

RESOLUTION AUTHORIZING THE FINANCIAL SERVICES DEPARTMENT TO ESTABLISH AN INTERFUND LOAN TO THE GENERAL FUND FROM THE MOTOR VEHICLE MAINTENANCE FUND OF THE CITY OF SPARKS AS NECESSARY FOR GENERAL FUND CASH FLOW PURPOSES

WHEREAS, the City Council of the City of Sparks, for fiscal year 2018-2019, approved a budgeted beginning fund balance in the General Fund of 8.1 percent of budgeted expenditures, and

WHEREAS, the Financial Services Department has determined that a beginning fund balance approximately equal to 12.5 percent of annual expenditures is necessary to meet General Fund cash flow needs without the use of extraordinary measures, and

WHEREAS, a General Fund balance of 8.1 is lower than 12.5% which is necessary to meet cash flow needs and is below the General Fund balance policy of 8.3 percent as set by the City Council of the City of Sparks, and

WHEREAS, per Nevada Revised Statute 361.745, real property tax receipts are distributed to the City in four installments, which are not equally distributed across the fiscal year, and

WHEREAS, extraordinary measures of cash management including but not limited to advance property tax distributions available per Nevada Administrative Code 354.280 may not be sufficient at the time that cash is needed, and

WHEREAS, an interfund loan may be necessary to meet temporary cash flow needs, and

WHEREAS, NRS 354.6118 (the "Act") requires the City hold a public hearing and make certain determinations before making an interfund loan, and

WHEREAS, the ability to predict cash needs and hold a public hearing before cash outlay for expenditures is not practicable, and

WHEREAS, approval from Council to issue an interfund loan(s) as necessary is required.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sparks that an interfund loan(s) up to the amount of \$1,200,000 from the Motor Vehicle Maintenance Fund to the General Fund is herein authorized to be made as necessary to meet cash needs through June 30, 2019, and

- Section 1. Pursuant to the Act, the City hereby determined at the public hearing that:
- (a) A sufficient amount of money is available for the loan and that money is not restricted as to its use; and
 - (b) The loan will not compromise the economic viability of the Motor Vehicle Maintenance Fund from which the money is loaned.
- Section 2. Pursuant to the Act, the City hereby determined at the public hearing that:
- (a) The loan is to be repaid no later than ninety (90) days after it is made; and
 - (b) The amount of the loan, up to \$1,200,000, will be repaid from legally available funds of the City that are deposited into the General Fund over the term of the loan; and
 - (c) No interest will be charged for this loan, and for its duration, interest income will be paid to the General Fund only on its cash balance that exceeds the outstanding loan amount.

RESOLUTION NO. _____

INTRODUCED BY COUNCIL

PASSED AND ADOPTED on this 9th day of July, 2018 by the following vote of the City Council.

AYES _____

NAYS _____

ABSENT _____

ABSTAIN _____

APPROVED this 9th day of July, 2018.

Geno R. Martini
Mayor

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

By _____
Teresa Gardner
City Clerk

By _____
Chester Adams
City Attorney