324,933</u>	<u>\$ 150,996</u>	<u>\$ 1,524,519</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room tax	\$ 840,000	\$ 928,190	\$ 88,190	\$ 807,314
Miscellaneous				
Investment income (loss)	20,500	20,688	188	28,068
Total revenues	<u>860,500</u>	<u>948,878</u>	<u>88,378</u>	<u>835,382</u>
Expenditures				
General government				
Services and supplies	250	-	250	-
Community support				
Services and supplies	56,465	6,948	49,517	17,985
Capital outlay	350,000	7,795	342,205	-
Total community support	<u>406,465</u>	<u>14,743</u>	<u>391,722</u>	<u>17,985</u>
Total expenditures	<u>406,715</u>	<u>14,743</u>	<u>391,972</u>	<u>17,985</u>
Net Change in Fund Balances	453,785	934,135	480,350	817,397
Fund Balances, Beginning of Year	<u>2,994,261</u>	<u>3,439,848</u>	<u>445,587</u>	<u>2,622,451</u>
Fund Balances, End of Year	<u><u>\$ 3,448,046</u></u>	<u><u>\$ 4,373,983</u></u>	<u><u>\$ 925,937</u></u>	<u><u>\$ 3,439,848</u></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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Miscellaneous	\$ 231,264	\$ 205,437	\$ (25,827)	\$ 204,102
Charges for services				
Sewer charges	24,167,544	23,795,374	(372,170)	22,654,361
Miscellaneous	155,021	105,152	(49,869)	158,261
Total operating revenues	<u>24,553,829</u>	<u>24,105,963</u>	<u>(447,866)</u>	<u>23,016,724</u>
Operating Expenses				
Salaries and wages	2,807,033	2,794,426	12,607	2,718,138
Employee benefits	1,683,258	1,582,908	100,350	1,418,539
Services and supplies	12,454,061	9,675,194	2,778,867	10,246,203
Depreciation	7,032,252	6,370,188	662,064	6,257,066
Net loss from Truckee Meadows Water Reclamation Facility	2,100,000	2,083,084	16,916	1,904,529
Total operating expenses	<u>26,076,604</u>	<u>22,505,800</u>	<u>3,570,804</u>	<u>22,544,475</u>
Operating Income (Loss)	<u>(1,522,775)</u>	<u>1,600,163</u>	<u>3,122,938</u>	<u>472,249</u>
Nonoperating Revenues (Expenses)				
Grants	-	13,134	13,134	-
Investment income (loss)	199,843	(58,721)	(258,564)	440,778
Interest expense	(1,578,120)	(816,602)	761,518	(1,117,724)
Miscellaneous	-	(932)	(932)	(2,965)
Gain (loss) on disposition of assets	-	-	-	(29,301)
Bond issuance costs	-	-	-	(238,687)
Total nonoperating revenue (expenses)	<u>(1,378,277)</u>	<u>(863,121)</u>	<u>515,156</u>	<u>(947,899)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(2,901,052)</u>	<u>737,042</u>	<u>3,638,094</u>	<u>(475,650)</u>
Capital Contributions				
Sewer connection fees	4,055,666	5,281,080	1,225,414	4,441,545
Sewer lines and storm drains	-	2,367,774	2,367,774	2,049,205
Total capital contributions	<u>4,055,666</u>	<u>7,648,854</u>	<u>3,593,188</u>	<u>6,490,750</u>
Transfers				
Transfers in	125,000	82,092	(42,908)	112,484
Transfers out	(3,904)	(3,904)	-	(37,414)
Total transfers	<u>121,096</u>	<u>78,188</u>	<u>(42,908)</u>	<u>75,070</u>
Change in Net Position	<u>\$ 1,275,710</u>	<u>8,464,084</u>	<u>\$ 7,188,374</u>	<u>\$ 6,090,170</u>
Net Position, Beginning of Year		<u>194,594,798</u>		
Net Position, End of Year		<u>\$ 203,058,882</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Development Services Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 2,644,554	\$ 2,223,579	\$ (420,975)	\$ 2,111,394
Other	15,405	42,918	27,513	23,379
Charges for services				
Building and zoning fees	2,090,088	1,805,574	(284,514)	1,556,205
Other	598,456	641,417	42,961	462,141
Total operating revenues	<u>5,348,503</u>	<u>4,713,488</u>	<u>(635,015)</u>	<u>4,153,119</u>
Operating Expenses				
Salaries and wages	1,539,237	1,562,534	(23,297)	1,354,056
Employee benefits	863,681	645,405	218,276	503,796
Services and supplies	2,004,646	1,606,159	398,487	999,018
Depreciation	-	958	(958)	-
Total operating expenses	<u>4,407,564</u>	<u>3,815,056</u>	<u>592,508</u>	<u>2,856,870</u>
Operating Income (Loss)	<u>940,939</u>	<u>898,432</u>	<u>(42,507)</u>	<u>1,296,249</u>
Nonoperating Revenues (Expenses)				
Grants	-	595	595	-
Investment income (loss)	18,000	18,728	728	52,896
Miscellaneous	771	1,421	650	143
Total nonoperating revenues (expenses)	<u>18,771</u>	<u>20,744</u>	<u>1,973</u>	<u>53,039</u>
Income (Loss) Before Transfers	959,710	919,176	(40,534)	1,349,288
Transfers				
Transfers out	(23,421)	(52,247)	(28,826)	(128,117)
Change in Net Position	<u>\$ 936,289</u>	866,929	<u>\$ (69,360)</u>	<u>\$ 1,221,171</u>
Net Position, Beginning of Year		<u>1,799,459</u>		
Net Position, End of Year		<u>\$ 2,666,388</u>		

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Internal Service Funds

Motor Vehicle Maintenance Fund

To account for the costs of acquisition of vehicles and for operating a maintenance facility for the vehicles and related equipment used by City departments. Such costs are billed to the user departments and include depreciation on vehicles and equipment.

Group Insurance Self-Insurance Fund

To account for the operations of the group health and accident insurance program covering City employees.

Workers' Compensation Insurance Fund

To account for money received from other City funds for workers' compensation claims, compensating injured workers, and the cost of administering a self-funded insurance program.

Municipal Self-Insurance Fund

To account for monies received from insurance claims and other sources to cover the costs to repair and replace damaged real and personal property owned by the City and to cover uninsured claims.

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Assets			
Current assets			
Cash and investments	\$ 2,661,727	\$ 2,242,774	\$ 2,880,532
Accounts receivable	16,959	92,217	-
Due from other governments	8,033	-	126,546
Deposits	-	8,180	10,000
Inventory of supplies	239,723	-	-
Total current assets	<u>2,926,442</u>	<u>2,343,171</u>	<u>3,017,078</u>
Noncurrent assets			
Net other post-employment benefit asset	540	-	-
Capital assets			
Construction in progress	2,149,829	-	-
Buildings	451,019	-	-
Site improvements	245,445	-	-
Machinery and equipment	24,684,452	-	-
Less accumulated depreciation	17,849,147	-	-
Total noncurrent assets	<u>9,682,138</u>	<u>-</u>	<u>-</u>
Total assets	<u>12,608,580</u>	<u>2,343,171</u>	<u>3,017,078</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	296,640	-	-
Total assets and deferred outflows of resources	<u>12,905,220</u>	<u>2,343,171</u>	<u>3,017,078</u>
Liabilities			
Current liabilities			
Accounts payable	101,867	9,988	-
Accrued liabilities	29,865	(13,315)	-
Unearned revenues	-	607	-
Due to other governments	25,538	-	-
Current portion of long-term liabilities	74,392	1,143,230	1,270,391
Total current liabilities	<u>231,662</u>	<u>1,140,510</u>	<u>1,270,391</u>
Long-term liabilities			
Compensated absences (net of current portion)	151,996	-	-
Other post employment benefits	38,434	-	-
Sick leave conversion payable (net of current portion)	26,950	-	-
Claims liabilities (net of current portion)	-	-	5,528,459
Net pension obligation	1,020,348	-	-
Total long-term liabilities	<u>1,237,728</u>	<u>-</u>	<u>5,528,459</u>
Total liabilities	<u>1,469,390</u>	<u>1,140,510</u>	<u>6,798,850</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	115,999	-	-
Total liabilities and deferred inflows of resources	<u>1,585,389</u>	<u>1,140,510</u>	<u>6,798,850</u>
Net Position			
Net investment in capital assets	9,681,598	-	-
Restricted for claims	-	1,202,661	-
Unrestricted	1,638,233	-	(3,781,772)
Total net position	<u>\$ 11,319,831</u>	<u>\$ 1,202,661</u>	<u>\$ (3,781,772)</u>

City of Sparks
Combining Statement of Net Position – Internal Service Funds
June 30, 2017

Municipal Self-Insurance	Totals
\$ 71,704	\$ 7,856,737
812	109,988
-	134,579
-	18,180
-	239,723
72,516	8,359,207
-	540
-	2,149,829
-	451,019
-	245,445
-	24,684,452
-	17,849,147
-	9,682,138
72,516	18,041,345
-	296,640
72,516	18,337,985
25,375	137,230
-	16,550
-	607
-	25,538
-	2,488,013
25,375	2,667,938
-	151,996
-	38,434
-	26,950
-	5,528,459
-	1,020,348
-	6,766,187
25,375	9,434,125
-	115,999
25,375	9,550,124
-	9,681,598
47,141	1,249,802
-	(2,143,539)
\$ 47,141	\$ 8,787,861

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 4,324,250	\$ 11,423,950	\$ 316,324
Miscellaneous	36,652	211,108	205,046
Total operating revenues	<u>4,360,902</u>	<u>11,635,058</u>	<u>521,370</u>
Operating Expenses			
Salaries and wages	591,317	-	-
Employee benefits	342,762	-	-
Services and supplies	1,411,253	10,623,303	1,137,079
Depreciation	1,462,451	-	-
Total operating expenses	<u>3,807,783</u>	<u>10,623,303</u>	<u>1,137,079</u>
Operating Income (Loss)	<u>553,119</u>	<u>1,011,755</u>	<u>(615,709)</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	10,747	(572)	21,686
Grants	8,033	-	-
Gain on disposition of assets	263,453	-	-
Total nonoperating revenues (expenses)	<u>282,233</u>	<u>(572)</u>	<u>21,686</u>
Income (Loss) Before Capital Contributions and Transfers	<u>835,352</u>	<u>1,011,183</u>	<u>(594,023)</u>
Capital Contributions			
Vehicles	<u>3,024</u>	<u>-</u>	<u>-</u>
Transfers			
Transfers in	<u>28,826</u>	<u>-</u>	<u>-</u>
Change in Net Position	867,202	1,011,183	(594,023)
Net Position, Beginning of Year	<u>10,452,629</u>	<u>191,478</u>	<u>(3,187,749)</u>
Net Position, End of Year	<u>\$ 11,319,831</u>	<u>\$ 1,202,661</u>	<u>\$ (3,781,772)</u>

City of Sparks
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2017

Municipal Self-Insurance	Totals
\$ 848,621	\$ 16,913,145
<u>108,058</u>	<u>560,864</u>
956,679	17,474,009
-	591,317
-	342,762
881,131	14,052,766
<u>-</u>	<u>1,462,451</u>
881,131	16,449,296
<u>75,548</u>	<u>1,024,713</u>
84	31,945
-	8,033
<u>-</u>	<u>263,453</u>
84	303,431
<u>75,632</u>	<u>1,328,144</u>
-	3,024
<u>-</u>	<u>28,826</u>
75,632	1,359,994
<u>(28,491)</u>	<u>7,427,867</u>
<u>\$ 47,141</u>	<u>\$ 8,787,861</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Activities			
Cash received from customers and users	\$ 17,925	\$ 2,189,394	\$ 467,496
Cash received from interfund services provided	4,324,250	9,181,028	-
Cash received from reimbursements of insurance claims	-	211,108	-
Cash paid to employees	(904,189)	-	-
Cash paid to suppliers	(1,553,208)	(10,601,929)	(1,516,686)
Net Cash from (used for) Operating Activities	1,884,778	979,601	(1,049,190)
Noncapital Financing Activities			
Subsidy from federal grant	8,033	-	-
Capital and Related Financing Activities			
Proceeds from sale of capital assets	298,920	-	-
Acquisition of capital assets	(2,543,972)	-	-
Net Cash used for Capital and Related Financing Activities	(2,245,052)	-	-
Investing Activities			
Investment income (loss)	10,747	(572)	21,686
Net Change in Cash and Cash Equivalents	(341,494)	979,029	(1,027,504)
Cash and Cash Equivalents, Beginning of Year	3,003,221	1,263,745	3,908,036
Cash and Cash Equivalents, End of Year	\$ 2,661,727	\$ 2,242,774	\$ 2,880,532

City of Sparks
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2017

Municipal Self-Insurance	Totals
\$ 36,546	\$ 2,711,361
848,621	14,353,899
-	211,108
-	(904,189)
<u>(1,188,973)</u>	<u>(14,860,796)</u>
<u>(303,806)</u>	<u>1,511,383</u>
<u>-</u>	<u>8,033</u>
-	298,920
<u>-</u>	<u>(2,543,972)</u>
<u>-</u>	<u>(2,245,052)</u>
<u>84</u>	<u>31,945</u>
(303,722)	(693,691)
<u>375,426</u>	<u>8,550,428</u>
<u>\$ 71,704</u>	<u>\$ 7,856,737</u>

	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)	\$ 553,119	\$ 1,011,755	\$ (615,709)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	1,462,451	-	-
Pension expense	149,328	-	-
Pension contributions	(164,747)	-	-
Changes in			
Accounts receivable	(10,694)	(53,528)	-
Due from other governments	(8,033)	-	(53,874)
Deposits	-	7,847	-
Inventory of supplies	(7,003)	-	-
Accounts payable	(136,846)	8,228	(12,337)
Accrued liabilities	3,412	(4,277)	-
Compensated absences	38,147	-	-
Net OPEB obligation	3,919	-	-
Net OPEB asset	(169)	-	-
Contracts payable	-	-	-
Unearned revenue	-	(39,601)	-
Due to other governments	1,894	-	-
Claims liabilities	-	49,177	(367,270)
Total Adjustments	1,331,659	(32,154)	(433,481)
Net Cash from (used for) Operating Activities	\$ 1,884,778	\$ 979,601	\$ (1,049,190)
Noncash investing and capital and related financing activities			
Contributions of capital assets from other funds	\$ 31,850	\$ -	\$ -
Book value of capital asset disposals	\$ 35,467	\$ -	\$ -

City of Sparks
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2017

<u>Municipal Self-Insurance</u>	<u>Totals</u>
\$ 75,548	\$ 1,024,713
-	1,462,451
-	149,328
-	(164,747)
10,234	(53,988)
-	(61,907)
-	7,847
-	(7,003)
(296,592)	(437,547)
-	(865)
-	38,147
-	3,919
-	(169)
(11,250)	(11,250)
-	(39,601)
(81,746)	(79,852)
-	(318,093)
<u>(379,354)</u>	<u>486,670</u>
<u>\$ (303,806)</u>	<u>\$ 1,511,383</u>
<u>\$ -</u>	<u>\$ 31,850</u>
<u>\$ -</u>	<u>\$ 35,467</u>

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Motor Vehicle Maintenance Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 3,817,965	\$ 3,823,689	\$ 5,724	\$ 3,222,877
Fuel	328,441	500,561	172,120	441,178
Miscellaneous	17,000	36,652	19,652	37,648
Total operating revenues	<u>4,163,406</u>	<u>4,360,902</u>	<u>197,496</u>	<u>3,701,703</u>
Operating Expenses				
Salaries and wages	588,717	591,317	(2,600)	565,784
Employee benefits	358,112	342,762	15,350	296,841
Services and supplies	1,415,136	1,411,253	3,883	1,348,629
Depreciation	1,406,581	1,462,451	(55,870)	1,038,434
Total operating expenses	<u>3,768,546</u>	<u>3,807,783</u>	<u>(39,237)</u>	<u>3,249,688</u>
Operating Income (Loss)	<u>394,860</u>	<u>553,119</u>	<u>158,259</u>	<u>452,015</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	14,000	10,747	(3,253)	37,052
Interest expense	-	-	-	(1,139)
Grants	-	8,033	8,033	-
Gain (loss) on disposition of assets	50,000	263,453	213,453	34,617
Total nonoperating revenues (expenses)	<u>64,000</u>	<u>282,233</u>	<u>218,233</u>	<u>70,530</u>
Income (Loss) Before Capital Contributions and Transfers	<u>458,860</u>	<u>835,352</u>	<u>376,492</u>	<u>522,545</u>
Capital Contributions				
Grants	-	-	-	260,000
Vehicles	-	3,024	3,024	-
Total capital contributions	<u>-</u>	<u>3,024</u>	<u>3,024</u>	<u>260,000</u>
Transfers				
Transfers in	-	28,826	28,826	1,063,006
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	<u>(1,000,000)</u>	<u>28,826</u>	<u>1,028,826</u>	<u>1,063,006</u>
Change in Net Position	<u>\$ (541,140)</u>	867,202	<u>\$ 1,408,342</u>	<u>\$ 1,845,551</u>
Net Position, Beginning of Year		<u>10,452,629</u>		
Net Position, End of Year		<u>\$ 11,319,831</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 11,787,526	\$ 11,423,950	\$ (363,576)	\$ 11,021,101
Miscellaneous				
Reimbursement from insurance claims	1,000	211,108	210,108	40,414
Total operating revenues	11,788,526	11,635,058	(153,468)	11,061,515
Operating Expenses				
Services and supplies	11,373,777	10,623,303	750,474	10,431,797
Operating Income (Loss)	414,749	1,011,755	597,006	629,718
Nonoperating Revenues (Expenses)				
Investment income (loss)	4,000	(572)	(4,572)	9,059
Change in Net Position	<u>\$ 418,749</u>	1,011,183	<u>\$ 592,434</u>	<u>\$ 638,777</u>
Net Position, Beginning of Year		<u>191,478</u>		
Net Position, End of Year		<u>\$ 1,202,661</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Workers' Compensation Insurance Fund
Year Ended June 30, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Contributions and reimbursements	\$ 490,654	\$ 316,324	\$ (174,330)	\$ 312,634
Miscellaneous				
Reimbursement from insurance claims	-	205,046	205,046	31,635
Total operating revenues	<u>490,654</u>	<u>521,370</u>	<u>30,716</u>	<u>344,269</u>
Operating Expenses				
Services and supplies	<u>1,882,607</u>	<u>1,137,079</u>	<u>745,528</u>	<u>1,729,469</u>
Operating Income (Loss)	<u>(1,391,953)</u>	<u>(615,709)</u>	<u>776,244</u>	<u>(1,385,200)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	<u>40,000</u>	<u>21,686</u>	<u>(18,314)</u>	<u>81,124</u>
Change in Net Position	<u><u>\$ (1,351,953)</u></u>	<u>(594,023)</u>	<u><u>\$ 757,930</u></u>	<u><u>\$ (1,304,076)</u></u>
Net Position, Beginning of Year		<u>(3,187,749)</u>		
Net Position, End of Year		<u><u>\$ (3,781,772)</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, 2017
(with Comparative Actual Amounts for Year Ended June 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 848,621	\$ 848,621	\$ -	\$ 345,692
Miscellaneous				
Reimbursement from insurance claims	70,000	108,058	38,058	27,538
Total operating revenues	918,621	956,679	38,058	373,230
Operating Expenses				
Services and supplies	964,429	881,131	83,298	912,457
Operating Income (Loss)	(45,808)	75,548	121,356	(539,227)
Nonoperating Revenues (Expenses)				
Investment income (loss)	8,000	84	(7,916)	9,246
Change in Net Position	<u>\$ (37,808)</u>	75,632	<u>\$ 113,440</u>	<u>\$ (529,981)</u>
Net Position, Beginning of Year		(28,491)		
Net Position, End of Year		<u>\$ 47,141</u>		

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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, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Sick Leave Retirement Trust Fund				
Assets				
Cash and investments	\$ 35,767	\$ 856,945	\$ 863,390	\$ 29,322
Liabilities				
Group insurance premiums payable	\$ 35,767	\$ 856,945	\$ 863,390	\$ 29,322
Post Employment Medical Benefits Trust Fund				
Assets				
Cash and investments	\$ 449,293	\$ 225,154	\$ 286,529	\$ 387,918
Liabilities				
Group insurance premiums payable	\$ 449,293	\$ 225,154	\$ 286,529	\$ 387,918
Truckee Meadows Water Reclamation Facility				
Assets				
Cash and investments	\$ 3,062,673	\$ 18,590,735	\$ 18,015,006	\$ 3,638,402
Liabilities				
Due to other governments	\$ 3,062,673	\$ 18,590,735	\$ 18,015,006	\$ 3,638,402
Regional Transportation Commission Road Impact Fund				
Assets				
Cash and investments	\$ 125,476	\$ 942,929	\$ 930,550	\$ 137,855
Liabilities				
Due to other governments	\$ 125,476	\$ 942,929	\$ 930,550	\$ 137,855
Mesa Meadows Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 1,058	\$ 67,880	\$ 61,906	\$ 7,032
Liabilities				
Accounts payable	\$ 1,058	\$ 67,880	\$ 61,906	\$ 7,032
Promontory Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 11,294	\$ 16,956	\$ 9,645	\$ 18,605
Liabilities				
Accounts payable	\$ 11,294	\$ 16,956	\$ 9,645	\$ 18,605

City of Sparks
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>Triple Crown Landscape Maintenance Fund</u>				
Assets				
Cash and investments	<u>\$ 147,144</u>	<u>\$ 48,349</u>	<u>\$ 30,196</u>	<u>\$ 165,297</u>
Liabilities				
Accounts payable	<u>\$ 147,144</u>	<u>\$ 48,349</u>	<u>\$ 30,196</u>	<u>\$ 165,297</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	<u>\$ 3,832,705</u>	<u>\$ 20,748,948</u>	<u>\$ 20,197,222</u>	<u>\$ 4,384,431</u>
Liabilities				
Accounts payable	\$ 159,496	\$ 133,185	\$ 101,747	\$ 190,934
Group insurance premiums payable	485,060	1,082,099	1,149,919	417,240
Due to other governments	<u>3,188,149</u>	<u>19,533,664</u>	<u>18,945,556</u>	<u>3,776,257</u>
Total liabilities	<u>\$ 3,832,705</u>	<u>\$ 20,748,948</u>	<u>\$ 20,197,222</u>	<u>\$ 4,384,431</u>

City of Sparks
 Schedule of Fees Imposed Subject to NRS 354.5989 – Limitation of Fees for Business Licenses
 Year Ended June 30, 2017

Flat Fixed Fees		
Business license revenue for the year ended June 30, 2016 (Base Year)		<u>\$ 793,623</u>
Adjustment to Base		
Percentage increase in population of the local government	1.28%	
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)	1.80%	<u>3.08%</u>
		<u>24,444</u>
Adjusted base at June 30, 2017		818,067
Actual revenue at June 30, 2017		<u>717,786</u>
Amount under allowable amount		<u><u>\$ (100,281)</u></u>
Fee Calculated on a Percentage of Gross Revenue		
Base revenue at June 30, 2016		\$ 3,704,332
Percentage change in CPI		<u>1.018</u>
Adjusted base revenue at June 30, 2017		\$ 3,771,010
Actual revenue at June 30, 2017		<u>4,104,677</u>
Actual amount over allowable amount		<u><u>\$ 333,667</u></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.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Net investment in				
capital assets	\$ 377,956,278	\$ 364,071,812	\$ 349,494,836	\$ 333,680,025
Restricted	36,694,210	35,374,824	35,589,211	41,194,330
Unrestricted	<u>(136,693,294)</u>	<u>(163,874,191)</u>	<u>(162,908,270)</u>	<u>(113,144,667)</u>
Total governmental activities	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>	<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>
Business-Type Activities				
Net investment in				
Capital assets	\$ 136,405,793	\$ 133,052,926	\$ 132,378,854	\$ 124,836,498
Restricted	-	-	-	-
Unrestricted	<u>67,633,391</u>	<u>61,224,746</u>	<u>52,757,466</u>	<u>62,226,339</u>
Total business-type activities	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>	<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>
Primary Government				
Net investment in				
Capital assets	\$ 514,362,071	\$ 497,124,738	\$ 481,873,690	\$ 458,516,523
Restricted	36,694,210	35,374,824	35,589,211	41,194,330
Unrestricted	<u>(69,059,903)</u>	<u>(102,649,445)</u>	<u>(110,150,804)</u>	<u>(50,918,328)</u>
Total primary government	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>	<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>

Prepared on the accrual basis of accounting.

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 276,456,276	\$ 244,417,470	\$ 248,628,684	\$ 240,120,081	\$ 231,945,948	\$ 232,225,145
42,903,334	51,091,604	54,408,668	52,436,068	29,215,548	25,841,636
<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>11,302,280</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>	<u>\$ 269,369,061</u>
\$ 118,604,065	\$ 117,872,586	\$ 116,663,143	\$ 114,408,011	\$ 110,657,125	\$ 97,014,066
-	-	-	-	-	29,391,969
<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>45,149,581</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>	<u>\$ 171,555,616</u>
\$ 395,060,341	\$ 362,290,056	\$ 365,291,827	\$ 354,528,092	\$ 342,603,073	\$ 329,239,211
42,903,334	51,091,604	54,408,668	52,436,068	29,215,548	55,233,605
<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>56,451,861</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>	<u>\$ 440,924,677</u>

	2017	2016	2015	2014
Expenses				
Governmental Activities				
General government	\$ 13,628,107	\$ 17,259,801	\$ 12,531,485	\$ 10,756,417
Judicial	2,351,052	2,085,243	2,119,937	2,213,707
Public safety	44,774,035	41,989,882	39,489,038	44,473,405
Public works	9,177,840	8,564,996	6,300,571	13,107,396
Culture and recreation	10,092,377	10,163,718	9,829,803	10,230,616
Community support	3,298,425	2,577,879	1,384,932	1,949,757
Intergovernmental		-	-	-
Interest on long-term debt	10,501,091	9,827,453	11,187,762	10,748,859
Total governmental activities expenses	93,822,927	92,468,972	82,843,528	93,480,157
Business-type Activities				
Sewer	22,922,462	23,863,114	22,442,881	24,153,084
Development services	3,784,497	2,871,068	1,991,181	1,624,933
Special events	-	-	-	-
Total business-type activities expenses	26,706,959	26,734,182	24,434,062	25,778,017
Total primary government expenses	\$ 120,529,886	\$ 119,203,154	\$ 107,277,590	\$ 119,258,174
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 14,401,815	\$ 14,374,893	\$ 13,190,273	\$ 12,019,773
Judicial	858,488	940,585	959,730	988,053
Public safety	570,336	718,541	972,957	960,766
Public works	2,725,585	3,124,194	3,246,022	3,040,582
Sanitation	81,760	112,103	89,864	37,520
Culture, recreation, and community support	4,927,851	4,703,917	4,520,065	4,446,327
Operating grants, interest, and contributions	1,722,150	1,534,679	1,234,890	1,867,496
Capital grants, interest, and contributions	41,463,235	14,611,760	23,015,112	56,827,683
Total governmental activities program revenues	66,751,220	40,120,672	47,228,913	80,188,200
Business-type Activities				
Charges for services				
Sewer	24,000,811	22,858,463	21,956,804	21,209,352
Development services	4,713,487	4,153,119	3,266,871	2,317,542
Special events	-	-	-	-
Operating grants, interest, and contributions	13,729	-	-	-
Capital grants, interest, and contributions	7,648,854	6,490,750	5,509,920	7,746,694
Total business-type activities program revenues	36,376,881	33,502,332	30,733,595	31,273,588
Total primary government program revenues	103,128,101	73,623,004	77,962,508	111,461,788

Prepared on the accrual basis of accounting.

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

2013	2012	2011	2010	2009	2008
\$ 10,863,112	\$ 8,817,144	\$ 10,025,892	\$ 9,446,502	\$ 14,777,036	\$ 12,403,133
2,225,488	2,054,034	2,158,409	2,304,226	2,260,022	2,206,087
40,779,887	37,286,519	36,969,841	41,712,851	41,632,067	41,422,094
13,780,817	14,071,989	14,151,854	14,700,661	11,447,145	10,871,899
9,672,978	9,149,895	9,899,309	11,237,024	11,814,474	11,339,107
1,568,970	2,473,833	3,206,527	6,101,231	96,486,490	3,260,995
-	-	-	-	-	-
13,158,074	13,480,497	12,860,069	12,398,040	11,611,485	3,014,307
<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>	<u>84,517,622</u>
24,622,329	20,399,005	21,680,905	22,979,230	22,541,333	22,943,578
1,780,442	1,468,521	1,653,448	2,636,060	4,356,655	7,415,328
-	-	-	-	-	-
<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>30,358,906</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>	<u>\$ 114,876,528</u>
\$ 11,417,822	\$ 11,607,851	\$ 11,639,553	\$ 12,791,944	\$ 13,540,898	\$ 13,082,445
991,278	1,032,788	1,317,073	1,327,287	1,162,867	1,212,838
728,109	880,505	2,014,994	801,870	674,869	714,749
3,055,505	2,835,071	2,695,408	2,622,887	2,675,642	2,433,410
6,300	15,330	-	30,852	93,775	141,100
4,197,108	5,295,120	4,114,266	4,217,444	4,459,484	4,197,229
2,184,401	1,940,111	2,445,242	2,095,270	1,395,463	1,652,886
<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>9,299,281</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>	<u>32,733,938</u>
21,114,955	19,851,753	18,827,593	18,523,097	18,101,886	15,905,011
2,117,900	2,013,713	1,410,322	1,463,498	3,545,235	5,696,054
-	-	-	-	-	(835)
-	-	-	-	-	31,247
<u>2,246,382</u>	<u>589,860</u>	<u>797,086</u>	<u>1,993,711</u>	<u>3,508,720</u>	<u>12,836,482</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>34,467,959</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>67,201,897</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue				
Governmental activities	\$ (27,071,707)	\$ (52,348,300)	\$ (35,614,615)	\$ (13,291,957)
Business-type activities	<u>9,669,922</u>	<u>6,768,150</u>	<u>6,299,533</u>	<u>5,495,571</u>
Total primary government net expense	<u>\$ (17,401,785)</u>	<u>\$ (45,580,150)</u>	<u>\$ (29,315,082)</u>	<u>\$ (7,796,386)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem	\$ 26,361,970	\$ 25,735,620	\$ 24,206,813	\$ 23,423,624
Special assessments - taxes	889,479	1,197,930	1,082,636	1,188,135
Consolidated	23,195,337	22,695,286	20,916,103	19,356,294
Other	17,167,022	16,199,616	15,418,511	14,282,782
Unrestricted investment income	243,579	506,173	254,882	378,347
Other	1,625,010	215,107	584,991	778,449
Transfers	<u>(25,941)</u>	<u>53,047</u>	<u>714,946</u>	<u>342,882</u>
Total governmental activities	<u>69,456,456</u>	<u>66,602,779</u>	<u>63,178,882</u>	<u>59,750,513</u>
Business-type Activities				
Unrestricted investment income	(39,993)	493,674	246,574	454,632
Other	105,642	126,503	154,962	126,653
Transfers	<u>25,941</u>	<u>(53,047)</u>	<u>(714,946)</u>	<u>(342,882)</u>
Total business-type activities	<u>91,590</u>	<u>567,130</u>	<u>(313,410)</u>	<u>238,403</u>
Total primary government activities	<u>\$ 69,548,046</u>	<u>\$ 67,169,909</u>	<u>\$ 62,865,472</u>	<u>\$ 59,988,916</u>
Change in Net Position				
Governmental activities	\$ 42,384,749	\$ 14,254,479	\$ 27,564,267	\$ 46,458,556
Business-type activities	<u>9,761,512</u>	<u>7,335,280</u>	<u>5,986,123</u>	<u>5,733,974</u>
Total primary government change in net position	<u>\$ 52,146,261</u>	<u>\$ 21,589,759</u>	<u>\$ 33,550,390</u>	<u>\$ 52,192,530</u>

Prepared on the accrual basis of accounting.

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

2013	2012	2011	2010	2009	2008
\$ (32,333,203)	\$ (57,286,046)	\$ (48,144,621)	\$ (53,915,817)	\$ (153,400,616)	\$ (51,783,684)
(923,534)	587,800	(2,299,352)	(3,634,984)	(1,742,147)	4,109,053
<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>	<u>\$ (47,674,631)</u>
\$ 23,200,778	\$ 23,935,797	\$ 25,692,651	\$ 29,194,703	\$ 30,028,590	\$ 27,817,931
1,830,467	1,895,243	1,960,106	28,130,914	-	-
18,252,243	17,513,809	16,725,697	16,582,397	18,521,203	22,526,073
13,571,789	11,119,363	11,418,369	9,518,119	6,413,406	4,801,416
3,638	367,254	475,772	1,575,591	3,667,677	3,426,124
776,389	480,804	(4,471,332)	(7,462,151)	3,972,094	4,649,354
465,412	13,273	(183,529)	(2,403,664)	(9,423,035)	(1,188,211)
<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>	<u>62,032,687</u>
19,311	399,619	382,358	1,114,003	1,399,026	2,358,845
191,187	371,133	299,956	235,716	335,532	1,760,475
(465,412)	(13,273)	183,529	2,403,664	9,423,035	1,188,211
<u>(254,914)</u>	<u>757,479</u>	<u>865,843</u>	<u>3,753,383</u>	<u>11,157,593</u>	<u>5,307,531</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>	<u>\$ 67,340,218</u>
\$ 25,767,513	\$ (1,960,503)	\$ 3,473,113	\$ 21,220,092	\$ (100,220,681)	\$ 10,249,003
(1,178,448)	1,345,279	(1,433,509)	118,399	9,415,446	9,416,584
<u>\$ 24,589,065</u>	<u>\$ (615,224)</u>	<u>\$ 2,039,604</u>	<u>\$ 21,338,491</u>	<u>\$ (90,805,235)</u>	<u>\$ 19,665,587</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable		-	333	-
Restricted	-	-	-	-
Assigned	332,086	2,345,634	2,499,431	1,101,885
Unassigned	<u>2,381,986</u>	<u>3,661,772</u>	<u>3,946,852</u>	<u>3,762,386</u>
Total general fund ⁽¹⁾	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</u>	<u>\$ 6,446,616</u>	<u>\$ 4,864,271</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	32,696,433	36,862,093	35,767,128	41,650,718
Committed	913,386	1,073,424	798,424	1,163,684
Assigned	<u>6,407,484</u>	<u>3,429,725</u>	<u>3,993,693</u>	<u>3,443,911</u>
Total all other governmental funds ⁽¹⁾	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</u>	<u>\$ 40,559,245</u>	<u>\$ 46,258,313</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)

2013	2012	2011 ⁽²⁾	2010	2009	2008
\$ -	\$ -	\$ -	\$ 103,542	\$ 145,056	\$ 2,339,619
-	-	-	3,569,096	4,787,612	2,946,258
-	-	-	1,180,678	1,428,367	-
-	1,268	788	-	-	-
-	13,571	346,058	-	-	-
1,693,859	2,153,036	1,336,536	-	-	-
4,113,903	4,324,416	5,161,421	-	-	-
<u>\$ 5,807,762</u>	<u>\$ 6,844,803</u>	<u>\$ 6,844,803</u>	<u>\$ 4,853,316</u>	<u>\$ 6,361,035</u>	<u>\$ 5,285,877</u>
-	-	-	3,042,768	1,817,197	2,745,928
-	-	-	17,203,646	20,778,418	5,846,639
-	-	-	10,689,211	17,217,241	14,734,728
-	-	-	2,020,507	99,033	6,445
-	-	-	2,777,260	1,107,955	190,173
-	-	-	7,885,152	6,166,558	4,284,574
35,210,268	36,390,477	35,551,672	-	-	-
1,040,583	837,136	692,616	-	-	-
3,417,542	3,523,829	4,559,865	-	-	-
<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>	<u>\$ 27,808,487</u>

	2017	2016	2015	2014
Revenues				
Taxes	\$ 29,734,198	\$ 28,969,948	\$ 27,564,923	\$ 32,673,904
Licenses and permits	15,476,836	15,892,828	15,806,282	14,636,255
Intergovernmental revenues	41,886,672	40,724,097	38,096,816	36,101,825
Charges for services	5,713,677	5,186,023	5,107,022	5,460,416
Fines and forfeits	622,678	663,882	653,313	662,907
Miscellaneous	597,537	846,889	435,736	950,298
Total revenues	94,031,598	92,283,667	87,664,092	90,485,605
Expenditures				
General government*	13,009,722	10,979,858	10,113,421	10,013,248
Judicial	2,272,818	1,998,477	2,097,670	1,931,962
Public safety	43,333,646	41,066,025	39,716,955	38,156,786
Public works	4,709,480	4,827,742	4,774,668	4,539,922
Culture and recreation	7,534,030	7,258,973	6,820,522	6,797,156
Community support	994,435	1,802,744	901,936	1,117,381
Intergovernmental	-	-	-	-
Capital outlay	6,726,641	5,918,626	5,082,673	4,077,064
Debt service:				
Principal	7,852,000	7,398,000	13,797,000	13,825,000
Interest	10,165,272	10,920,981	11,208,334	12,003,482
Other	3,141,060	4,366	211,815	150,057
Total expenditures	99,739,104	92,175,792	94,724,994	92,612,058
Excess (Deficiency) of Revenues Over Expenditures	(5,707,506)	107,875	(7,060,902)	(2,126,453)
Other Financing Sources (Uses)				
Capital asset sales	1,096,000	934,000	2,150,000	100,000
Refunding bonds issued	23,158,290	-	-	-
Bonds issued	-	-	-	-
Proceeds of refunding bonds	-	-	7,285,000	7,330,000
Payment to refunded bond escrow	(23,124,790)	-	(7,132,187)	-
Refunded bonds redeemed	-	-	-	-
Discount on bonds issued	(8,500)	-	-	-
Transfers in	7,099,724	6,542,487	5,749,856	6,207,065
Transfers out	(7,154,491)	(7,217,575)	(5,108,490)	(5,864,183)
Prior period adjustment	-	-	-	-
Total other financing sources (uses)	1,066,233	258,912	2,944,179	7,772,882
Net Change in Fund Balances	\$ (4,641,273)	\$ 366,787	\$ (4,116,723)	\$ 5,646,429
Debt service as a percentage of noncapital expenditures	19.4%	21.2%	27.9%	29.2%

* Includes General, Special Revenue, Capital Projects and Debt Service Funds.

City of Sparks
Schedule 1.4 – Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)

2013	2012	2011	2010	2009	2008
\$ 26,825,221	\$ 27,612,851	\$ 29,467,590	\$ 32,410,994	\$ 31,274,738	\$ 28,978,465
13,878,721	13,721,762	13,238,303	13,669,551	14,689,530	14,683,887
35,016,415	31,605,381	31,505,744	29,576,686	27,967,425	28,457,097
5,366,208	6,303,327	7,168,837	8,147,497	8,506,396	10,038,096
686,356	707,145	923,884	965,408	994,119	1,030,249
440,595	1,624,222	2,187,918	2,240,126	6,238,845	3,222,787
82,213,516	81,574,688	84,492,276	87,010,262	89,671,053	86,410,581
9,484,391	9,538,767	9,303,631	9,766,563	15,469,427	12,925,180
1,976,186	1,972,078	2,060,499	2,087,748	2,106,624	2,102,867
35,632,227	35,869,222	35,178,504	37,207,229	37,831,695	38,668,242
5,737,079	6,274,814	7,983,441	9,028,720	8,401,507	8,347,228
6,365,455	6,501,064	6,990,564	7,952,673	9,048,897	9,379,399
725,288	1,619,322	2,011,557	5,188,476	95,685,899	2,376,365
-	259,051	295,331	378,557	522,230	555,090
6,920,081	3,228,900	5,672,383	14,080,842	31,682,011	35,791,802
6,080,000	5,665,000	5,120,000	5,375,177	3,022,679	3,022,746
11,135,169	10,068,803	10,427,468	11,808,027	10,115,441	2,674,877
95,898	95,907	148,273	517,375	2,543,061	219,354
84,151,774	81,092,928	85,191,651	103,391,387	216,429,471	116,063,150
(1,938,258)	481,760	(699,375)	(16,381,125)	(126,758,418)	(29,652,569)
88,258	-	-	(173,812)	7,250	-
-	-	-	-	-	-
-	-	4,180,000	31,948,734	147,774,213	-
-	-	-	-	-	-
-	-	-	(22,176,160)	-	-
-	-	(4,120,000)	-	-	-
-	-	-	-	-	-
4,643,725	4,699,972	4,911,833	7,109,022	10,650,405	10,469,999
(4,561,303)	(4,582,435)	(5,095,362)	(8,562,739)	(11,220,378)	(10,332,628)
-	(1,004,520)	-	3,160,503	-	-
170,680	(886,983)	(123,529)	11,305,548	147,211,490	137,371
\$ (1,767,578)	\$ (405,223)	\$ (822,904)	\$ (5,075,577)	\$ 20,453,072	\$ (29,515,198)
22.3%	20.2%	19.6%	19.2%	7.1%	7.1%

Fiscal Year Ended June 30,	Real Property Assessed Value			
	Residential	Commercial	Industrial	Other
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
2008	1,952,803,244	401,235,400	344,528,709	141,011,115

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
\$ 5,524,826	\$ 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
4,511,962	134,654,704	2,709,435,726	7,741,244,931	35.00%	0.9161

	2017	2016	2015	2014
City of Sparks Direct Rate				
Operating Rate	0.7109	0.7109	0.7109	0.6672
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1384
Debt Service	0.0000	-	-	-
Total City of Sparks Direct Rate	0.9598	0.9598	0.9598	0.9161
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	0.1700	0.1700	0.1700	0.1700
Total Overlapping Rates	2.7002	2.7002	2.7002	2.7002
Total City of Sparks Property Tax Rate	3.6600	3.6600	3.6600	3.6163
Redevelopment Agency of the City of Sparks	3.2085	3.2085	3.194	3.1238

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)

2013	2012	2011	2010	2009	2008
0.6672	0.6672	0.6672	0.6372	0.6372	0.6372
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1284	0.1284	0.1284
-	-	-	0.0400	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	0.0005	0.0004	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>2.7007</u>	<u>2.7006</u>	<u>2.7006</u>	<u>2.7006</u>
<u>3.6163</u>	<u>3.6163</u>	<u>3.6168</u>	<u>3.6167</u>	<u>3.6167</u>	<u>3.6167</u>
<u>3.1336</u>	<u>3.1336</u>	<u>3.2075</u>	<u>3.2294</u>	<u>3.2525</u>	<u>3.6167</u>

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

Taxpayer	2017			2008		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Sparks Legends Develepoment LLC	\$ 23,998,502	1	0.91%	\$ 13,906,200	6	0.51%
BPH I LLC.	18,919,737	2	0.72%	-	-	-
Northwest Mutual Life	15,019,500	3	0.57%	16,923,833	3	0.62%
ICON Reno Property Owner Pool 3	14,711,826	4	0.56%	-	-	-
Prime Park Vista LLC	13,390,714	5	0.51%	13,083,331	7	0.48%
RCG-Sparks LLC	12,655,140	6	0.48%	-	-	-
Waterstone Village LLC	12,377,851	7	0.47%	-	-	-
Scheels All Sports Inc	12,267,340	8	0.46%	-	-	-
Oakmont Properties Trails	12,018,659	9	0.45%	-	-	-
Westcore II Reno Portfolio	11,835,429	10	0.45%	-	-	-
Prologis NA3 LLC	-	-	-	46,614,451	1	1.72%
Sparks Nugget, Inc.	-	-	-	26,970,779	2	1.00%
Reynem & Bardis LLC	-	-	-	14,798,805	4	0.55%
AIG Baker Sparks, LLC	-	-	-	14,064,626	5	0.52%
Prologis Trust	-	-	-	12,183,660	8	0.45%
US Inst Real Estate Equities LP	-	-	-	10,778,086	9	0.40%
Waterstone LLC	-	-	-	10,437,871	10	0.39%
Total, Ten Largest Taxpayers	147,194,698		5.57%	179,761,642		6.63%
Total, Other Taxpayers	2,497,270,662		94.43%	2,529,674,084		93.37%
Total Assessed Valuations	\$ 2,644,465,360		100.00%	\$ 2,709,435,726		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
2017	\$ 23,805,924	\$ 23,725,954	99.66%	\$ -	\$ 23,725,954	99.66%
2016	23,092,284	23,012,450	99.65%	63,600	23,076,050	99.93%
2015	22,185,805	22,076,170	99.51%	97,089	22,173,259	99.94%
2014	22,220,370	21,302,629	95.87%	908,353	22,210,982	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%
2008	25,041,290	24,353,835	97.25%	670,319	25,024,154	99.93%
2007	22,887,429	22,692,847	99.15%	188,039	22,880,886	99.97%

Note: Property taxes are collected by the County and remitted periodically throughout the fiscal year. Delinquent tax collections paid to the City in the current year are allocated to the year levied for this presentation. Includes Redevelopment Agency Areas No. 1 & 2.

Fiscal Year Ended June 30,	General Bonded Debt								
	General Obligation		Redevelopment		Total General Bonded Debt	Available to Repay General Bonded Debt	Net General Bonded Debt	Percentage of Actual Property Value ⁽¹⁾	Per Capita ⁽²⁾
	Bonds	Notes	Bonds	Notes					
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
2008	8,855,000	-	23,905,000	-	32,760,000	-	32,760,000	0.42%	366.24

⁽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⁾
\$ 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
15,425,177	4,332,661	45,485,848	11,606,160	109,609,846	0.54%	\$1,225.39

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City of Sparks
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2017 (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	108,853,102	108,853,102	100.00%	108,853,102
Tax allocation bonds & notes	<u>40,340,988</u>	<u>40,340,988</u>	100.00%	<u>40,340,988</u>
Total direct debt	<u>149,194,090</u>	<u>149,194,090</u>		<u>149,194,090</u>
Overlapping				
Washoe County School District	516,233,000		14.49%	74,802,162
Washoe County	147,539,000	42,785	14.49%	21,378,401
State of Nevada	<u>1,379,760,000</u>	<u>295,593</u>	2.49%	<u>34,356,024</u>
Total overlapping debt	<u>2,043,532,000</u>	<u>338,378</u>		<u>130,536,587</u>
Total general obligation direct and overlapping debt	<u><u>\$ 2,192,726,090</u></u>	<u><u>\$ 149,532,468</u></u>		<u><u>\$ 279,730,677</u></u>

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, 2017

Assessed value of taxable property, including redevelopment				<u>\$ 2,822,113,336</u>
Debt limit (20% of assessed value)				\$ 564,422,667
Debt applicable to limit				
Governmental GO Debt				-
Business-type Activities GO Debt			<u>42,145,498</u>	
Total Net Debt Subject to Limitation				<u>42,145,498</u>
Legal debt margin				<u>\$ 522,277,169</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 564,422,667	\$ 493,984,971	\$ 479,349,402	\$ 434,121,479
Total net debt subject to limitation	<u>42,145,498</u>	<u>47,852,980</u>	<u>41,412,458</u>	<u>46,638,450</u>
Available General Obligation				
Debt Limit	<u>\$ 522,277,169</u>	<u>\$ 446,131,991</u>	<u>\$ 437,936,944</u>	<u>\$ 387,483,029</u>
Total Net Debt Subject to Limitation				
as a Percentage of Debt Limit	<u>7.5%</u>	<u>9.7%</u>	<u>8.6%</u>	<u>10.7%</u>

Note: The legal debt limit is set forth in the City Charter Article VII Sec 7.010

Data is also available in published Debt Management Policy on file with the City of Sparks.

City of Sparks
 Schedule 3.3 – Legal Debt Margin Information
 Last Ten Fiscal Years (Unaudited)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 434,924,468	\$ 454,847,772	\$ 484,829,014	\$ 533,284,495	\$ 632,318,529	\$ 577,133,630
<u>51,701,282</u>	<u>56,607,529</u>	<u>61,350,874</u>	<u>63,188,994</u>	<u>53,072,257</u>	<u>54,340,852</u>
<u>\$ 383,223,186</u>	<u>\$ 398,240,243</u>	<u>\$ 423,478,140</u>	<u>\$ 470,095,501</u>	<u>\$ 579,246,272</u>	<u>\$ 522,792,778</u>
<u>11.9%</u>	<u>12.4%</u>	<u>12.7%</u>	<u>11.8%</u>	<u>8.4%</u>	<u>9.4%</u>

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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⁾							
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
2008	19,381,936	14,204,851	5,177,085	2,808,756	1,385,377	4,194,133	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⁾
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%
2008	89,449	35.41	18,724,280,000	44,936	6.5%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- ⁽¹⁾ Nevada Department of Taxation population data base adjusted for years 2013-2016 on updated information.
- ⁽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⁾
18,780	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
18,505	6,999	3,636	278,342,064

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

Employer	March, 2017			2008		
	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment
Sparks Nugget, Inc.	1000-1499	1	0.55%	2000-2499	1	1.03%
United Parcel Service	1000-1499	2	0.55%	1000-1499	2	0.57%
City of Sparks	600-699	3	0.29%	900-999	3	0.44%
Henry Schein	500-599	4	0.20%	400-499	9	0.21%
Northern Nevada Medical Center	500-599	5	0.20%	-	8	-
Western Village Inn & Csino	400-499	6	0.20%	-	5	-
Q&D Consturction	400-499	7	0.20%	600-699	4	0.30%
Ozburn-Hessey Logistics LLC	300-399	8	0.16%	-	-	-
Sanmar Corporation	300-399	9	0.16%	-	-	-
Rail City	200-299	10	0.11%	400-499	8	0.21%
Baldini's Sports Casino	-	-	-	500-599	6	0.25%
Walmart	-	-	-	500-599	9	0.25%
Granite Construction	-	-	-	400-499	10	0.21%
Total Reno/Sparks Metropolitan Area Covered Employment ⁽²⁾	225,306			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.

<u>Function</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government	58.6	59.7	56.5	55
Judicial	47	17	15.5	15.5
Public safety	250.3	245.3	241	243
Public works	21.0	21.5	42.7	52.5
Culture and recreation	93	91	53	82
Community support	0.1	-	-	-
Utilities	95.2	93.6	91	77
Development services	29.3	23.9	18.5	18
Total	<u>594.5</u>	<u>552.0</u>	<u>518.2</u>	<u>543</u>

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)

2013	2012	2011	2010	2009	2008
57.5	57.5	69.5	77	62	73
15.5	15.5	15	17	17	17
243	243	235	249	322	322
95.5	95.5	22	42	50	50
100.5	100.5	140.5	172.5	156.3	156
-	-	-	-	-	-
37	37	82	86	118	118
10	10	15.5	5	10	10
<u>559</u>	<u>559</u>	<u>579.5</u>	<u>648.5</u>	<u>735.3</u>	<u>746.0</u>

Function/Program	2017	2016	2015	2014
General Government				
Business licenses issued ⁽³⁾	7,694	6,966	7,053	6,529
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,731	1,778	1,999	1,923
Traffic and parking violations	4,140	4,366	4,635	5,158
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	112	110	108	108
Number of cases	12,283	11,815	12,656	11,850
Calls for service	78,604	80,345	79,176	76,962
Fire ⁽⁶⁾				
Number of firefighters	86	86	86	87
Emergency responses	13,724	12,882	11,163	10,055
Average response time (minutes)	3.7	6.3	5.4	5.5
Public Works ⁽⁷⁾				
Labor hours for graffiti removal	1,565	1,623	2,180	2,427
Pounds of material used for filling potholes	12,789	13,365	15,211	16,254
Tons of sand used during snow removal	279	428	145	350
Pounds of material used for pavement crack sealing	298,160	205,705	57,756	283,600
Street sweeper operator miles	8,238.0	8,872	10,190	9,509
Culture and Recreation ⁽⁸⁾				
Adult softball league number of participants	85,812	71,211	67,692	82,840
Before and after school program enrollment	15,937	15,933	15,319	15,265
Community "Fun Run" number of participants	1,720	1,054	2,330	2,303
Utilities				
Sewer residential accounts ⁽³⁾	29,494	29,647	28,956	28,643
Sewer commercial accounts ⁽³⁾	1,816	1,813	1,803	1,790
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	10,918.7	9,879	9,787	9,706
Development Services ⁽²⁾				
Building permits issued	3,636	3,712	3,581	2,579

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)

2013	2012	2011	2010	2009	2008
7,067	6,084	4,956	6,592	6,850	6,999
1,977	1,999	2,320	2,575	2,404	1,949
5,044	4,945	7,618	8,297	8,079	8,426
108	105	105	116	116	118
11,845	11,598	12,400	14,422	17,177	18,049
76,566	79,568	77,554	81,531	86,066	89,978
87	87	89	89	91	108
9,415	8,831	8,198	7,698	7,610	7,829
5.5	5.4	4.9	5.0	4.9	5.0
2,045	1,369	1,854	2,025	2,060	2,456
112,979	154,592	N/R	N/R	N/R	70,319
804	187	452	1,098	964	1,263
255,159	152,445	168,147	171,817	168,448	202,304
9,458	1,372	700	698	690	670
78,086	69,436	65,839	69,942	73,647	73,239
14,465	14,302	12,010	12,087	12,844	16,108
2,400	1,885	1,739	1,820	1,994	2,062
29,127	28,975	28,794	28,669	28,477	28,342
1,730	1,723	1,709	1,701	1,687	1,656
10,227	10,659	9,626	9,716	10,237	10,744
2,393	2,463	1,763	2,007	2,579	3,636

Function/Program	2007	2016	2015	2014
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	425	460	408	352
Public Safety				
Police ⁽²⁾				
Marked police vehicles	33	30	30	30
Police motorcycles	10	6	5	5
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	17	17	17	17
Public Works ⁽¹⁾				
Paved streets (miles)	750.0	734.1	656.0	656.0
Culture and Recreation ⁽⁴⁾				
Parks	50	52	56	56
Acreage of parks - developed	618.6	616.0	591.0	591.0
Acreage of parks - undeveloped	579.2	582.4	616.0	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	7	8
Utilities ⁽¹⁾				
Sewer lines (miles)	359.8	357.5	356.1	395.0
Storm drains (miles)	259.8	254.7	253.7	250.0

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)

2013	2012	2011	2010	2009	2008
48	48	48	48	48	48
352	352	400	463	463	463
29	29	29	29	29	29
5	5	5	6	5	5
5	5	5	5	5	5
17	17	17	17	15	15
656.0	656.0	656.0	656.0	652.0	665.0
56	56	55	55	55	55
591.0	591.0	587.0	583.0	577.9	576.0
693.7	697.0	697.0	697.7	699.7	419.0
1	1	2	2	2	2
2	2	1	1	1	1
26	24	24	24	24	24
28	28	28	14	14	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
34	34	34	21	21	21
4	4	3	3	3	3
0	1	1	1	1	1
10	10	10	10	10	10
346.8	346.8	344.8	345.8	337.1	327.4
248.6	248.6	247.3	246.0	231.6	211.3

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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, 2017, 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 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2017-A that we consider to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2017-B to be a significant deficiency.

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*.

City of Sparks, Nevada's Responses to Findings

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

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 28, 2017



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 the Major Federal Program

We have audited City of Sparks, Nevada's (the City's) 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, 2017. The City's major federal program is 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 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of 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 28, 2017



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, 2017, 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 28, 2017

City of Sparks
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

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-16-MC-32-0004	\$ 506,542	\$ 25,000
Community Development Block Grants / Entitlement Grants	14.218	B-15-MC-32-0004	393,674	-
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-32-0004	165,291	-
Community Development Block Grants / Program Income	14.218	--	83,262	-
Total U.S. Department of Housing and Urban Development			1,148,769	25,000
U.S. Department of Justice				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	2016 / 2017 BVP	8,676	-
Public Safety Partnership and Community Policing	16.710	2015UMWX0047	86,673	-
Equitable Sharing Program	16.922		186,136	-
			281,485	-
Pass-through from City of Reno				
Justice Assistance Grant Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0392	26,170	-
Pass-through from State of Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-25	14,706	-
			40,876	-
Pass-through from State of Nevada Office of the Attorney General				
Violence Against Women Formula Grant	16.588	2015-WF-AX-0030/ 2015-KF-AX-0056	63,258	-
Total U.S. Department of Justice			385,619	-
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-2017-SPD-0009	11,586	-
State and Community Highway Safety	20.600	JF-2017-SPD-0009	21,514	-
National Priority Safety Programs	20.616	JF-2016-SPD-00005	10,134	-
Total Highway Safety Cluster			43,234	-
Total U.S. Department of Transportation			43,234	-
Executive Office of the President				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G14NV0001A	13,640	-
Total Executive Office of the President			13,640	-

City of Sparks
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

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				
Homeland Security Grant Program	97.067	HL5	\$ 2,786	\$ -
Disaster Grants - Public Assistance	97.036	PA-09-NB-4303-PW-0019	32,360	-
Total U.S. Department of Homeland Security			35,146	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,626,408	\$ 25,000

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.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	Yes
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:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

**2017-A Financial Statement Preparation and Application of Generally Accepted Accounting Principles
Material Weakness**

<i>Criteria</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is complete and accurate preparation of full disclosure financial statements in accordance with accepted accounting principles generally accepted in the United States of America (GAAP).
<i>Condition</i>	<p>In conjunction with the completion of our audit, we were requested to draft the financial statements, assist with the conversion of the fund financial statements to government-wide financial statements, and prepare some of the accompanying notes to those financial statements in order for the financial statements and related footnote disclosures to be presented in accordance with GAAP.</p> <p>Although the preparation of financial statements as a part of the audit engagement is not unusual, it may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by City personnel. In addition, the absence of effective controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected in a timely manner. During our audit we proposed adjustments to correct amounts in the City’s working trial balance for proper reporting in the City’s financial statements and related footnote disclosures. These audit adjustments may have been detected and corrected by plan management had the financial statements and related footnote disclosures been prepared internally by City staff.</p>
<i>Cause</i>	<p>Due to a shortage of personnel in the City’s Financial Services Department that have sufficient training in the unique and complex aspects of financial reporting for governments, the City has chosen to contract with Eide Bailly LLP to prepare its financial statements and related financial statement disclosures.</p> <p>In addition, secondary review of City balances reflected in the working trial balance does not appear to be occurring in sufficient detail to identify material errors in statement of net position and balance sheet accounts reflected in the City’s working trial balance.</p>
<i>Effect</i>	The City’s financial records required material audit adjustments in order for the financial statements to be presented in accordance with GAAP. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by City personnel.

Recommendation We recommend personnel involved in accounting and financial reporting for the City continue to obtain training in the preparation of financial statements and related financial statement disclosures and consider preparation of the financial statements and related footnote disclosures internally by City staff.

In addition, we recommend enhancement of detective controls over the financial reporting process via secondary review of City balances in sufficient detail to identify material errors in statement of net position and balance sheet accounts reflected in the City's working trial balance.

View of Responsible Officials Management agrees with this finding.

2017-B Computer Controls for Secondary Review of Journal Entries and Data Input Significant Deficiency

Criteria The design of system controls requiring secondary review of adjustments/postings to the financial reporting software should be in place to provide safeguards over City assets and reduce the risk of misstatements in financial reporting for the City.

Condition Journal entries posted by key City of Sparks Financial Services Department management personnel is such that the system will allow journal entries to be posted without secondary review of those entries. Also, budgetary balances and adjustments posted by key Financial Services Department management personnel are posted without secondary review of those entries.

Cause Inadequate design of information technology application controls to detect and correct unauthorized transactions in the City of Sparks' financial reporting software, as general journal entries and budget balances can be posted in the general ledger without secondary review.

Effect Unauthorized or inaccurate transactions could occur in the City's financial reporting software and not be detected.

Recommendation Management should examine controls over financial reporting software and implement secondary approval of adjustments/postings in the financial reporting software.

Views of Responsible Officials Management disagrees with this finding.

Section III – Federal Award Findings and Questioned Costs

**2017-001 U.S. Department of Housing and Urban Development:
 Community Development Block Grant – Entitlement Grants Cluster:
 Community Development Block Grants/Entitlement Grants, CFDA 14.218**

**Special Tests – Wage Rate Requirements
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*) requires that non-Federal entities include in their construction contracts, a requirement that the contractor complies with the requirements of the Department of Labor regulations regarding Wage Rate Requirements. This includes a requirement for the contractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition: Our testing of two construction contracts included reviewing the bid document and contract for the Wage Rate Requirement provisions, and reviewing the payroll data received and monitored by City of Sparks for the contractor. We noted several instances where the payrolls were received by the City more than one week after the end of the contractor’s weekly payroll.

Cause: Adequate control procedures were not in place to ensure that all required certified payrolls were timely received as prescribed.

Effect: Material noncompliance by a contractor or subcontractor could occur and not be detected or followed up on by the City in a timely manner.

Questioned Costs: None reported.

Context/Sampling: No sampling was performed, given that only two construction contracts were eligible for testing over Wage Rate Requirement provisions.

Repeat Finding from Prior Year(s): Yes – Finding 2016-001

Recommendation: We recommend that the City enhance procedures to ensure that certified payrolls are received as required.

Views of Responsible Officials: Management agrees with the finding.