



CITY OF SPARKS
NEVADA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended June 30, 2019

	PAGE
Introductory Section	
Chief Financial Officer's Letter of Transmittal.....	1
Organizational Chart.....	7
Principal Officials of the City of Sparks, Nevada.....	8
Certificate of Achievement for Excellence in Financial Reporting.....	9
Financial Section	
Independent Auditor's Report.....	10
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	27
Statement of Activities.....	28
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	30
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities.....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund..	34
Statement of Net Position - Proprietary Funds.....	37
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	39
Statement of Cash Flows.....	40
Statement of Fiduciary Net Position.....	42
Notes to the Financial Statements.....	43
Required Supplementary Information	
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Other Related Ratios.	79
Schedule of City's Share of Net Pension Liability.....	80
Schedule of City's Contributions.....	82
Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	85
Nonmajor Special Revenue Funds	
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Community Development Block Grant Fund.....	91
Community Development Entitlement Grant Fund.....	92
Sparks Grants and Donations Fund.....	93

	PAGE
Tourism and Marketing Fund.....	94
Parks and Recreation Program Fund.....	95
Court Administrative Assessment Fund.....	96
Street Cut Fund.....	97
Impact Fee Service Area No. 1 Fund.....	98
Tourism Improvement District 1 Fund.....	99
Stabilization Fund.....	100
Debt Service Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Obligation Fund.....	102
Combining Balance Sheet - Nonmajor Debt Service Funds.....	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds.....	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Redevelopment Agency Area No. 1 Tax Revenue Fund.....	105
Redevelopment Agency Area No. 2 Debt Service Fund.....	106
Capital Projects Funds	
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Recreation and Parks District 1 Fund.....	112
Recreation and Parks District 2 Fund.....	113
Recreation and Parks District 3 Fund.....	114
Road Fund.....	115
Capital Projects Fund.....	116
Capital Facilities Fund.....	117
Parks and Recreation Project Fund.....	118
Local Improvement District 3 Fund.....	119
Redevelopment Agency Area No. 1 Revolving Fund.....	120
Redevelopment Agency Area No. 2 Revolving Fund.....	121
Victorian Square Room Tax Fund.....	122
Enterprise Funds	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual Sewer Operations Fund.....	124
Development Services Fund.....	125
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds.....	127
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds.....	129
Combining Statement of Cash Flows - Internal Service Funds.....	131
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual Motor Vehicle Maintenance Fund.....	135
Group Insurance Self-Insurance Fund.....	136
Workers' Compensation Insurance Fund.....	137

	PAGE
Municipal Self-Insurance Fund.....	138
Fiduciary Funds	
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	140
Statistical Section (Unaudited)	
Financial Trends	
Schedule 1.1 - Net Position by Component.....	143
Schedule 1.2 - Changes in Net Position.....	145
Schedule 1.3 - Fund Balances, Governmental Funds.....	149
Schedule 1.4 - Changes in Fund Balances - Governmental Funds.....	151
Revenue Capacity	
Schedule 2.1 - Assessed and Estimated Value of Taxable Property.....	153
Schedule 2.2 - Direct and Overlapping Property Tax Rates.....	155
Schedule 2.3 - Ten Largest Assessed Valuations.....	157
Schedule 2.4 - Property Tax Levies and Collections.....	158
Debt Capacity	
Schedule 3.1 - Ratios of Outstanding Debt by Type.....	159
Schedule 3.2 - General Obligation Direct and Overlapping Debt.....	161
Schedule 3.3 - Legal Debt Margin Information.....	162
Schedule 3.4 - Pledged Revenue Coverage.....	164
Demographic and Economic Information	
Schedule 4.1 - Demographic and Economic Statistics.....	165
Schedule 4.2 - Principal Employers.....	167
Operating Information	
Schedule 5.1 - Full Time Equivalent City Government Employees by Function.....	168
Schedule 5.2 - Operating Indicators by Function/Program.....	170
Schedule 5.3 - Capital Assets Statistics by Function/Program.....	172
Compliance Section	
Independent Auditor's Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	176
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	178
Auditor's Comments.....	180
Schedule of Expenditures of Federal Awards.....	181
Schedule of Findings and Questioned Costs.....	183
Schedule of Fees Imposed Subject to NRS 354.5989 - Limitation of Fees for Business Licenses.....	188

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November 27, 2019

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, 2019, 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 2017-2018.
2. **Financial Section** - this section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and related footnotes, combining and individual statements for major and nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found beginning on page 14, immediately following the Independent Auditor's Report.

3. **Statistical Section** - the Statistical Section is also unaudited and includes selected financial and demographic information, generally presented on a multi-year basis.
4. **Compliance Section** - the Compliance Section includes the annual Single Audit Report by the independent auditor on the City's compliance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Also included are the Schedule of Expenditures of Federal Awards and the Schedule of Findings and Questioned Costs. Additionally, the auditor's report on the internal control structure and compliance with laws and regulations is included as required by Government Auditing Standards.

Profile of the Government

The City of Sparks, incorporated in 1905, with an estimated population of 96,928, 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 ward-only as representatives of specific City Wards and serve as the legislative powers of the City. All legislative powers of the City as outlined in the municipal charter, Nevada Revised Statutes and State Constitution are vested in the City Council.

The City provides a full range of municipal services including police services; fire protection and paramedic services; the construction and maintenance of streets, traffic engineering and infrastructure; recreational activities and cultural events; wastewater treatment; and planning and zoning for new development. The City does not operate hospitals, schools or libraries. Utilities, such as gas and electric services, are provided by a privately owned utility. The City, as a member of a joint powers authority called the Truckee Meadows Water Authority, acquired an interest in the water service division of Sierra Pacific Power Company (now called NV Energy) on June 11, 2001. Washoe County and the City of Reno are the other members of the Authority. Sewer service and wastewater treatment are provided by the Truckee Meadows Water Reclamation Facility, a joint venture between the Cities of Reno and Sparks which is not a component unit for financial reporting purposes in either entity in accordance with the pronouncements of the Governmental Accounting Standards Board.

This report includes all funds of the primary government (City of Sparks) as well as its blended component unit. A blended component unit is a legally separate entity but in substance, is part of the City's operations and is included as part of the governmental funds of the city. The Redevelopment Agency, Areas No. 1 and No. 2, of the City of Sparks is considered the City's blended component unit. The Redevelopment Agency is an organization for which the primary government is financially accountable, and whose governing body is substantially the same as the City's. All five City Council members comprise the governing body for the Agency. The Mayor, who cannot vote on City agenda items, is a voting Agency member.

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created January 23, 1978. The state's first redevelopment district was set to expire after 30 years under existing statutory limits. However, subsequent Legislative actions allowed for the extension of the district's term for 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 fiscal year 2022-2023.

On June 28, 1999, a second redevelopment district was created, Redevelopment Agency Area No. 2. The newer district is comprised of three noncontiguous areas - the Marina Park area, Oddie Boulevard area (an aging commercial/industrial strip along a state-controlled roadway with poor access) and the so-called Conductor Heights (south-west industrial) section, one of the oldest in Sparks, where very small residential lots have become interspersed with commercial uses. Fiscal year 1999-2000 established base year values for the second redevelopment district. A special assessment district was formed in 2002 to construct infrastructure needed for new development to the marina area. Redevelopment Agency Area No. 2 is set to expire in fiscal year 2028-2029.

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 Chief Financial Officer to submit a tentative budget for the ensuing fiscal year to the Nevada Department of Taxation by April 15. The Department notifies the City whether or not the budget is in compliance with the law and related regulations. The City is required to hold a public hearing to review public input on the tentative budget no sooner than the third Monday in May and not later than the last day in May. The City Council must adopt a final budget no later than June 1, which is then filed with the Department of Taxation. State statutes allow for the local government entities to file amended final budgets for a fiscal year which is impacted by actions approved by the Nevada State Legislature.

Local Economy

The region's economy has long relied on consumption-related activities such as construction, tourism, and gaming, and the area, known as the Truckee Meadows, offers an extensive array of hotel and casino options as well as vast recreational opportunities.

Since the Great Recession, stabilization of the local economy has been fueled by a rebound in property values which have resulted in improved City revenues. In addition, revenues from the collection of Consolidated Taxes, which is comprised mostly of sales taxes, are projected to be higher than pre-recession collections for the third consecutive year. Looking forward to fiscal year 2019-2020, City Council approved a budget that anticipates a 5.5% increase in total General Fund revenue compared to fiscal year 2018-2019 estimates prepared in the Spring of 2019 as part of the fiscal year 2019-2020 budget process.

The Reno-Sparks Metropolitan Statistical Area is attracting technology-driven companies and is now home to several large and influential companies including Apple, Google, Amazon, Tesla, Switch, Clear Capital, Flirtey, and others. *Nevada Business Magazine* states that Nevada has experienced the greatest employment growth of all U.S. states and expects that Northern Nevada should see another nine to ten thousand jobs added in calendar year 2019, which would make the fifth year of solid job growth.

The growth in companies locating to the area has improved the local economy and created a demand for housing which will have to be met in order to prevent the shifting of jobs to other more affordable areas. The population of Sparks has grown an additional 1.3% in the last year. To meet the growing population needs, housing permit activity within Sparks has shifted from single family homes to multi-family homes. In fiscal year 2018, 471 single family home permits were issued, and 534 multi-family units were permitted. In fiscal year 2019, 334 single family home permits were issued, and 747 multi-family units were permitted, representing a year-over-year decrease of twenty-nine percent and increase of forty percent respectively.

However, the resulting expected growth in existing property assessed value is expected to outpace the property tax growth that is allowed under Nevada property depreciation and tax cap laws.

The property tax cap laws that were implemented by the Nevada Legislature in 2005 (AB 489) resulted in unintended and unanticipated consequences. Specifically, the laws currently provide for a “ceiling” that limits property tax revenue growth to 8% for general property (essentially defined as all non-owner occupied property) and 3% for residential (owner occupied) property, yet does not provide for a similar “floor” limiting property tax revenue declines should property valuations dramatically decline (as they did during the great recession). Furthermore, the property tax cap formulas put limitations on tax revenue by way of a secondary calculation that is based on the greater of the 10-year rolling average of assessed value growth in the county or two times the Consumer Price Index (CPI).

Fiscal year 2019-2020 is the first year that assessed values have exceeded the pre-recession values of fiscal year 2008-2009. However, due to extremely low growth and inflation in the last 10 years, the secondary property tax cap calculation will result in property tax revenue growth of only 4.8% on general property rather than the 8% cap in fiscal year 2019-2020. Any assessed value increases for existing property that is above the cap of 3% for residential and 4.8% for general property will be abated. Additionally, depreciation is applied to land improvements at 1.5% each year up to 50 years, resulting in a maximum cumulative depreciation rate of 75%.

Thus, the combination of property tax caps and depreciation of land improvements, has led Nevada local governments to rely upon property tax revenue generated from new development (which is exempt from property tax cap laws and depreciation during the first year on the tax rolls) to help keep pace with inflation of the cost to provide services. Thus, the property tax laws in their current form have resulted in a situation whereby property tax revenues are not keeping pace with the overall economic recovery and are hindering the ability of local governments throughout Nevada to meet the growing service needs within their communities.

In fiscal year 2015, the Sparks City Council approved an increase of the City’s operating property tax rate from \$.9161 to .9598 per \$100 of assessed value. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall tax rate is at the statutory cap of \$3.66. This includes two cents that were added to the state tax rate for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.

On July 1, 2017 the State of Nevada legalized the purchase of recreational marijuana. The City of Sparks currently has three licensed distributors whose quarterly renewal of business license fees are based on gross receipts. Due to the unpredictable nature of the revenues and a conservative approach to budgeting in fiscal year 2019 the licensing revenue was allocated to provide funding for non-recurring capital expenses. In addition to licensing revenue, the City receives a modest distribution from the State to help mitigate expenses expected to be incurred related to the legalization of recreational marijuana.

Long-Term Financial Planning

The City uses a multi-year financial forecasting model to assist with budget and capital planning. The City has also completed a comprehensive facilities plan, which will guide City capital spending priorities and help to formulate the five-year Capital Improvement Plan (CIP). The CIP is updated annually in conjunction with the budget process, and is integrated with the City's budget upon adoption of the plan.

Relevant Financial Policies

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 2018-2019, the average interest rate earned on investments maturing during the year was 2.33 percent.

Risk Management

The City has three funds related to the administration of its self-funded insurance programs: general liability, group health, and workers' compensation. The Municipal Self-Insurance Fund covers general liability claims, and the City carries excess insurance coverage as well. In addition, the City has property insurance for buildings and contents, and a blanket bond policy for all City employees.

The Group Insurance Self-Insurance Fund provides all of the health benefits for City employees, retirees, and dependents. Employee premiums are paid by the City via interfund charges through the payroll system, and dependent premiums are paid by the City and the Employee via interfund charges and payroll deductions. Retiree and their dependent premiums are paid either from converted sick leave balances or from the retiree directly. The City carries a specific stop loss policy for individual claims.

The City's Workers' Compensation Insurance Fund has excess insurance coverage for each occurrence. The City has experienced several disability claims for public safety retirees related to heart, lung and cancer (HLC) benefits, all of which were presumed to be job-related under state law. The impact of legislation passed by the 2015 Nevada Legislature significantly decreased the projected HLC liability in 2014-2015. However, legislation passed in June 2019 increased the projected HLC liability, as well as including new benefits for post-traumatic stress disorders. We expect any significant changes to this liability in the future will continue to be primarily driven by legislation enacted by the Nevada Legislature

Pension Information

Full-time and eligible part-time employees of the City are covered by the State of Nevada Public Employees' Retirement System (PERS). The cost-sharing, multiple-employer, defined benefit plan is administered by a seven member board appointed by the Governor, who has sole discretion over plan investments. The City reports a portion of the PERS net pension liability prorated by participating entity contributions.

Postemployment Benefits Other Than Pensions (OPEB)

The City provides a variety of post-retirement health care benefits to certain retirees and their dependents. The benefits are financed on a pay-as-you-go basis and are reported as a liability in the City's financial statements.

Additional information on the City's pension and OPEB benefits can be found in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Comprehensive Annual Financial Report (CAFR) for each fiscal year ended June 30, 1981 through 2018. Fiscal year 2017-2018 was the thirty-eighth 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 2018-2019 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

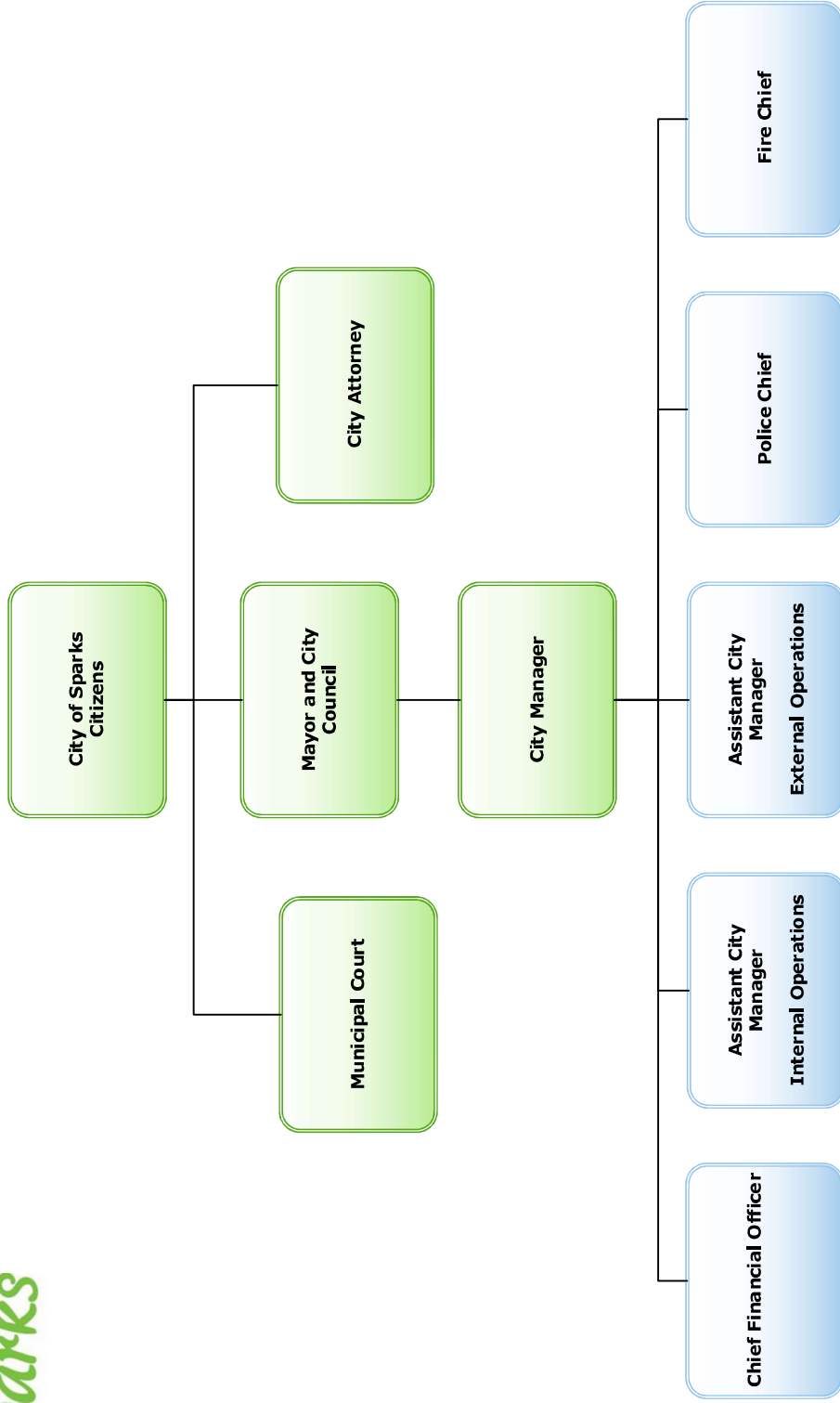
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this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

Finally, I would like to thank the Mayor, City Council members, and City Manager for their support and leadership regarding the fiscal affairs of the City of Sparks.

Respectfully submitted,



Jeff Cronk, CPA
Chief Financial Officer



<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ronald E. Smith	4 years	November 2022
Council Member Ward 1	Donald Abbott	4 years	November 2020
Council Member Ward 2	Ed Lawson	4 years	November 2022
Council Member Ward 3	Paul Anderson	4 years	November 2020
Council Member Ward 4	Charlene Bybee	4 years	November 2022
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 2024
City Manager	Neil C. Krutz	Appointed	
Assistant City Manager	John Martini	Appointed	
Assistant City Manager	Doug Thornley	Appointed	
Acting City Clerk	Lisa Hunderman	Appointed	
Chief Financial Officer	Jeff Cronk	Appointed	
Parks & Recreation Director	Tracy Domingues	Appointed	
Police Chief	Pete Krall	Appointed	
Fire Chief	Jim Reid	Appointed	

Independent Auditors

Eide Bailly LLP



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**City of Sparks
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

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

Report on the 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, 2019, 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

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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, 2019, 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 14-26, the schedule of changes in the total other post-employment benefits liability and related ratios on page 79, the schedule of the City's share of net pension liability on pages 80-81, and the schedule of the City's contributions on pages 82-83 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* (Uniform Guidance) and is also not a required part of the basic financial statements.

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

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

Prior Year Comparative Information

We have previously audited, in accordance with accounting standards generally accepted in the United States of America, the basic financial statements of the City of Sparks, Nevada, as of and for the year ended June 30, 2018 and have issued our report thereon dated November 26, 2018, 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, 2018, 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 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 27, 2019, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 27, 2019



Management's Discussion and Analysis

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Introduction

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2019. 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, 2019 by \$468,224,116 (net position), an increase of 14.6 percent from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- Net Pension liability of the City is \$88,692,434, an increase of \$2,066,738 from the prior year liability of \$86,625,696. 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 (\$2,066,738), a decrease in deferred pension inflows (\$1,690,678), and an increase in deferred pension outflows (\$1,412,711), net position was increased by \$1,036,651.
- Governmental activity revenues were \$139,113,023 as compared to \$107,073,192 for the year ended June 30, 2018. The increase of \$32,039,831 is primarily driven by; an increase in contributed capital of \$23,495,266, mostly due to roadway donations from the Regional Transportation Commission, an increase in Ad valorem taxes of \$2,383,712, an increase in Consolidated tax revenues of \$1,297,281 and an increase in investment values of \$1,474,662. Business-type activity revenues were \$49,739,901 in fiscal year 2018-2019. An increase of \$3,934,015 over the prior year revenues of \$45,805,886. The increase is primarily driven by an increase in investment values of \$1,983,132 and an increase in sewer infrastructure contributions from developers. Expenses of the business-type activities increased by \$1,196,629, 4.2 percent and were primarily related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks 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.
- Sparks' governmental funds reported combined ending fund balances of \$56,931,184 as of June 30, 2019 which is an increase of \$7,388,597 from fiscal year 2017-2018 ending fund balance total of \$49,542,587. The increase was primarily due to an increase in revenues from consolidated taxes and business licensing fees. Tax revenues related to special assessments were \$4,511,360 less than those collected in 2017-2018 due to the receipt of a large prepayment related to the Local Improvement District No 3, Legends at Sparks Marina area which was received in 2017-2018.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2019, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$8,356,501, which represents approximately 12.6 percent of General Fund expenditures (excluding capital). Of that amount, \$- is assigned for open purchase orders and \$- is assigned as a budgeted resource to be expended in fiscal year 2019-2020, leaving \$8,237,017 as an unassigned fund balance.

- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.1 percent of total General Fund revenues, and have increased by 5.3 percent from last year's results. Consolidated tax revenues increased 4.9 percent, and property taxes increased by 5.9 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$113,224,478 can cover current liabilities 2.5 times on a government-wide basis.
- The City's long-term liabilities outstanding decreased by \$9,714,710 in fiscal year 2018-2019. The decrease was primarily attributable to regular debt service payments.

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. 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 government-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 14.6 percent during fiscal year 2018-2019. This is primarily due to an increase in capital assets, most of which were related to donations from the Regional Transportation Commission and developers.

	City of Sparks' Statement of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 86,345,854	\$ 79,130,023	\$ 107,671,920	\$ 100,615,391	\$ 194,017,774	\$ 179,745,414
Capital assets	415,254,519	391,304,755	180,724,441	174,626,689	595,978,960	565,931,444
Total assets	501,600,373	470,434,778	288,396,361	275,242,080	789,996,734	745,676,858
Deferred outflow bond refundings	-	185,688	-	-	-	185,688
Deferred outflows related to pensions	12,242,187	10,950,654	1,263,371	1,142,193	13,505,558	12,092,847
Deferred outflows related to OPEB	4,343,192	540,996	474,232	22,799	4,817,424	563,795
Total deferred outflow of resources	16,585,379	11,677,338	1,737,603	1,164,992	18,322,982	12,842,330
Total assets and deferred outflows	518,185,752	482,112,116	290,133,964	276,407,072	808,319,716	758,519,188
Long term liabilities outstanding	241,974,071	246,176,650	41,862,603	47,374,734	283,836,674	293,551,384
Other liabilities	37,205,717	38,897,025	8,242,842	8,929,500	45,448,559	47,826,525
Total liabilities	279,179,788	285,073,675	50,105,445	56,304,234	329,285,233	341,377,909
Deferred inflows related to pensions	6,237,227	7,760,716	499,839	667,028	6,737,066	8,427,744
Deferred inflows related to OPEB	3,825,211	-	248,090	-	4,073,301	-
Total deferred inflows of resources	10,062,438	7,760,716	747,929	667,028	340,095,600	8,427,744
Total liabilities and deferred inflows	289,242,226	292,834,391	50,853,374	56,971,262	340,095,600	349,805,653
Net investment in capital assets	392,011,088	363,842,341	147,778,186	137,394,248	539,789,274	501,236,589
Restricted	40,809,634	38,126,693	-	-	40,809,634	38,126,693
Unrestricted	(203,877,196)	(212,691,309)	91,502,404	82,041,562	(112,374,792)	(130,649,747)
Total net position	<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>

The largest portion of the City of Sparks’ net position reflects its investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$539,789,274, 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 \$40,809,634, 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 \$2,682,941 is comprised of increases related to amounts restricted for capital projects, debt service and 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 \$112,374,792 in fiscal year 2018-2019 is comprised primarily of a deficit of \$203,877,196 related to governmental activities. This deficit is largely comprised of two factors. Firstly, it is the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued by the City and the City's Redevelopment Agency can be found in Note 9 of the financial statements. The second large component of the unrestricted deficit is related to the Public Employee's Retirement System (PERS) pension liability that is required to be reported by the City. More information related to the pension liability can be found in Note 11 of the financial statements.

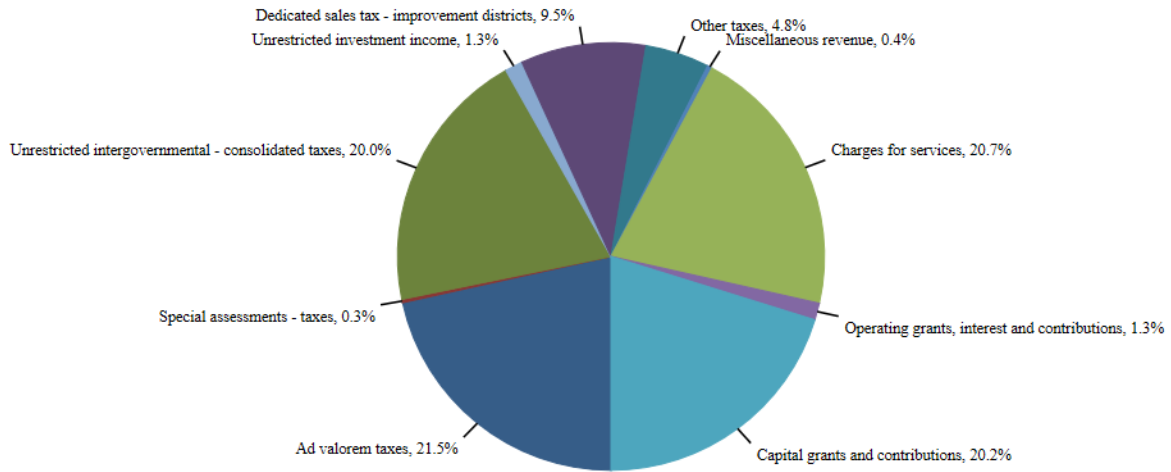
	City of Sparks' Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 28,762,184	\$ 28,159,957	\$ 31,556,246	\$ 31,105,437	\$ 60,318,430	\$ 59,265,394
Operating grants, interest and contributions	1,773,945	1,224,032	-	-	1,773,945	1,224,032
Capital grants and contributions	28,115,646	4,620,380	16,120,587	14,538,770	44,236,233	19,159,150
	<u>58,651,775</u>	<u>34,004,369</u>	<u>47,676,833</u>	<u>45,644,207</u>	<u>106,328,608</u>	<u>79,648,576</u>
General revenues:						
Ad valorem taxes	29,945,770	27,562,058	-	-	29,945,770	27,562,058
Special assessments - taxes	361,665	342,080	-	-	361,665	342,080
Unrestricted intergovernmental - consolidated taxes	27,846,670	26,549,389	-	-	27,846,670	26,549,389
Dedicated sales tax - improvement districts	13,192,358	12,288,002	-	-	13,192,358	12,288,002
Other taxes	6,737,983	6,516,466	-	-	6,737,983	6,516,466
Unrestricted investment income	1,868,169	393,507	1,983,132	69,182	3,851,301	462,689
Miscellaneous revenue	508,633	625,807	79,936	92,497	588,569	718,304
Gain (loss) on sale of capital assets	-	(1,208,486)	-	-	-	(1,208,486)
	<u>80,461,248</u>	<u>73,068,823</u>	<u>2,063,068</u>	<u>161,679</u>	<u>82,524,316</u>	<u>73,230,502</u>
Total revenues	<u>139,113,023</u>	<u>107,073,192</u>	<u>49,739,901</u>	<u>45,805,886</u>	<u>188,852,924</u>	<u>152,879,078</u>
Expenses:						
General government	13,973,087	13,621,461	-	-	13,973,087	13,621,461
Judicial	2,675,432	2,462,689	-	-	2,675,432	2,462,689
Public safety						
Police	29,649,467	27,129,738	-	-	29,649,467	27,129,738
Fire	19,037,851	16,674,528	-	-	19,037,851	16,674,528
Community services	1,449,694	1,616,735	-	-	1,449,694	1,616,735
Public works	10,831,434	9,069,840	-	-	10,831,434	9,069,840
Culture and recreation	10,712,073	10,788,462	-	-	10,712,073	10,788,462
Community support	3,152,349	2,025,939	-	-	3,152,349	2,025,939
Interest and fiscal charges	7,987,116	10,352,937	-	-	7,987,116	10,352,937
Sewer	-	-	24,957,376	24,247,795	24,957,376	24,247,795
Development services	-	-	4,916,464	4,429,416	4,916,464	4,429,416
Total expenses	<u>99,468,503</u>	<u>93,742,329</u>	<u>29,873,840</u>	<u>28,677,211</u>	<u>129,342,343</u>	<u>122,419,540</u>
Increase (Decrease) in net position before transfers & special items	39,644,520	13,330,863	19,866,061	17,128,675	59,510,581	30,459,538
Transfers	21,281	(228,473)	(21,281)	228,473	-	-
Increase (Decrease) in net position	39,665,801	13,102,390	19,844,780	17,357,148	59,510,581	30,459,538
Net position, July 1, as originally reported	189,277,725	277,957,194	219,435,810	204,039,184	408,713,535	481,996,378
Prior period adjustments	-	(101,781,859)	-	(1,960,522)	-	(103,742,381)
Net position, July 1, as restated	<u>189,277,725</u>	<u>176,175,335</u>	<u>219,435,810</u>	<u>202,078,662</u>	<u>408,713,535</u>	<u>378,253,997</u>
Net position, June 30	<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>

Governmental Activities

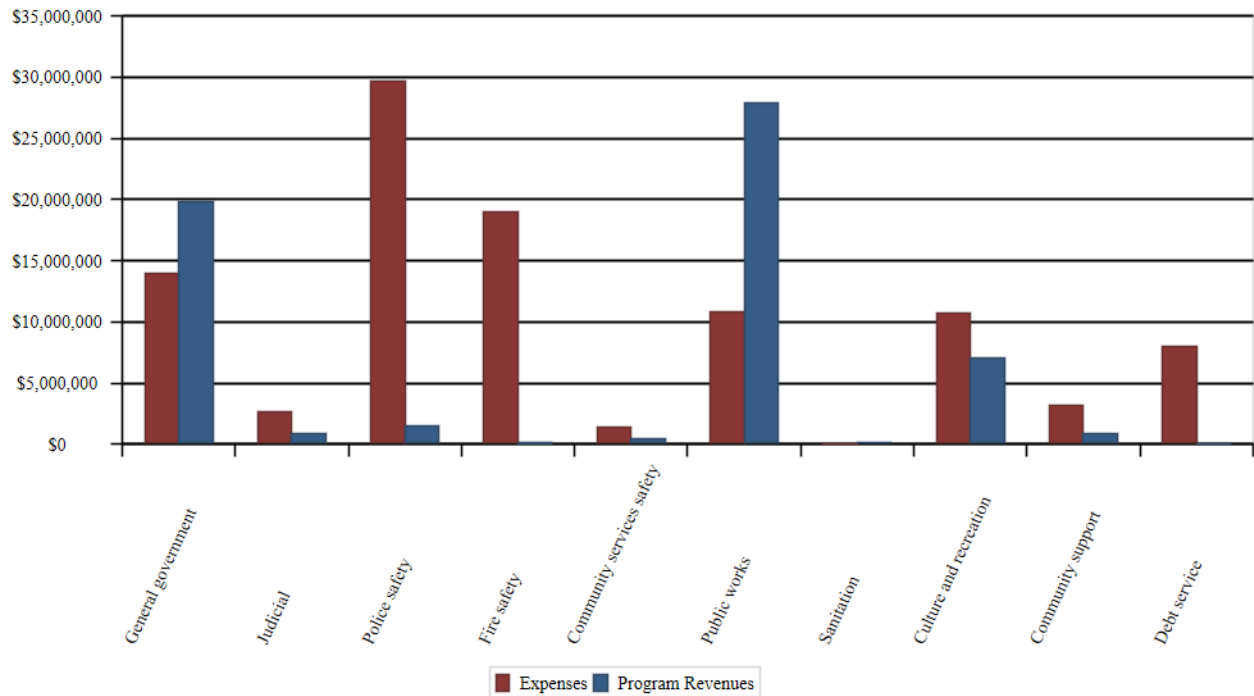
Governmental activities in fiscal year 2018-2019, increased the City's net position by \$39,665,801. Of the more significant results for governmental activities that contributed to this change the following was observed:

- An increase to net position from capital grants and contributions in the amount of \$23,495,266, which was primarily related to roadway assets donated by the Regional Transportation Commission;
- Ad valorem tax revenues increased by 8.6 percent, or \$2,383,712, from fiscal year 2017-2018. Since housing began to decline in fiscal year 2008-2009, the City's assessed values remain decreased by 3.6 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 owner-occupied residential properties and up to 8 percent for all other 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 seeing related to growth in the area will not result in comparable increases in revenues;
- Consolidated taxes increased by 4.9 percent, or \$1,297,281, from fiscal year 2017-2018. Sales taxes consistently comprise over 80 percent of the consolidated tax, and the increase is representative of growth occurring in the area;
- The value of investments held by the City increased by 374.7 percent, or \$1,474,662 during fiscal year 2018-2019. The city reports investments at market value as of the fiscal year end. Bond market volatility over the past twelve months has created a large swing in market values which impacted the reported investments.

Revenues by Source - Governmental Activities



**Expenses and Program Revenues
 Governmental Activities**

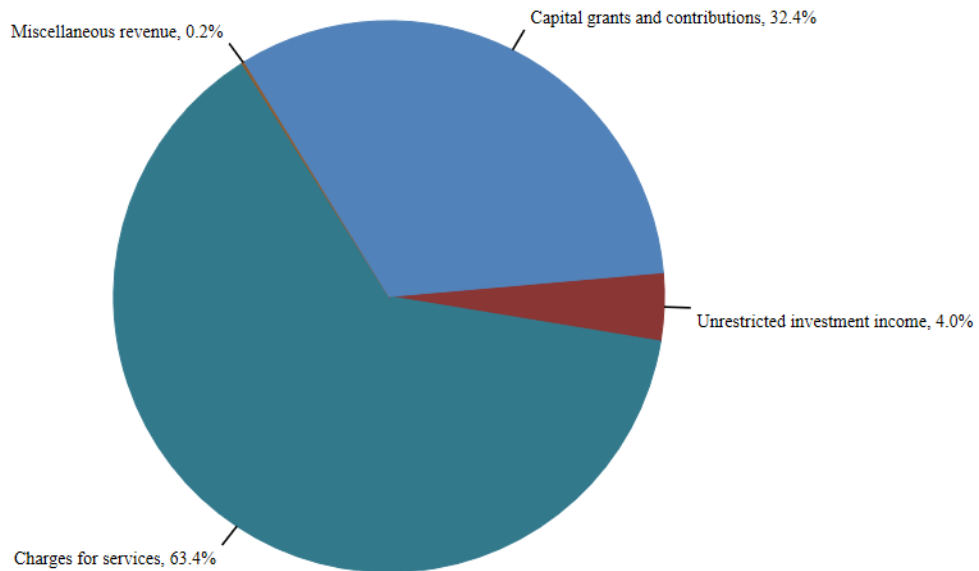


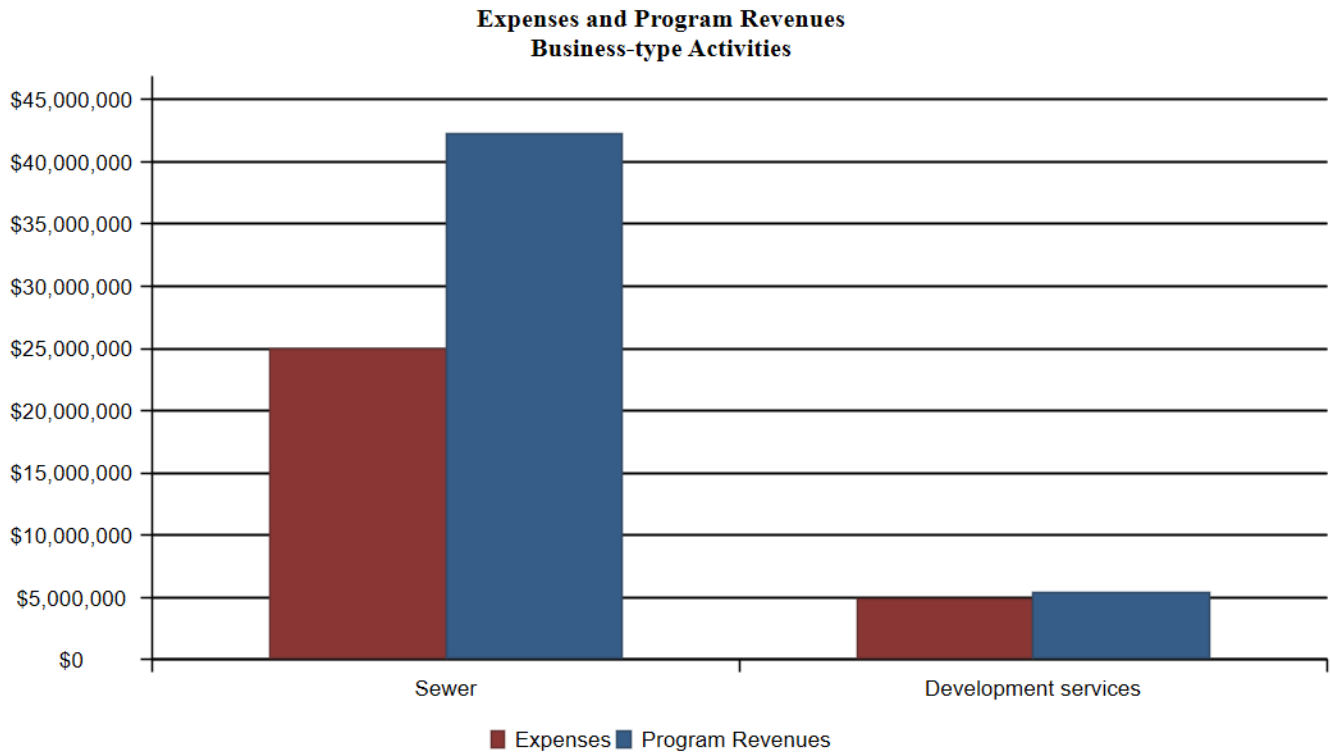
Business-type Activities

Business-type activities, in fiscal year 2018-2019 increased the City's net position by \$19,844,780. Significant results include:

- Total revenues increased by 8.6 percent, or \$3,934,015, which was driven primarily by an increase in revenues from developer contributions and an increase in the value of investments held;
- Expenses of business-type activities increased from \$28,677,211 to \$29,873,840, an increase of \$1,196,629, or 4.2 percent, and were related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks makes contributions from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in Note 6 of the Financial Statements.

Revenues by Source - Business-type Activities





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, 2019, Sparks’ governmental funds reported combined ending fund balances of \$56,931,184, which is an increase of \$7,388,597 from fiscal year 2017-2018 ending fund balance of \$49,542,587. The increase was primarily due to an increase in revenues from consolidated taxes and business licensing fees.
- The combined ending fund balance of \$56,931,184 is comprised of: \$36,560,227 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$20,370,957 which is unrestricted (includes committed, assigned and unassigned balances).
- Approximately 35.8 percent of the combined ending fund balances, or \$20,370,957, is unrestricted. Of the unrestricted balance, \$1,942,449 has been committed by Council action and \$10,191,491 has been assigned by the Chief Financial Officer (a designee of Council) for budget deficits, encumbered purchase orders, or capital projects. The remaining \$8,237,017 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, 2019, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$8,356,501, which is 22.6 percent greater than the prior year's unrestricted balance of \$6,815,215. The increase is due to the receipt of increased consolidated sales tax revenues, business license revenues, and property tax revenues. For fiscal year 2018-2019 revenues exceeded expenditures and resulted in an increase of the City's unrestricted fund balance to 12.6 percent of departmental expenditures (excluding capita outlay), which is above the established policy goal of 8.3 percent. The unrestricted fund balance is 11.5 percent of General Fund revenues, which is up from 9.9 percent of General Fund revenues from fiscal year 2017-2018.

Although the City's General Fund balance was \$8,356,501 at June 30, 2019. It should be noted that \$119,484 is considered assigned for open purchase orders. This leaves \$8,237,017 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$4,182,144 (6.1 percent) increase in revenues and transfers in and a \$6,741,997 (10.4 percent) increase in expenditures and transfers out. The three largest areas of revenue changes were intergovernmental revenues increased \$1,442,171 (4.9 percent) most of which is related to increased Consolidated Tax revenue collected by the state, license and permit revenues increased \$1,159,827 (8.5 percent) most of which is related to business license revenues, and property taxes increased \$1,291,257 (5.9 percent) mostly related to real property tax revenues. The increase in expenditures and transfers out was primarily related to a \$3,599,336 (8.4 percent) increase in public safety expenditures, most of which were related to increased salaries and employee benefits. The result is that the ending fund balance within the General Fund increased by \$1,541,288, or 22.6 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 \$15,609,278 compared to \$13,848,981 for the prior year, an increase of 12.7 percent. All revenue collected within this fund is pledged for debt service.

Proprietary Funds

The City of Sparks' proprietary funds provide the same type of information found in the government-wide statements, but contain more detail.

The net position of the Sewer Operations Enterprise Fund was \$236,222,517 as of June 30, 2019, an increase of \$18,693,578 or 8.6 percent, over the prior year's balance of \$217,528,939. The major changes were; a \$1,581,817 (10.9 percent) increase in revenues from developer contributions of sewer infrastructure, a \$739,720 (2.9 percent) increase in sewer service charges, and a \$750,901 (3.1 percent) increase in expenses, largely related to the City's share of maintenance costs related to the Truckee Meadows Water Reclamation Facility, 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.

Net position of the Development Services Enterprise Fund increased to \$3,682,846 from \$3,055,516, or 20.5 percent. Operating revenues decreased by \$246,500, or 4.3 percent, and exceeded operating expenses which increased by \$456,657, or 10.2 percent. Increased operating expenses were primarily related to an increase in plan review and inspection services.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget appropriations decreased by \$23,869, 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 \$1,748,085 more than budgeted, primarily due to an increase in business license revenue above budgeted expectations.

Actual expenditures were 1.2 percent below final amended budget, which was primarily due to underspends in professional services and contracts, and travel expenditures.

The following functions are highlighted:

- General government achieved \$832,497, or 6.3 percent, in budgetary savings primarily from an underspend in professional services within the Management Services department;
- The Municipal Court achieved \$50,923, or 2.2 percent, in budgetary savings primarily from an underspend in employer paid deferred compensation and retirement benefits;
- Spending within the Public safety function was \$362,801, or 0.8 percent, more than budgeted primarily due to increased salaries from contract changes affecting Police Department personnel;
- The Community Services Department achieved; \$68,570, or 3.9 percent, in budgetary savings within the Public Works function primarily from savings in budgeted professional services, and \$214,887, or 7.0 percent, in budgetary savings with the Culture and Recreation function primarily from reduced salaries related to position vacancies.
- Spending within the Community Support function was \$1,848, or 0.6 percent, more than budgeted due to an unbudgeted agreement to support the Well Care Foundation Community Triage Center.

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, 2019 amounted to \$595,978,961, an increase of \$30,047,517 compared to \$565,931,444 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 2018-2019 operations for governmental activities was \$23,949,764, (from \$391,304,755 to \$415,254,519), while business-type activities increased by \$6,097,753 (from \$174,626,689 to \$180,724,442).

Significant capital asset activities that occurred during fiscal year 2018-2019 included:

- Assets classified as infrastructure increased by \$87,225,919, of which \$77,968,897 was reclassified from construction in progress to infrastructure, specifically roads and streets. The increase was primarily due to the addition of Sparks' portion of the Southeast Connector donated by the Regional Transportation Commission.

- Assets under construction, Construction in Progress, decreased by \$63,532,283, of which \$79,777,390 was transferred to completed projects, for example the Southeast Connector mentioned above, and \$16,245,108 is related to additions or deletions related to new projects, the majority of which is related to the Regional Transportation Commissions donation of the 4th and Prater Corridor Improvement project assets.
- Land holdings increased by \$5,718,363 related to contributions from developers, primarily associated with rights of way.

City of Sparks' Capital Assets
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 36,665,436	\$ 32,820,178	\$ 1,873,105	\$ -	\$ 38,538,541	\$ 32,820,178
Intangibles	3,464,021	3,536,241	2,648	2,648	3,466,669	3,538,889
Buildings	16,182,192	17,210,621	565,305	593,608	16,747,497	17,804,229
Improvements other than buildings	33,653,577	32,431,038	726,857	736,364	34,380,434	33,167,402
Equipment, furnishings & vehicles	11,670,454	11,067,913	398,573	449,677	12,069,027	11,517,590
Infrastructure	292,193,350	207,515,230	167,869,974	165,322,174	460,063,324	372,837,404
Construction in progress	21,336,608	86,634,653	2,261,478	495,716	23,598,086	87,130,369
Water rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	<u>\$ 415,254,519</u>	<u>\$ 391,304,755</u>	<u>\$ 180,724,442</u>	<u>\$ 174,626,689</u>	<u>\$ 595,978,961</u>	<u>\$ 565,931,444</u>

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, 2019, the City of Sparks had a total of \$283,836,674 of long-term liabilities outstanding. Of this amount, \$88,692,434 is related to pension benefits, \$35,835,214 is related to Other Post-Employment Benefits (OPEB), \$50,000 is related to refundable deposits, and \$159,259,026 is outstanding for all other long-term liabilities.

Other liabilities not related to pension, OPEB, and deposits, amounting to \$194,463,491 are comprised of \$155,126,651 of governmental activities and \$39,336,840 of business-type activities. Governmental activity includes: revenue bonds of \$96,320,024; private placement tax allocation bonds of \$28,146,901; a financial incentive agreement payable to Syufy of \$500,000; a financial assistance agreement payable to Marnell Gaming of \$1,280,000; and accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$28,879,726. Business-type activity includes; Sewer Utility general obligation bonds totaling \$13,633,168, private placement bonds and notes payable totaling \$23,726,609, and accrued compensated absences, and sick leave conversion liabilities of \$1,977,063. The City of Sparks' outstanding liabilities, including debt of the Redevelopment Agency, decreased by \$13,350,373, or 6.4 percent, during the fiscal year ended June 30, 2019.

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

Other Factors

- The unemployment rate in the Reno-Sparks area was 3.4 percent in June 30, 2019 compared to 3.7 percent as of June 30, 2018.

- 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 \$8.8 billion in fiscal year 2018-2019, an increase of 69.2 percent during the past nine fiscal years. Although the recovery is into the 9th year, we expect taxable sales to continue to improve as regional growth continues.
- 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. In October 2019 median home values in Sparks were \$343,100. While lower than earlier in 2019, current values have surpassed pre-recession values.
- As mentioned previously, the City's Ad Valorem tax revenues increased by 8.6 percent in fiscal year 2018-2019. This was due to an increase of 2.2 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps, between fiscal year 2018-2019 and fiscal year 2017-2018. As the residential housing market strengthens, 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 2018-2019 (1.3 percent) and the Nevada State Demographer's office projects a population increase of between .3 and 1.9 percent for fiscal year 2019-2020. In December 2018, the US Census Bureau data showed Nevada was the nation's fastest growing state and the Northern Nevada Regional Growth Forecast reported that Washoe County, which includes the city of Sparks, had seen a 13.5 percent increase in jobs and an 8 percent increase in the number of occupied households. The growth from several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to attract thousands of new residents to the City of Sparks over the next decade.
- In December of 2018, the City Council voted to increase sewer and storm drain user rates by 5% annually from July 1, 2019 through July 1, 2022, to set multi-family residential and mobile home user rates equal to single family rates on July 1, 2019, to increase the sewer connection fee by 30% on January 1, 2019, to increase the storm drain connection fee by 2.96% on January 1, 2019, and to annually adjust sewer and storm drain connection fees per the Engineering News Record Construction Cost Index beginning on January 1.

All of these factors and others were considered in preparing the City's budget for the upcoming 2019-2020 fiscal year.

Requests for Information

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

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Basic Financial Statements

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City of Sparks
Statement of Net Position
June 30, 2019
(with Comparative Totals for June 30, 2018)

	Governmental Activities	Business-Type Activities	Total	2018
Assets				
Cash and investments	\$ 52,286,216	\$ 60,938,262	\$ 113,224,478	\$ 98,307,765
Accounts receivable, net	10,521,256	2,561,446	13,082,702	14,451,058
Internal balances	624,773	(624,773)	-	-
Due from other governments	9,980,785	343,359	10,324,144	9,555,908
Inventories	175,825	-	175,825	193,405
Prepays	-	-	-	30,000
Deposits	19,072	-	19,072	19,072
Notes receivable, net	1,341,055	4,397,419	5,738,474	4,984,128
Restricted assets				
Cash and investments	11,396,872	-	11,396,872	11,486,602
Investment in the Truckee Meadows Water Reclamation Facility	-	40,056,206	40,056,206	40,717,476
Capital assets				
Land, construction in progress, intangible assets, and water rights	61,320,290	11,163,733	72,484,023	130,297,943
Other capital assets, net of depreciation	353,934,229	169,560,709	523,494,938	435,633,501
Total assets	501,600,373	288,396,361	789,996,734	745,676,858
Deferred Outflows of Resources				
Deferred outflow bond refundings	-	-	-	185,688
Deferred outflows related to pensions	12,242,187	1,263,371	13,505,558	12,092,847
Deferred outflows related to OPEB	4,343,192	474,232	4,817,424	563,795
Total deferred outflows of resources	16,585,379	1,737,603	18,322,982	12,842,330
Total assets and deferred outflows of resources	518,185,752	290,133,964	808,319,716	758,519,188
Liabilities				
Accounts payable and accrued expenses	3,771,228	392,523	4,163,751	4,180,646
Accrued interest payable	589,288	286,440	875,728	1,002,563
Contracts and retentions payable	452,338	160,708	613,046	2,103,117
Deposits	24,129	50,000	74,129	90,129
Due to other governments	2,578,003	916,026	3,494,029	4,055,670
Unearned revenue	788,883	234,528	1,023,411	818,669
Noncurrent liabilities				
Due within one year	29,001,848	6,202,617	35,204,465	35,575,731
Due in more than one year	126,124,803	33,134,223	159,259,026	172,238,133
Refundable deposits	-	50,000	50,000	50,000
Net pension liability	81,792,145	6,900,289	88,692,434	86,625,696
Total OPEB liability	34,057,123	1,778,091	35,835,214	34,637,555
Total liabilities	279,179,788	50,105,445	329,285,233	341,377,909
Deferred Inflows of Resources				
Deferred inflows related to pensions	6,237,227	499,839	6,737,066	8,427,744
Deferred inflows related to OPEB	3,825,211	248,090	4,073,301	-
Total deferred inflows of resources	10,062,438	747,929	10,810,367	8,427,744
Total liabilities and deferred inflows of resources	289,242,226	50,853,374	340,095,600	349,805,653
Net position				
Net investment in capital assets	392,011,088	147,778,186	539,789,274	501,236,589
Restricted for				
Court improvements	1,142,915	-	1,142,915	1,262,893
Road and street projects	917,413	-	917,413	2,204,637
Grants	1,506,810	-	1,506,810	1,493,351
Claims	4,981,869	-	4,981,869	3,102,396
Debt service	18,776,147	-	18,776,147	17,865,984
Capital projects	12,927,982	-	12,927,982	11,773,131
Promotion of special events	123,103	-	123,103	98,200
Public safety	433,395	-	433,395	326,101
Unrestricted	(203,877,196)	91,502,404	(112,374,792)	(130,649,747)
Total net position	\$ 228,943,526	\$ 239,280,590	\$ 468,224,116	\$ 408,713,535

See Notes to the Financial Statements

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 13,973,087	\$ 18,467,769	\$ -	\$ 1,383,596
Judicial	2,675,432	849,504	-	-
Public safety				
Police	29,649,467	565,080	872,831	29,390
Fire	19,037,851	90,900	3,894	-
Community services	1,449,694	172,861	-	263,519
Public works	10,831,434	3,163,804	-	24,745,237
Sanitation	-	117,145	-	-
Culture and recreation	10,712,073	5,314,871	71,777	1,693,904
Community support	3,152,349	20,250	825,443	-
Debt service				
Interest and fiscal charges	7,987,116	-	-	-
Total governmental activities	<u>99,468,503</u>	<u>28,762,184</u>	<u>1,773,945</u>	<u>28,115,646</u>
Business-type activities				
Sewer	24,957,376	26,129,683	-	16,120,587
Development services	4,916,464	5,426,563	-	-
Total business-type activities	<u>29,873,840</u>	<u>31,556,246</u>	<u>-</u>	<u>16,120,587</u>
Total primary government	<u>\$ 129,342,343</u>	<u>\$ 60,318,430</u>	<u>\$ 1,773,945</u>	<u>\$ 44,236,233</u>

General revenues:

- Ad valorem taxes
- Special assessments - taxes
- Unrestricted intergovernmental - consolidated taxes
- Dedicated sales tax - improvement districts
- Unrestricted fair share distribution, state shared
- Motor vehicle fuel taxes
- Unrestricted gaming licenses, state shared
- Marijuana revenue, state shared
- Room taxes
- Governmental services tax
- Unrestricted investment income
- Miscellaneous revenue
- 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

City of Sparks
Statement of Activities
For the Year Ended June 30, 2019
(with Comparative Totals for the Year Ended June 30, 2018)

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	2018
\$ 5,878,278	\$ -	\$ 5,878,278	\$ 5,418,566
(1,825,928)	-	(1,825,928)	(1,578,666)
(28,182,166)	-	(28,182,166)	(25,981,908)
(18,943,057)	-	(18,943,057)	(16,411,836)
(1,013,314)	-	(1,013,314)	(1,321,721)
17,077,607	-	17,077,607	(5,323,646)
117,145	-	117,145	254,414
(3,631,521)	-	(3,631,521)	(3,854,157)
(2,306,656)	-	(2,306,656)	(586,069)
<u>(7,987,116)</u>	<u>-</u>	<u>(7,987,116)</u>	<u>(10,352,937)</u>
<u>(40,816,728)</u>	<u>-</u>	<u>(40,816,728)</u>	<u>(59,737,960)</u>
-	17,292,894	17,292,894	15,712,515
-	510,099	510,099	1,254,481
-	17,802,993	17,802,993	16,966,996
<u>(40,816,728)</u>	<u>17,802,993</u>	<u>(23,013,735)</u>	<u>(42,770,964)</u>
29,945,770	-	29,945,770	27,562,058
361,665	-	361,665	342,080
27,846,670	-	27,846,670	26,549,389
13,192,358	-	13,192,358	12,288,002
2,066,717	-	2,066,717	2,033,634
2,641,830	-	2,641,830	2,560,742
360,150	-	360,150	346,909
123,068	-	123,068	126,543
1,368,646	-	1,368,646	1,285,863
177,572	-	177,572	162,775
1,868,169	1,983,132	3,851,301	462,689
508,633	79,936	588,569	718,304
-	-	-	(1,208,486)
<u>21,281</u>	<u>(21,281)</u>	<u>-</u>	<u>-</u>
<u>80,482,529</u>	<u>2,041,787</u>	<u>82,524,316</u>	<u>73,230,502</u>
39,665,801	19,844,780	59,510,581	30,459,538
<u>189,277,725</u>	<u>219,435,810</u>	<u>408,713,535</u>	<u>378,253,997</u>
<u>\$ 228,943,526</u>	<u>\$ 239,280,590</u>	<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>

City of Sparks
Balance Sheet
Governmental Funds
June 30, 2019

(with Comparative Totals for June 30, 2018)

	General Fund	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	2018
Assets					
Cash and investments	\$ 6,319,381	\$ 4,816,101	\$ 29,483,741	\$ 40,619,223	\$ 36,237,284
Accounts receivable, net	1,734,940	6,892,659	888,784	9,516,383	11,907,634
Prepays	-	-	-	-	30,000
Due from other funds	18,778	-	-	18,778	1,057
Due from other governments	5,911,869	2,341,306	1,670,920	9,924,095	9,058,744
Notes receivable	-	-	1,341,055	1,341,055	-
Restricted cash and investments	-	8,451,872	2,945,000	11,396,872	11,486,602
Total assets	\$ 13,984,968	\$ 22,501,938	\$ 36,329,500	\$ 72,816,406	\$ 68,721,321
Liabilities					
Accounts payable	\$ 893,883	\$ -	\$ 400,517	\$ 1,294,400	\$ 1,525,153
Accrued liabilities	1,929,816	-	247,036	2,176,852	1,986,593
Contracts payable	8,836	-	329,886	338,722	1,153,853
Contract retentions payable	-	-	40,209	40,209	105,743
Refundable deposits	7,220	-	16,909	24,129	25,129
Unearned revenues	180,350	-	608,533	788,883	594,575
Due to other funds	150,000	-	18,778	168,778	1,057
Due to other governments	2,337,775	-	212,320	2,550,095	3,010,912
Total liabilities	5,507,880	-	1,874,188	7,382,068	8,403,015
Deferred Inflows of Resources					
Unavailable revenue - grants	-	-	1,447,500	1,447,500	1,453,317
Unavailable revenue - property taxes and other	120,587	-	42,407	162,994	1,364,956
Unavailable revenue - special assessments	-	6,892,660	-	6,892,660	7,859,066
Unavailable revenue - other	-	-	-	-	98,380
Total deferred inflows of resources	120,587	6,892,660	1,489,907	8,503,154	10,775,719
Fund Balances					
Restricted for					
Grants and donations	-	-	53,884	53,884	144,425
Law enforcement	-	-	455,170	455,170	304,326
Promotion of special events	-	-	123,103	123,103	98,200
Various judicial uses	-	-	251,717	251,717	229,998
Municipal facilities construction	-	-	151,264	151,264	153,114
Court fee collection programs	-	-	695,561	695,561	776,254
Developer agreements	-	-	2,522,018	2,522,018	1,845,942
Bond proceeds defined projects	-	-	19,288	19,288	21,448
Debt service reserve	-	15,609,278	5,568,735	21,178,013	19,007,686
Parks and recreation	-	-	4,653,765	4,653,765	4,313,298
Street improvements & rehabilitation	-	-	829,216	829,216	1,258,618
Capital projects	-	-	523,372	523,372	448,709
Improvements to Victorian Square	-	-	5,103,856	5,103,856	5,107,400
Committed for					
Economic development	-	-	77,581	77,581	30,458
Parks and recreation	-	-	503,151	503,151	208,874
Road surface repairs	-	-	759,967	759,967	610,803
Economic Stabilization	-	-	601,750	601,750	390,677
Assigned for					
Purchases on order	119,484	-	-	119,484	183,927
Specific capital projects	-	-	2,104,890	2,104,890	2,381,312
Next year's budget deficit	-	-	-	-	771,131
Other capital projects	-	-	7,967,117	7,967,117	5,395,832
Unassigned	8,237,017	-	-	8,237,017	5,860,155
Total fund balances	8,356,501	15,609,278	32,965,405	56,931,184	49,542,587
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,984,968	\$ 22,501,938	\$ 36,329,500	\$ 72,816,406	\$ 68,721,321

See Notes to the Financial Statements

City of Sparks
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 June 30, 2019

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

Total fund balances - total governmental funds		\$ 56,931,184
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	583,191,374	
Less accumulated depreciation	<u>(177,578,759)</u>	405,612,615
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Revenue bonds payable	(96,320,024)	
Tax allocation bonds payable	(28,146,901)	
Compensated absences payable	(13,505,943)	
Net pension liability	(80,758,333)	
Net OPEB asset (obligation)	(33,914,737)	
Sick leave conversion payable	(4,761,563)	
Financial incentive agreement payable	<u>(1,780,000)</u>	(259,187,501)
Interest payable		(589,288)
Unavailable revenue represents amounts that are not available to fund current expenditures and , therefore, are not reported in the governmental funds.		
		8,503,154
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	12,055,636	
Deferred outflows of resources related to OPEB	4,305,005	
Deferred inflows of resources related to pensions	(6,155,887)	
Deferred inflows of resources related to OPEB	<u>(3,779,525)</u>	6,425,229
Internal service funds are used by management to charge the costs of certain activities of individual funds. Net position of the internal service funds are reported with governmental activities.		
		10,623,360
Internal balances is a receivable from/(payable to) business-type activities		<u>624,773</u>
Net position of governmental activities		<u>\$ 228,943,526</u>

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019
(with Comparative Totals for Year Ended June 30, 2018)

	General Fund	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	2018
Revenues					
Taxes	\$ 23,235,378	\$ 1,328,071	\$ 8,454,817	\$ 33,018,266	\$ 35,540,176
Licenses and permits	14,859,489	-	5,166,360	20,025,849	18,919,475
Intergovernmental revenues	31,056,901	14,394,394	5,376,014	50,827,309	45,242,085
Charges for services	2,808,703	-	3,241,347	6,050,050	5,852,395
Fines and forfeits	580,341	-	4,050	584,391	703,704
Miscellaneous	311,962	320,870	1,119,315	1,752,147	770,509
Total revenues	72,852,774	16,043,335	23,361,903	112,258,012	107,028,344
Expenditures					
Current					
General government	12,469,208	-	370,130	12,839,338	12,773,774
Judicial	2,237,185	-	301,072	2,538,257	2,347,610
Public safety	46,567,753	-	967,798	47,535,551	43,983,575
Public works	1,711,119	-	3,161,582	4,872,701	4,734,652
Culture and recreation	2,872,554	-	4,909,084	7,781,638	7,559,359
Community support	310,721	-	1,978,287	2,289,008	1,235,472
Total current expenditures	66,168,540	-	11,687,953	77,856,493	72,634,442
Capital outlay					
General government	10,490	-	506,723	517,213	339,562
Judicial	-	-	66,200	66,200	103,528
Public safety	51,652	-	494,483	546,135	617,325
Public works	-	-	2,904,378	2,904,378	1,356,812
Culture and recreation	-	-	2,352,132	2,352,132	1,306,484
Community support	-	-	1,231,041	1,231,041	544,942
Total capital outlay	62,142	-	7,554,957	7,617,099	4,268,653
Debt service					
Principal	-	8,522,169	2,954,000	11,476,169	13,644,519
Interest	-	6,791,640	881,412	7,673,052	9,423,142
Fiscal charges and other	-	3,038	3,200	6,238	18,153
Total debt service	-	15,316,847	3,838,612	19,155,459	23,085,814
Total expenditures	66,230,682	15,316,847	23,081,522	104,629,051	99,988,909
Excess (Deficiency) of Revenues over Expenditures	6,622,092	726,488	280,381	7,628,961	7,039,435
Other Financing Sources (Uses)					
Sale of assets	-	-	-	-	250
Transfers					
Transfers in	-	1,033,809	4,222,000	5,255,809	2,939,738
Transfers out	(5,080,804)	-	(415,369)	(5,496,173)	(3,168,211)
Total other financing sources (uses)	(5,080,804)	1,033,809	3,806,631	(240,364)	(228,223)
Net Change in Fund Balances	1,541,288	1,760,297	4,087,012	7,388,597	6,811,212
Fund Balances, Beginning of Year	6,815,213	13,848,981	28,878,393	49,542,587	42,731,375
Fund Balances, End of Year	\$ 8,356,501	\$ 15,609,278	\$ 32,965,405	\$ 56,931,184	\$ 49,542,587

City of Sparks
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
to the Statement of Activities
Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$	7,388,597
<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		7,617,099
Sale/disposition of assets		(465,372)
Less current year depreciation		<u>(10,342,207)</u>
		(3,190,480)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Change in unavailable revenue-grants		(5,817)
Change in unavailable revenue-property & other taxes		(1,201,962)
Change in unavailable revenue-special assessments		(966,406)
Change in unavailable revenue-other		(98,380)
Donated capital assets		<u>27,822,736</u>
		25,550,171
<p>Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments		11,476,169
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of current year bond discounts		(196,603)
Amortization of bond refundings		(185,688)
Change in financial incentive/assistance agreements		(280,000)
Change in accrued interest		74,465
Change in long-term compensated absences payable		(380,208)
Change in OPEB liability related amounts		(969,250)
Change in sick leave conversion payable		<u>(411,522)</u>
		(2,348,806)
<p>Governmental funds report City pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
City pension contributions		5,511,916
City pension expense		<u>(4,577,944)</u>
		933,972
<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>(143,822)</u>
Change in net position of governmental activities	\$	<u><u>39,665,801</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2018
Revenues					
Taxes					
Real property	\$ 22,200,000	\$ 22,200,000	\$ 21,686,605	\$ (513,395)	\$ 20,531,007
Personal property	1,100,000	1,100,000	1,548,773	448,773	1,413,114
	<u>23,300,000</u>	<u>23,300,000</u>	<u>23,235,378</u>	<u>(64,622)</u>	<u>21,944,121</u>
Licenses and permits					
Business licenses and permits					
Business licenses	6,016,402	6,016,402	7,613,103	1,596,701	6,638,450
Business license penalties	108,000	108,000	196,442	88,442	96,384
Liquor licenses	258,449	258,449	284,776	26,327	289,574
City gaming licenses	520,000	520,000	504,371	(15,629)	594,834
Telecommunication licenses	907,600	907,600	953,825	46,225	980,999
Franchise fees					
Gas	501,226	501,226	460,536	(40,690)	491,472
Electric	1,594,252	1,594,252	1,538,770	(55,482)	1,519,934
Water	473,981	473,981	474,059	78	447,763
Sanitation	1,513,500	1,513,500	1,639,206	125,706	1,443,490
Other	918,577	918,577	869,580	(48,997)	855,089
Other licenses and permits	240,941	240,941	324,821	83,880	341,673
	<u>13,052,928</u>	<u>13,052,928</u>	<u>14,859,489</u>	<u>1,806,561</u>	<u>13,699,662</u>
Intergovernmental revenues					
Federal and state grants	-	-	96,138	96,138	9,688
State shared revenue					
Consolidated taxes payment	27,900,000	27,900,000	27,846,670	(53,330)	26,549,389
Fair share distribution	2,100,000	2,100,000	2,066,717	(33,283)	2,033,634
Marijuana shared revenue	126,000	126,000	123,068	(2,932)	126,543
Other local government shared revenues					
County gaming licenses (City's share)	400,000	400,000	360,150	(39,850)	346,909
Other	558,150	558,150	564,158	6,008	548,567
	<u>31,084,150</u>	<u>31,084,150</u>	<u>31,056,901</u>	<u>(27,249)</u>	<u>29,614,730</u>
Charges for services					
General government					
Building and zoning fees	1,500	1,500	2,960	1,460	1,905
Other	2,755,335	2,755,335	2,805,743	50,408	2,591,957
	<u>2,756,835</u>	<u>2,756,835</u>	<u>2,808,703</u>	<u>51,868</u>	<u>2,593,862</u>
Fines and forfeits					
Fines - Court	607,002	607,002	598,894	(8,108)	603,687
Forfeits - Bail	6,001	6,001	5,000	(1,001)	3,086
Forfeits - Other	110,000	110,000	(23,553)	(133,553)	94,931
	<u>723,003</u>	<u>723,003</u>	<u>580,341</u>	<u>(142,662)</u>	<u>701,704</u>
Miscellaneous					
Investment income	85,000	85,000	224,550	139,550	11,435
Rents and royalties	52,074	52,074	57,421	5,347	53,465
Other	50,699	50,699	29,991	(20,708)	51,651
	<u>187,773</u>	<u>187,773</u>	<u>311,962</u>	<u>124,189</u>	<u>116,551</u>
Total revenues	<u>71,104,689</u>	<u>71,104,689</u>	<u>72,852,774</u>	<u>1,748,085</u>	<u>68,670,630</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2018
Expenditures					
General government					
Executive (Mayor)					
Salaries and wages	\$ 66,016	\$ 66,016	\$ 66,333	\$ (317)	\$ 64,067
Employee benefits	45,608	45,608	46,439	(831)	44,230
Services and supplies	12,477	12,477	3,809	8,668	996
	<u>124,101</u>	<u>124,101</u>	<u>116,581</u>	<u>7,520</u>	<u>109,293</u>
Legislative (City Council)					
Salaries and wages	278,095	278,095	275,037	3,058	271,390
Employee benefits	180,352	180,352	175,335	5,017	173,028
Services and supplies	58,890	58,890	28,200	30,690	27,987
	<u>517,337</u>	<u>517,337</u>	<u>478,572</u>	<u>38,765</u>	<u>472,405</u>
Management services					
Salaries and wages	1,734,074	1,687,170	1,760,620	(73,450)	1,804,547
Employee benefits	2,244,723	2,209,677	1,998,127	211,550	2,080,513
Services and supplies	2,555,226	2,589,130	2,173,700	415,430	1,916,758
Capital outlay	-	-	8,490	(8,490)	8,000
	<u>6,534,023</u>	<u>6,485,977</u>	<u>5,940,937</u>	<u>545,040</u>	<u>5,809,818</u>
Legal (City Attorney)					
Salaries and wages	1,061,850	1,061,850	1,074,697	(12,847)	1,064,904
Employee benefits	541,018	541,018	527,790	13,228	511,202
Services and supplies	114,954	114,954	98,158	16,796	98,756
	<u>1,717,822</u>	<u>1,717,822</u>	<u>1,700,645</u>	<u>17,177</u>	<u>1,674,862</u>
Finance					
Salaries and wages	1,820,387	1,820,387	1,830,006	(9,619)	1,745,680
Employee benefits	931,890	931,890	905,336	26,554	858,499
Services and supplies	1,004,172	998,145	802,708	195,437	746,026
Capital outlay	-	-	2,000	(2,000)	27,532
	<u>3,756,449</u>	<u>3,750,422</u>	<u>3,540,050</u>	<u>210,372</u>	<u>3,377,737</u>
Community services					
Salaries and wages	420,511	420,511	427,513	(7,002)	415,315
Employee benefits	225,955	225,955	219,563	6,392	214,507
Services and supplies	70,070	70,070	55,837	14,233	67,705
	<u>716,536</u>	<u>716,536</u>	<u>702,913</u>	<u>13,623</u>	<u>697,527</u>
Total general government					
	<u>13,366,268</u>	<u>13,312,195</u>	<u>12,479,698</u>	<u>832,497</u>	<u>12,141,642</u>
Judicial					
Municipal Court					
Salaries and wages	1,294,774	1,294,774	1,302,579	(7,805)	1,227,862
Employee benefits	757,675	757,675	713,928	43,747	670,589
Services and supplies	235,659	235,659	220,678	14,981	218,089
	<u>2,288,108</u>	<u>2,288,108</u>	<u>2,237,185</u>	<u>50,923</u>	<u>2,116,540</u>
Public safety					
Police department					
Salaries and wages	15,495,954	15,486,954	15,857,436	(370,482)	14,640,713
Employee benefits	8,805,166	8,805,166	8,678,932	126,234	8,012,837
Services and supplies	3,314,387	3,284,349	3,385,404	(101,055)	2,986,434
Capital outlay	-	35,935	35,935	-	34,495
	<u>27,615,507</u>	<u>27,612,404</u>	<u>27,957,707</u>	<u>(345,303)</u>	<u>25,674,479</u>

See Notes to the Financial Statements

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2018
Fire department					
Salaries and wages	\$ 9,480,530	\$ 9,480,530	\$ 9,675,418	\$ (194,888)	\$ 8,982,385
Employee benefits	5,740,881	5,740,881	5,700,276	40,605	5,208,803
Services and supplies	2,104,315	2,104,315	1,971,823	132,492	1,767,440
Capital outlay	-	-	15,717	(15,717)	7,495
	<u>17,325,726</u>	<u>17,325,726</u>	<u>17,363,234</u>	<u>(37,508)</u>	<u>15,966,123</u>
Community services					
Salaries and wages	74,798	74,798	72,974	1,824	71,189
Employee benefits	47,948	47,948	48,802	(854)	47,100
Services and supplies	1,195,728	1,195,728	1,176,688	19,040	1,261,178
	<u>1,318,474</u>	<u>1,318,474</u>	<u>1,298,464</u>	<u>20,010</u>	<u>1,379,467</u>
Total public safety	<u>46,259,707</u>	<u>46,256,604</u>	<u>46,619,405</u>	<u>(362,801)</u>	<u>43,020,069</u>
Public works					
Community services					
Salaries and wages	460,410	460,410	476,486	(16,076)	424,322
Employee benefits	270,932	270,932	277,932	(7,000)	243,952
Services and supplies	1,048,347	1,048,347	956,701	91,646	863,060
Total public works	<u>1,779,689</u>	<u>1,779,689</u>	<u>1,711,119</u>	<u>68,570</u>	<u>1,531,334</u>
Culture and recreation					
Community services					
Salaries and wages	693,855	693,855	575,337	118,518	670,253
Employee benefits	492,350	492,350	401,639	90,711	465,565
Services and supplies	1,901,929	1,901,236	1,895,578	5,658	1,723,835
Total culture and recreation	<u>3,088,134</u>	<u>3,087,441</u>	<u>2,872,554</u>	<u>214,887</u>	<u>2,859,653</u>
Community support					
Management services					
Services and supplies	274,873	308,873	310,721	(1,848)	278,231
Total expenditures	<u>67,056,779</u>	<u>67,032,910</u>	<u>66,230,682</u>	<u>802,228</u>	<u>61,947,469</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,047,910</u>	<u>4,071,779</u>	<u>6,622,092</u>	<u>2,550,313</u>	<u>6,723,161</u>
Other Financing Sources (Uses)					
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers					
Transfers in	1,000,000	1,000,000	-	(1,000,000)	-
Transfers out	(4,930,804)	(4,930,804)	(5,080,804)	(150,000)	(2,622,020)
Total other financing sources (uses)	<u>(4,930,804)</u>	<u>(4,930,804)</u>	<u>(5,080,804)</u>	<u>(150,000)</u>	<u>(2,622,020)</u>
Net Change in Fund Balances	(882,894)	(859,025)	1,541,288	2,400,313	4,101,141
Fund Balances, Beginning of Year	<u>5,177,550</u>	<u>5,153,681</u>	<u>6,815,213</u>	<u>1,661,532</u>	<u>2,714,072</u>
Fund balances, End of Year	<u>\$ 4,294,656</u>	<u>\$ 4,294,656</u>	<u>\$ 8,356,501</u>	<u>\$ 4,061,845</u>	<u>\$ 6,815,213</u>

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 53,880,031	\$ 7,058,231	\$ 60,938,262	\$ 11,666,993
Accounts receivable, net	2,554,198	7,248	2,561,446	1,004,873
Notes receivable	551,120	-	551,120	-
Due from other funds	-	-	-	150,000
Due from other governments	343,359	-	343,359	56,690
Deposits	-	-	-	19,072
Inventory of supplies	-	-	-	175,825
Total current assets	57,328,708	7,065,479	64,394,187	13,073,453
Noncurrent assets				
Capital assets				
Land	1,873,105	-	1,873,105	-
Construction in progress	2,261,478	-	2,261,478	1,351,981
Intangible assets	2,648	-	2,648	-
Buildings	982,424	-	982,424	451,019
Site improvements	3,657,382	70,045	3,727,427	245,445
Machinery and equipment	759,520	123,422	882,942	28,010,878
Water rights	7,026,502	-	7,026,502	-
Roads and streets	9,441,454	-	9,441,454	-
Storm drains	128,913,570	-	128,913,570	-
Sewer lines	146,499,034	-	146,499,034	-
	301,417,117	193,467	301,610,584	30,059,323
Less accumulated depreciation	(120,806,518)	(79,624)	(120,886,142)	(20,417,419)
Capital assets, net	180,610,599	113,843	180,724,442	9,641,904
Other noncurrent assets				
Investment - Truckee Meadows Water Reclamation Facility	40,056,206	-	40,056,206	-
Notes receivable	3,846,299	-	3,846,299	-
Total other noncurrent assets	43,902,505	-	43,902,505	-
Total noncurrent assets	224,513,104	113,843	224,626,947	9,641,904
Total assets	281,841,812	7,179,322	289,021,134	22,715,357
Deferred outflows of resources				
Deferred outflows related to pension	852,080	411,291	1,263,371	186,551
Deferred outflows related to OPEB	321,097	153,135	474,232	38,187
Total deferred outflows of resources	1,173,177	564,426	1,737,603	224,738
Total Assets and Deferred Outflows of Resources	283,014,989	7,743,748	290,758,737	22,940,095

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	78,333	71,889	150,222	278,197
Accrued liabilities	142,616	99,685	242,301	21,779
Contracts payable	98,110	62,598	160,708	73,407
Refundable deposits	-	50,000	50,000	-
Unearned revenues	234,528	-	234,528	-
Due to other governments	815,452	100,574	916,026	27,908
Interest payable	286,440	-	286,440	-
Current portion of long-term liabilities	5,953,011	249,606	6,202,617	3,074,189
Total current liabilities	<u>7,608,490</u>	<u>634,352</u>	<u>8,242,842</u>	<u>3,475,480</u>
Noncurrent liabilities				
Refundable deposits (net of current portion)	-	50,000	50,000	-
Compensated absences (net of current portion)	571,524	507,968	1,079,492	197,947
Total OPEB liability	1,018,720	759,371	1,778,091	142,386
Net pension liability	5,093,278	1,807,011	6,900,289	1,033,812
Sick leave conversion payable (net of current portion)	240,879	107,169	348,048	26,950
Claims liabilities (net of current portion)	-	-	-	7,313,134
General obligation bonds & notes (net of current)	31,706,683	-	31,706,683	-
Total noncurrent liabilities	<u>38,631,084</u>	<u>3,231,519</u>	<u>41,862,603</u>	<u>8,714,229</u>
Total liabilities	<u>46,239,574</u>	<u>3,865,871</u>	<u>50,105,445</u>	<u>12,189,709</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	418,278	81,561	499,839	81,340
Deferred inflows related to OPEB	134,620	113,470	248,090	45,686
Total liabilities and deferred inflows of resources	<u>46,792,472</u>	<u>4,060,902</u>	<u>50,853,374</u>	<u>12,316,735</u>
Net Position				
Net investment in capital assets	147,664,343	113,843	147,778,186	9,641,901
Restricted for claims	-	-	-	4,981,870
Unrestricted	88,558,174	3,569,003	92,127,177	(4,000,411)
Total net position	<u>\$ 236,222,517</u>	<u>\$ 3,682,846</u>	239,905,363	<u>\$ 10,623,360</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(624,773)</u>
			Net Position of Business-Type Activities	<u>\$ 239,280,590</u>

City of Sparks
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Operating revenues				
Licenses and permits	\$ 167,532	\$ 2,377,607	\$ 2,545,139	\$ -
Charges for services	25,962,151	3,048,956	29,011,107	19,031,489
Miscellaneous	69,153	10,835	79,988	385,185
Total operating revenues	<u>26,198,836</u>	<u>5,437,398</u>	<u>31,636,234</u>	<u>19,416,674</u>
Operating Expenses				
Salaries and wages	2,839,267	1,784,985	4,624,252	619,444
Employee benefits	1,638,666	862,058	2,500,724	341,834
Services and supplies	10,817,700	2,290,417	13,108,117	16,920,483
Depreciation	7,238,804	9,986	7,248,790	1,879,329
Net loss from Truckee Meadows Water Reclamation Facility	2,318,494	-	2,318,494	-
Total operating expenses	<u>24,852,931</u>	<u>4,947,446</u>	<u>29,800,377</u>	<u>19,761,090</u>
Operating Income (Loss)	<u>1,345,905</u>	<u>489,952</u>	<u>1,835,857</u>	<u>(344,416)</u>
Non-operating Revenues (Expenses)				
Investment income	1,710,357	272,775	1,983,132	404,496
Interest expense	(557,616)	-	(557,616)	-
Miscellaneous/Other	(213)	160	(53)	-
Gain (loss) on disposition of assets	(39,718)	-	(39,718)	6,673
Total nonoperating revenues (expenses)	<u>1,112,810</u>	<u>272,935</u>	<u>1,385,745</u>	<u>411,169</u>
Income (Loss) Before Capital Contributions and Transfers	<u>2,458,715</u>	<u>762,887</u>	<u>3,221,602</u>	<u>66,753</u>
Capital Contributions				
Vehicles	-	-	-	51,652
Sewer connection fees	7,174,498	-	7,174,498	-
Sewer lines and storm drains	8,946,089	-	8,946,089	-
Total capital contributions	<u>16,120,587</u>	<u>-</u>	<u>16,120,587</u>	<u>51,652</u>
Transfers				
Transfers in	118,261	-	118,261	261,645
Transfers out	(3,985)	(135,557)	(139,542)	-
Total transfers	<u>114,276</u>	<u>(135,557)</u>	<u>(21,281)</u>	<u>261,645</u>
Change in Net Position	<u>18,693,578</u>	<u>627,330</u>	<u>19,320,908</u>	<u>380,050</u>
Net Position, Beginning of Year	<u>217,528,939</u>	<u>3,055,516</u>		<u>10,243,310</u>
Net Position, End of Year	<u>\$ 236,222,517</u>	<u>\$ 3,682,846</u>		<u>\$ 10,623,360</u>

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds 523,872

Change in net position of business-type activities \$ 19,844,780

City of Sparks
Statement of Cash Flows - Proprietary Funds - Proprietary Funds
Year Ended June 30, 2019

	<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	\$ 26,178,645	\$ 5,432,245	\$ 31,610,890	\$ 2,324,799
Cash received from interfund services provided	-	-	-	15,712,514
Cash received from reimbursements of insurance claims	69,153	-	69,153	255,434
Cash paid to employees	(4,592,791)	(2,652,985)	(7,245,776)	(937,385)
Cash paid to suppliers	(11,677,957)	(2,313,521)	(13,991,478)	(14,176,999)
Cash paid to Truckee Meadows Water Reclamation Facility	(1,657,224)	-	(1,657,224)	-
Net cash from operating activities	<u>8,319,826</u>	<u>465,739</u>	<u>8,785,565</u>	<u>3,178,363</u>
Noncapital financing activities				
Transfers in	118,261	-	118,261	150,000
Transfers out	(3,985)	(23,912)	(27,897)	-
Net cash from (used for) noncapital financing activities	<u>114,276</u>	<u>(23,912)</u>	<u>90,364</u>	<u>150,000</u>
Capital and related financing activities				
Bond and capital lease obligation principal payments	(5,455,589)	-	(5,455,589)	-
Bond and capital lease interest expense paid	(822,751)	-	(822,751)	-
Proceeds from sale of capital assets	-	-	-	11,863
Acquisition of capital assets	(4,338,957)	(174,190)	(4,513,147)	(1,038,729)
Cash contributions - sewer connection fees	7,174,498	-	7,174,498	-
Net cash used for capital and related financing activities	<u>(3,442,799)</u>	<u>(174,190)</u>	<u>(3,616,989)</u>	<u>(1,026,866)</u>
Investing activities				
Investment income (loss)	1,710,357	272,775	1,983,132	404,496
Principal received on notes receivable	586,709	-	586,709	-
Net cash from investing activities	<u>2,297,066</u>	<u>272,775</u>	<u>2,569,841</u>	<u>404,496</u>
Net change in cash and cash equivalents	7,288,369	540,412	7,828,781	2,705,993
Cash and cash equivalents, Beginning of Year	<u>46,591,662</u>	<u>6,517,819</u>	<u>53,109,481</u>	<u>8,961,000</u>
Cash and cash equivalents, End of Year	<u>53,880,031</u>	<u>7,058,231</u>	<u>60,938,262</u>	<u>11,666,993</u>

City of Sparks
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2019

	<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>	
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	1,345,905	489,952	1,835,857	(344,416)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,238,804	9,986	7,248,790	1,879,329
Miscellaneous cash receipts/payments	(213)	160	(53)	-
Changes in				
Accounts receivable	(112,852)	9,092	(103,760)	(919,138)
Due from other funds	-	-	-	(150,000)
Due from other governments	151,308	595	151,903	(54,788)
Inventory of supplies	-	-	-	17,577
Investment in Truckee Meadows Water Reclamation Facility	661,270	-	661,270	-
Pension related amounts	(47,894)	(36,096)	(83,990)	(18,690)
OPEB related amounts	29,917	19,829	49,746	(1,665)
Accounts payable	(44,488)	(12,444)	(56,932)	77,219
Accrued liabilities	(9,877)	6,886	(2,991)	6,306
Contracts payable	(713,656)	(7,828)	(721,484)	73,407
Unearned revenue	10,433	-	10,433	-
Due to other governments	(101,827)	(2,832)	(104,659)	3,839
Refundable deposits	-	(15,000)	(15,000)	-
Compensated absences	(91,695)	(11,576)	(103,271)	37,942
Sick leave conversion payable	4,691	15,015	19,706	-
Claims liabilities	-	-	-	2,571,441
Total adjustments	<u>6,973,921</u>	<u>(24,213)</u>	<u>6,949,708</u>	<u>3,522,779</u>
Net cash from operating activities	<u>8,319,826</u>	<u>465,739</u>	<u>8,785,565</u>	<u>3,178,363</u>
Noncash investing and capital and related financing activities:				
Contributions of capital assets from (to) other funds	<u>-</u>	<u>(111,645)</u>	<u>(111,645)</u>	<u>163,297</u>
Contributions of capital assets from developers	<u>\$ 8,946,089</u>	<u>\$ -</u>	<u>\$ 8,946,089</u>	<u>\$ -</u>

City of Sparks
Statement of Fiduciary Net Position
June 30, 2019

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 3,911,509</u>
Liabilities	
Accounts payable	\$ 190,421
Group insurance premiums payable	306,018
Due to other governments	<u>3,415,070</u>
Total liabilities	<u>\$ 3,911,509</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Sparks, Nevada was incorporated March 15, 1905. The City operates under a city council/manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and alleys, sanitary sewer, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Sparks, including the Redevelopment Agency Areas of the City of Sparks, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

The financial statements present the reporting entity, which consists of the City and its blended component units, entities for which the City is considered to be financially accountable. The blended component units are, in substance, part of the City's operations, even though they are legally separate entities. Thus, the following blended component units are appropriately presented as funds of the primary government.

Redevelopment Agency (Areas No. 1 and No. 2) of the City of Sparks

Although legally separate from the City, the Redevelopment Agency Areas are governed by a Board comprised of City Council Members and Mayor, the Areas are dependent upon the City's taxing authority, and the City has operational responsibility for the Areas. Separate financial statements for the Redevelopment Agency Areas are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a function or business-type activity. *Program revenues* include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes, and other items properly not included among program revenues, are reported as *general revenues*.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented, even though the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which are displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources* measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred inflow of resources account is established. Thus in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, postemployment benefits, and claims and judgments are recorded only when payment is due.

Property taxes, consolidated tax revenue [comprised of six tax components: sales taxes (which are comprised of Supplemental City/County Relief Tax - SCCRT and the Basic City/County Relief Tax - BCCRT), cigarette taxes, government services taxes, real property transfer taxes, and liquor taxes], room taxes, gaming taxes, gasoline taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The fiduciary fund financial statements 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 City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The *General Fund* is the City's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.

The *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's Chief Financial Officer. Investments consist primarily of money market mutual funds, negotiable certificates of deposits, corporate notes and obligations of agencies of the United States. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*. 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 and debentures.
- Bills and notes of the U.S. Treasury maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the U.S., or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.

- Certain short-term paper issued by a corporation organized and operating in the U.S.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain "AAA" rated mutual funds that invest in; (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as "A-1" or "P-1" issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (with maturities of 3 months or less when purchased) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk in changes of value. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Personal property taxes are billed and collected by the County Treasurer and are considered delinquent 30 days after billing. Amounts allocated to the City of Sparks that have been billed but not remitted to the City are reported as a current receivable. The County performs seizure and sales of property when there is an ongoing delinquency.

Receivables are shown net of an allowance for uncollectible accounts, if applicable.

Inventories and Prepays

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such are recorded as expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Bond covenants and other third party restrictions require a portion of the debt proceeds, as well as other resources, to be set aside for various purposes in the General Obligation Debt Service Fund, Redevelopment Agency Area No. 1 Tax Revenue Debt Service Fund, and Redevelopment Agency Area No. 2 Debt Service Fund. These amounts are reported as restricted assets.

Capital Assets

Capital assets, which include land, construction in progress, intangible assets, water rights, property, plant, equipment and infrastructure, are capitalized and reported in the applicable governmental activities and business-type activities columns of the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Capital assets are recorded at cost for purchased or constructed assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Donated capital assets are recorded at acquisition value at the date of donation, with the exception of road infrastructure donations constructed by the Regional Transportation Commission which are recorded at the start of the year of notification as either construction in progress for uncompleted projects or in their respective categories for completed projects.

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

Buildings	10-40 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-20 years
Sewer lines	10-50 years
Storm drains	40-50 years
Infrastructure, including roads and streets	15-40 years
Intangibles	10 years

Long-Term Liabilities

Government-wide and proprietary fund type 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.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This financial statement element represents 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 other postemployment benefits, and the deferred amount on bond refundings under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reflects deferred inflows of resources which are unavailable revenue in the governmental funds balance sheet for revenues not received within 60 days of year end, delinquent property and other taxes, grants, and special assessments that arise under the modified accrual basis of accounting. The City recognizes deferred inflows of resources related to pensions and other postemployment benefits in the Statement of Net Position under the accrual basis of accounting.

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of equity with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other equity that does not meet the definition of "net investment in capital assets" or "restricted."

In the fund financial statements, governmental fund equity is reported as fund balances and is classified into a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in fund financial statements are as follows:

- **Nonspendable Fund Balance** – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, in which either are equally binding) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned Fund Balance** – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. Amounts may be assigned by the City Council; or the City Council through resolution, has authorized the Chief Financial Officer to assign fund balance.
- **Unassigned Fund Balance** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, but reserves the right to selectively spend unassigned balances first to defer the use of these other classified funds.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unrestricted fund balance (the sum of the committed, assigned, and unassigned fund balance categories) at fiscal year-end to be at least equal to 8.3 percent of total General Fund expenditures.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2017-2018 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 2017-2018. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Statement No. 88

As of July 1, 2018, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of this standard improves the usefulness of information about, and improves accounting and financial reporting for debt, including direct borrowings and direct placements. Direct borrowing and direct placement terms are negotiated with private parties and are not offered for public sale. Additional disclosures required by this standard are included in Note 9.

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 Chief Financial Officer files with the Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
- A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
- Prior to June 1, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Council. The final budget is then submitted to the Nevada Department of Taxation.
- All budget amounts presented in these financial statements and schedules reflect the budget as amended by legally authorized revisions during the year. Original budgets are provided for the General Fund in compliance with reporting requirements. The Chief Financial Officer or designee may approve budget adjustments within a function. Budget adjustments between functions may be approved by the Chief Financial Officer with City Council notification. Adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval.
- Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.
- In accordance with State statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue, and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.
- Budgets are adopted for all governmental fund types and for all proprietary fund types. Additional control over spending activities of these funds is achieved through required approval of all purchases over \$50,000 by the City Council and certain expenditures are restricted by bond indenture provisions.

The budget reflected in the financial statements has been amended from the original budget amounts in accordance with State statute. Such amendments included augmentations for prior obligations, as well as supplemental appropriations needed for grants, contingencies, and other uses.

Compliance with Nevada Revised Statutes and Administrative Code

The City conformed to all significant statutory constraints in its financial administration during the year, with the following exception for an apparent violation of NRS 354.626:

Actual expenditures exceeded those budgeted for the year in the public safety function of the General Fund by \$362,801. While these would appear to a violation of NRS, they meet the exclusion under NRS 354.626(2)e.

Actual expenditures exceeded those budgeted for the year in the community support function of the General Fund by \$1,848.

Actual operating expenses exceeded total appropriations of the Workers' Compensation Insurance Fund and the Municipal Self-Insurance Fund by \$1,466,913 and \$79,345, respectively. The over-expenditures occurred as a result of purchase of coverage and professional services directly related to a program of insurance and, as such, are specifically excluded from the over-expenditures provisions of NRS 354.626.

Deficit Fund Equity

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$7,050,092 at June 30, 2019.

Note 3 - Cash and Investments

Deposits

At June 30, 2019, the City's carrying amount of deposits was \$5,210,751 and the bank balance was \$5,745,228. 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 \$534,477.

Investments

At June 30, 2019, 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	\$ 55,317,705	\$ 11,250,086	\$ 38,986,358	\$ 5,081,261
Negotiable certificates of deposit	11,111,139	489,728	10,621,411	-
Money market mutual funds	56,893,264	56,893,264	-	-
	<u>\$ 123,322,108</u>	<u>\$ 68,633,078</u>	<u>\$ 49,607,769</u>	<u>\$ 5,081,261</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments (see Note 1). The City does not have a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Custodial Credit Risk - Deposits - All deposits are subject to custodial credit risk, which is the risk that the City's deposits may not be returned to it in the event of a bank failure. The City's bank balances were covered by the Federal Depository Insurance Corporation and by collateral held by depositories in the Nevada Collateral Pool, and were not exposed to custodial credit risk.

Interest rate risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. State statute limits investment in bills and notes of the U.S. Treasury, along with obligations of an agency of the U.S. or a corporation sponsored by the U.S. government to those maturing within ten years from the date of purchase. The weighted average maturity of the city's investments is less than three years.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. The City follows State statute for reducing exposure to investment credit risk by investing in U.S. Treasury and U.S. Agency securities, AAA rated money market mutual funds that invest in securities issued by the U.S. Government, agencies of the U.S. Government or agencies of the U.S. Government, and corporate notes if they are A rated notes issued by corporations organized and operating in the United States that mature within five years and do not exceed 20 percent of the total portfolio or exceed any one corporation by 25 percent of such investments. The City's investments in U.S. Agency securities are rated no lower than 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, 2019, the following investments in a single issuer exceeded 5% of the City's total investments

U.S. Agency security - Federal National Mortgage Association	5.64 %
U.S. Agency security - Federal Home Loan Mortgage Corporation	12.35 %
U.S. Agency security - Federal Farm Credit Bank	12.14 %
U.S. Agency security - Federal Home Loan Bank	14.72 %

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, 2019, the City had the following recurring fair value measurements:

	June 30, 2019	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	\$ 55,317,705	\$ -	\$ 55,317,705	\$ -
Negotiable certificates of deposit	11,111,139	-	11,111,139	-
Money market mutual funds	56,893,264	56,893,264	-	-
Total investment measured at fair value	\$ 123,322,108	\$ 56,893,264	\$ 66,428,844	\$ -

The following is a description of the valuation methodologies used by the City for its Level 2 assets:

U.S. agencies – Valued using matrix pricing and market corroborated pricing models.

Negotiable certificates of deposit – Valued using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

Summary of Deposit and Investment Balances

A reconciliation of the City’s deposits and investment balances as of June 30, 2019 follows:

Deposits	\$ 5,210,751
Investments	123,322,108
	<u>\$ 128,532,859</u>
Governmental activities	
Cash and investments	\$ 52,286,216
Cash and investments - restricted	11,396,872
Business-type activities	
Cash and investments	60,938,262
Fiduciary Funds	3,911,509
	<u>\$ 128,532,859</u>

Note 4 - Accounts Receivable and Notes Receivable

Governmental Activities

	General Fund	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable						
Miscellaneous	\$ 1,734,940	\$ -	\$ 888,784	\$ 2,623,724	\$ 1,004,873	\$ 3,628,597
Special Assessments	-	6,892,659	-	6,892,659	-	6,892,659
	<u>1,734,940</u>	<u>6,892,659</u>	<u>888,784</u>	<u>9,516,383</u>	<u>1,004,873</u>	<u>10,521,256</u>
Accounts receivable, net	<u>\$ 1,734,940</u>	<u>\$ 6,892,659</u>	<u>\$ 888,784</u>	<u>\$ 9,516,383</u>	<u>\$ 1,004,873</u>	<u>\$ 10,521,256</u>

Accounts receivable not expected to be collected within one year are \$6,167,959 of special assessments reported in the General Obligation Debt Service Fund.

Notes receivable related to housing rehabilitation loans of \$1,405,824 less the allowance of \$64,769 are reported in the Community Development Block Grant Special Revenue Fund (Nonmajor Governmental Fund).

Business-type Activities

	Sewer Operations	Nonmajor Development Services	Total Business-Type Activities
Accounts receivable, net			
Sewer services	\$ 2,554,198	\$ -	\$ 2,554,198
Miscellaneous	-	7,248	7,248
Total accounts receivable	<u>\$ 2,554,198</u>	<u>\$ 7,248</u>	<u>\$ 2,561,446</u>
Notes receivable			
Effluent connection fees	\$ 762,282	\$ -	\$ 762,282
Sun Valley GID	3,635,137	-	3,635,137
Total notes receivable	<u>\$ 4,397,419</u>	<u>\$ -</u>	<u>\$ 4,397,419</u>

The current portion of notes receivable was \$551,120 as of June 30, 2019. These notes receivable include Sun Valley GID notes with interest rates ranging from 1.25% to 1.61%, principal and interest payable semi-annually through January 2024 and January 2027. Also included are effluent connection fees, which generally include a 4.5% interest rate and various maturity dates depending on the customer.

Note 5 - Interfund Balances and Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2019 is as follows:

Due From	Due To		
	General Fund	Internal Service Funds	Total
General Fund	\$ -	\$ 150,000	\$ 150,000
Nonmajor Governmental Funds	18,778	-	18,778
Total	<u>\$ 18,778</u>	<u>\$ 150,000</u>	<u>\$ 168,778</u>

Balance results from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers

Transfers reported on the fund financial statements at June 30, 2019 are as follows :

Transfers Out	Transfers In					
	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Internal Service	Total
General Fund	\$ 708,804	\$ 4,222,000	\$ 4,930,804	\$ -	\$ 150,000	\$ 5,080,804
Nonmajor Governmental	297,108	-	297,108	118,261	-	415,369
Total governmental	<u>1,005,912</u>	<u>4,222,000</u>	<u>5,227,912</u>	<u>118,261</u>	<u>150,000</u>	<u>5,496,173</u>
Sewer	3,985	-	3,985	-	-	3,985
Nonmajor Enterprise	23,912	-	23,912	-	111,645	135,557
Total business-type	<u>27,897</u>	<u>-</u>	<u>27,897</u>	<u>-</u>	<u>111,645</u>	<u>139,542</u>
Total	<u>\$ 1,033,809</u>	<u>\$ 4,222,000</u>	<u>\$ 5,255,809</u>	<u>\$ 118,261</u>	<u>\$ 261,645</u>	<u>\$ 5,635,715</u>

Transfers are used to move (1) revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 6 - Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF).

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2019, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$2,318,494.

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, 2019, is \$40,056,206.

Summary June 30, 2019 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 6,620,472
Capital assets, net of accumulated depreciation	<u>135,514,856</u>
Total assets	<u>142,135,328</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	1,266,035
Deferred outflows related to OPEB	<u>753,777</u>
Total deferred outflows of resources	<u>2,019,812</u>
Total assets and deferred outflows of resources	<u>144,155,140</u>
Liabilities	
Current liabilities	2,321,002
Noncurrent liabilities	<u>9,962,470</u>
Total liabilities	<u>12,283,472</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	451,335
Deferred inflows related to OPEB	<u>88,133</u>
Total liabilities and deferred inflows of resources	<u>12,822,940</u>
Net Position	
Net investment in capital assets	135,514,856
Unrestricted	<u>(4,182,656)</u>
Total net position	<u>\$ 131,332,200</u>
Operating revenues	
Operating revenues	\$ 21,845,331
Operating expenses before depreciation	(21,761,702)
Depreciation	(7,680,241)
Non-operating revenues (expenses)	(49,688)
Capital contributions	<u>5,282,832</u>
Change in net position	<u>\$ (2,363,468)</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2019 totaled approximately \$5.81 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 70% and 30%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2019, the City of Sparks has recorded \$4,218,271 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

Separate financial statements and information for TMWRF are available by contacting TMWRF or the Chief Financial Officer of the City of Sparks at 431 Prater Way, P.O. Box 857, Sparks, NV 89432-0857.

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

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2019, 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, 2019, 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, 2019, 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, 2019, was as follows:

Governmental Activities

	Balance June 30, 2018	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2019
Capital assets, not being depreciated					
Land	\$ 32,820,178	\$ 3,799,678	\$ -	\$ 45,580	\$ 36,665,436
Construction in progress	86,634,653	14,652,098	(358,997)	(79,591,146)	21,336,608
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	<u>122,773,077</u>	<u>18,451,776</u>	<u>(358,997)</u>	<u>(79,545,566)</u>	<u>61,320,290</u>
Capital assets, being depreciated					
Intangible assets	712,984	-	-	-	712,984
Buildings	39,124,439	-	(4,053)	-	39,120,386
Improvements other than buildings	95,744,344	4,193,919	(1,235,614)	746,025	99,448,674
Machinery and equipment	33,853,432	2,389,409	(407,551)	830,644	36,665,934
Infrastructure	<u>287,377,681</u>	<u>11,555,107</u>	<u>(919,256)</u>	<u>77,968,897</u>	<u>375,982,429</u>
Total capital assets, being depreciated	<u>456,812,880</u>	<u>18,138,435</u>	<u>(2,566,474)</u>	<u>79,545,566</u>	<u>551,930,407</u>
Less accumulated depreciation for					
Intangible assets	(406,108)	(72,220)	-	-	(478,328)
Buildings	(21,913,818)	(1,026,706)	2,330	-	(22,938,194)
Improvements other than buildings	(63,313,306)	(3,695,685)	1,213,894	-	(65,795,097)
Machinery and equipment	(22,785,519)	(2,581,041)	371,080	-	(24,995,480)
Infrastructure	<u>(79,862,451)</u>	<u>(4,845,884)</u>	<u>919,256</u>	<u>-</u>	<u>(83,789,079)</u>
Total accumulated depreciation	<u>(188,281,202)</u>	<u>(12,221,536)</u>	<u>2,506,560</u>	<u>-</u>	<u>(197,996,178)</u>
Total capital assets, being depreciated, net	<u>268,531,678</u>	<u>5,916,899</u>	<u>(59,914)</u>	<u>79,545,566</u>	<u>353,934,229</u>
Governmental activities capital assets, net	<u>\$ 391,304,755</u>	<u>\$ 24,368,675</u>	<u>\$ (418,911)</u>	<u>\$ -</u>	<u>\$ 415,254,519</u>

Business-type Activities

	Balance June 30, 2018	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2019
Capital assets, not being depreciated					
Construction in progress	\$ 495,716	\$ 1,991,724	\$ (39,718)	\$ (186,244)	\$ 2,261,478
Water rights	7,026,502	-	-	-	7,026,502
Land	-	1,873,105	-	-	1,873,105
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	<u>7,524,866</u>	<u>3,864,829</u>	<u>(39,718)</u>	<u>(186,244)</u>	<u>11,163,733</u>
Capital assets, being depreciated					
Buildings	982,424	-	-	-	982,424
Improvements other than buildings	3,657,383	62,544	-	7,500	3,727,427
Machinery and equipment	882,942	-	-	-	882,942
Roads and streets	7,095,011	2,329,253	-	17,190	9,441,454
Storm drains	123,901,984	4,850,032	-	161,554	128,913,570
Sewer lines	144,219,431	2,279,603	-	-	146,499,034
Total capital assets, being depreciated	<u>280,739,175</u>	<u>9,521,432</u>	<u>-</u>	<u>186,244</u>	<u>290,446,851</u>
Less accumulated depreciation for					
Buildings	(388,816)	(28,303)	-	-	(417,119)
Improvements other than buildings	(2,921,019)	(79,551)	-	-	(3,000,570)
Machinery and equipment	(433,265)	(51,104)	-	-	(484,369)
Roads and streets	(1,335,919)	(550,822)	-	-	(1,886,741)
Storm drains	(40,728,955)	(3,055,775)	-	-	(43,784,730)
Sewer lines	(67,829,378)	(3,483,235)	-	-	(71,312,613)
Total accumulated depreciation	<u>(113,637,352)</u>	<u>(7,248,790)</u>	<u>-</u>	<u>-</u>	<u>(120,886,142)</u>
Total capital assets, being depreciated, net	<u>167,101,823</u>	<u>2,272,642</u>	<u>-</u>	<u>186,244</u>	<u>169,560,709</u>
Business-type activities capital assets, net	<u>\$ 174,626,689</u>	<u>\$ 6,137,471</u>	<u>\$ (39,718)</u>	<u>\$ -</u>	<u>\$ 180,724,442</u>

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

Governmental Activities	
General Government	\$ 387,954
Judicial	85,737
Public Safety	895,332
Public works	5,519,828
Culture and recreation	2,878,371
Community support	574,985
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,879,329</u>
Total depreciation expenses - governmental activities	<u>\$ 12,221,536</u>
Business-type Activities	
Sewer	\$ 7,238,804
Development Services	<u>9,986</u>
Total depreciation expenses - business-type activities	<u>\$ 7,248,790</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 \$47,812 for the year ended June 30, 2019. The future minimum lease payments for the operating lease expiring June 30, 2023 are as follows based upon the amended lease agreement:

Fiscal Year Ended June 30,

2020	\$	49,247
2021		50,724
2022		52,246
2023		44,620
		<u>196,837</u>

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Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities as of June 30, 2019, are as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities			
Governmental Long-Term Debt			
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 Revenue Refunding Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Less deferred amounts for issuance discounts			
Direct Placement Tax Allocation Bonds			
Supported by Special Assessments within the LID 3			
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2			
2016 Tax Increment Obligation Refunding Bonds (Redevelopment Agency)	10/1/2016	2.33%	6/1/2028
Supported by incremental property tax revenues within R/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			
Total governmental long-term debt			
Other Long-Term Liabilities			
Financial Incentive Agreement - Syufy			
Financial Assistance Agreement - Nugget Event Center			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Claims Liabilities			
Total other governmental long-term liabilities			
Total governmental debt and long-term liabilities			

For governmental activities, compensated absences and sick leave conversion payables are liquidated by those funds with salaries and related benefits; resulting in the majority of these obligations being liquidated by the General Fund. Claims liabilities are liquidated by the respective Internal Service Fund to which the claim relates (see Note 13).

City of Sparks
Notes to the Financial Statements
June 30, 2019

Authorized	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in 2019-2020
\$ 83,290,000	\$ 66,940,000	\$ -	\$ 3,515,000	\$ 63,425,000	\$ 3,935,000
36,600,000	31,334,979	-	3,325,000	28,009,979	12,040,001
<u>7,330,000</u>	<u>7,243,000</u>	<u>-</u>	<u>810,000</u>	<u>6,433,000</u>	<u>838,000</u>
127,220,000	105,517,979	-	7,650,000	97,867,979	16,813,001
-	1,741,449	-	193,494	1,547,955	-
<u>127,220,000</u>	<u>103,776,530</u>	<u>-</u>	<u>7,456,506</u>	<u>96,320,024</u>	<u>16,813,001</u>
13,498,290	7,963,836	-	872,169	7,091,667	716,988
9,660,000	8,441,000	-	759,000	7,682,000	775,000
22,165,000	9,895,000	-	1,790,000	8,105,000	1,875,000
<u>7,285,000</u>	<u>5,685,000</u>	<u>-</u>	<u>405,000</u>	<u>5,280,000</u>	<u>415,000</u>
52,608,290	31,984,836	-	3,826,169	28,158,667	3,781,988
-	14,875	-	3,109	11,766	-
<u>52,608,290</u>	<u>31,969,961</u>	<u>-</u>	<u>3,823,060</u>	<u>28,146,901</u>	<u>3,781,988</u>
<u>179,828,290</u>	<u>135,746,491</u>	<u>-</u>	<u>11,279,566</u>	<u>124,466,925</u>	<u>20,594,989</u>
1,500,000	1,500,000	-	1,000,000	500,000	100,000
1,280,000	-	1,280,000	-	1,280,000	853,760
-	13,361,520	3,683,352	3,265,204	13,779,668	3,619,105
-	4,376,991	1,176,963	765,441	4,788,513	835,583
-	7,740,104	13,618,673	11,047,232	10,311,545	2,998,411
<u>2,780,000</u>	<u>26,978,615</u>	<u>19,758,988</u>	<u>16,077,877</u>	<u>30,659,726</u>	<u>8,406,859</u>
<u>\$ 182,608,290</u>	<u>\$ 162,725,106</u>	<u>\$ 19,758,988</u>	<u>\$ 27,357,443</u>	<u>\$ 155,126,651</u>	<u>\$ 29,001,848</u>

	Issue Date	Interest Rate	Final Maturity Date
Business-type Activities:			
Business-type Long-Term Debt			
Sewer Utility General Obligation Bond Payable			
Supported by Sewer Fund revenues			
2016 Riverflood Bonds	02/18/2016	2.0-5.0%	3/1/2026
Plus deferred amounts for issuance premiums			
Private Placement Bond and Note from Direct Borrowing			
2016 Sewer Refunding Bond	9/1/2016	1.25%	7/1/2029
Note Payable to City of Reno - TMWRF Expansion Refunding	12/1/2016	1.61%	7/1/2025
Total business-type long-term debt			
Other Long-Term Liabilities			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total business-type other long-term liabilities			
Total business-type long-term liabilities			
Total long-term liabilities			

City of Sparks
Notes to the Financial Statements
June 30, 2019

Authorized	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in 2019-2020
\$ 18,010,000	\$ 14,955,000	\$ -	\$ 1,625,000	\$ 13,330,000	\$ 1,710,000
-	515,933	-	212,765	303,168	-
<u>18,010,000</u>	<u>15,470,933</u>	<u>-</u>	<u>1,837,765</u>	<u>13,633,168</u>	<u>1,710,000</u>
27,099,691	22,611,649	-	3,103,311	19,508,338	3,195,453
5,998,790	4,945,551	-	727,280	4,218,271	747,642
<u>33,098,481</u>	<u>27,557,200</u>	<u>-</u>	<u>3,830,591</u>	<u>23,726,609</u>	<u>3,943,095</u>
<u>51,108,481</u>	<u>43,028,133</u>	<u>-</u>	<u>5,668,356</u>	<u>37,359,777</u>	<u>5,653,095</u>
-	1,588,936	326,893	430,161	1,485,668	406,175
-	471,689	195,523	175,817	491,395	143,347
-	2,060,625	522,416	605,978	1,977,063	549,522
<u>51,108,481</u>	<u>45,088,758</u>	<u>522,416</u>	<u>6,274,334</u>	<u>39,336,840</u>	<u>6,202,617</u>
<u>\$ 233,716,771</u>	<u>\$ 207,813,864</u>	<u>\$ 20,281,404</u>	<u>\$ 33,631,777</u>	<u>\$ 194,463,491</u>	<u>\$ 35,204,465</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds, notes and financial incentive agreements outstanding at June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities					
	Revenue Bonds		Direct Placement Tax Allocation Bonds		Financial Incentive Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 16,813,001	\$ 6,103,073	\$ 3,781,988	\$ 1,023,425	\$ 953,760	\$ -
2021	7,056,355	5,119,488	3,934,798	863,282	242,080	-
2022	7,635,863	4,691,418	4,094,842	703,400	242,080	-
2023	8,255,902	4,225,703	4,252,063	536,698	242,080	-
2024	8,922,516	3,719,583	2,126,961	360,332	100,000	-
2025-2029	49,184,342	8,932,376	9,968,015	792,188	-	-
Total	<u>\$ 97,867,979</u>	<u>\$ 32,791,641</u>	<u>\$ 28,158,667</u>	<u>\$ 4,279,325</u>	<u>\$ 1,780,000</u>	<u>\$ -</u>

Year Ending June 30	Business-Type Activities*			
	General Obligation Bonds		Private Placement Bond and Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2020	\$ 1,710,000	\$ 363,250	\$ 3,943,095	\$ 272,879
2021	1,795,000	276,333	3,817,304	222,014
2022	1,885,000	203,933	3,659,252	172,114
2023	1,920,000	166,000	3,288,466	127,763
2024	1,960,000	127,333	3,069,151	84,747
2025-2029	4,060,000	108,667	5,699,839	116,888
2030	-	-	249,502	-
Total	<u>\$ 13,330,000</u>	<u>\$ 1,245,516</u>	<u>\$ 23,726,609</u>	<u>\$ 996,405</u>

*Full accrual basis of accounting.

Compliance

For the fiscal year ending June 30, 2019, the City's outstanding debt obligations were within the limitations established by the Nevada Revised Statutes, and the City was in compliance with all covenants, limitations and restrictions as outlined within existing bond indentures and agreements. The statutory debt limit is 20% of assessed value of all taxable property in the City of Sparks, as set forth in City Charter Article VII, Section 7.010. For the fiscal year ended June 30, 2019, the legal debt margin is \$580,240,404.

Financial Agreements

In February 2017, the City of Sparks entered into a Financial Incentive Agreement with Syufy Enterprise to provide \$1,500,000 of room tax revenues held in the Victorian Square Room Tax Capital Projects Fund for the renovation and re-opening of the Victorian Square cinema property. The agreement was extended in October 2017 to provide for performance by September 2018. Per the agreement, the City of Sparks will provide \$1,000,000 upon opening the cinema to the public and \$100,000 per year for five years. During fiscal year 2019, a payment of \$1,000,000 was made and \$500,000 of the \$1,500,000 commitment remains outstanding.

In January 2019, the City of Sparks entered into a Financial Assistance Agreement with Marnell Gaming to provide \$1,280,000 of room tax revenues held in the Victorian Square Room Tax Capital Projects Fund for the demolition of the former Bourbon Square Casino and the construction of an outdoor amphitheater, the Nugget Events Arena. Per the agreement, the City of Sparks will provide \$853,760 once Marnell Gaming has met their financial obligation and opened the amphitheater to the public, and \$142,080 per year for three years. As of June 30, 2019, the entire commitment of \$1,280,000 remains outstanding as the obligations had not yet been met.

Redemption Options, Default Impacts, and Pledged Revenues

There may be a financial impact if the City redeems debt early or fails to perform agreed upon obligations. Information regarding these financial impacts and the availability of pledged revenues to repay bonds in governmental and business-type activities is as follows:

Governmental activities

The City issued the *Consolidated Tax Revenue Refunding Bonds, Series 2014* during fiscal year 2013-2014. Proceeds from the bonds were used to extinguish the principal owed on the *Consolidated Tax Revenue Bonds, Series 2007*. On or after May 21, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the bonds. The total principal and interest remaining to be paid on the bonds is \$7,251,696 payable through fiscal year 2026. During fiscal year 2019, principal and interest paid for the bonds totaled \$1,033,809 and pledged revenues totaled \$4,177,000.

During fiscal 2008-2009, the City issued *Senior Sales Tax Anticipation Revenue Bonds, Series A*, and *Subordinate Sales Tax Anticipation Revenue Bonds, Series A*. Proceeds from the bonds were used to acquire, improve, and equip certain real and personal property at the Legends at Sparks Marina. The City may prepay the bonds prior to their maturity date at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee may pursue legal remedies to enforce payment. Nonpayment of principal and interest due to insufficient pledged revenues is not considered a default. The City has pledged 75% (less a State collection fee) of the State Sales & Use Taxes, the Local School Support Sales & Use Taxes, and the City-County Relief Taxes, that are collected in the Tourism Improvement District, for the repayment of the bonds. The bonds are secured and payable solely from pledged revenues and the City has no obligation to pay the debt from any other source. The total principal and interest remaining to be paid on the bonds is \$123,407,925 payable through fiscal year 2028. During fiscal year 2019, principal and interest due on the bonds totaled \$23,409,186, and pledged revenues totaled \$13,192,358 resulting in delinquent pledged revenues of \$10,216,828 at June 30, 2019.

On May 11, 2010, the Redevelopment Agency of the City of Sparks issued the *Tax Increment Refunding Revenue Bonds, Series 2010*. Proceeds from the bonds were used to refund all of the Redevelopment Agency's *Tax Allocation Refunding Revenue Bonds, Series 2000A*. On or after January 15, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. The City has pledged 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. 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. The total principal and interest remaining to be paid on the bonds is \$9,161,431, payable through fiscal year 2023. During fiscal year 2019, principal and interest paid for the bonds totaled \$2,290,031 and pledged revenues totaled \$3,275,495.

The Redevelopment Agency of the City of Sparks issued the *Tax Increment Revenue Refunding Bonds, Series 2016* (2016 Bonds) during fiscal year 2016-2017, and the *Subordinate Lien Tax Increment Refunding Bonds, Series 2014* (2014 Bonds)

during fiscal year 2014-2015. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The City may prepay the 2016 Bonds prior to their maturity by paying a redemption price equal to the principal and accrued interest plus the following premiums: 3% through May 31, 2020, 2% through May 31, 2022, and 1% through May 31, 2023, with no premium after May 31, 2023. After June 1, 2024, the City may prepay the 2014 Bonds by paying the redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the 2016 Bonds interest will accrue at the default rate of 5.33% and the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. If the City defaults on the 2014 Bonds, interest will accrue at the default rate of 6.249%. There are no payment acceleration clauses should the City default on either of the bond agreements. The bonds are a special, limited obligation of the Redevelopment Agency and are payable solely from incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. The total principal and interest remaining to be paid on the bonds is \$14,935,314, payable through fiscal year 2029. During fiscal year 2019, principal and interest paid for the two bonds totaled \$1,545,381 and pledged revenues totaled \$3,396,411.

Business-type activities

On February 18, 2016, the City issued the *Medium-Term Flood Control Bonds, Series 2016*. On or after March 1, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. The City has pledged its full faith and credit for the repayment of the bonds.

Through the Nevada State Revolving Fund, the City issued the *General Obligation Sewer Refunding Bonds, Series 2016* during fiscal year 2016-2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The City may prepay the bonds prior to their maturity date with the approval of the Nevada State Treasurer at a redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the bonds a penalty of one-tenth of one percent of the defaulted payment will be due for each day of nonpayment beyond the 10 day grace period. There are no payment acceleration clauses should the City default on the bond agreement. The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay the sewer utility general obligation bonds through fiscal year 2030. The total principal and interest to be paid on the bonds is \$20,457,684. For the current year, principal and interest paid for the bonds totaled \$3,376,329. Net pledged revenues totaled \$18,008,548.

Special Assessment Debt

Special assessment bonds are issued to finance improvements that benefit property owners in the defined area. Bonds are repaid from assessments levied against these property owners, and are secured by their real property and are also secured by moneys and securities from time to time held in certain funds and accounts by the trustee. The bonds constitute limited obligations of the City and the City will not be liable thereon except from the trust estate which includes (a) the proceeds of the special assessments, prepayments thereof, interest and penalties therefore, and proceeds of the sale of property sold, (b) all moneys held by the trustee for the bond reserves and assessments, and (c) any pledged real or personal property or security. In case of deficiencies, the City may use the reserve moneys held by the trustee (to the extent funds are available therein) to make payments.

During fiscal year 2016-2017, the City issued *Local Improvement District No. 3 Limited Obligation, Series 2016* bonds (2016 LID Bonds). Proceeds from the 2016 LID Bonds were used to extinguish the principal owed on the *Local Improvement District No. 3, Series 2008* (2008 Bonds) in an amount of \$13,440,000. Proceeds from the 2008 Bonds were used to provide financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. On or after September 1, 2026, at the option of the City, the bonds may be prepaid at a redemption price equal to the principal and accrued interest without paying a premium. If property owners prepay their assessment at least 61 days prior to payment due date, the City is mandated to redeem bonds of equal value on the upcoming payment date. If the City defaults on the bond agreement the Trustee may start a foreclosure action, begin litigation, and appoint receivers to represent the best interest of the bond holders. There are no payment acceleration clauses should the City default on the bonds. The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay the bonds. The bonds are

intended to be paid solely from assessment revenues and are payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$8,341,246. During fiscal year 2019, principal and interest paid for the bonds totaled \$1,160,482 and pledged revenues totaled \$1,328,071.

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, 2019, the Stabilization Special Revenue Fund has a committed fund balance of \$601,750.

The Stabilization Special Revenue Fund balance may only be used if the following conditions exist:

- Expenditures incurred from a natural disaster upon formal declaration by the City Council; or
- If the total actual General Fund revenues decrease by 4 percent or more from the previous year.

Note 11 - Defined Benefit Pension Plan

Plan Description - The City contributes to the Public Employees' Retirement System of the State of Nevada (PERS) for pension coverage of its employees. PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided - Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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

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

Vesting - Regular members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or at any age with thirty years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

Police/Fire members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010 and prior to July 1, 2015, are eligible for retirement at age 65

with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Police/Fire members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of service and at any age with thirty-three and a third years of service. Only service performed in a position as a police officer or firefighter may be counted towards 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.

Contributing members earn the right to receive a retirement benefit after five years of service.

Contributions - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. The City contributes under the employer-pay contribution (EPC) option.

Under the Employer-Pay provisions, the contributions made by employers on behalf of employees are not credited to the member's PERS account and are not refunded upon termination; however, they are reported as plan member contributions. For employees covered by the Employer-Pay provisions, average compensation is increased by an employer pay factor to assure contributions are not less than they would have been if the contributions had been made by the member and the employer separately.

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

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

For the fiscal years ended June 30, 2019 and June 30, 2018, the statutory employer-pay contribution (EPC) rate was 28.00% for Regular members and 40.50% for Police/Fire.

The City's contributions were \$12,388,200 for the year ended June 30, 2019. Of this amount, \$6,194,100 was classified as Employer contributions and \$6,194,100 was classified as Member contributions.

PERS Investment Policy - PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
U.S. stocks	42%	5.50%
International stocks	18%	5.75%
U.S. Bonds	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

PERS adopted a new target asset allocation in June 2018, with an effective implementation date of July 1, 2018. The new target allocation is as follows: 42% U.S. stocks, 18% International stocks, 28% U.S. bonds, and 12% Private market.

Net Pension Liability - At June 30, 2019, the City reported a liability for its proportionate share of the net pension liability of \$88,692,434. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.65035 percent, which was a decrease of 0.00098 from its proportion measured as of June 30, 2017.

Pension Liability Discount Rate Sensitivity - The following presents the net pension liability of the City as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 135,252,372	\$ 88,692,434	\$ 50,003,837

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

Actuarial Assumptions - The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00%
Investment Rate of Return	7.50%, including inflation
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15% depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Mortality rates for all non-disabled members (Regular and Police/Fire) age 50 and over were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For all non-disabled members under the age of 50, mortality rates were based on the Headcount-Weighted RP-2014 Employee Mortality Tables adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables used for age 50 and over. The mortality rates for ages less than 50 are then projected to 2020 with Scale MP-2016. The mortality table used in the actuarial valuation to project mortality rates for all disabled members (Regular and Police/Fire) is the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

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

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. 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, 2018, 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, 2018.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City's proportionate share of PERS net pension liability, for the year ended June 30, 2019, the City recognized pension expense of \$5,157,742. At June 30, 2019, 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	\$ 2,724,766	\$ 4,138,369
Changes of assumptions or other inputs	4,583,170	-
Net difference between projected and actual earnings on pension plan investments	-	424,470
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	3,522	2,174,227
City contributions subsequent to the measurement date	6,194,100	-
	\$ 13,505,558	\$ 6,737,066

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$6,194,100 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other estimated amounts reported collectively as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2020	1,107,339
2021	21,217
2022	(2,020,607)
2023	502,183
2024	849,471
Thereafter	114,789

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at June 30, 2018 is 6.22 years.

Additional Information – The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 12 - Contingent Liabilities

There are lawsuits pending against the City of Sparks. The financial impact of remaining actions is not determinable at June 30, 2019, 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, 2019 is \$3,124,244.

Note 13 - 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, 2019			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,051,220	\$ 9,406,097	\$ (9,257,698)	\$ 1,199,619
Municipal Self-Insurance Fund	-	805,282	(635,282)	170,000
Workers' Compensation Fund	6,688,884	3,407,294	(1,154,252)	8,941,926
	<u>\$ 7,740,104</u>	<u>\$ 13,618,673</u>	<u>\$ (11,047,232)</u>	<u>\$ 10,311,545</u>
	Fiscal Year Ended June 30, 2018			
Group Insurance Self-Insurance Fund	\$ 1,143,230	\$ 8,782,525	\$ (8,874,535)	\$ 1,051,220
Municipal Self-Insurance Fund	-	412,593	(412,593)	-
Workers' Compensation Fund	6,798,850	650,374	(760,340)	6,688,884
	<u>\$ 7,942,080</u>	<u>\$ 9,845,492</u>	<u>\$ (10,047,468)</u>	<u>\$ 7,740,104</u>

The City combines both self-insurance and commercial insurance to protect against loss. Settled claims resulting from these risks did not exceed commercial coverage over the past three fiscal years. The following is a detail of the coverage's for the City's self-insured funds:

Group Insurance Self-Insurance – This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of \$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 self-insured for property and liability claims in amounts from \$10,000 to \$300,000 for each occurrence (depending on the type of claim or damage), after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

Note 14 - 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, 2019, the City paid \$941,258 in health insurance premiums on behalf of 126 retirees who opted for the conversion of their accumulated sick leave.

Post-employment Benefits Other than Pensions (OPEB)

Plan Descriptions - The City of Sparks contributes to a single-employer defined benefit healthcare plan, City of Sparks Medical and Dental Benefit Plan (Sparks Plan) which is administered by Hometown Health, and to an agent multiple-employer defined benefit healthcare plan administered by the Nevada Public Employees' Benefits Program (NPEBP).

Benefit provisions for the Sparks Plan are established pursuant to NRS 287.023 and amended through negotiations between the City and the Group Health Plan Benefits Committee whose voting membership consists of representatives of employee bargaining groups. Benefit provisions for NPEBP are established pursuant to NRS 287.023 and subject to amendment through legislation by the State of Nevada each biennium.

Pursuant to NRS 287.023 (as amended during the 2007 session of the Nevada Legislature), through November 29, 2008, retirees had the option to participate in the Sparks Plan for postemployment health care benefits or to join the NPEBP offered by the State of Nevada. However, subsequent to November 29, 2008, new retirees no longer have the option of joining the NPEBP, yet still retain the option to participate in the Sparks Plan.

Neither plan has assets accumulated in a qualifying trust and therefore report an unreduced OPEB liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Each plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired City employees and beneficiaries.

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2019 by the City to NPEBP range from \$3.84 to \$1,559.07. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters and fire chief officers who retired after July 1, 2005 receive a subsidy equal to 60% of retiree and dependent health insurance premiums up to age 65, and 50% of retiree premiums after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 credit towards health insurance premiums for each year of service. These subsidies range from \$30.00 to \$1,308.09 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare.

A summary of the premium rates for the Sparks plan, as of June 30, 2019, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 837.02	\$ 1,537.19	\$ 1,464.58	\$ 2,184.99
Retiree, No Medicare	832.96	1,532.31	1,459.70	2,180.15
Spouse, with Medicare	664.89	1,384.12	-	2,015.49
Retiree, Medicare	668.32	1,219.49	1,295.05	1,867.29
Spouse, no Medicare	829.53	1,367.67	-	2,015.49

At June 30, 2019, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	156	92	248
Active employees	430	-	430
	<u>586</u>	<u>92</u>	<u>678</u>

Total OPEB Liability - The City's total OPEB liability of \$35,835,214, of which \$29,113,582 is related to the Sparks Plan and \$6,721,632 is related to NPEBP, was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2018 for both plans was based on the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.3%	2.3%
Salary increases, based on years of service	Range from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for police and fire	N/A
Discount rate	3.51	3.51%
Healthcare cost trend rate*	5.4%	5.4%

* Declining gradually, to an ultimate rate of 3.94 percent by 2075.

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

Mortality rates for employees' were based on the RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016 and for retirees' were based on the RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.

The demographic and payroll growth actuarial assumptions used in the July 1, 2018 valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2018, which was first adopted in their June 30, 2017 valuation.

Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2018	\$ 27,536,440	\$ 7,101,115	\$ 34,637,555
Changes for the year:			
Service Costs	784,223	-	784,223
Interest	1,077,848	269,030	1,346,878
Differences between expected and actual experience	(3,752,815)	(993,729)	(4,746,544)
Changes in assumptions or other inputs	4,415,457	646,898	5,062,355
Benefit payments	(947,571)	(301,682)	(1,249,253)
Net changes	1,577,142	(379,483)	1,197,659
Balance at June 30, 2019	\$ 29,113,582	\$ 6,721,632	\$ 35,835,214

Significant changes of assumptions and other inputs since the measurement date of June 30, 2018 are noted below:

- Payroll growth assumptions have been updated from 4.5% to the same assumptions used in the June 30, 2018 PERS actuarial valuation, as noted above. This change caused a reduction in the City's liabilities.
- The discount rate used to value the end of year Total OPEB Liability (TOL) has been updated from 3.87% to 3.51%. The change caused an increase in the City's liabilities.

- The withdrawal, retirement and mortality assumptions have been updated to match the assumptions used in the June 30, 2018 PERS actuarial valuation. In addition, actual spouse birthdates of retirees were used instead of a 1-year setback. These changes caused an increase in the City's liabilities.
- Medical trend rates have been updated based on SOA 2019 Model with an initial rate of 5.4% decreasing gradually to an ultimate trend of 3.94% with separate dental and vision trend rates. Previous medical trend rates were at a rate of 5.9% (medical, dental and vision) decreasing gradually to 3.94% in 2075. This change caused a decrease in the City's liabilities.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, calculated using a discount rate of 3.51%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Sparks Plan	\$ 33,742,425	\$ 29,113,582	\$ 25,367,042
NPEBP	<u>7,790,321</u>	<u>6,721,632</u>	<u>5,856,645</u>
Total OPEB Liability	<u>\$ 41,532,746</u>	<u>\$ 35,835,214</u>	<u>\$ 31,223,687</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates of 5.4% decreasing to 3.94% by 2075, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.4% decreasing to 2.94%) or 1-percentage-point higher (6.4% decreasing to 4.94%) than the current healthcare cost trend rates:

	1% Decrease (4.4% decreasing to 2.94% by 2075)	Healthcare Cost Trend Rates (5.4% decreasing to 3.94% by 2075)	1% Increase (6.4% decreasing to 4.94% by 2075)
Sparks Plan	\$ 24,738,884	\$ 29,113,582	\$ 34,657,045
NPEBP	<u>5,711,619</u>	<u>6,721,632</u>	<u>8,001,485</u>
Total OPEB Liability	<u>\$ 30,450,503</u>	<u>\$ 35,835,214</u>	<u>\$ 42,658,530</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2019 the City recognized an OPEB expense of \$2,266,584, of which \$2,031,264 is related to the Sparks Plan and \$235,320 is related to NPEBP. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ -	\$ (3,216,699)
Differences between changes of economic and demographic assumptions or of other inputs	4,175,127	
NPEBP		
Differences between expected and actual experience	4,835	(856,602)
Differences between changes of economic and demographic assumptions or of other inputs	637,462	-
Total	\$ 4,817,424	\$ (4,073,301)

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

Year ended June 30	Sparks Plan	NPEBP
2020	\$ 169,193	\$ (33,710)
2021	169,193	(33,710)
2022	169,193	(33,710)
2023	169,193	(33,710)
2024	169,193	(33,710)
Thereafter	112,463	(45,755)

Note 15 - 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 2019 intergovernmental revenues of the City by \$747,710.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 27,806
Data Centers Abatement (NRS 360.754)	4,034
Local Sales and Use Tax Abatement*	692,625
Renewable Energy Abatement (NRS 701A.370)	23,245

*Local Sales and Use Tax is a component of the State's Standard Tax Abatement (NRS 360.750)

Note 16 - Capital Facilities Fund

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$159,848 on the following:

Fire Station 1 - Apparatus Bay Door Replacement	\$	90,342
Citywide Re-Keying/Security Infrastructure		4,006
Fire Station #1 Security & Paging System Replacement		20,470
Fire Station #1 Fire Prevention Office Renovation & ADA Upgrade		6,081
Fire Station 1 - Paging System Upgrade		11,715
Museum Exterior Paint		27,234
		<u>27,234</u>
	\$	<u>159,848</u>

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Required Supplementary Information

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City of Sparks
Required Supplementary Information

Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Other Related Ratios
Last Ten Fiscal Years*

	2019		2018	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability				
Service Cost	\$ 784,223	\$ -	\$ 785,174	\$ -
Interest	1,077,848	269,030	1,019,654	274,311
Differences between expected and actual experience	(3,752,815)	(993,729)	-	-
Changes of assumptions or other inputs	4,415,457	646,898	539,508	114,654
Benefit payments	<u>(947,571)</u>	<u>(301,682)</u>	<u>(598,390)</u>	<u>(291,307)</u>
Net change in total OPEB liability	1,577,142	(379,483)	1,745,946	97,658
Total OPEB liability-beginning, as adjusted	<u>27,536,440</u>	<u>7,101,115</u>	<u>25,790,494</u>	<u>7,003,457</u>
Total OPEB liability-ending	<u>\$ 29,113,582</u>	<u>\$ 6,721,632</u>	<u>\$ 27,536,440</u>	<u>\$ 7,101,115</u>
Covered-employee payroll	42,302,486	-	40,116,014	-
Total OPEB liability as a percentage of covered-employee payroll	68.82 %	-	68.64 %	-

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of benefit terms: There were no changes to benefits terms.

Changes of assumptions: The Sparks Plan and the NPEBP used the following actuarial assumptions:

	2019	2018
Discount rate	3.51%	3.87%
Payroll growth	Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service	4.50%
Healthcare cost trend rate	5.4% declining gradually to an ultimate rate of 3.94% by 2075	5.9% declining gradually over 60 years, to an ultimate rate of 3.94%
Mortality Table - Employee's	RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016, set forward 1 year for all Police	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females, and 2020 with Scale MP-2016 set forward 1 year for all Police
Mortality Table - Retiree's	RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females, and set forward 1 year for all Police

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's portion of the net pension liability	0.65035 %	0.65133 %	0.63750 %	0.66963 %
City's proportionate share of the net pension liability	\$ 88,692,434	\$ 86,625,696	\$ 87,624,211	\$ 77,407,621
City's covered payroll	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
City's proportional share of the net pension liability as a percentage of its covered payroll	257.21 %	248.77 %	266.84 %	244.40 %
Plan fiduciary net position as a percentage of the total pension liability	75.20 %	74.40 %	72.20 %	75.10 %

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

2014

0.68240 %

\$ 71,650,806

\$ 31,931,910

224.39 %

76.30 %

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 6,194,100	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048
Contributions in relation to the statutorily required contribution	\$ 6,194,100	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554
Contributions as a percentage of covered payroll	17.11 %	17.12 %	16.42 %	16.46 %

* 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*

2015

\$ 5,168,048

\$ 5,168,048

\$ -

\$ 31,672,326

16.32 %

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Supplementary Information

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City of Sparks
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Projects Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 6,222,905	\$ 2,594,140	\$ 20,666,696	\$ 29,483,741
Accounts receivable, net	57,835	-	830,949	888,784
Due from other governments	681,085	29,595	960,240	1,670,920
Notes receivable, net	1,341,055	-	-	1,341,055
Restricted cash and investments	-	2,945,000	-	2,945,000
Total assets	<u>\$ 8,302,880</u>	<u>\$ 5,568,735</u>	<u>\$ 22,457,885</u>	<u>\$ 36,329,500</u>
Liabilities				
Accounts payable	\$ 227,150	\$ -	\$ 173,367	\$ 400,517
Accrued liabilities	171,607	-	75,429	247,036
Contracts payable	111,433	-	218,453	329,886
Contract retentions payable	2,076	-	38,133	40,209
Refundable deposits	13,909	-	3,000	16,909
Unearned revenues	441,206	-	167,327	608,533
Due to other funds	6,272	-	12,506	18,778
Due to other governments	153,559	-	58,761	212,320
Total liabilities	<u>1,127,212</u>	<u>-</u>	<u>746,976</u>	<u>1,874,188</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	1,439,247	-	8,253	1,447,500
Unavailable revenue - property taxes and other	-	-	42,407	42,407
Total deferred inflows of resources	<u>1,439,247</u>	<u>-</u>	<u>50,660</u>	<u>1,489,907</u>
Fund Balances				
Restricted for				
Grants and donations	53,884	-	-	53,884
Law enforcement	455,170	-	-	455,170
Promotion of special events	123,103	-	-	123,103
Various judicial uses	251,717	-	-	251,717
Municipal facilities construction	151,264	-	-	151,264
Court fee collection programs	695,561	-	-	695,561
Developer agreements	2,043,985	-	478,033	2,522,018
Bond proceeds defined projects	19,288	-	-	19,288
Debt service reserve	-	5,568,735	-	5,568,735
Parks and recreation	-	-	4,653,765	4,653,765
Street improvements & rehabilitation	-	-	829,216	829,216
Capital projects	-	-	523,372	523,372
Improvements to Victorian Square	-	-	5,103,856	5,103,856
Committed for				
Economic development	77,581	-	-	77,581
Parks and recreation	503,151	-	-	503,151
Road surface repairs	759,967	-	-	759,967
Economic Stabilization	601,750	-	-	601,750
Assigned for				
Specific capital projects	-	-	2,104,890	2,104,890
Other capital projects	-	-	7,967,117	7,967,117
Total fund balances	<u>5,736,421</u>	<u>5,568,735</u>	<u>21,660,249</u>	<u>32,965,405</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 8,302,880</u>	<u>\$ 5,568,735</u>	<u>\$ 22,457,885</u>	<u>\$ 36,329,500</u>

City of Sparks
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
NonMajor Governmental Funds
June 30, 2019

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 3,970,000	\$ 4,288,817	\$ 8,454,817
Licenses and permits	1,309,412	-	3,856,948	5,166,360
Intergovernmental revenues	2,329,328	177,572	2,869,114	5,376,014
Charges for services	3,103,385	-	137,962	3,241,347
Fines and forfeits	-	-	4,050	4,050
Miscellaneous	256,567	101,070	761,678	1,119,315
Total revenues	<u>7,194,692</u>	<u>4,248,642</u>	<u>11,918,569</u>	<u>23,361,903</u>
Expenditures				
Current				
General government	85	-	370,045	370,130
Judicial	301,072	-	-	301,072
Public safety	948,280	-	19,518	967,798
Public works	198,308	-	2,963,274	3,161,582
Culture and recreation	4,222,145	-	686,939	4,909,084
Community support	581,723	-	1,396,564	1,978,287
Total current expenditures	<u>6,251,613</u>	<u>-</u>	<u>5,436,340</u>	<u>11,687,953</u>
Capital outlay				
General government	-	-	506,723	506,723
Judicial	66,200	-	-	66,200
Public safety	359,346	-	135,137	494,483
Public works	-	-	2,904,378	2,904,378
Culture and recreation	-	-	2,352,132	2,352,132
Community support	429,069	-	801,972	1,231,041
Total capital outlay	<u>854,615</u>	<u>-</u>	<u>6,700,342</u>	<u>7,554,957</u>
Debt service				
Principal	-	2,954,000	-	2,954,000
Interest	-	881,412	-	881,412
Fiscal charges and other	-	3,200	-	3,200
Total debt service	<u>-</u>	<u>3,838,612</u>	<u>-</u>	<u>3,838,612</u>
Total expenditures	<u>7,106,228</u>	<u>3,838,612</u>	<u>12,136,682</u>	<u>23,081,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>88,464</u>	<u>410,030</u>	<u>(218,113)</u>	<u>280,381</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,422,000	-	2,800,000	4,222,000
Transfers out	(118,261)	-	(297,108)	(415,369)
Total other financing sources (uses)	<u>1,303,739</u>	<u>-</u>	<u>2,502,892</u>	<u>3,806,631</u>
Net Change in Fund Balances	1,392,203	410,030	2,284,779	4,087,012
Fund Balances, Beginning of Year	<u>4,344,218</u>	<u>5,158,705</u>	<u>19,375,470</u>	<u>28,878,393</u>
Fund Balances, End of Year	<u>\$ 5,736,421</u>	<u>\$ 5,568,735</u>	<u>\$ 21,660,249</u>	<u>\$ 32,965,405</u>

Nonmajor Special Revenue Funds

Community Development Block Grant Fund

To account for monies received by the City as a grantee in the Federal Community Development Small Cities Discretionary Grant Program, which must be used for qualifying projects.

Community Development Entitlement Grant Fund

To account for monies received by the City as a grantee in the Federal Community Development Entitlement Grant Program, which must be used for qualifying programs.

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 & Donations	Tourism and Marketing
Assets				
Cash and investments	\$ -	\$ -	\$ 111,577	\$ 331,103
Accounts receivable, net	-	-	37,606	-
Due from other governments	-	80,137	567,788	-
Notes receivable, net	1,341,055	-	-	-
Total assets	<u>\$ 1,341,055</u>	<u>\$ 80,137</u>	<u>\$ 716,971</u>	<u>\$ 331,103</u>
Liabilities				
Accounts payable	\$ -	\$ 8,490	\$ 87,095	\$ 12,000
Accrued liabilities	-	216	4,453	-
Contracts payable	-	535	13,212	-
Contract retentions payable	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	-	196,000
Due to other funds	-	6,272	-	-
Due to other governments	-	64,624	4,965	-
Total liabilities	<u>-</u>	<u>80,137</u>	<u>109,725</u>	<u>208,000</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	<u>1,341,055</u>	<u>-</u>	<u>98,192</u>	<u>-</u>
Fund Balances				
Restricted for				
Grants and donations	-	-	53,884	-
Law enforcement	-	-	455,170	-
Promotion of special events	-	-	-	123,103
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	<u>-</u>	<u>-</u>	<u>509,054</u>	<u>123,103</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 1,341,055</u>	<u>\$ 80,137</u>	<u>\$ 716,971</u>	<u>\$ 331,103</u>

City of Sparks
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2019

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ 1,191,544	\$ 1,143,038	\$ 772,220	\$ 2,052,385	\$ 19,288	\$ 601,750	\$ 6,222,905
19,859	-	370	-	-	-	57,835
-	-	33,160	-	-	-	681,085
-	-	-	-	-	-	1,341,055
<u>\$ 1,211,403</u>	<u>\$ 1,143,038</u>	<u>\$ 805,750</u>	<u>\$ 2,052,385</u>	<u>\$ 19,288</u>	<u>\$ 601,750</u>	<u>\$ 8,302,880</u>
\$ 119,444	\$ 121	\$ -	\$ -	\$ -	\$ -	\$ 227,150
164,146	-	2,792	-	-	-	171,607
5,464	44,375	39,447	8,400	-	-	111,433
-	-	2,076	-	-	-	2,076
13,909	-	-	-	-	-	13,909
245,206	-	-	-	-	-	441,206
-	-	-	-	-	-	6,272
82,502	-	1,468	-	-	-	153,559
<u>630,671</u>	<u>44,496</u>	<u>45,783</u>	<u>8,400</u>	<u>-</u>	<u>-</u>	<u>1,127,212</u>
-	-	-	-	-	-	1,439,247
-	-	-	-	-	-	53,884
-	-	-	-	-	-	455,170
-	-	-	-	-	-	123,103
-	251,717	-	-	-	-	251,717
-	151,264	-	-	-	-	151,264
-	695,561	-	-	-	-	695,561
-	-	-	2,043,985	-	-	2,043,985
-	-	-	-	19,288	-	19,288
77,581	-	-	-	-	-	77,581
503,151	-	-	-	-	-	503,151
-	-	759,967	-	-	-	759,967
-	-	-	-	-	601,750	601,750
<u>580,732</u>	<u>1,098,542</u>	<u>759,967</u>	<u>2,043,985</u>	<u>19,288</u>	<u>601,750</u>	<u>5,736,421</u>
<u>\$ 1,211,403</u>	<u>\$ 1,143,038</u>	<u>\$ 805,750</u>	<u>\$ 2,052,385</u>	<u>\$ 19,288</u>	<u>\$ 601,750</u>	<u>\$ 8,302,880</u>

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants & Donations	Tourism and Marketing
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	759,823	1,340,058	-
Charges for services	73,491	-	-	-
Miscellaneous	-	-	190,056	3,806
Total revenues	<u>73,491</u>	<u>759,823</u>	<u>1,530,114</u>	<u>199,806</u>
Expenditures				
Current				
General government	-	-	85	-
Judicial	-	-	77,001	-
Public safety	-	-	948,280	-
Public works	-	-	-	-
Culture and recreation	-	-	85,099	-
Community support	73,491	330,754	-	174,903
Total current	<u>73,491</u>	<u>330,754</u>	<u>1,110,465</u>	<u>174,903</u>
Capital outlay				
Judicial	-	-	-	-
Public safety	-	-	359,346	-
Community support	-	429,069	-	-
Total capital outlay	<u>-</u>	<u>429,069</u>	<u>359,346</u>	<u>-</u>
Total expenditures	<u>73,491</u>	<u>759,823</u>	<u>1,469,811</u>	<u>174,903</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>60,303</u>	<u>24,903</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	60,303	24,903
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>448,751</u>	<u>98,200</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,054</u>	<u>\$ 123,103</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2019

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
22,623	-	325,144	761,645	-	200,000	1,309,412
-	229,447	-	-	-	-	2,329,328
3,029,894	-	-	-	-	-	3,103,385
122	-	13,928	37,167	415	11,073	256,567
<u>3,052,639</u>	<u>229,447</u>	<u>339,072</u>	<u>798,812</u>	<u>415</u>	<u>211,073</u>	<u>7,194,692</u>
-	-	-	-	-	-	85
-	224,071	-	-	-	-	301,072
-	-	-	-	-	-	948,280
-	-	189,908	8,400	-	-	198,308
4,133,239	-	-	3,807	-	-	4,222,145
-	-	-	-	2,575	-	581,723
<u>4,133,239</u>	<u>224,071</u>	<u>189,908</u>	<u>12,207</u>	<u>2,575</u>	<u>-</u>	<u>6,251,613</u>
-	66,200	-	-	-	-	66,200
-	-	-	-	-	-	359,346
-	-	-	-	-	-	429,069
<u>-</u>	<u>66,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,615</u>
<u>4,133,239</u>	<u>290,271</u>	<u>189,908</u>	<u>12,207</u>	<u>2,575</u>	<u>-</u>	<u>7,106,228</u>
<u>(1,080,600)</u>	<u>(60,824)</u>	<u>149,164</u>	<u>786,605</u>	<u>(2,160)</u>	<u>211,073</u>	<u>88,464</u>
1,422,000	-	-	-	-	-	1,422,000
-	-	-	(118,261)	-	-	(118,261)
<u>1,422,000</u>	<u>-</u>	<u>-</u>	<u>(118,261)</u>	<u>-</u>	<u>-</u>	<u>1,303,739</u>
341,400	(60,824)	149,164	668,344	(2,160)	211,073	1,392,203
<u>239,332</u>	<u>1,159,366</u>	<u>610,803</u>	<u>1,375,641</u>	<u>21,448</u>	<u>390,677</u>	<u>4,344,218</u>
<u>\$ 580,732</u>	<u>\$ 1,098,542</u>	<u>\$ 759,967</u>	<u>\$ 2,043,985</u>	<u>\$ 19,288</u>	<u>\$ 601,750</u>	<u>\$ 5,736,421</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-Housing Rehab loan reimbursements	\$ 83,000	\$ 73,491	\$ (9,509)	\$ 119,311
Expenditures				
Community support				
Services and supplies	83,000	73,491	9,509	120,054
Net Change in Fund Balances	-	-	-	(743)
Fund Balances, Beginning of Year	4,281	-	(4,281)	743
Fund Balances, End of Year	\$ 4,281	\$ -	\$ (4,281)	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Entitlement Grant
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Community Development Block and Entitlement grants	\$ 1,242,860	\$ 759,823	\$ (483,037)	\$ 343,751
Expenditures				
Community support				
Salaries and wages	194,444	79,392	115,052	78,098
Employee benefits	53,182	36,435	16,747	35,422
Services and supplies	272,258	214,927	57,331	230,080
Capital outlay	722,976	429,069	293,907	151
Total expenditures	1,242,860	759,823	483,037	343,751
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	(14,585)	-	14,585	-
Fund Balances, End of Year	\$ (14,585)	\$ -	\$ 14,585	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sparks Grants & Donations
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Federal grants				
Department of Justice	\$ 200,516	\$ 145,852	\$ (54,664)	\$ 184,695
Department of Transportation, Traffic Safety	360,084	279,732	(80,352)	50,051
Department of Homeland Security	-	-	-	106,499
Department of Health and Human Services	-	274	274	62
Executive Office of the President	-	11,171	11,171	11,265
National Endowment for the Arts	50,000	762	(49,238)	-
State and County grants				
Council of the Arts	-	-	-	350
Local Emergency Planning Committee grants	-	-	-	700
Washoe County	506,660	517,803	11,143	135,269
Other local government shared revenues				
Crime forfeitures	304,277	304,277	-	299,111
Other	90,237	80,187	(10,050)	186,782
Charges for services				
Other	-	-	-	9,111
Miscellaneous				
Investment income (loss)	-	8,354	8,354	4,119
Other	260,429	181,702	(78,727)	301,967
Total revenues	<u>1,772,203</u>	<u>1,530,114</u>	<u>(242,089)</u>	<u>1,289,981</u>
Expenditures				
General government				
Services and supplies	30,546	85	30,461	342
Capital outlay	-	-	-	90,000
Total general government	<u>30,546</u>	<u>85</u>	<u>30,461</u>	<u>90,342</u>
Judicial				
Services and supplies	98,668	77,001	21,667	84,405
Public safety				
Salaries and wages	304,907	238,635	66,272	316,427
Employee benefits	140,553	107,602	32,951	142,227
Services and supplies	1,019,764	602,043	417,721	460,965
Capital outlay	489,259	359,346	129,913	260,556
Total public safety	<u>1,954,483</u>	<u>1,307,626</u>	<u>646,857</u>	<u>1,180,175</u>
Culture and recreation				
Salaries and wages	8,522	304	8,218	11,849
Employee benefits	398	67	331	359
Services and supplies	117,998	84,728	33,270	63,192
Total culture and recreation	<u>126,918</u>	<u>85,099</u>	<u>41,819</u>	<u>75,400</u>
Total expenditures	<u>2,210,615</u>	<u>1,469,811</u>	<u>740,804</u>	<u>1,430,322</u>
Net Change in Fund Balances	(438,412)	60,303	498,715	(140,341)
Fund Balances, Beginning of Year	1,101,351	448,751	(652,600)	589,092
Fund Balances, End of Year	<u>\$ 662,939</u>	<u>\$ 509,054</u>	<u>\$ (153,885)</u>	<u>\$ 448,751</u>

City of Sparks
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Tourism and Marketing
 Year Ended June 30, 2019
 (with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income (loss)	425	3,806	3,381	2,069
Total revenues	<u>196,425</u>	<u>199,806</u>	<u>3,381</u>	<u>198,069</u>
Expenditures				
Community support				
Services and supplies	209,000	174,903	34,097	203,100
Net Change in Fund Balances	(12,575)	24,903	37,478	(5,031)
Fund Balances, Beginning of Year	90,656	98,200	7,544	103,231
Fund Balances, End of Year	<u>\$ 78,081</u>	<u>\$ 123,103</u>	<u>\$ 45,022</u>	<u>\$ 98,200</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks & Recreation Program
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 18,000	\$ 22,623	\$ 4,623	\$ 21,406
Charges for services				
Recreation program fees	2,419,550	2,687,781	268,231	2,612,576
Administrative service charges	2,500	1,314	(1,186)	1,720
Other	378,505	340,799	(37,706)	381,079
Miscellaneous				
Other	-	122	122	2,691
Total revenues	<u>2,818,555</u>	<u>3,052,639</u>	<u>234,084</u>	<u>3,019,472</u>
Expenditures				
Culture and recreation				
Salaries and wages	2,784,722	2,740,081	44,641	2,661,068
Employee benefits	637,136	673,534	(36,398)	667,849
Services and supplies	834,225	719,624	114,601	704,099
Total expenditures	<u>4,256,083</u>	<u>4,133,239</u>	<u>122,844</u>	<u>4,033,016</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,437,528)</u>	<u>(1,080,600)</u>	<u>356,928</u>	<u>(1,013,544)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,422,000	1,422,000	-	1,175,000
Net Change in Fund Balances	(15,528)	341,400	356,928	161,456
Fund Balances, Beginning of Year	84,222	239,332	155,110	77,876
Fund Balances, End of Year	<u>\$ 68,694</u>	<u>\$ 580,732</u>	<u>\$ 512,038</u>	<u>\$ 239,332</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Court Administrative Assessment
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 32,400	\$ 31,696	\$ (704)	\$ 31,932
Court collection fees	160,000	153,996	(6,004)	182,999
Court facility administrative assessments	45,000	43,755	(1,245)	45,183
Total revenues	<u>237,400</u>	<u>229,447</u>	<u>(7,953)</u>	<u>260,114</u>
Expenditures				
Judicial				
Salaries and wages	36,864	13,296	23,568	5,151
Employee benefits	535	-	535	12
Services and supplies	1,189,948	210,775	979,173	141,502
Capital outlay	44,375	66,200	(21,825)	103,528
Total expenditures	<u>1,271,722</u>	<u>290,271</u>	<u>981,451</u>	<u>250,193</u>
Net Change in Fund Balances	(1,034,322)	(60,824)	973,498	9,921
Fund Balances, Beginning of Year	<u>1,037,608</u>	<u>1,159,366</u>	<u>121,758</u>	<u>1,149,445</u>
Fund Balances, End of Year	<u>\$ 3,286</u>	<u>\$ 1,098,542</u>	<u>\$ 1,095,256</u>	<u>\$ 1,159,366</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Cut
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cuts	\$ 200,000	\$ 325,144	\$ 125,144	\$ 284,944
Miscellaneous				
Investment income (loss)	3,100	13,928	10,828	6,372
Total revenues	<u>203,100</u>	<u>339,072</u>	<u>135,972</u>	<u>291,316</u>
Expenditures				
Public works				
Salaries and wages	35,465	39,701	(4,236)	37,479
Employee benefits	19,179	19,372	(193)	18,740
Services and supplies	361,300	130,835	230,465	274,157
Total expenditures	<u>415,944</u>	<u>189,908</u>	<u>226,036</u>	<u>330,376</u>
Net Change in Fund Balances	(212,844)	149,164	362,008	(39,060)
Fund Balances, Beginning of Year	<u>511,793</u>	<u>610,803</u>	<u>99,010</u>	<u>649,863</u>
Fund Balances, End of Year	<u>\$ 298,949</u>	<u>\$ 759,967</u>	<u>\$ 461,018</u>	<u>\$ 610,803</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Impact Fee Service Area No. 1
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 70,000	\$ 173,852	\$ 103,852	\$ 93,243
Public facility fees	250,000	172,861	(77,139)	295,014
Park fees	170,000	297,787	127,787	232,737
Sanitary sewer fees	220,000	117,145	(102,855)	254,414
Miscellaneous				
Investment income (loss)	7,000	37,167	30,167	18,724
Total revenues	<u>717,000</u>	<u>798,812</u>	<u>81,812</u>	<u>894,132</u>
Expenditures				
Public works				
Services and supplies	10,000	8,400	1,600	50,407
Culture and recreation				
Services and supplies	150,000	3,807	146,193	30
Capital outlay	3,750	-	3,750	132,392
Total culture and recreation	<u>153,750</u>	<u>3,807</u>	<u>149,943</u>	<u>132,422</u>
Total expenditures	<u>163,750</u>	<u>12,207</u>	<u>151,543</u>	<u>182,829</u>
Excess (Deficiency) of Revenues over Expenditures	553,250	786,605	233,355	711,303
Other Financing Sources (Uses)				
Transfers				
Transfers out	(118,800)	(118,261)	539	(255,744)
Net Change in Fund Balances	434,450	668,344	233,894	455,559
Fund Balances, Beginning of Year	1,121,781	1,375,641	253,860	920,082
Fund Balances, End of Year	<u>\$ 1,556,231</u>	<u>\$ 2,043,985</u>	<u>\$ 637,697</u>	<u>\$ 1,375,641</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tourism Improvement District 1
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 55	\$ 415	\$ 360	\$ 1,323
Expenditures				
Community support				
Services and supplies	15,000	2,575	12,425	2,400
Net change in fund balances	(14,945)	(2,160)	12,785	(1,077)
Fund Balances, Beginning of Year	17,580	21,448	3,868	22,525
Fund balances, end of year	<u>\$ 2,635</u>	<u>\$ 19,288</u>	<u>\$ 16,653</u>	<u>\$ 21,448</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Stabilization
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Business licenses and permits	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Miscellaneous				
Investment income (loss)	2,500	11,073	8,573	5,030
Total revenues	<u>202,500</u>	<u>211,073</u>	<u>8,573</u>	<u>205,030</u>
Fund Balances, Beginning of Year	<u>388,147</u>	<u>390,677</u>	<u>2,530</u>	<u>185,647</u>
Fund Balances, End of Year	<u>\$ 590,647</u>	<u>\$ 601,750</u>	<u>\$ 11,103</u>	<u>\$ 390,677</u>

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Major Debt Service Fund

General Obligation Debt Service Fund

To accumulate monies for the payment of the following general obligation bonds and revenue bonds:

- Consolidated Tax Refunding Revenue Bonds, Series 2014

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2016 Limited Obligation Improvement Refunding Bond

Special assessments are used to service the debt.

Nonmajor Debt Service Funds

Redevelopment Agency Area No. 1 Tax Revenue Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency Area No. 1:

- 2010 Tax Increment Refunding Revenue Bonds

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

Redevelopment Agency Area No. 2 Debt Service Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency Area No. 2:

- 2016 Tax Increment Obligation Refunding Bonds
- 2014 Subordinate Lien Tax Increment Revenue Bonds

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 Debt Service
Year Ended June 30, 2019
(with Comparative Actual Amounts for Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 1,099,378	\$ 1,328,071	\$ 228,693	\$ 5,839,431
Intergovernmental revenues				
Dedicated sales tax - improvement districts	12,227,444	14,394,394	2,166,950	11,085,966
Miscellaneous				
Investment income (loss)	20,200	320,870	300,670	172,313
Total revenues	<u>13,347,022</u>	<u>16,043,335</u>	<u>2,696,313</u>	<u>17,097,710</u>
Expenditures				
Debt service				
Principal	5,016,311	8,522,169	(3,505,858)	10,804,519
Interest	8,689,726	6,791,640	1,898,086	8,434,867
Fiscal charges and other	-	3,038	(3,038)	13,840
Total expenditures	<u>13,706,037</u>	<u>15,316,847</u>	<u>(1,610,810)</u>	<u>19,253,226</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(359,015)</u>	<u>726,488</u>	<u>1,085,503</u>	<u>(2,155,516)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,033,809	1,033,809	-	1,010,630
Net Change in Fund Balances	674,794	1,760,297	1,085,503	(1,144,886)
Fund Balances, Beginning of Year	<u>14,720,065</u>	<u>13,848,981</u>	<u>(871,084)</u>	<u>14,993,867</u>
Fund Balances, End of Year	<u>\$ 15,394,859</u>	<u>\$ 15,609,278</u>	<u>\$ 214,419</u>	<u>\$ 13,848,981</u>

City of Sparks
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2019

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	Total
Assets			
Cash and investments	\$ 1,240,333	\$ 1,353,807	\$ 2,594,140
Due from other governments	29,595	-	29,595
Restricted assets			
Cash and investments	2,216,500	728,500	2,945,000
Total assets	<u>\$ 3,486,428</u>	<u>\$ 2,082,307</u>	<u>\$ 5,568,735</u>
Fund Balances			
Restricted for			
Debt service reserve	<u>3,486,428</u>	<u>2,082,307</u>	<u>5,568,735</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,486,428</u>	<u>\$ 2,082,307</u>	<u>\$ 5,568,735</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Non Major Debt Service Funds
June 30, 2019

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	Total
Revenues			
Taxes	\$ 2,205,000	\$ 1,765,000	\$ 3,970,000
Intergovernmental revenues	177,572	-	177,572
Miscellaneous	40,947	60,123	101,070
Total revenues	<u>2,423,519</u>	<u>1,825,123</u>	<u>4,248,642</u>
Expenditures			
Debt service			
Principal	1,790,000	1,164,000	2,954,000
Interest	500,031	381,381	881,412
Fiscal charges and other	1,100	2,100	3,200
Total expenditures	<u>2,291,131</u>	<u>1,547,481</u>	<u>3,838,612</u>
Net Change in Fund Balances	132,388	277,642	410,030
Fund Balance, Beginning of Year	<u>3,354,040</u>	<u>1,804,665</u>	<u>5,158,705</u>
Fund Balances, End of Year	<u>\$ 3,486,428</u>	<u>\$ 2,082,307</u>	<u>\$ 5,568,735</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, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 2,205,000	\$ 2,205,000	\$ -	\$ 2,205,000
Intergovernmental revenues				
Motor vehicle privilege tax	177,572	177,572	-	192,370
Miscellaneous				
Investment income (loss)	2,000	40,947	38,947	19,782
Total revenues	<u>2,384,572</u>	<u>2,423,519</u>	<u>38,947</u>	<u>2,417,152</u>
Expenditures				
Debt service				
Principal	1,790,000	1,790,000	-	1,710,000
Interest	500,031	500,031	-	576,981
Fiscal charges and other	1,500	1,100	400	1,000
Total expenditures	<u>2,291,531</u>	<u>2,291,131</u>	<u>400</u>	<u>2,287,981</u>
Net Change in Fund Balances	93,041	132,388	39,347	129,171
Fund Balances, Beginning of Year	<u>3,342,259</u>	<u>3,354,040</u>	<u>11,781</u>	<u>3,224,869</u>
Fund Balances, End of Year	<u>\$ 3,435,300</u>	<u>\$ 3,486,428</u>	<u>\$ 51,128</u>	<u>\$ 3,354,040</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, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,765,000	\$ 1,765,000	\$ -	\$ 1,765,000
Miscellaneous				
Investment income (loss)	-	60,123	60,123	18,403
Other	-	-	-	12
Total revenues	<u>1,765,000</u>	<u>1,825,123</u>	<u>60,123</u>	<u>1,783,415</u>
Expenditures				
Debt service				
Principal	1,164,000	1,164,000	-	1,130,000
Interest	381,381	381,381	-	411,294
Fiscal charges and other	3,000	2,100	900	3,313
Total expenditures	<u>1,548,381</u>	<u>1,547,481</u>	<u>900</u>	<u>1,544,607</u>
Net Change in Fund Balances	216,619	277,642	61,023	238,808
Fund Balances, Beginning of Year	<u>1,786,263</u>	<u>1,804,665</u>	<u>18,402</u>	<u>1,565,857</u>
Fund Balances, End of Year	<u>\$ 2,002,882</u>	<u>\$ 2,082,307</u>	<u>\$ 79,425</u>	<u>\$ 1,804,665</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 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 & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Assets					
Cash and investments	\$ 1,171,717	\$ 1,081,106	\$ 1,635,427	\$ 2	\$ 2,894,150
Accounts receivable, net	-	-	-	606,223	-
Due from other governments	-	-	-	675,616	-
Total assets	\$ 1,171,717	\$ 1,081,106	\$ 1,635,427	\$ 1,281,841	\$ 2,894,150
Liabilities					
Accounts payable	\$ -	\$ 263	\$ 451	\$ 61,581	\$ 24,847
Accrued liabilities	-	-	-	55,614	-
Contracts payable	-	43,965	-	98,005	25,864
Contract retentions payable	-	5,391	-	16,911	-
Refundable deposits	-	-	-	-	-
Unearned revenues	-	-	-	162,357	-
Due to other funds	-	-	-	12,506	-
Due to other governments	-	-	-	45,651	-
Total liabilities	-	49,619	451	452,625	50,711
Deferred Inflows of Resources					
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - property taxes and other	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Restricted for					
Developer agreements	-	-	-	-	-
Parks and recreation	1,171,717	1,031,487	1,634,976	-	-
Street improvements & rehabilitation	-	-	-	829,216	-
Capital projects	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	424,713
Other capital projects	-	-	-	-	2,418,726
Total fund balances	1,171,717	1,031,487	1,634,976	829,216	2,843,439
Total liabilities, deferred inflows of resources and fund balances	\$ 1,171,717	\$ 1,081,106	\$ 1,635,427	\$ 1,281,841	\$ 2,894,150

City of Sparks
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2019

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ 534,023	\$ 2,344,050	\$ 478,098	\$ 1,686,819	\$ 3,781,979	\$ 5,059,325	\$ 20,666,696
-	223,476	-	1,250	-	-	830,949
1,064	8,253	-	114,415	52,369	108,523	960,240
<u>\$ 535,087</u>	<u>\$ 2,575,779</u>	<u>\$ 478,098</u>	<u>\$ 1,802,484</u>	<u>\$ 3,834,348</u>	<u>\$ 5,167,848</u>	<u>\$ 22,457,885</u>
\$ 11,715	\$ 27,904	\$ 65	\$ 24,045	\$ 19,741	\$ 2,755	\$ 173,367
-	19,510	-	305	-	-	75,429
-	5,213	-	-	-	45,406	218,453
-	-	-	-	-	15,831	38,133
-	3,000	-	-	-	-	3,000
-	3,720	-	1,250	-	-	167,327
-	-	-	-	-	-	12,506
-	12,417	-	693	-	-	58,761
<u>11,715</u>	<u>71,764</u>	<u>65</u>	<u>26,293</u>	<u>19,741</u>	<u>63,992</u>	<u>746,976</u>
-	8,253	-	-	-	-	8,253
-	-	-	32,424	9,983	-	42,407
<u>-</u>	<u>8,253</u>	<u>-</u>	<u>32,424</u>	<u>9,983</u>	<u>-</u>	<u>50,660</u>
-	-	478,033	-	-	-	478,033
-	815,585	-	-	-	-	4,653,765
-	-	-	-	-	-	829,216
523,372	-	-	-	-	-	523,372
-	-	-	-	-	5,103,856	5,103,856
-	1,680,177	-	-	-	-	2,104,890
-	-	-	1,743,767	3,804,624	-	7,967,117
<u>523,372</u>	<u>2,495,762</u>	<u>478,033</u>	<u>1,743,767</u>	<u>3,804,624</u>	<u>5,103,856</u>	<u>21,660,249</u>
<u>\$ 535,087</u>	<u>\$ 2,575,779</u>	<u>\$ 478,098</u>	<u>\$ 1,802,484</u>	<u>\$ 3,834,348</u>	<u>\$ 5,167,848</u>	<u>\$ 22,457,885</u>

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Revenues					
Taxes	\$ 169,500	\$ 76,337	\$ 346,000	\$ -	\$ -
Licenses and permits	-	-	-	2,710,394	-
Intergovernmental revenues	-	-	-	2,653,131	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	31,334	49,054	66,341	37,606	72,218
Total revenues	200,834	125,391	412,341	5,401,131	72,218
Expenditures					
Current					
General government	-	-	-	-	366,039
Public safety	-	-	-	-	13,437
Public works	-	-	-	2,926,155	37,119
Culture and recreation	18,889	23,966	384	-	81
Community support	-	-	-	-	-
Total current	18,889	23,966	384	2,926,155	416,676
Capital outlay					
General government	-	-	-	-	506,723
Public safety	-	-	-	-	12,610
Public works	-	-	-	2,904,378	-
Culture and recreation	-	207,037	48,050	-	346,853
Community support	-	-	-	-	-
Total capital outlay	-	207,037	48,050	2,904,378	866,186
Total expenditures	18,889	231,003	48,434	5,830,533	1,282,862
Excess (Deficiency) of Revenues Over Expenditures	181,945	(105,612)	363,907	(429,402)	(1,210,644)
Other Financing Sources (Uses)					
Transfers					
Transfers in	-	-	-	-	2,300,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,300,000
Net Change in Fund Balances	181,945	(105,612)	363,907	(429,402)	1,089,356
Fund Balances, Beginning of Year	989,772	1,137,099	1,271,069	1,258,618	1,754,083
Fund Balances, End of Year	\$ 1,171,717	\$ 1,031,487	\$ 1,634,976	\$ 829,216	\$ 2,843,439

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended June 30, 2019

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ -	\$ -	\$ -	\$ 892,923	\$ 1,631,411	\$ 1,172,646	\$ 4,288,817
-	1,146,554	-	-	-	-	3,856,948
215,983	-	-	-	-	-	2,869,114
-	137,962	-	-	-	-	137,962
-	-	-	-	4,050	-	4,050
18,528	79,726	10,857	93,093	94,501	208,420	761,678
<u>234,511</u>	<u>1,364,242</u>	<u>10,857</u>	<u>986,016</u>	<u>1,729,962</u>	<u>1,381,066</u>	<u>11,918,569</u>
4,006	-	-	-	-	-	370,045
6,081	-	-	-	-	-	19,518
-	-	-	-	-	-	2,963,274
27,234	616,385	-	-	-	-	686,939
-	-	3,125	219,604	139,372	1,034,463	1,396,564
<u>37,321</u>	<u>616,385</u>	<u>3,125</u>	<u>219,604</u>	<u>139,372</u>	<u>1,034,463</u>	<u>5,436,340</u>
-	-	-	-	-	-	506,723
122,527	-	-	-	-	-	135,137
-	-	-	-	-	-	2,904,378
-	1,750,192	-	-	-	-	2,352,132
-	-	-	451,825	-	350,147	801,972
<u>122,527</u>	<u>1,750,192</u>	<u>-</u>	<u>451,825</u>	<u>-</u>	<u>350,147</u>	<u>6,700,342</u>
159,848	2,366,577	3,125	671,429	139,372	1,384,610	12,136,682
<u>74,663</u>	<u>(1,002,335)</u>	<u>7,732</u>	<u>314,587</u>	<u>1,590,590</u>	<u>(3,544)</u>	<u>(218,113)</u>
-	500,000	-	-	-	-	2,800,000
-	-	-	(297,108)	-	-	(297,108)
-	500,000	-	(297,108)	-	-	2,502,892
74,663	(502,335)	7,732	17,479	1,590,590	(3,544)	2,284,779
448,709	2,998,097	470,301	1,726,288	2,214,034	5,107,400	19,375,470
<u>\$ 523,372</u>	<u>\$ 2,495,762</u>	<u>\$ 478,033</u>	<u>\$ 1,743,767</u>	<u>\$ 3,804,624</u>	<u>\$ 5,103,856</u>	<u>\$ 21,660,249</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 1
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 310,000	\$ 169,500	\$ (140,500)	\$ 403,000
Miscellaneous				
Investment income (loss)	1,750	31,334	29,584	5,902
Total revenues	<u>311,750</u>	<u>200,834</u>	<u>(110,916)</u>	<u>408,902</u>
Expenditures				
Culture and recreation				
Services and supplies	48,000	18,889	29,111	13,076
Capital outlay	360,000	-	360,000	103,040
Total expenditures	<u>408,000</u>	<u>18,889</u>	<u>389,111</u>	<u>116,116</u>
Net Change in Fund Balances	(96,250)	181,945	278,195	292,786
Fund Balances, Beginning of Year	<u>766,786</u>	<u>989,772</u>	<u>222,986</u>	<u>696,986</u>
Fund Balances, End of Year	<u>\$ 670,536</u>	<u>\$ 1,171,717</u>	<u>\$ 501,181</u>	<u>\$ 989,772</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 2
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 200,000	\$ 76,337	\$ (123,663)	\$ 430,993
Miscellaneous				
Investment income (loss)	8,000	49,054	41,054	(207)
Other	-	-	-	2,000
Total revenues	<u>208,000</u>	<u>125,391</u>	<u>(82,609)</u>	<u>432,786</u>
Expenditures				
Culture and recreation				
Services and supplies	118,262	23,966	94,296	16,494
Capital outlay	664,392	207,037	457,355	29,608
Total expenditures	<u>782,654</u>	<u>231,003</u>	<u>551,651</u>	<u>46,102</u>
Net Change in Fund Balances	(574,654)	(105,612)	469,042	386,684
Fund Balances, Beginning of Year	<u>750,585</u>	<u>1,137,099</u>	<u>386,514</u>	<u>750,415</u>
Fund Balances, End of Year	<u>\$ 175,931</u>	<u>\$ 1,031,487</u>	<u>\$ 855,556</u>	<u>\$ 1,137,099</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 3
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 225,000	\$ 346,000	\$ 121,000	\$ 215,000
Miscellaneous				
Investment income (loss)	15,000	66,341	51,341	9,051
Total revenues	<u>240,000</u>	<u>412,341</u>	<u>172,341</u>	<u>224,051</u>
Expenditures				
Culture and recreation				
Services and supplies	35,500	384	35,116	5,681
Capital outlay	1,133,737	48,050	1,085,687	512,521
Total expenditures	<u>1,169,237</u>	<u>48,434</u>	<u>1,120,803</u>	<u>518,202</u>
Net Change in Fund Balances	(929,237)	363,907	1,293,144	(294,151)
Fund Balances, Beginning of Year	<u>1,257,191</u>	<u>1,271,069</u>	<u>13,878</u>	<u>1,565,220</u>
Fund Balances, End of Year	<u>\$ 327,954</u>	<u>\$ 1,634,976</u>	<u>\$ 1,307,022</u>	<u>\$ 1,271,069</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 710,971	\$ 711,089	\$ 118	\$ 671,645
Electric franchise fees	1,594,252	1,538,769	(55,483)	759,967
Gas franchise fees	501,226	460,536	(40,690)	245,736
Intergovernmental revenues				
Federal grants	-	-	-	346
State shared revenues				
Motor vehicle fuel tax	2,794,832	2,641,830	(153,002)	2,560,742
Other local government shared revenues	-	11,301	11,301	451
Miscellaneous				
Investment income (loss)	10,000	37,606	27,606	8,383
Total revenues	<u>5,611,281</u>	<u>5,401,131</u>	<u>(210,150)</u>	<u>4,247,270</u>
Expenditures				
Public works				
Salaries and wages	1,120,183	1,113,454	6,729	986,862
Employee benefits	678,750	656,585	22,165	575,485
Services and supplies	1,646,401	1,156,116	490,285	1,209,517
Capital outlay	3,130,644	2,904,378	226,266	1,356,812
Total expenditures	<u>6,575,978</u>	<u>5,830,533</u>	<u>745,445</u>	<u>4,128,676</u>
Excess (deficiency) of revenues over expenditures	(964,697)	(429,402)	535,295	118,594
Other Financing Sources (Uses)				
Sale of assets	-	-	-	250
Net Change in Fund Balances	(964,697)	(429,402)	535,295	118,844
Fund Balances, Beginning of Year	1,013,456	1,258,618	245,162	1,139,774
Fund Balances, End of Year	<u>\$ 48,759</u>	<u>\$ 829,216</u>	<u>\$ 780,457</u>	<u>\$ 1,258,618</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 8,500	\$ 72,218	\$ 63,718	\$ 4,352
Other	-	-	-	1,046
Total revenues	<u>8,500</u>	<u>72,218</u>	<u>63,718</u>	<u>5,398</u>
Expenditures				
General government				
Services and supplies	926,461	366,039	560,422	588,998
Capital outlay	1,671,188	506,723	1,164,465	205,365
Total general government	<u>2,597,649</u>	<u>872,762</u>	<u>1,724,887</u>	<u>794,363</u>
Public safety				
Services and supplies	115,700	13,437	102,263	26,912
Capital outlay	516,110	12,610	503,500	279,394
Total public safety	<u>631,810</u>	<u>26,047</u>	<u>605,763</u>	<u>306,306</u>
Public works				
Services and supplies	38,733	37,119	1,614	50,671
Culture and recreation				
Services and supplies	-	81	(81)	-
Capital outlay	348,090	346,853	1,237	-
Total culture and recreation	<u>348,090</u>	<u>346,934</u>	<u>1,156</u>	<u>-</u>
Total expenditures	<u>3,616,282</u>	<u>1,282,862</u>	<u>2,333,420</u>	<u>1,151,340</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,607,782)	(1,210,644)	2,397,138	(1,145,942)
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,300,000	2,300,000	-	754,108
Net Change in Fund Balances	(1,307,782)	1,089,356	2,397,138	(391,834)
Fund Balances, Beginning of Year	1,543,856	1,754,083	210,227	2,145,917
Fund Balances, End of Year	<u>\$ 236,074</u>	<u>\$ 2,843,439</u>	<u>\$ 2,607,365</u>	<u>\$ 1,754,083</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Facilities
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 198,283	\$ 215,983	\$ 17,700	\$ 209,282
Miscellaneous				
Investment income (loss)	5,500	18,528	13,028	3,690
Total revenues	<u>203,783</u>	<u>234,511</u>	<u>30,728</u>	<u>212,972</u>
Expenditures				
General government				
Services and supplies	-	4,006	(4,006)	78,324
Capital outlay	100,000	-	100,000	8,665
Total general government	<u>100,000</u>	<u>4,006</u>	<u>95,994</u>	<u>86,989</u>
Public safety				
Services and supplies	26,551	6,081	20,470	58,965
Capital outlay	185,304	122,527	62,777	35,385
Total public safety	<u>211,855</u>	<u>128,608</u>	<u>83,247</u>	<u>94,350</u>
Culture and recreation				
Services and supplies	148,264	27,234	121,030	11,425
Capital outlay	-	-	-	26,839
Total culture and recreation	<u>148,264</u>	<u>27,234</u>	<u>121,030</u>	<u>38,264</u>
Total expenditures	<u>460,119</u>	<u>159,848</u>	<u>300,271</u>	<u>219,603</u>
Net Change in Fund Balances	(256,336)	74,663	330,999	(6,631)
Fund Balances, Beginning of Year	<u>320,459</u>	<u>448,709</u>	<u>128,250</u>	<u>455,340</u>
Fund Balances, End of Year	<u>\$ 64,123</u>	<u>\$ 523,372</u>	<u>\$ 459,249</u>	<u>\$ 448,709</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park & Recreation Project
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 99,996	\$ 99,996	\$ -	\$ 99,996
Electric franchise fees	797,126	769,385	(27,741)	1,519,933
Gas franchise fees	250,614	230,268	(20,346)	491,473
Park fees	50,000	46,905	(3,095)	49,305
Charges for services				
Other	140,000	137,962	(2,038)	134,285
Miscellaneous				
Investment income (loss)	13,000	79,726	66,726	15,582
Total revenues	<u>1,350,736</u>	<u>1,364,242</u>	<u>13,506</u>	<u>2,310,574</u>
Expenditures				
Culture and recreation				
Salaries and wages	265,506	276,586	(11,080)	282,650
Employee benefits	137,532	135,434	2,098	134,860
Services and supplies	385,538	204,365	181,173	127,104
Capital outlay	3,061,119	1,750,192	1,310,927	502,054
Total expenditures	<u>3,849,695</u>	<u>2,366,577</u>	<u>1,483,118</u>	<u>1,046,668</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,498,959)	(1,002,335)	1,496,624	1,263,906
Other Financing Sources (Uses)				
Transfers				
Transfers in	500,000	500,000	-	-
Net Change in Fund Balances	(1,998,959)	(502,335)	1,496,624	1,263,906
Fund Balances, Beginning of Year	2,725,891	2,998,097	272,206	1,734,191
Fund Balances, End of Year	<u>\$ 726,932</u>	<u>\$ 2,495,762</u>	<u>\$ 1,768,830</u>	<u>\$ 2,998,097</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Improvement District 3
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 850	\$ 7,820	\$ 6,970	\$ 3,124
Other	-	3,037	3,037	13,840
Total revenues	<u>850</u>	<u>10,857</u>	<u>10,007</u>	<u>16,964</u>
Expenditures				
Community support				
Services and supplies	430,000	3,125	426,875	8,115
Net Change in Fund Balances	(429,150)	7,732	436,882	8,849
Fund Balances, Beginning of Year	<u>442,302</u>	<u>470,301</u>	<u>27,999</u>	<u>461,452</u>
Fund Balances, End of Year	<u>\$ 13,152</u>	<u>\$ 478,033</u>	<u>\$ 464,881</u>	<u>\$ 470,301</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Area No. 1 Revolving
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 465,000	\$ 892,923	\$ 427,923	\$ 503,249
Miscellaneous				
Investment income (loss)	8,500	76,893	68,393	6,221
Rents and royalties	15,000	16,200	1,200	13,750
Total revenues	<u>488,500</u>	<u>986,016</u>	<u>497,516</u>	<u>523,220</u>
Expenditures				
Community support				
Salaries and wages	14,883	15,303	(420)	14,756
Employee benefits	7,639	7,770	(131)	7,501
Services and supplies	242,232	196,531	45,701	196,326
Capital outlay	621,360	451,825	169,535	173,897
Total expenditures	<u>886,114</u>	<u>671,429</u>	<u>214,685</u>	<u>392,480</u>
Excess (Deficiency) of Revenues Over Expenditures	(397,614)	314,587	712,201	130,740
Other Financing Sources (Uses)				
Transfers				
Transfers out	(297,108)	(297,108)	-	(290,447)
Net Change in Fund Balances	(694,722)	17,479	712,201	(159,707)
Fund Balances, Beginning of Year	<u>1,600,301</u>	<u>1,726,288</u>	<u>125,987</u>	<u>1,885,995</u>
Fund Balances, End of Year	<u>\$ 905,579</u>	<u>\$ 1,743,767</u>	<u>\$ 838,188</u>	<u>\$ 1,726,288</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 2 Revolving
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,285,000	\$ 1,631,411	\$ 346,411	\$ 948,519
Fines and forfeits				
Forfeits - Other	-	4,050	4,050	2,000
Miscellaneous				
Investment income (loss)	1,000	94,501	93,501	(7,352)
Total revenues	<u>1,286,000</u>	<u>1,729,962</u>	<u>443,962</u>	<u>943,167</u>
Expenditures				
Community support				
Services and supplies	192,871	139,372	53,499	54,066
Net Change in Fund Balances	1,093,129	1,590,590	497,461	889,101
Fund Balances, Beginning of Year	<u>2,315,477</u>	<u>2,214,034</u>	<u>(101,443)</u>	<u>1,324,933</u>
Fund Balances, End of Year	<u>\$ 3,408,606</u>	<u>\$ 3,804,624</u>	<u>\$ 396,018</u>	<u>\$ 2,214,034</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Victorian Square Room Tax
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 1,130,900	\$ 1,172,646	\$ 41,746	\$ 1,089,863
Miscellaneous				
Investment income (loss)	36,500	208,420	171,920	21,771
Total revenues	<u>1,167,400</u>	<u>1,381,066</u>	<u>213,666</u>	<u>1,111,634</u>
Expenditures				
Community support				
Services and supplies	2,021,529	1,034,463	987,066	7,323
Capital outlay	845,440	350,147	495,293	370,894
Total expenditures	<u>2,866,969</u>	<u>1,384,610</u>	<u>1,482,359</u>	<u>378,217</u>
Net Change in Fund Balances	(1,699,569)	(3,544)	1,696,025	733,417
Fund Balances, Beginning of Year	<u>5,465,903</u>	<u>5,107,400</u>	<u>(358,503)</u>	<u>4,373,983</u>
Fund Balances, End of Year	<u>\$ 3,766,334</u>	<u>\$ 5,103,856</u>	<u>\$ 1,337,522</u>	<u>\$ 5,107,400</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
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Licenses and permits				
Sanitary sewer fees	\$ 185,000	\$ 167,532	\$ (17,468)	\$ 199,820
Charges for services				
Sewer charges	26,511,300	25,962,151	(549,149)	25,222,431
Miscellaneous	59,395	69,153	9,758	91,557
Total operating revenues	<u>26,755,695</u>	<u>26,198,836</u>	<u>(556,859)</u>	<u>25,513,808</u>
Operating Expenses				
Salaries and wages	3,119,122	2,839,267	279,855	2,955,354
Employee benefits	1,854,243	1,638,666	215,577	1,667,935
Services and supplies	13,398,297	10,817,700	2,580,597	9,975,216
Depreciation	10,143,900	7,238,804	2,905,096	6,845,539
Net loss from Truckee Meadows Water Reclamation Facility	2,400,000	2,318,494	81,506	2,657,986
Total operating expenses	<u>30,915,562</u>	<u>24,852,931</u>	<u>6,062,631</u>	<u>24,102,030</u>
Operating Income (Loss)	<u>(4,159,867)</u>	<u>1,345,905</u>	<u>5,505,772</u>	<u>1,411,778</u>
Non-operating Revenues (Expenses)				
Investment income	141,936	1,710,357	1,568,421	53,951
Interest Expense	(822,751)	(557,616)	265,135	(621,833)
Grants	-	-	-	(711)
Miscellaneous/Other	-	(213)	(213)	(516)
Gain (loss) on disposition of assets	-	(39,718)	(39,718)	-
Total non-operating revenues (expenses)	<u>(680,815)</u>	<u>1,112,810</u>	<u>1,793,625</u>	<u>(569,109)</u>
Income Before Capital Contributions and Transfers	<u>(4,840,682)</u>	<u>2,458,715</u>	<u>7,299,397</u>	<u>842,669</u>
Capital Contributions				
Sewer connection fees	4,353,122	7,174,498	2,821,376	10,802,523
Sewer lines and storm drains	-	8,946,089	8,946,089	3,736,247
Total capital contributions	<u>4,353,122</u>	<u>16,120,587</u>	<u>11,767,465</u>	<u>14,538,770</u>
Transfers				
Transfers in	118,800	118,261	(539)	255,744
Transfers out	(3,985)	(3,985)	-	(3,896)
Total transfers	<u>114,815</u>	<u>114,276</u>	<u>(539)</u>	<u>251,848</u>
Change in Net Position	<u>\$ (372,745)</u>	<u>18,693,578</u>	<u>\$ 19,066,323</u>	<u>\$ 15,633,287</u>
Net Position, Beginning of Year		<u>217,528,939</u>		
Net Position, End of Year		<u>\$ 236,222,517</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Development Services
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Licenses and permits				
Building permits	\$ 2,474,620	\$ 2,334,526	\$ (140,094)	\$ 2,479,464
Other	32,998	43,081	10,083	61,296
Charges for services				
Building and planning fees	2,374,848	2,309,069	(65,779)	2,321,244
Engineering fees	631,995	739,887	107,892	821,894
Miscellaneous	-	10,835	10,835	-
Total operating revenues	<u>5,514,461</u>	<u>5,437,398</u>	<u>(77,063)</u>	<u>5,683,898</u>
Operating Expenses				
Salaries and wages	2,433,343	1,784,985	648,358	1,870,810
Employee benefits	1,172,761	862,058	310,703	856,240
Services and supplies	3,046,028	2,290,417	755,611	1,759,575
Depreciation	103,800	9,986	93,814	4,164
Total operating expenses	<u>6,755,932</u>	<u>4,947,446</u>	<u>1,808,486</u>	<u>4,490,789</u>
Operating Income (Loss)	<u>(1,241,471)</u>	<u>489,952</u>	<u>1,731,423</u>	<u>1,193,109</u>
Non-operating Revenues (Expenses)				
Investment income	35,812	272,775	236,963	15,231
Grants	298	-	(298)	-
Miscellaneous/Other	782	160	(622)	1,455
Total non-operating revenues (expenses)	<u>36,892</u>	<u>272,935</u>	<u>236,043</u>	<u>16,686</u>
Income (Loss) Before Transfers	<u>(1,204,579)</u>	<u>762,887</u>	<u>1,967,466</u>	<u>1,209,795</u>
Transfers				
Transfers out	<u>(23,912)</u>	<u>(135,557)</u>	<u>(111,645)</u>	<u>(23,375)</u>
Change in Net Position	<u>\$ (1,228,491)</u>	<u>627,330</u>	<u>\$ 1,855,821</u>	<u>\$ 1,186,420</u>
Net Position, Beginning of Year		<u>3,055,516</u>		
Net Position, End of Year		<u>\$ 3,682,846</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	\$ 4,427,152	\$ 5,228,969	\$ 1,843,203
Accounts receivable, net	4,044	1,000,829	-
Due from other governments	-	-	38,691
Due from other funds	-	-	-
Deposits	-	9,072	10,000
Inventory of supplies	175,825	-	-
Total current assets	4,607,021	6,238,870	1,891,894
Noncurrent assets			
Capital Assets:			
Construction in progress	1,351,981	-	-
Buildings	451,019	-	-
Site improvements	245,445	-	-
Machinery and equipment	28,010,878	-	-
Less accumulated depreciation	(20,417,419)	-	-
Total noncurrent assets	9,641,904	-	-
Total assets	14,248,925	6,238,870	1,891,894
Deferred outflows of resources			
Deferred outflows related to pension	186,551	-	-
Deferred outflows related to OPEB	38,187	-	-
Total deferred outflows of resources	224,738	-	-
Total assets and deferred outflows of resources	14,473,663	6,238,870	1,891,894
Liabilities			
Current liabilities			
Accounts payable	90,710	110,053	60
Accrued liabilities	33,177	(11,398)	-
Due to other governments	27,908	-	-
Contracts payable	26,387	-	-
Current portion of long-term liabilities	75,778	1,199,619	1,628,792
Total current liabilities	253,960	1,298,274	1,628,852
Noncurrent liabilities			
Compensated absences (net of current portion)	197,947	-	-
Total OPEB liability	142,386	-	-
Sick leave conversion payable (net of current portion)	26,950	-	-
Claims liabilities (net of current portion)	-	-	7,313,134
Net pension liability	1,033,812	-	-
Total noncurrent liabilities	1,401,095	-	7,313,134
Total liabilities	1,655,055	1,298,274	8,941,986
Deferred Inflows of Resources			
Deferred inflows related to pensions	81,340	-	-
Deferred inflows related to OPEB	45,686	-	-
Total deferred inflows of resources	127,026	-	-
Total liabilities and deferred inflows of resources	1,782,081	1,298,274	8,941,986
Net Position			
Net investment in capital assets	9,641,901	-	-
Restricted for claims	-	4,940,596	-
Unrestricted	3,049,681	-	(7,050,092)
Total Net Position	\$ 12,691,582	\$ 4,940,596	\$ (7,050,092)

<u>Municipal Self-Insurance</u>	<u>Total</u>
\$ 167,669	\$ 11,666,993
-	1,004,873
17,999	56,690
150,000	150,000
-	19,072
-	175,825
<u>335,668</u>	<u>13,073,453</u>
-	1,351,981
-	451,019
-	245,445
-	28,010,878
-	(20,417,419)
-	9,641,904
<u>335,668</u>	<u>22,715,357</u>
-	186,551
-	38,187
-	224,738
<u>335,668</u>	<u>22,940,095</u>
77,374	278,197
-	21,779
-	27,908
47,020	73,407
170,000	3,074,189
<u>294,394</u>	<u>3,475,480</u>
-	197,947
-	142,386
-	26,950
-	7,313,134
-	1,033,812
-	8,714,229
<u>294,394</u>	<u>12,189,709</u>
-	81,340
-	45,686
-	127,026
<u>294,394</u>	<u>12,316,735</u>
-	9,641,901
41,274	4,981,870
-	(4,000,411)
<u>\$ 41,274</u>	<u>\$ 10,623,360</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 5,266,279	\$ 11,719,035	\$ 973,186
Miscellaneous	3,362	255,434	45,690
Total operating revenues	<u>5,269,641</u>	<u>11,974,469</u>	<u>1,018,876</u>
Operating Expenses			
Salaries and wages	619,444	-	-
Employee benefits	341,834	-	-
Services and supplies	1,562,574	10,317,720	3,772,149
Depreciation	1,879,329	-	-
Total operating expenses	<u>4,403,181</u>	<u>10,317,720</u>	<u>3,772,149</u>
Operating Income (Loss)	<u>866,460</u>	<u>1,656,749</u>	<u>(2,753,273)</u>
Nonoperating Revenues (Expenditures)			
Investment income	107,635	184,101	109,784
Gain (loss) on disposition of assets	6,673	-	-
Total nonoperating revenues (expenditures)	<u>114,308</u>	<u>184,101</u>	<u>109,784</u>
Income (Loss) Before Capital Contributions and Transfers	<u>980,768</u>	<u>1,840,850</u>	<u>(2,643,489)</u>
Capital Contributions			
Vehicles	51,652	-	-
Transfers			
Transfers in	111,645	-	-
Change in net position	<u>1,144,065</u>	<u>1,840,850</u>	<u>(2,643,489)</u>
Net position, Beginning of year	<u>11,547,517</u>	<u>3,099,746</u>	<u>(4,406,603)</u>
Net position, End of Year	<u>\$ 12,691,582</u>	<u>\$ 4,940,596</u>	<u>\$ (7,050,092)</u>

City of Sparks
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
Year Ended June 30, 2019

<u>Municipal Self- Insurance</u>	<u>Total Internal Service Funds</u>
\$ 1,072,989	\$ 19,031,489
80,699	385,185
1,153,688	19,416,674
-	619,444
-	341,834
1,268,040	16,920,483
-	1,879,329
1,268,040	19,761,090
(114,352)	(344,416)
2,976	404,496
-	6,673
2,976	411,169
(111,376)	66,753
-	51,652
150,000	261,645
38,624	380,050
2,650	10,243,310
\$ 41,274	\$ 10,623,360

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Operating activities		
Cash received from customers and users	\$ 8,288	\$ 1,273,626
Cash received from interfund services provided	5,266,279	9,523,246
Cash received from reimbursements of insurance claims	-	255,434
Cash paid to employees	(939,273)	1,888
Cash paid to suppliers	<u>(1,492,860)</u>	<u>(10,174,521)</u>
Net cash from (used for) operating activities	<u>2,842,434</u>	<u>879,673</u>
Noncapital financing activities		
Transfers in	<u>-</u>	<u>-</u>
Net cash from (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Capital and related financing activities		
Proceeds from sale of capital assets	11,863	-
Acquisition of capital assets	<u>(1,038,729)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(1,026,866)</u>	<u>-</u>
Investing activities		
Investment income (loss)	<u>107,635</u>	<u>184,101</u>
Net cash used for investing activities	<u>107,635</u>	<u>184,101</u>
Net change in cash and cash equivalents	1,923,203	1,063,774
Cash and cash equivalents, Beginning of Year	<u>2,503,949</u>	<u>4,165,195</u>
Cash and cash equivalents, End of Year	<u>\$ 4,427,152</u>	<u>\$ 5,228,969</u>

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2019

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 980,185	\$ 62,700	\$ 2,324,799
-	922,989	15,712,514
-	-	255,434
-	-	(937,385)
<u>(1,519,047)</u>	<u>(990,571)</u>	<u>(14,176,999)</u>
<u>(538,862)</u>	<u>(4,882)</u>	<u>3,178,363</u>
<u>-</u>	<u>150,000</u>	<u>150,000</u>
<u>-</u>	<u>150,000</u>	<u>150,000</u>
-	-	11,863
<u>-</u>	<u>-</u>	<u>(1,038,729)</u>
<u>-</u>	<u>-</u>	<u>(1,026,866)</u>
<u>109,784</u>	<u>2,976</u>	<u>404,496</u>
<u>109,784</u>	<u>2,976</u>	<u>404,496</u>
(429,078)	148,094	2,705,993
<u>2,272,281</u>	<u>19,575</u>	<u>8,961,000</u>
<u>\$ 1,843,203</u>	<u>\$ 167,669</u>	<u>\$ 11,666,993</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities:		
Operating income (loss)	\$ 866,460	\$ 1,656,749
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	1,879,329	-
Changes in		
Accounts receivable	3,024	(922,162)
Due from other funds	-	-
Due from other governments	1,902	-
Inventory of supplies	17,577	-
Pension related amounts	(18,690)	-
OPEB related amounts	(1,665)	-
Accounts payable	21,911	(5,201)
Accrued liabilities	4,418	1,888
Contracts payable	26,387	-
Due to other governments	3,839	-
Compensated absences	37,942	-
Claims liabilities	-	148,399
Total adjustments	1,975,974	(777,076)
Net cash from (used for) operating activities	<u>\$ 2,842,434</u>	<u>\$ 879,673</u>
Noncash investing and capital and related financing activities		
Contributions of capital assets from other funds	<u>\$ 163,297</u>	<u>\$ -</u>

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2019

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ (2,753,273)	\$ (114,352)	\$ (344,416)
-	-	1,879,329
-	-	(919,138)
-	(150,000)	(150,000)
(38,691)	(17,999)	(54,788)
-	-	17,577
-	-	(18,690)
-	-	(1,665)
60	60,449	77,219
-	-	6,306
-	47,020	73,407
-	-	3,839
-	-	37,942
<u>2,253,042</u>	<u>170,000</u>	<u>2,571,441</u>
<u>2,214,411</u>	<u>109,470</u>	<u>3,522,779</u>
<u>\$ (538,862)</u>	<u>\$ (4,882)</u>	<u>\$ 3,178,363</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,297</u>

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Motor Vehicle Maintenance
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Charges for services				
Equipment rent	\$ 4,207,213	\$ 4,459,310	\$ 252,097	\$ 3,864,387
Fuel	565,798	590,107	24,309	581,446
Other	-	216,862	216,862	-
Miscellaneous	17,000	3,362	(13,638)	(3,610)
Total operating revenues	<u>4,790,011</u>	<u>5,269,641</u>	<u>479,630</u>	<u>4,442,223</u>
Operating Expenses				
Salaries and wages	681,059	619,444	61,615	554,296
Employee benefits	385,203	341,834	43,369	322,912
Services and supplies	1,512,891	1,562,574	(49,683)	1,563,153
Depreciation	1,827,900	1,879,329	(51,429)	1,565,188
Total operating expenses	<u>4,407,053</u>	<u>4,403,181</u>	<u>3,872</u>	<u>4,005,549</u>
Operating Income (Loss)	<u>382,958</u>	<u>866,460</u>	<u>483,502</u>	<u>436,674</u>
Non-operating Revenues (Expenses)				
Investment income	24,000	107,635	83,635	24,139
Grants	-	-	-	(1,922)
Miscellaneous/Other	-	-	-	4,845
Gain (loss) on disposition of assets	50,000	6,673	(43,327)	(42,252)
Total non-operating revenues (expenses)	<u>74,000</u>	<u>114,308</u>	<u>40,308</u>	<u>(15,190)</u>
Income before Capital Contributions and Transfers	<u>456,958</u>	<u>980,768</u>	<u>523,810</u>	<u>421,484</u>
Capital Contributions				
Vehicles	-	51,652	51,652	-
Transfers				
Transfers in	-	111,645	111,645	30,068
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	<u>(1,000,000)</u>	<u>111,645</u>	<u>1,111,645</u>	<u>30,068</u>
Change in Net Position	<u>\$ (543,042)</u>	<u>1,144,065</u>	<u>\$ 1,687,107</u>	<u>\$ 451,552</u>
Net Position, Beginning of Year		<u>11,547,517</u>		
Net Position, End of Year		<u>\$ 12,691,582</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Group Insurance Self- Insurance
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Charges for services				
Other	\$ 11,990,748	\$ 11,719,035	\$ (271,713)	\$ 11,530,212
Miscellaneous				
Reimbursement from insurance claims	200,000	255,434	55,434	263,474
Total operating revenues	<u>12,190,748</u>	<u>11,974,469</u>	<u>(216,279)</u>	<u>11,793,686</u>
Operating Expenses				
Services and supplies	<u>12,006,753</u>	<u>10,317,720</u>	<u>1,689,033</u>	<u>9,908,941</u>
Operating Income (Loss)	<u>183,995</u>	<u>1,656,749</u>	<u>1,472,754</u>	<u>1,884,745</u>
Non-operating Revenues (Expenses)				
Investment income	<u>5,500</u>	<u>184,101</u>	<u>178,601</u>	<u>12,340</u>
Change in Net Position	<u>\$ 189,495</u>	1,840,850	<u>\$ 1,651,355</u>	<u>\$ 1,897,085</u>
Net Position, Beginning of Year		<u>3,099,746</u>		
Net Position, End of Year		<u>\$ 4,940,596</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Workers' Compensation Insurance
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Charges for services				
Contributions and reimbursements	\$ 970,883	\$ 973,186	\$ 2,303	\$ 357,984
Miscellaneous				
Reimbursement from insurance claims	50,000	45,690	(4,310)	-
Total operating revenues	<u>1,020,883</u>	<u>1,018,876</u>	<u>(2,007)</u>	<u>357,984</u>
Operating Expenses				
Services and supplies	<u>2,305,236</u>	<u>3,772,149</u>	<u>(1,466,913)</u>	<u>1,009,490</u>
Operating Income (Loss)	(1,284,353)	(2,753,273)	(1,468,920)	(651,506)
Non-operating Revenues (Expenses)				
Investment income	<u>40,000</u>	<u>109,784</u>	<u>69,784</u>	<u>26,675</u>
Change in Net Position	<u>\$ (1,244,353)</u>	<u>(2,643,489)</u>	<u>\$ (1,399,136)</u>	<u>\$ (624,831)</u>
Net Position, Beginning of Year		<u>(4,406,603)</u>		
Net Position, End of Year		<u>\$ (7,050,092)</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Municipal Self-Insurance
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	
Operating revenues				
Charges for services				
Interfund services provided	\$ 1,072,989	\$ 1,072,989	\$ -	\$ 885,671
Miscellaneous				
Reimbursement from insurance claims	70,000	80,699	10,699	88,728
Total operating revenues	<u>1,142,989</u>	<u>1,153,688</u>	<u>10,699</u>	<u>974,399</u>
Operating Expenses				
Services and supplies	<u>1,188,695</u>	<u>1,268,040</u>	<u>(79,345)</u>	<u>989,089</u>
Operating Income (Loss)	<u>(45,706)</u>	<u>(114,352)</u>	<u>(68,646)</u>	<u>(14,690)</u>
Non-operating Revenues (Expenses)				
Investment income	<u>1,000</u>	<u>2,976</u>	<u>1,976</u>	<u>267</u>
Income before Transfers	<u>(44,706)</u>	<u>(111,376)</u>	<u>(66,670)</u>	<u>(14,423)</u>
Transfers				
Transfers in	-	150,000	150,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,068)</u>
Change in Net Position	<u><u>\$ (44,706)</u></u>	<u>38,624</u>	<u><u>\$ 83,330</u></u>	<u><u>\$ (44,491)</u></u>
Net Position, Beginning of Year		<u>2,650</u>		
Net Position, End of Year		<u><u>\$ 41,274</u></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 cash and investments 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, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Sick Leave Retirement Trust Fund				
Assets				
Cash and investments	\$ 22,877	\$ -	\$ 6,445	\$ 16,432
Liabilities				
Group insurance premiums payable	\$ 22,877	\$ -	\$ 6,445	\$ 16,432
Post Employment Medical Benefits Trust Fund				
Assets				
Cash and investments	\$ 332,797	\$ 264,811	\$ 308,022	\$ 289,586
Liabilities				
Group insurance premiums payable	\$ 332,797	\$ 264,811	\$ 308,022	\$ 289,586
Truckee Meadows Water Reclamation Facility				
Assets				
Cash and investments	\$ 3,203,412	\$ 20,829,420	\$ 20,707,862	\$ 3,324,970
Liabilities				
Due to other governments	\$ 3,203,412	\$ 20,829,420	\$ 20,707,862	\$ 3,324,970
Regional Transportation Commission Road Impact Fund				
Assets				
Cash and investments	\$ 500,709	\$ -	\$ 410,609	\$ 90,100
Liabilities				
Due to other governments	\$ 500,709	\$ -	\$ 410,609	\$ 90,100
Mesa Meadows Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 12,490	\$ 90,990	\$ 94,404	\$ 9,076
Liabilities				
Accounts payable	\$ 12,490	\$ 90,990	\$ 94,404	\$ 9,076
Promontory Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 21,919	\$ 16,986	\$ 23,202	\$ 15,703
Liabilities				
Accounts payable	\$ 21,919	\$ 16,986	\$ 23,202	\$ 15,703
Triple Crown Landscape Maintenance Fund				
Assets				
Cash and investments	\$ 173,527	\$ 51,585	\$ 59,470	\$ 165,642
Liabilities				
Accounts payable	\$ 173,527	\$ 51,585	\$ 59,470	\$ 165,642

City of Sparks
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 4,267,731	\$ 21,253,792	\$ 21,610,014	\$ 3,911,509
Liabilities				
Accounts payable	\$ 207,936	\$ 159,561	\$ 177,076	\$ 190,421
Group insurance premiums payable	355,674	264,811	314,467	306,018
Due to other governments	3,704,121	20,829,420	21,118,471	3,415,070
Total liabilities	\$ 4,267,731	\$ 21,253,792	\$ 21,610,014	\$ 3,911,509

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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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Net investment in capital assets	\$ 392,011,088	\$ 363,842,341	\$ 377,956,278	\$ 364,071,812
Restricted	40,809,634	38,126,693	36,694,210	35,374,824
Unrestricted	<u>(203,877,196)</u>	<u>(212,691,309)</u>	<u>(136,693,294)</u>	<u>(163,874,191)</u>
Total Governmental Activities	<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>
Business-Type Activities				
Net investment in capital assets	\$ 147,778,186	\$ 137,394,248	\$ 136,405,793	\$ 133,052,926
Restricted	-	-	-	-
Unrestricted	<u>91,502,404</u>	<u>82,041,562</u>	<u>67,633,391</u>	<u>61,224,746</u>
Total business-type activities net position	<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>
Primary government				
Net investment in capital assets	\$ 539,789,274	\$ 501,236,589	\$ 514,362,071	\$ 497,124,738
Restricted	40,809,634	38,126,693	36,694,210	35,374,824
Unrestricted	<u>(112,374,792)</u>	<u>(130,649,747)</u>	<u>(69,059,903)</u>	<u>(102,649,445)</u>
Total primary government	<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>

Prepared on the accrual basis of accounting.

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 349,494,836	\$ 333,680,025	\$ 276,456,276	\$ 244,417,470	\$ 248,628,684	\$ 240,120,081
35,589,211	41,194,330	42,903,334	51,091,604	54,408,668	52,436,068
<u>(162,908,270)</u>	<u>(113,144,667)</u>	<u>(101,758,726)</u>	<u>(103,675,703)</u>	<u>(106,405,447)</u>	<u>(99,397,357)</u>
<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 191,833,371</u>	<u>\$ 196,631,905</u>	<u>\$ 193,158,792</u>
\$ 132,378,854	\$ 124,836,498	\$ 118,604,065	\$ 117,872,586	\$ 116,663,143	\$ 114,408,011
-	-	-	-	-	-
<u>52,757,466</u>	<u>62,226,339</u>	<u>62,724,798</u>	<u>64,634,725</u>	<u>65,174,839</u>	<u>66,681,450</u>
<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 182,507,311</u>	<u>\$ 181,837,982</u>	<u>\$ 181,089,461</u>
\$ 481,873,690	\$ 458,516,523	\$ 395,060,341	\$ 362,290,056	\$ 365,291,827	\$ 354,528,092
35,589,211	41,194,330	42,903,334	51,091,604	54,408,668	52,436,068
<u>(110,150,804)</u>	<u>(50,918,328)</u>	<u>(39,033,928)</u>	<u>(39,040,978)</u>	<u>(41,230,608)</u>	<u>(32,715,907)</u>
<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>	<u>\$ 374,340,682</u>	<u>\$ 378,469,887</u>	<u>\$ 374,248,253</u>

	2019	2018	2017	2016
Expenses				
Governmental Activities				
General government	\$ 13,973,087	\$ 13,621,461	\$ 13,628,107	\$ 17,259,801
Judicial	2,675,432	2,462,689	2,351,052	2,085,243
Public safety	50,137,012	45,421,001	44,774,035	41,989,882
Public works	10,831,434	9,069,840	9,177,840	8,564,996
Culture and recreation	10,712,073	10,788,462	10,092,377	10,163,718
Community support	3,152,349	2,025,939	3,298,425	2,577,879
Intergovernmental	-	-	-	-
Interest and fiscal charges	7,987,116	10,352,937	10,501,091	9,827,453
Total governmental activities	99,468,503	93,742,329	93,822,927	92,468,972
Business-type Activities				
Sewer	24,957,376	24,247,795	22,922,462	23,863,114
Development services	4,916,464	4,429,416	3,784,497	2,871,068
Special Events	-	-	-	-
Total business-type activities expenses	29,873,840	28,677,211	26,706,959	26,734,182
Total primary government expenses	\$ 129,342,343	\$ 122,419,540	\$ 120,529,886	\$ 119,203,154
Program Revenues				
Governmental Activities				
Charges for services				
General Government	\$ 18,467,769	\$ 17,303,881	\$ 14,401,815	\$ 14,374,893
Judicial	849,504	884,023	858,488	940,585
Public Safety	828,841	961,350	570,336	718,541
Public Work	3,163,804	2,033,918	2,725,585	3,124,194
Sanitation	117,145	254,414	81,760	112,103
Culture, recreation, and community support	5,335,121	6,722,371	4,927,851	4,703,917
Operating grants and contributions	1,773,945	1,224,032	1,722,150	1,534,679
Capital grants, interest, and contributions	28,115,646	4,620,380	41,463,235	14,611,760
Total governmental activities program revenues	58,651,775	34,004,369	66,751,220	40,120,672
Business-type Activities				
Charge for Sewer services	26,129,683	25,421,540	24,000,811	22,858,463
Charge for Development services	5,426,563	5,683,897	4,713,487	4,153,119
Operating grants, interest, and contributions	-	-	13,729	-
Capital grants, interest, and contributions	16,120,587	14,538,770	7,648,854	6,490,750
Total business-type activities program revenues	47,676,833	45,644,207	36,376,881	33,502,332
Total primary government program revenue	106,328,608	79,648,576	103,128,101	73,623,004
Net (Expense)/Revenue				
Governmental Activities	(40,816,728)	(59,737,960)	(27,071,707)	(52,348,300)
Business-type Activities	17,802,993	16,966,996	9,669,922	6,768,150
Total primary government net expense	\$ (23,013,735)	\$ (42,770,964)	\$ (17,401,785)	\$ (45,580,150)

Prepared on the accrual basis of accounting.

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

	2015	2014	2013	2012	2011	2010
\$	12,531,485	\$ 10,756,417	\$ 10,863,112	\$ 8,817,144	\$ 10,025,892	\$ 9,446,502
	2,119,937	2,213,707	2,225,488	2,054,034	2,158,409	2,304,226
	39,489,038	44,473,405	40,779,887	37,286,519	36,969,841	41,712,851
	6,300,571	13,107,396	13,780,817	14,071,989	14,151,854	14,700,661
	9,829,803	10,230,616	9,672,978	9,149,895	9,899,309	11,237,024
	1,384,932	1,949,757	1,568,970	2,473,833	3,206,527	6,101,231
	-	-	-	-	-	-
	11,187,762	10,748,859	13,158,074	13,480,497	12,860,069	12,398,040
	<u>82,843,528</u>	<u>93,480,157</u>	<u>92,049,326</u>	<u>87,333,911</u>	<u>89,271,901</u>	<u>97,900,535</u>
	22,442,881	24,153,084	24,622,329	20,399,005	21,680,905	22,979,230
	1,991,181	1,624,933	1,780,442	1,468,521	1,653,448	2,636,060
	-	-	-	-	-	-
	<u>24,434,062</u>	<u>25,778,017</u>	<u>26,402,771</u>	<u>21,867,526</u>	<u>23,334,353</u>	<u>25,615,290</u>
\$	<u>107,277,590</u>	<u>119,258,174</u>	<u>118,452,097</u>	<u>109,201,437</u>	<u>112,606,254</u>	<u>123,515,825</u>
\$	13,190,273	\$ 12,019,773	\$ 11,417,822	\$ 11,607,851	\$ 11,639,553	\$ 12,791,944
	959,730	988,053	991,278	1,032,788	1,317,073	1,327,287
	972,957	960,766	728,109	880,505	2,014,994	801,870
	3,246,022	3,040,582	3,055,505	2,835,071	2,695,408	2,622,887
	89,864	37,520	6,300	15,330	-	30,852
	4,520,065	4,446,327	4,197,108	5,295,120	4,114,266	4,217,444
	1,234,890	1,867,496	2,184,401	1,940,111	2,445,242	2,095,270
	23,015,112	56,827,683	37,135,600	6,441,089	16,900,744	20,097,164
	<u>47,228,913</u>	<u>80,188,200</u>	<u>59,716,123</u>	<u>30,047,865</u>	<u>41,127,280</u>	<u>43,984,718</u>
	21,956,804	21,209,352	21,114,955	19,851,753	18,827,593	18,523,097
	3,266,871	2,317,542	2,117,900	2,013,713	1,410,322	1,463,498
	-	-	-	-	-	-
	5,509,920	7,746,694	2,246,382	589,860	797,086	1,993,711
	<u>30,733,595</u>	<u>31,273,588</u>	<u>25,479,237</u>	<u>22,455,326</u>	<u>21,035,001</u>	<u>21,980,306</u>
	<u>77,962,508</u>	<u>111,461,788</u>	<u>85,195,360</u>	<u>52,503,191</u>	<u>62,162,281</u>	<u>65,965,024</u>
	(35,614,615)	(13,291,957)	(32,333,203)	(57,286,046)	(48,144,621)	(53,915,817)
	6,299,533	5,495,571	(923,534)	587,800	(2,299,352)	(3,634,984)
\$	<u>(29,315,082)</u>	<u>(7,796,386)</u>	<u>(33,256,737)</u>	<u>(56,698,246)</u>	<u>(50,443,973)</u>	<u>(57,550,801)</u>

	2019	2018	2017	2016
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem taxes	\$ 29,945,770	\$ 27,562,058	\$ 26,361,970	\$ 25,735,620
Special assessments - taxes	361,665	342,080	889,479	1,197,930
Unrestricted intergovernmental - consolidated taxes	27,846,670	26,549,389	23,195,337	22,695,286
Other taxes	19,930,341	18,804,468	17,167,022	16,199,616
Unrestricted investment income	1,868,169	393,507	243,579	506,173
Other	508,633	(582,679)	1,625,010	215,107
Special Items	-	(228,473)	(25,941)	53,047
Total governmental activities	80,461,248	72,840,350	69,456,456	66,602,779
Business-type Activities				
Unrestricted investment income	1,983,132	69,182	(39,993)	493,674
Other	79,936	92,497	105,642	126,503
Special Items	-	228,473	25,941	(53,047)
Total business-type activities	2,063,068	390,152	91,590	567,130
Total primary government	\$ 82,524,316	\$ 73,230,502	\$ 69,548,046	\$ 67,169,909
Change in Net Position				
Governmental Activities	\$ 39,665,801	\$ 13,102,390	\$ 42,384,749	\$ 14,254,479
Business-Type Activities	19,844,780	17,357,148	9,761,512	7,335,280
Total primary government change in net position	\$ 59,510,581	\$ 30,459,538	\$ 52,146,261	\$ 21,589,759

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

	2015	2014	2013	2012	2011	2010
\$	24,206,813	\$ 23,423,624	\$ 23,200,778	\$ 23,935,797	\$ 25,692,651	\$ 29,194,703
	1,082,636	1,188,135	1,830,467	1,895,243	1,960,106	28,130,914
	20,916,103	19,356,294	18,252,243	17,513,809	16,725,697	16,582,397
	15,418,511	14,282,782	13,571,789	11,119,363	11,418,369	9,518,119
	254,882	378,347	3,638	367,254	475,772	1,575,591
	584,991	778,449	776,389	480,804	(4,471,332)	(7,462,151)
	714,946	342,882	465,412	13,273	(183,529)	(2,403,664)
	<u>63,178,882</u>	<u>59,750,513</u>	<u>58,100,716</u>	<u>55,325,543</u>	<u>51,617,734</u>	<u>75,135,909</u>
	246,574	454,632	19,311	399,619	382,358	1,114,003
	154,962	126,653	191,187	371,133	299,956	235,716
	(714,946)	(342,882)	(465,412)	(13,273)	183,529	2,403,664
	<u>(313,410)</u>	<u>238,403</u>	<u>(254,914)</u>	<u>757,479</u>	<u>865,843</u>	<u>3,753,383</u>
\$	<u>62,865,472</u>	<u>59,988,916</u>	<u>57,845,802</u>	<u>56,083,022</u>	<u>52,483,577</u>	<u>78,889,292</u>
\$	27,564,267	\$ 46,458,556	\$ 25,767,513	\$ (1,960,503)	\$ 3,473,113	\$ 21,220,092
	5,986,123	5,733,974	(1,178,448)	1,345,279	(1,433,509)	118,399
\$	<u>33,550,390</u>	<u>52,192,530</u>	<u>24,589,065</u>	<u>(615,224)</u>	<u>2,039,604</u>	<u>21,338,491</u>

	2019	2018	2017	2016
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	119,484	955,058	332,086	2,345,634
Unassigned	8,237,017	5,860,155	2,381,986	3,661,772
Total general fund ⁽¹⁾	<u>\$ 8,356,501</u>	<u>\$ 6,815,213</u>	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</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	36,560,227	33,709,418	32,696,433	36,862,093
Committed	1,942,449	1,240,812	913,386	1,073,424
Assigned	10,072,007	7,777,144	6,407,484	3,429,725
Total all other governmental funds ⁽¹⁾	<u>\$ 48,574,683</u>	<u>\$ 42,727,374</u>	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</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)

2015	2014	2013	2012	2011 ⁽²⁾	2010
\$ -	\$ -	\$ -	\$ -	\$ -	103,542
-	-	-	-	-	3,569,096
-	-	-	-	-	1,180,678
333	-	-	1,268	788	-
-	-	-	13,571	346,058	-
2,499,431	1,101,885	1,693,859	2,153,036	1,336,536	-
3,946,852	3,762,386	4,113,903	4,324,416	5,161,421	-
<u>\$ 6,446,616</u>	<u>\$ 4,864,271</u>	<u>\$ 5,807,762</u>	<u>\$ 6,492,291</u>	<u>\$ 6,844,803</u>	<u>\$ 4,853,316</u>
-	-	-	-	-	3,042,768
-	-	-	-	-	17,203,646
-	-	-	-	-	10,689,211
-	-	-	-	-	2,020,507
-	-	-	-	-	2,777,260
-	-	-	-	-	7,885,152
35,767,128	41,650,718	35,210,268	36,390,477	35,551,672	-
798,424	1,163,684	1,040,583	837,136	692,616	-
3,993,693	3,443,911	3,417,542	3,523,829	4,559,865	-
<u>\$ 40,559,245</u>	<u>\$ 46,258,313</u>	<u>\$ 39,668,393</u>	<u>\$ 40,751,442</u>	<u>\$ 40,804,153</u>	<u>\$ 43,618,544</u>

	2019	2018	2017	2016
Revenues				
Taxes	\$ 33,018,266	\$ 35,540,176	\$ 29,734,198	\$ 28,969,948
Licenses and permits	20,025,849	18,919,475	15,476,836	15,892,828
Intergovernmental revenues	50,827,309	45,242,085	41,886,672	40,724,097
Charges for services	6,050,050	5,852,395	5,713,677	5,186,023
Fines and forfeits	584,391	703,704	622,678	663,882
Miscellaneous	1,752,147	770,509	597,537	846,889
Total revenues	112,258,012	107,028,344	94,031,598	92,283,667
Expenditures				
General government*	12,839,338	12,773,774	13,009,722	10,979,858
Judicial	2,538,257	2,347,610	2,272,818	1,998,477
Public safety	47,535,551	43,983,575	43,333,646	41,066,025
Public works	4,872,701	4,734,652	4,709,480	4,827,742
Culture and recreation	7,781,638	7,559,359	7,534,030	7,258,973
Community support	2,289,008	1,235,472	994,435	1,802,744
Intergovernmental	-	-	-	-
Capital/Nonoperating	7,617,099	4,268,653	6,726,641	5,918,626
Debt service				
Principal	11,476,169	13,644,519	7,852,000	7,398,000
Interest	7,673,052	9,423,142	10,165,272	10,920,981
Advance Refunding Escrow	-	-	2,899,967	-
Other	6,238	18,153	241,093	4,366
Total expenditures	104,629,051	99,988,909	99,739,104	92,175,792
Excess (Deficiency) of Revenues over Expenditures	7,628,961	7,039,435	(5,707,506)	107,875
Other Financing Sources (Uses)				
Gain (loss) on disposition of assets	-	250	1,096,000	934,000
Refunding bonds issued	-	-	23,158,290	-
Bonds issued	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	(23,124,790)	-
Refunded bonds redeemed	-	-	-	-
Discount on bonds issued	-	-	(8,500)	-
Transfers in	5,255,809	2,939,738	7,099,724	6,542,487
Transfers out	(5,496,173)	(3,168,211)	(7,154,491)	(7,217,575)
Prior period adjustment	-	-	-	-
Total other financing sources (uses)	(240,364)	(228,223)	1,066,233	258,912
Net Change in Fund Balances	\$ 7,388,597	\$ 6,811,212	\$ (4,641,273)	\$ 366,787
Debt service as a percentage of noncapital expenditures	19.7 %	24.1 %	22.5 %	21.2 %

* 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)

	2015	2014	2013	2012	2011	2010
\$	27,564,923	\$ 32,673,904	\$ 26,825,221	\$ 27,612,851	\$ 29,467,590	\$ 32,410,994
	15,806,282	14,636,255	13,878,721	13,721,762	13,238,303	13,669,551
	38,096,816	36,101,825	35,016,415	31,605,381	31,505,744	29,576,686
	5,107,022	5,460,416	5,366,208	6,303,327	7,168,837	8,147,497
	653,313	662,907	686,356	707,145	923,884	965,408
	435,736	950,298	440,595	1,624,222	2,187,918	2,240,126
	<u>87,664,092</u>	<u>90,485,605</u>	<u>82,213,516</u>	<u>81,574,688</u>	<u>84,492,276</u>	<u>87,010,262</u>
	10,113,421	10,013,248	9,484,391	9,538,767	9,303,631	9,766,563
	2,097,670	1,931,962	1,976,186	1,972,078	2,060,499	2,087,748
	39,716,955	38,156,786	35,632,227	35,869,222	35,178,504	37,207,229
	4,774,668	4,539,922	5,737,079	6,274,814	7,983,441	9,028,720
	6,820,522	6,797,156	6,365,455	6,501,064	6,990,564	7,952,673
	901,936	1,117,381	725,288	1,619,322	2,011,557	5,188,476
	-	-	-	259,051	295,331	378,557
	5,082,673	4,077,064	6,920,081	3,228,900	5,672,383	14,080,842
	13,797,000	13,825,000	6,080,000	5,665,000	5,120,000	5,375,177
	11,208,334	12,003,482	11,135,169	10,068,803	10,427,468	11,808,027
	-	-	-	-	-	-
	211,815	150,057	95,898	95,907	148,273	517,375
	<u>94,724,994</u>	<u>92,612,058</u>	<u>84,151,774</u>	<u>81,092,928</u>	<u>85,191,651</u>	<u>103,391,387</u>
	<u>(7,060,902)</u>	<u>(2,126,453)</u>	<u>(1,938,258)</u>	<u>481,760</u>	<u>(699,375)</u>	<u>(16,381,125)</u>
	2,150,000	100,000	88,258	-	-	(173,812)
	-	-	-	-	-	-
	-	-	-	-	4,180,000	31,948,734
	7,285,000	7,330,000	-	-	-	-
	(7,132,187)	-	-	-	-	(22,176,160)
	-	-	-	-	(4,120,000)	-
	-	-	-	-	-	-
	5,749,856	6,207,065	4,643,725	4,699,972	4,911,833	7,109,022
	(5,108,490)	(5,864,183)	(4,561,303)	(4,582,435)	(5,095,362)	(8,562,739)
	-	-	-	(1,004,520)	-	3,160,503
	<u>2,944,179</u>	<u>7,772,882</u>	<u>170,680</u>	<u>(886,983)</u>	<u>(123,529)</u>	<u>11,305,548</u>
\$	<u>(4,116,723)</u>	<u>\$ 5,646,429</u>	<u>\$ (1,767,578)</u>	<u>\$ (405,223)</u>	<u>\$ (822,904)</u>	<u>\$ (5,075,577)</u>
	<u>27.9 %</u>	<u>29.2 %</u>	<u>22.3 %</u>	<u>20.2 %</u>	<u>19.6 %</u>	<u>19.2 %</u>

Real Property Assessed Value

Fiscal Year ended June 30,	Residential	Commercial	Industrial	Other
2019	\$ 1,858,722,178	\$ 529,486,683	\$ 406,704,885	\$ 222,187,916
2018	1,898,935,896	488,497,068	384,454,122	152,542,043
2017	1,796,385,878	469,528,526	373,049,844	157,675,703
2016	1,628,545,964	492,592,811	352,196,393	149,463,174
2015	1,412,538,525	491,969,082	346,266,412	139,008,743
2014	1,194,487,527	490,827,042	344,402,528	139,544,675
2013	1,205,915,561	484,053,275	333,460,281	135,939,375
2012	1,297,586,987	485,223,299	335,130,418	134,354,569
2011	1,438,907,544	466,143,248	326,211,878	128,602,963
2010	1,631,892,071	492,034,961	336,335,074	141,731,139

Source: Washoe County Assessor

Pursuant to NRS 361.227, real property is valued at taxable value, determined by calculating the full cash value (market value) of land and estimated replacement cost of improvements less appropriate depreciation. Taxable assessed value is 35% of estimated actual value. Real property is reappraised at least every five years. Property not reappraised is revalued annually using various approved methods

City of Sparks
 Schedule 2.1 -Assessed Value of Estimated Value of Taxable Property
 Last Ten Fiscal Years (Unaudited)

Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
\$ 5,748,029	\$ 183,618,052	\$ 2,839,231,639	8,112,090,397	35.00 %	0.9598
5,635,323	152,542,043	2,777,522,409	7,935,432,597	35.00 %	0.9598
5,524,826	157,699,419	2,644,465,358	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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Sparks Direct Rate				
Operating Rate	0.7109	0.7109	0.7109	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1384
Debt Service	-	-	-	-
Total City of Sparks Direct Rate	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>
Overlapping Rates				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	-	-	-	-
State of Nevada	0.1700	0.1700	0.1700	0.1700
Total Overlapping Rates	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>
Total City of Sparks Property Tax Rate	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>
Redevelopment Agency of the City of Sparks	<u>3.1778</u>	<u>3.2085</u>	<u>3.2085</u>	<u>3.2085</u>

Source: Nevada Department of Taxation

Note: AB 489 and SB 509 are two property tax relief measures that were passed during the 2005 Nevada legislative session that places limitations on increases of property tax paid by Nevada property owners. These tax relief measures have the potential of limiting the property tax rates levied by Nevada governmental agencies.

City of Sparks
Schedule 2.2 - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Unaudited)

2015	2014	2013	2012	2011	2010
0.7109	0.6672	0.6672	0.6672	0.6672	0.6372
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1384	0.1284
-	-	-	-	-	0.0400
0.9598	0.9161	0.9161	0.9161	0.9161	0.9161
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
-	-	-	-	0.0005	0.0004
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7002	2.7002	2.7002	2.7002	2.7007	2.7006
3.6600	3.6163	3.6163	3.6163	3.6168	3.6167
3.1940	3.1238	3.1336	3.1336	3.2075	3.2294

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

Taxpayer	2019			2010		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Smooth Bourbon LLC	21,529,746	1	0.76%	-		-%
Lennar Reno LLC	19,883,937	2	0.70%	-		-%
ICON Reno Property Owner Pool 3	16,487,573	3	0.58%	-		-%
BRE RS Greg Park Owner LLC	15,928,999	4	0.56%	-		-%
Prime Park Vista LLC	13,566,500	5	0.48%	13,845,716	6	0.56%
BL Road LLC	13,193,521	6	0.46%	-		-%
Sparks Marina JV LLC	12,920,555	7	0.46%	-		-%
San Mateo/El Camino WG Partners	12,904,635	8	0.45%	-		-%
Sunroad Lumina Apartments Partners	12,694,262	9	0.45%	-		-%
RCG-Sparks LLC	12,619,703	10	0.44%	-		-%
Sparks Legends Development	-		-%	44,206,961	1	1.79%
Prologis NA3 LLC	-		-%	34,975,419	2	1.41%
Sparks Nugget, Inc.	-		-%	22,672,436	3	0.92%
Northwestern Mutual Life Insurance Co.	-		-%	16,336,965	4	0.66%
AIG Baker Sparks, LLC	-		-%	14,398,315	5	0.58%
Sparks Galleria Investors LLC	-		-%	13,843,608	7	0.56%
Sparks Family Hospital Inc	-		-%	12,669,034	8	0.51%
Prologic NA3 NV LLC	-		-%	10,632,655	9	0.43%
US INST Real Est Equities LP	-		-%	10,279,795	10	0.42%
Total, Ten Largest Taxpayers	151,729,431		5.34%	193,860,904		7.84%
Total, Other Taxpayers	2,687,502,208		94.66%	2,277,916,399		92.16%
Total Assessed Valuations	2,839,231,639		100.00%	2,471,777,303		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				Total Collections to Date	
	Taxes Levied	Tax Collections	Percentage of Taxes Levied	Delinquent Tax Collections	Tax Collections	Percent of Taxes Levied
2019	\$ 26,972,304	\$ 26,892,344	99.70	\$ -	\$ 26,892,344	99.70%
2018	24,822,400	24,741,565	99.67	63,120	24,804,685	99.93%
2017	23,816,110	23,725,954	99.62	86,648	23,812,602	99.99%
2016	23,092,284	23,012,450	99.65	79,078	23,091,528	100.00%
2015	22,185,805	22,076,170	99.51	105,605	22,181,775	99.98%
2014	22,220,370	21,302,629	95.87	909,574	22,212,203	99.96%
2013	22,131,906	21,370,949	96.56	742,137	22,113,086	99.91%
2012	21,867,752	21,720,508	99.33	133,228	21,853,736	99.94%
2011	23,635,725	23,309,474	98.62	323,847	23,633,321	99.99%
2010	26,557,900	26,036,651	98.04	519,900	26,556,551	99.99%

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	General Bonded Debt									
	General Obligation		Redevelopment		Total General Bonded	Available to Repay General Bonded	Net General Bonded	Percentage of Actual Property Value ⁽¹⁾	Per Capita ⁽²⁾	
	Bonds	Notes	Bonds	Notes	Debt	Debt	Debt			
June 30,										
2019	\$ -	\$ -	\$ 28,146,901	\$ -	\$ 28,146,901	\$ 18,776,147	\$ 9,370,754	0.12%	\$ 290.39	
2018	-	-	31,969,961	-	31,969,961	17,865,984	14,103,977	0.18%	333.97	
2017	-	-	40,340,988	-	40,340,988	19,752,855	20,588,133	0.27%	431.08	
2016	1,035,000	-	43,497,856	-	44,532,856	18,910,066	25,622,790	0.36%	481.98	
2015	2,025,000	-	46,722,399	-	48,747,399	17,298,588	31,448,811	0.49%	532.46	
2014	2,975,000	-	55,592,348	-	58,567,348	22,921,066	35,646,282	0.59%	649.20	
2013	3,890,000	-	58,713,918	-	62,603,918	22,373,617	40,230,301	0.63%	694.83	
2012	4,770,000	-	61,675,488	-	66,445,488	23,585,259	42,860,229	0.71%	719.87	
2011	5,610,000	-	64,542,058	-	70,152,058	26,898,775	43,253,283	0.68%	777.19	
2010	6,415,000	-	67,468,628	-	73,883,628	3,564,616	70,319,012	1.00%	809.80	

1) See Schedule 2.1 for estimated actual property value.

2) See Schedule 4.1 for population and personal income data.

City of Sparks
 Schedule 3.1 – Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years (Unaudited)

Other Governmental Activities Debt		Business Type Activities				Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
Revenue Bonds	Capital Leases	Sewer Utility Bonds	Sewer Utility Notes					
\$ 96,320,024	\$ -	\$ 33,141,506	\$ 4,218,271	\$ 161,826,702	0.63%	\$ 1,669.56		
103,776,530	-	38,082,582	4,945,551	178,774,624	0.79%	1,867.60		
108,853,102	-	42,928,969	5,652,641	197,775,700	0.92%	2,113.42		
112,162,608	-	46,817,980	6,356,605	209,870,049	1.10%	2,271.42		
115,117,114	171,670	32,329,748	7,057,710	203,423,641	1.07%	2,221.97		
117,730,620	744,875	35,923,567	7,739,883	220,706,294	1.28%	2,446.47		
119,952,126	1,292,535	39,407,646	8,403,635	231,659,861	1.41%	2,571.14		
121,953,240	1,891,690	42,785,394	9,049,464	242,125,277	1.41%	2,623.19		
123,674,746	2,464,385	46,060,110	9,680,647	252,031,947	1.26%	2,792.16		
124,766,252	3,011,794	47,391,756	10,292,425	259,345,856	1.11%	2,842.55		

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City of Sparks
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2019 (Unaudited)

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Presently Self-Supporting Debt Outstanding</u>	<u>Percentage Applicable⁽¹⁾</u>	<u>Applicable Net Debt</u>
Direct				
City of Sparks ⁽²⁾				
Governmental activity				
Revenue bonds	\$ 96,320,024	\$ 96,320,024	100.00%	\$ 96,320,024
Tax allocation bonds & notes	<u>28,146,901</u>	<u>28,146,901</u>	100.00%	<u>28,146,901</u>
Total direct debt	<u>124,466,925</u>	<u>124,466,925</u>		<u>124,466,925</u>
Overlapping				
Washoe County School District	735,198,000	-	14.09%	103,589,398
Washoe County	131,016,000	41,116,000	14.09%	18,460,154
State of Nevada	<u>1,284,715,000</u>	<u>296,840,000</u>	2.37%	<u>30,447,746</u>
Total overlapping	<u>2,150,929,000</u>	<u>337,956,000</u>		<u>152,497,298</u>
Total general obligation direct and overlapping	<u>\$2,275,395,925</u>	<u>\$ 462,422,925</u>		<u>\$ 276,964,223</u>

Source: Washoe County Comptroller's Office; Washoe County School District; and the State of Nevada.

- ¹⁾ Calculation based on present assessed valuation of Sparks compared to Washoe County, Washoe County School District and State of Nevada respectively.
- ²⁾ Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2019

Assessed value of taxable property, including redevelopment	<u>\$ 3,066,909,550</u>
Debt limit - (20% of total assessed value)	\$ 613,381,910
Debt Applicable to Limit	
Governmental GO Debt	
Business-type Activities GO Debt	<u>33,141,506</u>
Total Net Debt Subject to Limitation	<u>33,141,506</u>
Legal debt margin	<u>\$ 580,240,404</u>

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$613,381,910	\$595,228,536	\$564,422,667	\$493,984,971
Total net debt subject to limitation	<u>33,141,506</u>	<u>37,566,649</u>	<u>42,145,498</u>	<u>47,852,980</u>
Available General Obligation Debt Limit	<u>\$580,240,404</u>	<u>\$557,661,887</u>	<u>\$522,277,169</u>	<u>\$446,131,991</u>
Total Net Debt Subject to limitation as a Percentage of Debt Limit	<u>5.4 %</u>	<u>6.3 %</u>	<u>7.5 %</u>	<u>9.7 %</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 479,349,402	\$ 434,121,479	\$ 434,924,468	\$ 454,847,772	\$ 484,829,014	\$ 533,284,495
<u>41,412,458</u>	<u>46,638,450</u>	<u>51,701,282</u>	<u>56,607,529</u>	<u>61,350,874</u>	<u>63,188,994</u>
<u>\$ 437,936,944</u>	<u>\$ 387,483,029</u>	<u>\$ 383,223,186</u>	<u>\$ 398,240,243</u>	<u>\$ 423,478,140</u>	<u>\$ 470,095,501</u>
<u>8.6 %</u>	<u>10.7 %</u>	<u>11.9 %</u>	<u>12.4 %</u>	<u>12.7 %</u>	<u>11.8 %</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 Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Sewer Utility Bonds ⁽³⁾							
2019	\$ 33,304,181	\$ 15,295,633	\$ 18,008,548	\$ 3,103,311	\$ 253,623	\$ 3,356,934	5.4
2018	36,224,774	14,598,519	21,626,255	3,013,849	292,133	3,305,982	6.5
2017	29,281,895	14,052,528	15,229,367	3,056,723	816,603	3,873,326	3.9
2016	27,458,269	14,382,880	13,075,389	3,521,768	907,329	4,429,097	3.0
2015	25,717,679	13,434,169	12,283,510	3,593,820	964,405	4,558,225	2.7
2014	23,371,365	14,341,132	9,030,233	3,484,079	1,075,889	4,559,968	2.0
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

- 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
2019	96,928	35.81	\$ 25,556,498,000	\$ 55,487	3.4%
2018	95,726	35.81	22,724,381,000	49,653	3.7%
2017	93,581	35.81	21,428,813,000	47,526	4.2%
2016	92,396	35.81	19,165,475,745	43,805	5.5%
2015	91,551	35.81	19,089,119,268	43,311	6.7%
2014	90,214	35.81	19,013,067,000	42,823	7.9%
2013	90,100	35.81	18,868,025,416	43,317	9.7%
2012	92,302	35.81*	18,792,854,000	43,317	11.8%
2011	90,264	35.81	18,258,112,000	42,524	13.0%
2010	91,237	37.26	17,547,353,000	41,169	13.6%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- 1) Nevada Department of Taxation.
- 2) City of Sparks, Management Services Department.
- 3) U.S. Department of Commerce, Bureau of Economic Analysis, 2017, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA.
- 4) Bureau of Labor Statistics - Reno/Sparks Economy at a Glance
- 5) Washoe County School District, enrollment for 2018 is estimated. Official counts are not available at time of publication.
- 6) City of Sparks, Community Services Department

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

<u>Public School Enrollment⁵</u>	<u>Business Licenses Issued²</u>	<u>Total Construction Permits⁶</u>	<u>Total Construction Value⁶</u>
18,813	8,123	3,935	325,105,877
18,503	7,378	3,935	344,557,136
18,780	7,372	3,636	259,406,469
18,058	6,966	3,712	232,467,828
17,927	7,053	3,581	175,692,045
17,737	6,529	2,579	125,653,129
18,401	6,377	2,393	124,334,661
18,401	6,084	2,463	110,712,242
17,862	4,956	1,763	60,711,375
17,197	6,592	2,007	56,625,109

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

Employer	March, 2019			2010		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Sparks Nugget, Inc.	1000-1499	1	0.47%	1000-1499	1	0.57%
City of Sparks	500-999	2	0.28%	600-699	3	0.30%
Q&D Construction	500-999	3	0.28%	300-399	9	0.16%
Northern Nevada Medical Center	500-999	4	0.28%	400-499	7	0.21%
Western Village	500-999	5	0.28%	400-499	4	0.21%
Baldini's Casino	250-499	6	0.14%			-%
Cashman Equipment	250-499	7	0.14%			-%
Renown Skilled Nursing	250-499	8	0.14%			-%
San Mar Corp	250-499	9	0.14%			0.21%
Scheels	250-499	10	0.14%			-%
United Parcel Service			-%	1000-1499	2	0.57%
Henry Shine			-%	400-499	5	0.21%
Wal-mart Superstore			-%	400-499	6	0.21%
Department of Transportation			-%	300-399	8	0.16%
Rail City			-%	300-399	10	0.16%
Total Reno/Sparks Metropolitan Area Covered Employment	265,119			217,400		

Source: Top Employers are provided to the Nevada Department of Employment, Training, and Rehabilitation from Info Group USA. Reports are produced twice each year January-June 2019 1st half, July-December 2019 2nd half.

- 1) Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published.
- 2) Total employment statistics are only available for the greater Reno/Sparks metropolitan area.

Function	2019	2018	2017	2016
General government	59.5	58.5	58.6	59.7
Judicial	15.5	15.5	15.5	17.0
Public safety	254.5	250.5	250.3	245.3
Public works	23.0	21.5	21.0	21.5
Culture and recreation	96.8	89.0	93.0	91.0
Community support	1.2	1.0	0.1	0.0
Sewer - Business Type	102.1	100.0	95.2	93.6
Development services - Business Type	33.8	31.0	29.3	23.9
Total	586.4	567.0	563.0	552.0

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)

2015	2014	2013	2012	2011	2010
56.5	55.0	57.5	57.5	69.5	77.0
15.5	15.5	15.5	15.5	15.0	17.0
241.0	243.0	243.0	243.0	235.0	249.0
42.7	52.5	95.5	95.5	22.0	42.0
53.0	82.0	100.5	100.5	140.5	172.5
0.0	0.0	0.0	0.0	0.0	0.0
91.0	77.0	37.0	37.0	82.0	86.0
18.5	18.0	10.0	10.0	15.5	5.0
518.2	543.0	559.0	559.0	579.5	648.5

Function/Program	2019	2018	2017	2016
General Government				
Business licenses issued ⁽³⁾	8,123	7,378	7,694	6,966
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,975	1,802	1,731	1,778
Traffic and parking violations	3,806	3,679	4,140	4,366
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	112	112	112	110
Number of cases	11,984	11,565	12,283	11,815
Calls for service	84,676	82,386	78,604	80,345
Fire ⁽⁶⁾				
Number of firefighters	86	87	87	86
Emergency responses	12,029	12,685	13,724	12,882
Average response time (minutes)	4.2	3.9	3.8	3.7
Public Works ⁽²⁾				
Labor hours for graffiti removal	1,623	1,675	1,565	1,623
Pounds of material used for filling potholes	91,485	32,183	12,789	13,365
Tons of sand used during snow removal	670	664	279	428
Pounds of material used for pavement crack sealing	117,105	270,743	298,160	205,705
Street sweeper operator miles	5,933	8,014	8,238	8,872
Culture and Recreation ⁽⁷⁾				
Adult softball league number of participants	83,352	85,096	85,812	71,211
Before and after school program enrollment	1,801	17,194	15,937	15,933
Community "Fun Run" number of participants	1,502	1,634	1,720	1,054
Utilities				
Sewer residential accounts ⁽³⁾	31,143	30,697	29,494	29,647
Sewer commercial accounts ⁽³⁾	1,817	1,814	1,816	1,813
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	11,516.8	10,633.4	10,918.7	9,879.0
Development Services ⁽²⁾				
Building permits issued	3,890	3,935	3,636	3,712

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
- 2) City of Sparks Community Services Department
- 3) City of Sparks Management Services Department
- 4) Truckee Meadows Water Reclamation Facility
- 5) City of Sparks Police Department
- 6) City of Sparks Fire Department (note FY18, FY19 the Sparks Fire Department reported enroute arrival time for all priority 1 calls)
- 7) City of Sparks Parks and Recreation Department

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

2015	2014	2013	2012	2011	2010
7,053	6,529	7,067	6,084	4,956	6,592
1,999	1,923	1,977	1,999	2,320	2,575
4,635	5,158	5,044	4,945	7,618	8,297
108	108	108	105	105	116
12,656	11,850	11,845	11,598	12,400	14,422
79,176	76,962	76,566	79,568	77,554	81,531
86	87	87	87	89	89
11,163	10,055	9,415	8,831	8,198	7,698
3.5	3.5	5.5	5.4	4.9	5.0
2,180	2,427	2,045	1,369	1,854	2,025
15,211	16,254	112,979	154,592	N/R	N/R
145	350	804	187	452	1,098
57,756	283,600	255,159	152,445	168,147	171,817
10,190	9,509	9,458	1,372	700	698
67,692	82,840	78,086	69,436	65,839	69,942
15,319	15,265	14,465	14,302	12,010	12,087
2,330	2,303	2,400	1,885	1,739	1,820
28,956	28,643	29,127	28,975	28,794	28,669
1,803	1,790	1,730	1,723	1,709	1,701
9,787.0	9,706.0	10,227.0	10,659.0	9,626.0	9,716.0
3,581	2,579	2,393	2,463	1,763	2,007

Function/Program	2019	2018	2017	2016
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	450	450	425	460
Public Safety				
Police ⁽²⁾				
Marked police vehicles	49	62	56	45
Police motorcycles	6	6	10	6
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	19	17	17	17
Public Works ⁽¹⁾				
Paved streets (miles)	734.1	734.1	734.1	734.1
Culture and Recreation ⁽⁴⁾				
Parks	50	50	50	52
Acreage of parks - developed	617.7	617.7	618.6	616.0
Acreage of parks - undeveloped	598.0	598.0	579.2	582.4
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	-	-	-	-
Sand volleyball courts	12	12	12	12
Utilities ⁽¹⁾				
Sewer lines (miles)	373.2	372.6	359.8	357.5
Storm drains (miles)	268.7	268.5	259.8	254.7

NR = Not reported

Sources:

- 1) City of Sparks Community Services Department
- 2) City of Sparks Police Department
- 3) City of Sparks Fire Department
- 4) City of Sparks Parks and Recreation Department
- 5) City of Sparks Information Technology Division

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

2015	2014	2013	2012	2011	2010
48	48	48	48	48	48
408	352	352	352	400	463
30	30	29	29	29	29
5	5	5	5	5	6
5	5	5	5	5	5
17	17	17	17	17	17
656.0	656.0	656.0	656.0	656.0	656.0
56	56	56	56	55	55
591.0	591.0	591.0	591.0	587.0	583.0
616.0	616.0	693.7	697.0	697.0	697.7
1	1	1	1	2	2
2	2	2	2	1	1
26	26	26	24	24	24
28	28	28	28	28	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
34	34	34	34	34	21
3	3	4	4	3	3
-	-	-	1	1	1
7	8	10	10	10	10
356.1	395.0	346.8	346.8	344.8	345.8
253.7	250.0	248.6	248.6	247.3	246.0

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Compliance Section



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the 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, 2019, 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 27, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sparks, Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sparks, Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sparks, Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 27, 2019



**Independent Auditor's Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for the Major Federal Program

We have audited the City of Sparks, Nevada's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. 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; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on 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, 2019.

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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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-003 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada
November 27, 2019



CPAs & BUSINESS ADVISORS

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, 2019, 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 27, 2019

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City of Sparks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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 Cluster				
Community Development Block Grants / Entitlement Grants	14.218	B-18-MC-32-0004	316,202	146,958
Community Development Block Grants / Entitlement Grants	14.218	B-17-MC-32-0004	385,499	-
Community Development Block Grants / Entitlement Grants	14.218	B-16-MC-32-0004	6,627	-
Community Development Block Grants / Entitlement Grants	14.218	B-15-MC-32-0004	51,495	-
Community Development Block Grants / Program Income	14.218	--	73,491	-
Total CDBG - Entitlement Grants Cluster			<u>833,314</u>	<u>146,958</u>
Total U.S. Department of Housing and Urban Development			<u>833,314</u>	<u>146,958</u>
U.S. Department of Justice				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	2017 / 2018 BVP	9,945	-
Public Safety Partnership and Community Policing	16.710	2015UMWX0047	46,057	-
Equitable Sharing Program	16.922	--	134,049	-
Pass-through from State of Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-25	3,727	-
Pass-through from State of Nevada Office of the Attorney General				
Violence Against Women Formula Grant	16.588	2017-VAWA-10	75,322	-
Total U.S. Department of Justice			<u>269,100</u>	<u>-</u>
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-2019-SPD-00007	7,390	-
National Priority Safety Programs	20.616	JF-2018-SPD-00017	3,497	-
			<u>10,887</u>	<u>-</u>
State and Community Highway Safety				
State and Community Highway Safety	20.600	JF-2019-SPD-00007	16,116	-
State and Community Highway Safety	20.600	JF-2018-SPD-00017	2,387	-
			<u>18,503</u>	<u>-</u>
Total Highway Safety Cluster			<u>29,390</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	P539-17-063	250,343	-
Highway Planning and Construction	20.205	P669-18-816	61,348	-
Total Highway Planning and Construction Cluster			<u>311,691</u>	<u>-</u>
Total U.S. Department of Transportation			<u>341,080</u>	<u>-</u>

City of Sparks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass- Through Number	Federal Expenditures	Payments to Subrecipients
Executive Office of the President				
Pass-through from Las Vegas Metropolitan Police Department High Intensity Drug Trafficking Areas Program	95.001	G14NV0001A	8,555	-
Total Executive Office of the President			8,555	-
National Endowment for the Arts				
Direct Award National Endowment for the Arts	45.024	1809521-42	37,606	-
Total National Endowment for the Arts			37,606	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,489,655	\$ 146,958

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

This Schedule of Expenditures of Federal Awards (SEFA) includes the Federal grant activity of the City of Sparks, Nevada and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City of Sparks, Nevada received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note B - Significant Accounting Policies

Governmental fund types primarily account for the City's federal grant activity. Therefore, expenditures in the SEFA are recognized on the modified accrual basis - when they become a demand on current available financial resources. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements. The City has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	Yes

Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</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 low-risk auditee?	No

Section II – Financial Statement Findings:

None reported.

Section III – Findings and Questioned Costs for Federal Awards:

**2019-001: U.S. Department of Housing and Urban Development
Community Development Block Grant – Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants, CFDA 14.218**

**Reporting
Significant Deficiency in Internal Control over Compliance**

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

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Condition and Context: Amounts reported on the C04PR03 – Activity Summary Report were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

Questioned Costs: None.

Effect: Inaccurate information was reported to the federal awarding agency.

Cause: The annual report submitted during fiscal year 2019 based on program year 2017 was selected for testing. The number of individuals assisted by the program was not supported by the underlying information for 4 out of the 19 activities reported.

Repeat Finding from Prior Year:

No.

Recommendation: We recommend the City of Sparks enhance internal controls to ensure the C04PR03 – Activity Summary Report is reported accurately.

Views of Responsible Officials:

The City of Sparks agrees with this finding.

**2019-002: 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 and Provisions – Wage Rate Requirements
Material Weakness in Internal Control over Compliance**

<i>Grant Award Number:</i>	Potentially affects all grant awards included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	The OMB Compliance Supplement states that non-Federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act), a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor 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).
<i>Condition:</i>	Certain certified payrolls were not submitted weekly as required and in certain instances, there was no documentation of timely follow up with contractors to support efforts to ensure future reports would be submitted weekly as required. Moreover, certain certified payrolls were not maintained and had to be requested from the contractor.
<i>Cause:</i>	The City of Sparks did not have adequate internal controls to ensure that timely follow up with the contractor was performed when the required certified payrolls were not received weekly and that all certified payrolls were retained.
<i>Effect:</i>	Noncompliance with the Wage Rate Requirements by a contractor or subcontractor could occur and not be detected or followed up on by the City of Sparks in a timely manner.
<i>Questioned Costs:</i>	None.
<i>Context/Sampling:</i>	One contract was subject to the wage rate requirements, which included the prime contractor and five subcontractors. A nonstatistical sample of seven out of 46 certified payroll submissions was selected for testing. Although all certified payrolls were received, five payrolls were not submitted timely as required. Documentation was not available to evidence follow up that were not submitted timely. In addition, two payrolls were not maintained and had to be re-requested from the contractor, thus we were unable to verify the timeliness of the original submission.

Repeat Finding from Prior Year:

No.

Recommendation:

We recommend that the City of Sparks enhance internal controls to ensure that timely follow up with the contractor is performed when the required certified payrolls are not received weekly as required and that all certified payrolls are retained.

Views of Responsible Officials:

The City of Sparks agrees with this finding.

**2019-003: 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 and Provisions – Environmental Reviews
Significant Deficiency in Internal Control over Compliance**

Grant Award Number:

Affects all grant awards included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

Criteria:

Projects must have an environmental review unless they meet the criteria specified in the regulations that would exempt or exclude them from a Request for Release of Funds (RROF) and environmental certification requirements.

24 CFR 58.34(b) states that a recipient does not have to submit an RROF and certification, and no further approval from HUD or the State will be needed by the recipient for the drawdown of funds to carry out exempt activities and projects. However, the responsible entity must document in writing its determination that each activity or project is exempt and meets the conditions specified for such exemption under 24 CFR 58.35(a).

Condition:

The City of Sparks did not document in writing, its determination that each activity or project was exempt under the conditions of 24 CFR 58.34(a)(12).

Cause:

The City of Sparks did not have adequate internal controls to ensure that determinations of exempt activities were documented in writing.

Effect:

Activities or projects may be determined exempt or non-exempt incorrectly.

Questioned Costs:

None.

<i>Context/Sampling:</i>	No sampling was used; the written documentation of exempt status was not maintained for all activities or projects.
<i>Repeat Finding from Prior Year:</i>	No.
<i>Recommendation:</i>	We recommend that the City of Sparks enhance internal controls to ensure that determinations of exempt activities are documented in writing.
<i>Views of Responsible Officials:</i>	The City of Sparks agrees with this finding.

City of Sparks
 Schedule of Fees Imposed Subject to NRS 354.5989 - Limitation of Fees for Business Licenses
 Year Ended June 30, 2019

Flat Fixed Fees

Business license revenue adjusted base at June 30, 2018 (Base Year) \$ 858,889

Adjustment to Base

Percentage increase in population of the local government 1.26 %

Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated (West urban Size B/C -50,000 to 1,500,000, non seasonally adjusted) 2.87 % 4.13 %

35,472

Adjusted base at June 30, 2019 894,361

Actual Revenue 830,821

Amount under allowable amount \$ (63,540)

Fee Calculated on a Percentage of Gross Revenue

Base Revenue at June 30, 2018 \$ 4,511,854

Percentage change in CPI 1.029 %

Adjusted base at June 30, 2019 4,642,698

Actual Revenue 5,244,589

Actual amount over allowable amount \$ 601,891