

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: "S&P": "AA-"
See "RATING"**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. See "TAX MATTERS."

**\$18,010,000
CITY OF SPARKS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM FLOOD CONTROL BONDS
SERIES 2016**

Dated: Date of Delivery

Due: March 1, as shown herein

The Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS – Book-Entry Only System." The Bonds bear interest at the rates set forth herein payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016. Interest will be paid to and including the maturity dates shown herein (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the principal operations office of U.S. Bank National Association, or its successor as the paying agent for the Bonds. See "THE BONDS – Payment Provisions."

The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.

The Bonds are subject to redemption prior to maturity at the option of the City as described in "THE BONDS – Redemption Provisions."

Proceeds of the Bonds will be used to: (i) acquire, construct, improve and equip flood control and drainage projects in the City; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute direct and general obligations of the City and the full faith and credit of the City is pledged for the payment of principal and interest thereon, subject to the limitations imposed by the constitution and laws of the State of Nevada (including limitations on the City's operating levies with respect to the Bonds). See "SECURITY FOR THE BONDS – General Obligations."

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. has also acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as the Financial Advisor to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, on March 3, 2016.

This Official Statement is dated February 18, 2016.

MATURITY SCHEDULE
(CUSIP 6-digit issuer number: 846523)

\$18,010,000
CITY OF SPARKS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM FLOOD CONTROL BONDS
SERIES 2016

<u>Maturing</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP*</u> <u>Number</u>
2017	\$1,490,000	5.00%	0.60%	PH5
2018	1,565,000	4.00	0.78	PJ1
2019	1,625,000	5.00	0.94	PK8
2020	1,710,000	5.00	1.00	PL6
2021	1,795,000	5.00	1.09	PM4
2022	1,885,000	2.00	1.27 ^C	PN2
2023	1,920,000	2.00	1.46 ^C	PP7
2024	1,960,000	2.00	1.64 ^C	PQ5
2025	2,000,000	3.00	1.83 ^C	PR3
2026	2,060,000	2.00	100.00	PS1

^C Yield to earliest optional redemption date of May 1, 2021.

* CUSIP® is a registered trademark of the American Bankers Association (the “ABA”). The CUSIP numbers set forth herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a part of McGraw Hill Financial, Inc. The CUSIP numbers are provided for convenience of reference only. The City takes no responsibility for the selection or accuracy of the CUSIP numbers.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the City and from the other sources referenced throughout this Official Statement, which the City believes to be reliable. No guarantee is made by the City, however, as to the accuracy or completeness of information provided from sources other than the City. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds, and not in connection with any subsequent sale or transfer of the Bonds, and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF SPARKS, NEVADA

Mayor and City Council

Geno Martini, Mayor

Julia Ratti

Ed Lawson

Ron Smith

Charlene Bybee

Ron Schmitt

City Officials

Steve Driscoll, City Manager

Jeff Cronk, Director of Financial Services

Chet Adams, City Attorney

Teresa Gardner, City Clerk

FINANCIAL ADVISOR

JNA Consulting Group, LLC

Boulder City, Nevada

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.

Reno, Nevada

REGISTRAR AND PAYING AGENT

U.S. Bank National Association

Phoenix, Arizona

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OFFICIAL STATEMENT

**\$18,010,000
CITY OF SPARKS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM FLOOD CONTROL BONDS
SERIES 2016**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the City of Sparks, Nevada (the “City” and the “State,” respectively), to provide information about the City and its \$18,010,000 General Obligation (Limited Tax) Medium-Term Flood Control Bonds, Series 2016 (the “Bonds”). The Bonds will be issued pursuant to an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City (the “City Council”) on February 8, 2016. Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Bond Ordinance.

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The Issuer

The City is a political subdivision of the State. The City was incorporated in 1905 and is the second-largest city in Washoe County (the “County”). The City encompassed approximately 35.81 square miles as of April 2011 (most recent figure available) and is located at the base of the Sierra Nevada Mountains. The City is located on Interstate 80 approximately 220 miles east of San Francisco, California, and is about 25 miles east of Lake Tahoe. The State Demographer’s office estimated the City’s population to be 92,396 as of July 1, 2014 (most recent figure available). See “THE CITY.”

Purpose

The proceeds of the Bonds will be used to: (i) finance the acquisition, construction, improvement and equipment of flood control and drainage projects in the City (the “Project”); and (ii) pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”

Authority for Issuance

The Bonds are issued pursuant to the laws of the State, including: Chapter 470, Statutes of Nevada 1975, as amended (the “Charter”); Nevada Revised Statutes (“NRS”) 268.672 through 268.740, inclusive (the “City Bond Law”); NRS 350.087 through 350.095, as amended (the “Bond Act”); NRS Chapter 348 (the “Supplemental Bond Law”); and the Bond Ordinance.

Security for the Bonds

General Obligations. The Bonds are direct and general obligations of the City, payable as to principal and interest from annual general (ad valorem) taxes levied against all taxable property within the City (except to the extent any other moneys are made available therefor), subject to State constitutional and statutory limitations on the City's operating levies and on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE BONDS – General Obligations" and "PROPERTY TAX INFORMATION – Property Tax Limitations."

The Bonds; Redemption Provisions

The Bonds are issued in denominations of \$5,000 or integral multiples thereof and initially will be registered in the name of "Cede & Co.," as nominee of The Depository Trust Company ("DTC"), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates evidencing their beneficial ownership interest in the Bonds. See "THE BONDS – Book-Entry Only System."

The Bonds are dated as of their date of delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. See "THE BONDS." The payment of the principal of and interest on the Bonds is described in "THE BONDS – Payment Provisions."

The Bonds are subject to optional redemption prior to maturity at the option of the City as described in "THE BONDS – Redemption Provisions."

Tax Matters

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS – Federal Tax Matters."

Under the laws of the State in effect as of the date of delivery of the Bonds, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See "TAX MATTERS – State Tax Exemption."

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and also has acted as special counsel to the City in connection with this Official Statement. Certain legal matters will be passed on for the City by its City Attorney. The financial advisor to the City in connection with the issuance of the Bonds is JNA Consulting Group, LLC, Boulder City, Nevada (the "Financial Advisor"). See "FINANCIAL ADVISOR." The Comprehensive Annual Financial Report ("CAFR") of the City (contained in Appendix A to this Official Statement) includes the report of Eide Bailly, certified public accountants, Reno, Nevada. See "INDEPENDENT AUDITORS."

U.S. Bank National Association, Phoenix, Arizona, will act as Registrar and Paying Agent for the Bonds (the “Registrar” and “Paying Agent”).

Continuing Disclosure Undertaking

The City will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the City will covenant in the Bond Ordinance to comply with the terms of the Disclosure Certificate. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C. The City has never failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted or anticipated or unaudited financial information for fiscal years 2016 or future years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds and could impact the availability of revenues to pay debt service on the Bonds.

Bondholder Risks

The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the initial purchaser of the Bonds (the “Initial Purchaser”) or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the City, the Project, the Bonds, the Bond Ordinance and other documents are included in this Official Statement. All references herein to the Bonds, the Bond Ordinance, and other documents are

qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referenced above are available from the City and the Financial Advisor:

City of Sparks
431 Prater Way
Sparks, NV 89431
Attention: Director of Financial Services
Telephone: (775) 353-2301

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, NV 89005
Telephone: (702) 294-5145

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the Bonds are expected to be applied in the following manner:

Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal Amount of Bonds	\$18,010,000.00
Plus: original issue premium	<u>1,227,196.60</u>
Total.....	<u>\$19,237,196.60</u>
 USES:	
The Project	\$19,000,641.21
Costs of issuance (including u/w discount).....	<u>236,555.39</u>
Total	<u>\$19,237,196.60</u>

Source: The Financial Advisor.

The Project

The net proceeds of the Bonds will be used to finance the Project, which includes the acquisition, construction, improvement and equipping of flood control and drainage projects in the City.

THE BONDS

General

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of their date of delivery and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) and mature as set forth on the inside cover page of this Official Statement. The Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the Bonds is payable on each March 1 and September 1 (each an “Interest Payment Date”), commencing on September 1, 2016, by check or draft mailed by the Paying Agent on or before the Interest Payment Date (or if such day is not a business day, on or before the next succeeding business day) to the person in whose name each Bond is registered (i.e., Cede & Co.) on the 15th day of the calendar month preceding the Interest Payment Date (the “Regular Record Date”), but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed upon between the owner of such Bond and the Paying Agent. The principal of and redemption premium, if any, on any Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC’s Participants (defined in Appendix B) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix B) is the responsibility of DTC’s Participants and the Indirect Participants (defined in Appendix B), as more fully described herein. See “Book-Entry Only System” below.

Redemption Provisions

Optional Redemption of Bonds. The Bonds or portions thereof (\$5,000 or any integral multiple thereof), maturing on and after March 1, 2022, are subject to redemption prior to their respective maturities, at the option of the City, on March 1, 2021, and on any date thereafter, in whole or in part, from such maturities selected by the City and by any amount within a maturity at a price equal to the principal amount or each Bond, or portion thereof, so redeemed, and accrued interest thereon to the redemption date.

Partial Redemption. In the case of a partial redemption of Bonds of a single maturity, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the City (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, except as otherwise provided in the Bond Ordinance, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as deemed adequate by the Registrar, and any Bond or Bonds issued in exchange for, or to replace, any Bond or Bonds so called for prior redemption shall likewise be stamped or otherwise identified.

Notice of Redemption. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar by electronic mail as long as Cede & Co. or a nominee or a successor depository is the registered owner of the Bonds, and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. Actual receipt of notice by the MSRB or any registered owner of the Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

Tax Covenant

In the Bond Ordinance, the City covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any project financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above-described covenants under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge, the lien, and all obligations under the Bond Ordinance as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from direct obligations of, or obligations the principal of or interest on which are unconditionally guaranteed by, the United States of America (the "Federal Securities") in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due

to the final maturity of the Bond, or upon any redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Book-Entry Only System

The Bonds will be available in book-entry form only. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of the Bonds as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix B - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Registrar, or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds in each fiscal year.

<u>Debt Service Requirements – Bonds</u>			
<u>Fiscal Year</u> ⁽¹⁾	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$1,490,000	\$606,710.56	\$2,096,710.56
2018	1,565,000	535,600.00	2,100,600.00
2019	1,625,000	473,000.00	2,098,000.00
2020	1,710,000	391,750.00	2,101,750.00
2021	1,795,000	306,250.00	2,101,250.00
2022	1,885,000	216,500.00	2,101,500.00
2023	1,920,000	178,800.00	2,098,800.00
2024	1,960,000	140,400.00	2,100,400.00
2025	2,000,000	101,200.00	2,101,200.00
2026	<u>2,060,000</u>	<u>41,200.00</u>	<u>2,101,200.00</u>
Total	\$18,010,000	\$2,991,410.56	\$21,001,410.56

⁽¹⁾ The City's Fiscal Year ends on June 30 of each calendar year shown.

Source: The Financial Advisor.

SECURITY FOR THE BONDS

General Obligations

General. The Bonds are direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the City's operating levies and on the aggregate amount of ad valorem taxes. See "PROPERTY TAX INFORMATION – Property Tax Limitations." The Bonds are a debt of the City payable from all legally available funds of the City. Provisions for the payment of principal and interest requirements on the Bonds will be made as provided in the Bond Act.

The Bonds are payable by the City from any source legally available at the times such payments are due. No funds of the City are specifically pledged to the payment of debt service on the Bonds. The City currently anticipates paying debt service on the Bonds from the revenues of a flood control fee received in its Sewer Operations Enterprise Fund. However, the revenues in that fund are not pledged to the payment of debt service on the Bonds. The flood control fee revenues have not been pledged to the payment of debt service on any of the City's outstanding bonds.

The City has covenanted in the Bond Ordinance that it will make sufficient provisions annually in its budget to pay the debt service requirements on the Bonds, when due. The City also has covenanted in the Bond Ordinance that, if necessary, it will make proper provisions through the levy of sufficient ad valorem taxes for the retirement of the principal of and interest on the Bonds and any other outstanding indebtedness, subject to the limitations on the City's operating levies (described below) and on the aggregate amount of ad valorem taxes imposed by the constitution and laws of the State, and the amount of money necessary for that purpose shall be a first charge against all legally available revenues received by the City.

Current Operating Tax Rate Information. The ad valorem tax rate available to pay the Bonds is limited to the City's maximum operating levy and any legally available tax overrides. Those rates are calculated annually by the State Department of Taxation ("Taxation") as described in "PROPERTY TAX INFORMATION – Property Tax Limitations – Local Government Property Tax Revenue Limitation." The City's maximum allowed operating levy changes each year. For fiscal year 2015-16, the maximum allowed operating levy is \$1.4385, of which the City levies \$0.7109 per \$100 of assessed valuation. The City also has a maximum allowed legislative rate of \$0.2648 of which it levies \$0.1384 for a combined general operating rate of \$0.8493. Moneys realized from the levy of the combined general operating rate are available to pay debt service on the Bonds. The City also imposes a public safety override levy of \$0.1105 per \$100 of assessed valuation; however, moneys from this rate are not legally available to pay debt service on the Bonds. In the future, the City may levy an additional property tax rate for the payment of principal and interest on other indebtedness; if levied, the moneys realized from that tax levy also will not be legally available to pay debt service on the Bonds. The total ad valorem tax rate, including the operating rate available to pay the Bonds, is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. See "PROPERTY TAX INFORMATION – Property Tax Limitations." The overlapping tax rate throughout the City for 2015-2016 (including \$0.02 per \$100 of assessed valuation added to the State tax rate outside the property tax rate cap) is the maximum allowable rate of \$3.6600 per \$100 of assessed valuation.

Flood Control Sewer User Fee – History of City Revenues. The City anticipates paying debt service on the Bonds from the revenues of a flood control fee received in its Sewer Operations Enterprise Fund, although those revenues are not pledged to the repayment of the Bonds. The following table presents a history of the flood control fee revenues for the fiscal year ending 2011 through 2015. The table also presents final budget information for fiscal year 2016. The information in this table is

provided for informational purposes only and does not imply that all of the revenues shown below are available to pay debt service on the Bonds.

City of Sparks Flood Control Sewer User Fee
Operating Revenue History

Fiscal Year Ended June 30,	2011	2012	2013	2014	2015	2016
Residential	\$2,419,912	\$2,425,257	\$2,435,982	\$2,451,752	\$2,478,366	\$2,471,647
Commercial	484,801	490,298	512,274	515,200	512,426	516,370
Total	2,904,713	2,915,555	2,948,256	2,966,952	2,990,792	2,988,017
Percent Change	N/A	0.4%	1.1%	0.6%	0.8%	-0.1%

Source: The City.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes see “PROPERTY TAX INFORMATION – City Property Tax Collections.” Due to the statutory process required for the levy of taxes, in any year in which the City is required to levy property taxes (assuming that the total overlapping rate is not already the maximum rate allowed, and that other legally available revenues are not sufficient to pay the same), there may be a delay in the availability of property tax revenues to pay debt service on the Bonds.

Property Tax Limitations. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (e.g. the State, the County, the Washoe County School District (the “School District”), the City, or any special district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION – Property Tax Limitations.” The overlapping tax rate throughout the City for 2015-2016 is the maximum rate currently allowed by statute. In any year in which the total property taxes levied within the City by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. In addition, State law requires the abatement of property taxes in certain circumstances. See “PROPERTY TAX INFORMATION – OVERLAPPING PROPERTY TAX CAPS AND REQUIRED PROPERTY TAX ABATEMENTS” and “PROPERTY TAX INFORMATION – Required Property Tax Abatements.”

Additional Risks Related to Property Taxes and Other General Revenues. Numerous other factors over which the City has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the City, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

The City’s residential housing market has recovered since the recession it experienced between fiscal years 2009 and 2013. The assessed value of property in the City (including the assessed value of the Sparks Redevelopment Agency #1 and Sparks Redevelopment Agency #2 (the “Redevelopment Agencies”)), declined from a high of \$3,161,592,646 in fiscal year 2009 to a low of \$2,170,607,395 in fiscal year 2014, a decline of approximately 31%; however, the assessed value increased to \$2,396,747,010 in fiscal year 2015 (an increase of 10.4%), and increased 10.2% to \$2,640,208,709 in fiscal year 2016. It cannot be predicted at this time what impact these trends (or other

economic trends) will have on property values or City property tax collections in the future. It is possible that the assessed valuation could decline in future years.

A significant portion of the City's general revenues is also derived from the collection of sales taxes within the City. Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles.

Taxable sales in the area have shown consistent year-to-year growth since fiscal year 2010-2011. See "TAXABLE SALES IN THE COUNTY" included in the economic and demographic information attached hereto as Exhibit E. In fiscal year 2014-2015, taxable sales in Washoe County totaled \$6,817,588,648, an increase of 7.0% over fiscal year 2013-2014 numbers. Nonetheless, it cannot be predicted from this trend whether sales tax collections in the City will continue to increase in the future. It is possible that the amount of taxable sales could decline in future years.

Other Security Matters

No Repealer. State statutes provide that no act concerning the Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the Bonds or their security until all of the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Ordinance Irrepealable. After any of the Bonds are issued, the Bond Ordinance shall constitute an irrevocable contract between the City and the owner or owners of the Bonds; and the Bond Ordinance, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided.

Changes in Law. Various State laws apply to the operation and finances of the City as well as the imposition, collection, and expenditure of property taxes and other City revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of its revenues.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

General. The assessed valuation of property within the City for the fiscal year ending June 30, 2016, is \$2,469,924,856 (excluding the assessed value of the Redevelopment Agencies), which represents a 10.4% increase from the assessed valuation calculated for the prior fiscal year. State law requires that the County Assessor reappraise, at least once every 5 years, all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County Assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation for fiscal year 2016 described above, the taxable value of all taxable property within the City is \$7,056,928,160. However, due to property tax abatement laws originally adopted in 2005 (described in “Required Property Tax Abatements” below), the amount of taxes that can be collected by taxing entities within the City is capped and likely will not change at the same rate as the assessed value.

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted, *i.e.*, reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

Ad Valorem Property Tax Data

History of Assessed Value. The following table illustrates a history of the assessed valuation in the City. Due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below), the taxes collected by taxing entities within the County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value

<u>Fiscal Year Ended June 30</u>	<u>Total Assessed Value of City⁽¹⁾</u>	<u>Percent Change</u>
2012	\$2,104,164,855	--
2013	2,013,263,084	(4.3)%
2014	2,015,997,058	0.1
2015	2,236,803,070	11.0
2016	2,469,924,856	10.4

(1) Excludes the assessed valuation of the Sparks Redevelopment Agency #1 in the following amounts; fiscal year 2012 - \$84,157,961; fiscal year 2013 - \$78,444,485; fiscal year 2014 - \$72,628,310; fiscal year 2015 - \$74,737,669, and fiscal year 2016 - \$79,964,169. Excludes the assessed valuation of the Sparks Redevelopment Agency #2 in the following amounts; fiscal year 2012 - \$85,916,044; fiscal year 2013 - \$82,914,769; fiscal year 2014 - \$81,982,027; fiscal year 2015 - \$85,206,271, and fiscal year 2016 - \$90,319,684.

Source: State of Nevada Department of Taxation, *Local Government Finance Property Tax Rates for Nevada Local Governments Fiscal Years 2011-2012 through 2015-2016*.

City Property Tax Collections

General. In Nevada, county treasurers are responsible for collecting property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent, and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the issuance of a tax lien to the county treasurer which may be sold before the expiration of the two-year redemption period (but remains subject to redemption).

City Tax Collections. A history of the City's net tax roll collection record appears in the following table. The table includes real property taxes only; it does not include taxes levied or paid on personal property. The net secured levy is net of abatement amounts and other required adjustments. *The figures in the following table represent property taxes that have been collected in the past; they do not represent taxes that are available to pay debt service on the Bonds.* The information is included only to provide information with respect to the historic collection rates for the City and may not be relied upon to predict what collection rates would be within the City should it levy additional ad valorem property taxes in the future.

City of Sparks, Nevada
Property Tax Levies, Collections and Delinquencies⁽¹⁾
(in thousands)

Fiscal Year Ending June 30	Net Levy Roll	Current Tax Collections	% of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collected as % of Net Levy Roll ⁽²⁾
2011	\$18,752,895	\$18,592,580	99.15%	\$504,929	\$19,097,509	101.84%
2012	17,600,004	17,461,746	99.21	133,694	17,595,440	99.97
2013	16,877,639	16,745,181	99.22	116,703	16,861,884	99.91
2014	16,929,595	16,853,111	99.55	148,445	17,001,556	100.43
2015	17,913,889	17,826,046	99.51	134,039	17,960,085	100.26
2016 ⁽³⁾	18,706,105	12,302,407	65.77	49,246	12,351,653	66.03

(1) Subject to revision. Represents the real property tax roll levies and collections. Excludes the Redevelopment Agencies.

(2) Percentage of total taxes collected to date (calculated on the Net Secured Roll Tax Levy).

(3) Collections through December 31, 2015.

Source: Washoe County Comptroller's Office.

Largest Taxpayers in the City

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2015-2016 assessed valuations. The assessed valuations in this table represents only the secured tax roll (real property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County.

Ten Largest Taxpayers in the City⁽¹⁾
(Fiscal Year 2015-16)

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value ⁽²⁾
Sparks Legends Development Inc.	Hotel/Casino	\$36,324,989	1.38%
Northwestern Mutual Life Insurance	Insurance	17,642,750	0.69
Icon Reno Property Owner Pool 2 LLC	Industrial Real Estate	13,958,366	0.53
Prime Park Vista LLC	Residential Rentals	13,497,960	0.51
Icon Reno Property Owner Pool 3 Nevada LLC	Industrial Real Estate	12,594,500	0.48
Scheels All Sports Inc.	Sports Retail	12,267,132	0.46
Inland American Sparks Crossing, LLC	Real Estate	12,257,327	0.46
Sparks Family Hospital Inc.	Hospital	11,715,559	0.44
Icon Pac Nevada Owner Pool 2 LLC	Industrial Real Estate	11,501,493	0.44
CHP Sparks NV Owner LLC	Healthcare Real Estate	10,841,625	0.41
TOTAL		<u>\$152,601,701</u>	<u>5.78%</u>

(1) Real property only; excludes centrally assessed properties. Subject to revision.

(2) Based on the City's fiscal year 2015-16 assessed valuation (including the assessed valuation of the Redevelopment Agencies) of \$2,640,208,709. Totals may not add due to rounding.

Source: Washoe County Assessor's Office website (report dated October 12, 2015).

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 in assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap). State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in that in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. The Bonds are not exempt from such limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall. The County and the City levy various tax overrides as allowed or required by State statutes.

School districts levy a tax of \$0.75 per \$100 of assessed valuation for operating purposes. School districts are also allowed an additional levy for voter-approved pay-as-you-go tax rates, and voter approved or short-term public safety debt service.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the State Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has not received material requests to postpone the payment of the property tax as described above.

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 ("SJR 13"), adopted by the 2015 session of the Nevada Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes on real property. The proposed amendment would, among other things, limit taxes on real property to 1.25% of the "base" value of the property; require a new "uniform and just" valuation of property for taxation; generally limit increases in property base values to the lesser of 3% per year or the rate of inflation; and require updates to the "base" value of real property upon certain transfers of the property. If applied theoretically as of the date hereof, SJR 13 would not reduce the amount of taxes currently paid to the City. However, many

of the provisions of SJR 13 are unclear and the amendment will require additional legislation to implement; consequently, it is not possible to predict at this time what SJR 13's impact will be on the City's property tax revenue if it does become law.

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers. The cap is determined by first calculating the greater of two times the annual change in the consumer price index and the average of the annual change in taxable values for the previous ten years, and then taking as the cap the lesser of that number or 3% per year for owner-occupied residential properties (and low-income housing properties) and 8% per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. *Any increase in the rate of ad valorem taxes to pay the principal of or interest on the Bonds is not exempt from the partial abatement formulas described above.*

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Overlapping Tax Rates

The following table presents a five-year tabulation of the average statewide tax rate and the overlapping tax rates for the City. The overlapping tax rate throughout the City for 2015-16 is \$3.6600 (per \$100 of assessed valuation).

History of Statewide Average and Sample Overlapping Property Tax Rates⁽¹⁾

<u>Fiscal Year Ended June 30</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average Statewide Rate	<u>\$3.1171</u>	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1360</u>
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385
City of Sparks	0.9161	0.9161	0.9161	0.9598	0.9598
Truckee Meadows Underground Water District	0.0000	0.0000	0.0000	0.0000	0.0000
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.6163	\$3.6163	\$3.6163	\$3.6600	\$3.6600

(1) Per \$100 of assessed valuation.

(2) \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: *Property Tax Rates for Nevada Local Governments*-State of Nevada Department of Taxation, 2011-12 through 2015-16.

THE CITY

General

The City is a political subdivision of the State. The City was incorporated in 1905 and is the second-largest city in Washoe County (the “County”). According to State Demographer estimates, the City’s population as of July 1, 2014, was approximately 92,396.

The City provides its citizens with a full range of municipal services, including public safety (police, fire and building inspection), public works, planning and zoning, community development, parks and recreation, wastewater treatment and general administrative services. Electricity and natural gas is provided by NV Energy (formerly Sierra Pacific Power Company). Domestic and irrigation water is provided by the Truckee Meadows Water Authority.

Mayor and City Council

The City operates under a charter form of government, directed by the Mayor, representing the City at large, and the City Council, composed of five council members representing their respective wards. The Mayor and all five City Council members are voted upon by all of the registered voters of the City for terms of 4 years. The Mayor and the City Council members are subject to term limitations (12 years) approved by State voters in 1996.

The City Council holds regular meetings at noon on the second and fourth Monday of each month. The current members of the City Council and the year in which their terms expire are set forth below:

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Geno Martini	Mayor	November 2018
Julia Ratti	Council Member Ward 1	November 2016
Ed Lawson	Council Member Ward 2	November 2018
Ron Smith	Council Member Ward 3	November 2016
Charlene Bybee	Council Member Ward 4	November 2018
Ron Schmitt	Council Member Ward 5	November 2016

Administration

The City Manager is appointed by the City Council and is charged with performing such administrative duties as the City Council may designate and may appoint such clerical and administrative assistants as he or she may deem necessary, subject to the approval of the City Council. In effect, the City Manager oversees the day-to-day operations of the City.

Brief biographies of the key City officials involved with the issuance of the Bonds follow.

Stephen W. Driscoll, ICMA-CM, City Manager. Stephen Driscoll joined the City of Sparks in 1994 as a Budget Analyst. In 1995, he became the Administrator of the Sparks Municipal Court. In 2000, he was appointed Assistant City Manager. In March 2014, Mr. Driscoll was appointed City Manager. He is a graduate of the University of Nevada, Reno, with a degree in accounting and holds a Master’s in Business Administration from the University of Phoenix. Mr. Driscoll is recognized as a Credential Manager by the International City / County Manager’s Association and he is a Certified

Government Financial Manager. He has been active in numerous local and national associations including service as past president of the Nevada Local Government Managers Association of Nevada.

Jeff Cronk, CPA, Director of Financial Services. Jeff Cronk was appointed the City's Director of Financial Services in January 2010; he has been employed by the City since 2006. Mr. Cronk has over twenty years of experience as a local government finance professional including working as an auditor for a variety of governmental agencies and being employed by the Washoe County School District. In addition to his work with local governmental agencies, he also has broad financial management experience while employed by several private companies, and has volunteered his services for several non-profit agencies. Mr. Cronk obtained his college degree from the University of Nevada, Reno, and is licensed as a Certified Public Accountant by the State of Nevada, holding an active license since 1995. He is a member of the American Institute of CPAs and the National Government Finance Officers Association.

Chet Adams, City Attorney. Chet Adams joined the City of Sparks in January 1992 as an Assistant City Attorney. Mr. Adams was appointed City Attorney in 1997, and has since served four terms in office and was reelected by Sparks' voters in November, 2012. Prior to becoming Sparks City Attorney Mr. Adams was a Deputy District Attorney for the Washoe County District Attorney's Office; a law clerk/bailiff in Department 9 of the Washoe County District Court; and a Project Director for the National Council of Juvenile and Family Court Judges. Mr. Adams has been active in the Sparks community, serving on the Sparks Traffic Survival School Board of Directors, on the Sparks Ducks Unlimited Committee; and as a former Executive Councilmember of the Nevada State Bar's Public Lawyers Section. He was also honored as the Member of the Year for the Sparks Chamber of Commerce.

Employee Relations, Benefits and Pension Matters

Employee Relations. As of June 30, 2015, the City had 449 full-time employees and 211 part-time employees for a grand total 660 employees.

Collective Bargaining Agreements. Seven bargaining units represent employees of the City, including Association of Sparks Fire department Classified Chief Officers, International Association of Firefighters, Sparks Police Protective Association Lieutenants, Sparks Police Protective Association Sergeants, Sparks Police Protective Association Non-Supervisory, Operating Engineers Supervisory and Operating Engineers Non-Supervisory. All collective bargaining agreements expire on June 30, 2017.

Benefits. The City provides life insurance, health insurance, dental and vision insurance, long-term disability, paid vacation, sick leave, personal days and holidays, uniform, tool, shoe and vehicle benefits for certain employees, and reimbursement for certain education expenses to its employees. The City also provides long-term disability insurance coverage to its executive and appointed employees.

Pension Matters. The Nevada Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the City. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor for four-year terms. Except for certain City-specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The City has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's

highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

PERS Benefit Multiplier

<u>Membership Date</u>	<u>Service Credit Multiplier</u>				<u>Highest Contiguous Average Over</u>
	<u>Before 07/01/01</u>	<u>After 07/01/01</u>	<u>After 01/01/10</u>	<u>After 07/01/15</u>	
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015 Regular Police/Fire	--	--	--	2.25% 2.50%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

Nevada PERS Retirement Eligibility

<u>Membership Date</u>	<u>Regular</u>		<u>Police/Fire</u>	
	<u>Age</u>	<u>Years of Service</u>	<u>Age</u>	<u>Years of Service</u>
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2015	June 30, 2014	June 30, 2013
UAAL	\$12.35 billion	\$12.53 billion	\$12.88 billion
Market Value Funding Ratio	75.1%	76.3%	68.7%
Actuarial Value Funding Ratio	73.2%	71.5%	69.3%
Assets Market Value	\$34.61 billion	\$33.58 billion	\$28.83 billion
Assets Actuarial Value	\$33.72 billion	\$31.47 billion	\$29.11 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current combined, effective average amortization period for regular members and police/fire members is 20.7 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized investment gains of \$893 million. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$893 million in market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the City was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the City was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2014, and the City’s proportionate share of the net pension liability of PERS as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate.

Net Pension Liability

	1% Decrease in Discount Rate (7%)	1% Decrease in Discount Rate (8%)	1% Decrease in Discount Rate (9%)
PERS Net Pension Liability	\$16,207,317,042	\$10,421,979,023	\$5,612,889,953
City Share of PERS Net Pension Liability	\$111,424,838	\$71,650,806	\$38,588,457

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The State Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The City is obligated to contribute all amounts due under the PERS. A history of contribution rates is shown below.

	<u>Fiscal Years 2008 and 2009</u>	<u>Fiscal Years 2010 and 2011</u>	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>
Regular members					
Employer-pay plan	20.50%	21.50%	23.75%	25.75%	28.00%
Police/Fire employees					
Employer-pay plan	33.50%	37.00%	39.75%	40.50%	40.50%

The City's contribution to PERS (which includes contributions for Regular and Police/Fire) for the years ended June 30, 2014 and 2015, were \$10,203,765 and \$10,336,095, respectively, equal to the required contributions for each year. The budget contribution for 2016 is approximately \$11,038,724.

See Note 11 in the City's 2015 Comprehensive Annual Financial Report ("CAFR") attached hereto as Appendix A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Postemployment Benefits Other than Pension OPEB. The City also makes available certain post-retirement health insurance and other non-pension benefits ("OPEB") to employees who retire under PERS and elect to receive and pay for these benefits. The City contribute to a single-employment healthcare and life insurance defined benefit healthcare plan, City of Sparks Medical and Dental Benefit Plan. And an agent multiple employer defined benefit healthcare plan, Nevada Public Employees Benefits Program.

Effective July 1, 2007, the City implemented Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"). GASB 45 addresses how the City accounts for and reports its costs related to OPEB. GASB 45 requires the City to accrue the cost of its OPEB liability during the period of active employment (while the benefits are being earned) and disclose the unfunded actuarial accrued liability (the "UAAL") in order to accurately account for the total future costs of OPEB and the financial impact to the City. See Note 15 in Appendix A for a detailed description of the City's OPEB plan, its funding policy, annual costs, and associated UAAL (including significant methods and assumptions of the actuarial valuation). The City reports that it has made no changes to its significant methods and assumptions since fiscal year 2012.

Also see the Required Supplementary Information in Appendix A for a history of the City's UAAL and other statistical information. The City receives an actuarial valuation bi-annually. The most recent valuation was for fiscal year 2015 (i.e., as of July 1, 2014); the next valuation will be for fiscal year 2016 which is currently in process. As illustrated in the Required Supplementary Information, the City's UAAL was \$27,681,479 as of the July 1, 2014, valuation date; the UAAL will not change until the fiscal year 2016 valuation is recorded. The City's annual OPEB cost is calculated by adjusting the actuarially determined Annual Required Contribution ("ARC") for interest earned and other factors, including contributions made. Unfunded liabilities in excess of contributions increase the City's Net OPEB Obligation. The City's Net OPEB Obligation as of June 30, 2013 was \$6,069,560 and as of June 30, 2014, it was \$6,680,705. As of June 30, 2015, the Net OPEB Obligation was \$7,414,353.

CITY FINANCIAL INFORMATION

Annual Reports

General. The Financial Services Department prepares a Comprehensive Annual Financial Report (“CAFR”) providing an overview of financial operations and changes in financial position of the City as of June 30 of each fiscal year. The latest CAFR is for the fiscal year ended June 30, 2015. The City’s 2015 CAFR contains the City’s most recent audited financial statements. Audited financial statements for prior years (and the City’s CAFRs) may be obtained from the sources listed in “INTRODUCTION – Additional Information.”

The audited basic financial statements of the City are included as part of the CAFR of the City set forth in Appendix A. Such basic financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard setting body for governmental accounting and financial reporting. See Note 1 in the audited financial statements included in the CAFR hereto as Appendix A for a description of the City’s significant accounting policies.

Awards. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2014. This was the 34th consecutive year that the City has received this recognition. A Certificate of Achievement is valid for a period of one year only. The City believes that the most current CAFR continues to meet the Certificate of Achievement program requirements and has submitted its fiscal year 2015 CAFR for award consideration.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

On or before April 15 of each year, the City is required to submit to the Nevada Department of Taxation the tentative budget for the next fiscal year which commences on July 1 of that year. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the Nevada Department of Taxation is required to notify the City upon its acceptance of the budget.

Following acceptance of the proposed budget by the Nevada Department of Taxation, the City Council is required to conduct a public hearing on the tentative budget on the third Tuesday in May. The City Council is required to adopt the final budget and submit the final budget to the Nevada Department of Taxation on or before June 1.

The City Manager or the Director of Financial Services is authorized to transfer budgeted amounts between functions or funds with City Council notification. Budget adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval. With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

The government-wide financial statements and the proprietary fund financial statements as presented in the CAFR are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. This requires that revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

However, the governmental fund financial statements as presented in the CAFR are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This requires that 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 revenues are considered to be available if collected within sixty days after the end of the current fiscal year. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting.

General Fund; Other Funds

General Fund. The general fund (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. Included are all transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund balance accounts.

Major General Fund Revenue Sources. For the bulk of its General Fund revenues, the City relies primarily upon three sources including “intergovernmental revenues” comprised primarily of revenues derived from Consolidated Tax revenues (approximately 41% of General Fund revenues in fiscal year 2015); taxes, including ad valorem and personal property taxes (approximately 34% of General Fund revenues in fiscal year 2015); and revenues from licenses and permits (approximately 20% of General Fund revenues in fiscal year 2015).

As described above, Consolidated Tax revenues (the “CTAX”) are a component of “intergovernmental revenues” as presented in the CAFR and represented 36.7% of General Fund revenues for fiscal year 2015. As the name implies, Consolidated Taxes is a revenue stream composed of six separate tax components including the Basic City-County Relief Tax (the “BCCRT” sales tax component), the Supplemental City-County Relief Tax (the “SCCRT” sales tax component), the Liquor tax, the Cigarette tax, the Government Services Tax (or “GST” tax which has previously been called the “Motor Vehicle Privilege Tax” and results from vehicle registration within Washoe County), and the Real Property Transfer Tax (or “RPTT” tax). The first two components of the CTAX include the BCCRT and the SCCRT which are components of the sales tax rate that is applicable within the County. These sales tax components consistently comprise the vast majority of the CTAX (82% of total CTAX revenues during fiscal year 2015). Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles.

General Fund Expenditures. The City’s annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include: public safety functions, including police and fire protection services (71% of fiscal year 2015 General Fund expenditures); general governmental services, including City Council, the City Manager, City Clerk, Financial Services, and other administrative functions (18% of fiscal year 2015 General Fund expenditures); and other functions including Judicial, Public Works, Culture and Recreation, and Community Support (composing

the remaining 11% of fiscal year 2015 General Fund expenditures). The City is an employee service-based organization, and as such, the vast majority of General Fund expenditures is composed of personnel-related costs (80% of fiscal year 2015 General Fund expenditures).

Other City Funds. As shown in Appendix A, the City has numerous other funds, the largest of which are the Capital Projects Funds, Enterprise Funds and Special Revenue Funds. Monies on deposit in the Capital Projects Funds are used for the acquisition or construction of major capital facilities. Monies on deposit in the Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

History of General Fund Revenues and Expenditures

General. The following table presents a history of the City's General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2011, through 2015, derived from the City's CAFR for each of those years. The table also provides final budget information for fiscal year 2016.

The information in this table is provided for informational purposes only and does not imply that all of the revenues shown below are legally available to pay debt service on the Bonds. The information in this table should be read together with the City's audited financial statements for the year ended June 30, 2015, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION – Additional Information."

Reserve Policies. The City Council adopted a minimum fund balance policy for the General Fund requiring the unrestricted fund balance (i.e., the sum of the committed, assigned, and unassigned fund balance categories) at fiscal year-end to equal at least 8.3% of total General Fund expenditures (less capital outlay).

The City Council has also adopted a financial Stabilization Fund policy, designed to provide financial resources to help stabilize the General Fund during certain conditions of economic stress. Under this policy, a portion of the revenue received from business licenses (as approved by City Council) and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund ("Stabilization Fund"). Accumulated resources within the Stabilization Fund may only be used if (a) expenditures are incurred from a natural disaster upon formal declaration of the City Council; or (b) total General Fund revenues decrease by 4% or more from the previous fiscal year. A portion of the Stabilization Fund was utilized during the recession, and the ending fund balance within the Stabilization Fund was \$231,107 at the end of fiscal year 2015. As revenues continue to improve, it is the City's expectation that the Stabilization Fund will likely be replenished and enhanced during subsequent budget cycles.

Effect of GASB 54. Effective for the fiscal year ending June 30, 2011, the City is subject to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). Under GASB 54, fund balance for governmental funds are required to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints placed on the specific purposes for which amounts in those funds can be spent. As a result, the prior "reserved, unreserved and designated" designations of fund balance have been replaced with new categories: "nonspendable," "restricted,"

“committed,” “assigned” and “unassigned.” Collectively, the nonspendable and restricted categories are considered to be “restricted” while the committed, assigned, and unassigned categories are considered to be “unrestricted”. See Note No. 1 in the fiscal year 2015 CAFR (attached hereto as Appendix A) for further details regarding each of these restriction categories.

Notwithstanding the foregoing, the information presented in the following table includes the General Fund only; specific fund balance items required to be reported within the General Fund for purposes of GASB 54 (described in the prior paragraph) have been excluded from this table.

General Fund - History of Revenues, Expenditures and Changes in Fund Balance

<u>Fiscal Year Ended June 30,</u>	<u>2011</u> <u>(Audited)</u>	<u>2012</u> <u>(Audited)</u>	<u>2013</u> <u>(Audited)</u>	<u>2014</u> <u>(Audited)</u>	<u>2015</u> <u>(Audited)</u>	<u>2016</u> <u>(Budget)</u>
Revenues						
Taxes	\$20,444,707	\$19,040,250	\$18,273,139	\$18,428,572	\$19,388,525	\$20,191,000
Licenses and Permits	9,417,526	9,474,514	9,662,207	10,234,089	10,994,922	11,460,648
Intergovernmental Revenue	20,344,992	19,848,932	20,647,838	21,822,643	23,482,837	24,502,992
Charges for Services	4,114,199	3,459,703	2,679,816	2,707,491	2,396,355	2,424,655
Fines & Forfeitures	921,084	707,145	686,356	661,907	653,313	580,500
Miscellaneous	<u>396,736</u>	<u>158,166</u>	<u>106,231</u>	<u>561,027</u>	<u>148,887</u>	<u>165,700</u>
Total Revenues	\$55,639,244	\$52,688,710	\$52,055,587	\$54,415,729	\$57,064,839	59,325,495
Expenditures ⁽¹⁾						
General Government	\$9,285,849	\$8,822,149	\$9,247,095	\$9,458,261	\$9,643,249	10,921,558
Judicial	1,912,603	1,842,291	1,899,949	1,834,800	1,898,372	2,080,002
Public Safety	34,986,439	34,290,402	34,217,429	36,972,288	38,897,960	40,351,555
Public Works	3,318,740	1,991,113	2,170,923	1,265,889	1,384,832	1,560,277
Culture & Recreation	--	2,522,154	2,455,934	2,600,198	2,611,281	2,753,768
Community Support	159,166	122,350	124,408	172,133	186,300	209,697
Intergovernmental	<u>295,331</u>	<u>259,051</u>	--	--	--	--
Total Expenditures	\$49,958,128	\$49,849,510	\$50,115,738	\$52,303,569	\$54,621,994	\$57,876,858
Excess (deficiency) of revenues over expenditures	\$5,681,116	\$2,839,200	\$1,939,849	\$2,112,160	\$2,442,845	\$1,448,637
Other Financing Sources (Uses)						
Transfers In	\$6,009	\$311,572	\$60,000	\$352,000	\$711,500	\$1,000,000
Transfers Out	(3,695,638)	(2,535,798)	(2,684,378)	(3,407,651)	(1,572,000)	(\$3,787,846)
Contingency	--	--	--	--	--	<u>(\$1,000,000)</u>
Total	(\$3,689,629)	(\$2,224,226)	(\$2,624,378)	(\$3,055,651)	(\$860,500)	(\$3,787,846)
Net Changes in Fund Balance	1,991,487	614,974	(684,529)	(943,491)	1,582,345	(2,339,209)
Fund Balance, July 1 ⁽²⁾	<u>\$4,835,316</u>	<u>\$6,844,803</u>	<u>\$6,492,291</u>	<u>\$5,807,762</u>	<u>\$4,864,271</u>	<u>\$5,785,417</u>
Prior Period Adjustment ⁽³⁾	--	(967,486)	--	--	--	--
Fund Balance, June 30	<u>\$6,844,803</u>	<u>\$6,492,291</u>	<u>\$5,807,762</u>	<u>\$4,864,271</u>	<u>\$6,446,616</u>	<u>\$3,446,208</u>
Restricted ⁽²⁾	\$346,846	\$14,839	n/a	n/a	\$333	n/a
Unrestricted ⁽²⁾	\$6,497,957	\$6,477,452	\$5,807,762	\$4,864,271	\$6,446,283	n/a
Unrestricted Ending Fund Balance as a % of Exp's	<u>13.0%</u>	<u>13.0%</u>	<u>11.6%</u>	<u>9.3%</u>	<u>11.8%</u>	

Footnotes on next page

- (1) Includes capital outlay expenditures as well as current expenditures in certain of the categories shown.
- (2) The implementation of GASB 54 has changed the categories for restriction of fund balance.
- (3) Adjustments to correct errors in prior years.

Sources: Derived from the City's CAFRs for fiscal years 2011-2015, the City's final budget for fiscal year 2016 and the City's Finance Department.

Management Discussion

General. An overview of the financial activity and overall financial condition of the City is presented in the City of Sparks' Management's Discussion and Analysis included within the CAFR for the fiscal year ended June 30, 2015, included hereto as Appendix A.

2016 Budget. The City's final budget for fiscal year 2016 was adopted by City Council on May 19, 2015. The fiscal year 2016 budget for the General Fund forecasts revenues and transfer of \$60.325 million. This represents a 4.4% increase over fiscal year 2015 results.

The City's fiscal year 2016 budget also includes a 3.9% increase in CTAX revenues compared to fiscal year 2015 which represents 37.6% of General Fund budgeted revenues. Property taxes (34.0% of General Fund budgeted revenues) are budgeted to increase by 3.0% compared to fiscal year 2015. Overall, budgeted revenues, including transfers in, are budgeted to increase by 2.7% in fiscal year 2016 compared to fiscal year 2015 actual results. Now that actual data is beginning to become available for fiscal year 2016, the City believes that General Fund revenues will be higher than what was included in the final budget (i.e., the first quarter General Fund actual revenue for fiscal year 2016 was higher by 10.4% (unaudited) compared to the first quarter of fiscal year 2015, and the City expects this early trend of revenues exceeding budget will continue as the fiscal year progresses).

As a result of the Great Recession, the City's General Fund total revenue declined six consecutive years including fiscal year 2008 through fiscal year 2013. Since then, the General Fund revenue has steadily improved resulting in increased total revenue in fiscal year 2014 (4.5% increase) and in fiscal year 2015 (4.9% increase). As previously mentioned, the City is expecting the up-trend in revenues to continue as the economy continues to improve.

In fiscal year 2011, the City Council adopted a policy that stated a goal of having a minimum unrestricted ending fund balance in the General Fund equal to at least 8.3% of expenditures. The City successfully met and exceeded that goal in fiscal year 2011 and in several fiscal years since. The General Fund unrestricted ending fund balance as a percentage of expenditures equaled 13.0% in fiscal years 2011 and 2012, 11.6% in fiscal year 2013, 9.3% in fiscal year 2014, and 11.8% in fiscal year 2015 (unrestricted ending fund balance divided by total expenditures). The City Council has the ability to approve a General Fund budget which authorizes a lower ending fund balance (as is the case with the fiscal year 2016 budget); however, City management will continue to strive to have actual results meet its stated policy goal in future fiscal years.

Investment Policy

The investment goal of the City is to maintain adequate cash availability to meet current obligations and invest excess monies at the maximum yield allowed, while assuring that the principal is protected from loss. Monies that are not required for immediate expenditures are invested within the guidelines of NRS Chapter 355, and City policy. See Note No. 3 in Appendix A for a more complete description of the City's investment practices.

Accounting for Liability Insurance and Employee Benefits

Municipal Self-Insurance Internal Service Fund. The City maintains a 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. The City is self-insured for general liability claims up to \$100,000 for each occurrence, after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

The following table presents information about the revenues, expenditures and fund balances for the Municipal Self-Insurance Internal Service Fund. The information provided for fiscal years 2011 through 2015 was derived from the City's CAFR for each of those years. The table also provides budget information for fiscal year 2016 derived from the City's Finance Department and the City's 2016 final budget, respectively.

Municipal Self-Insurance Internal Service Fund

Fiscal Year	2011	2012	2013	2014	2015	2016
Ended June 30	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Budgeted)</u>
Operating Revenues	\$537,482	\$440,440	\$338,989	\$494,252	\$349,406	\$415,693
Operating Expenses	725,653	678,303	790,736	958,336	1,458,045	1,204,295
Operating Income (Loss)	(188,171)	(237,863)	(451,747)	(464,084)	(1,108,639)	(788,602)
Non-operating Revenues (Expenses)	29,064	23,796	(4,579)	(5,293)	9,527	8,000
Transfers in	n/a	n/a	n/a	n/a	327,740	n/a
Change in Net Position	<u>(159,107)</u>	<u>(214,067)</u>	<u>(456,326)</u>	<u>(469,377)</u>	<u>(771,372)</u>	<u>(780,602)</u>
Net Position, June 30	\$2,747,503	\$2,533,436	\$2,077,110	\$1,607,733	\$836,361	n/a

Source: Derived from the City's CAFRs for fiscal years 2011-2015, the City's final budget for fiscal year 2016 and the City's Finance Department.

See Note 14 in the audited financial statements included in the CAFR attached hereto as Appendix A for a description of the City's risk management activities, including more specific information about the Municipal Self-Insurance Internal Service Fund.

Workers' Compensation Insurance Internal Service Fund. State law requires that employees be covered for workers' compensation either through a self-insurance fund or through the Employers Insurance Company of Nevada. The City is self-insured for individual workers' 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. The fund has excess insurance coverage for each occurrence.

The City has experienced several disability retirements for public safety employees related to heart, lung and cancer (HLC) benefits, all of which were presumed to be job-related under state law. However, primarily due to legislation passed by the State Legislature in 2015, the City saw a significant decrease in the projected HLC liability in 2014-15, and we expect any significant changes to this liability in the future will continue to be primarily driven by Legislation enacted by the Nevada Legislature.

The following table presents the revenues, expenditures and fund balance for the Workers' Compensation Insurance Internal Service Fund with the amounts in prior years adjusted to reflect this merger. The information is provided for fiscal years 2011 through 2015 and derived from the City's CAFR for each of those years. The table also provides budget information for fiscal year 2016

derived from the City's 2016 final budget. The information in the table below does not conform to GAAP presentation, as all revenues (including operating revenues, non-operating revenues and transfers) are included in the "Total Revenue" category.

Workers' Compensation Insurance Internal Service Fund

Fiscal Year Ended June 30	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Budgeted)
Operating Revenues	\$929,329	\$514,587	\$442,822	\$450,015	\$359,938	\$492,938
Operating Expenses	2,694,268	664,701	4,616,972	3,771,497	(2,566,357)	3,209,661
Operating Income (Loss)	(1,764,939)	(150,114)	(4,174,150)	(3,321,482)	2,926,295	(2,716,723)
Non-operating Revenues (Expenses)	81,323	67,415	(12,837)	77,447	48,736	40,000
Transfers in	n/a	n/a	n/a	n/a	n/a	n/a
Change in Net Position	<u>(1,683,616)</u>	<u>(82,699)</u>	<u>(4,186,987)</u>	<u>(3,244,035)</u>	<u>2,975,031</u>	<u>(2,676,723)</u>
Net Position, June 30	\$3,512,828	\$3,430,129	(\$756,858)	(\$4,000,893)	(\$1,025,862)	n/a

Source: Derived from the City's CAFRs for fiscal years 2011-2015, the City's final budget for fiscal year 2016 and the City's Finance Department.

See Note 14 in the audited financial statements included in the CAFR attached hereto as Appendix A for a description of the City's risk management activities, including more specific information about the Workers' Compensation Insurance Internal Service Fund.

DEBT STRUCTURE

Debt Limitation

State law limits the aggregate principal amount of the City's general obligation debt to 20% of its total reported assessed valuation. The following table presents a history of the City's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Assessed</u> <u>Valuation</u> ⁽¹⁾	<u>Debt Limit</u>	<u>Outstanding General</u> <u>Obligation Debt</u> ⁽²⁾	<u>Statutory</u> <u>Debt Capacity</u>
2012	\$2,274,238,860	\$454,847,772	\$61,350,874	\$393,496,898
2013	2,174,622,338	434,924,468	56,607,529	378,316,939
2014	2,170,607,395	434,121,479	51,701,282	382,420,197
2015	2,396,747,010	479,349,402	46,638,450	432,710,952
2016	2,640,208,709	528,041,742	48,842,982 ⁽³⁾	479,198,760

- (1) Includes the assessed valuation of the Redevelopment Agencies. These values are included for purposes of calculating the debt limit.
- (2) Includes general obligation bonds, general obligation bonds additionally secured with pledged revenues and medium-term general obligation bonds. Excludes revenue bonds and lease purchase agreements.
- (3) Outstanding as of January 1, 2016, after taking into account the issuance of the Bonds. See the table in "Outstanding Indebtedness and other Obligations" below.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2011-12 through 2015-16; debt information compiled by the Financial Advisor.

Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness and Other Obligations. The following table presents the Bonds and the City's outstanding obligations as of January 1, 2016.

City's Outstanding Debt and Other Obligations^{(1)*}

	Dated Date	Maturity Date	Original Amount	Amount Outstanding
<u>GENERAL OBLIGATION REVENUE BONDS⁽²⁾</u>				
Sewer Bonds	5/15/1996	7/1/2016	\$6,814,489	\$255,491
Sewer Bonds	10/11/1999	1/1/2020	3,070,670	885,003
Sewer Bonds	9/10/2001	7/1/2021	7,038,807	2,695,428
Sewer Bonds	6/27/2002	1/1/2022	3,082,361	1,092,362
Sewer Bonds	11/14/2003	1/1/2024	8,243,494	4,162,155
Sewer Bonds	4/1/2005	1/1/2025	4,091,227	2,259,852
Sewer Bonds	9/28/2005	7/1/2025	5,160,261	3,026,563
Sewer Bonds	6/28/2006	7/1/2026	13,385,606	8,766,912
Sewer Bonds	8/27/2009	7/1/2029	4,772,645	3,712,376
Sewer Bonds	8/27/2009	7/1/2029	2,509,299	<u>1,951,840</u>
Total				\$28,807,982
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS⁽³⁾</u>				
Medium-Term Bonds, Series 2007A	3/29/2007	3/1/2017	\$7,090,000	\$1,640,000
Medium-Term Bonds, Series 2007B	3/29/2007	3/1/2017	1,315,000	385,000
Medium-Term Bonds Series 2016 (<i>this issue</i>)	3/2/2016	3/1/2026	\$18,010,000	<u>18,010,000</u>
Total				\$20,035,000
TOTAL GENERAL OBLIGATION DEBT				\$48,842,982
<u>REVENUE BONDS⁽⁴⁾</u>				
Sales Tax Anticipation Bonds ⁽⁵⁾	7/2/2008	6/15/2028	\$83,290,000	\$75,235,000
Sales Tax Anticipation Bonds ⁽⁵⁾	7/2/2008	6/15/2028	36,000,000	32,716,045
Consolidated Tax Refunding Revenue Bonds ⁽⁶⁾	5/12/2011	5/1/2018	4,180,000	1,825,000
Consolidated Tax Refunding Revenue Bonds ⁽⁶⁾	5/29/2014	5/1/2026	7,330,000	<u>7,313,000</u>
TOTAL REVENUE BONDS				\$117,089,045
<u>SPECIAL ASSESSMENT BONDS⁽⁷⁾</u>				
Local Improvement District #3	7/2/2008	9/1/2027	\$26,120,000	\$14,255,000
TOTAL ASSESSMENT DISTRICTS				\$14,255,000

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- (1) As of January 1, 2016; after taking into account the issuance of the Bonds.
 - (2) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. See "PROPERTY TAX INFORMATION – Property Tax Limitations." These bonds are additionally secured by specified pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and the debt service requirements of the respective bonds.
 - (3) General obligation medium-term bonds secured by the full faith and credit and payable from all legally available funds of the City. The ad valorem tax available to pay these bonds is limited to the statutory and constitutional limit described in note (2) above as well as the statutory limitation on the City's maximum operating levy tax rate.
 - (4) Excludes a Reno Clean Water SRF Loan dated July 1, 2007, in the original amount of \$12,047,541, of which \$6,356,605 is outstanding, which the City pays pursuant to an interlocal agreement with the City of Reno.
 - (5) Revenue bonds secured by certain anticipated sales tax revenues.
 - (6) Revenue bonds secured by consolidated tax revenues.
 - (7) These bonds are not secured by the general fund of the City nor by its taxing power (except to the extent of its power to impose and collect the assessments); and neither the City nor the State nor any political subdivision thereof has pledged its full faith and credit for the payment of these bonds. The payment of these bonds is not secured by any encumbrance, mortgage, or other pledge of the property of the City. In the event of a delinquency in the payment of any assessment installment, the City will have no obligation with respect to these bonds other than to apply available funds in a reserve fund and to commence and pursue sale or foreclosure proceedings with respect to the property in question.
 - * Excluded from this chart are industrial development revenue bonds issued October 17, 2002, in the original amount of \$2,095,000. These are special, limited obligations of the City secured only by revenues pledged to their repayment by the corporate borrower.

Source: The City.

Annual Debt Service Requirements

The following table presents the debt service requirements on the City's outstanding general obligation bonds, after taking into account the issuance of the Bonds.

Annual Debt Service Requirements - General Obligation Bonds⁽¹⁾

Fiscal Year Ending June 30	General Obligation Revenue Bonds		General Obligation Medium-Term Bonds		Grand Total
	Principal	Interest	Principal	Interest	
2016	\$4,222,872	\$1,097,059	\$ 990,000	\$ 83,725	\$6,393,656
2017	3,903,043	971,409	2,525,000	649,564	8,049,016
2018	3,754,409	859,872	1,565,000	535,600	6,714,881
2019	3,864,422	749,859	1,625,000	473,000	6,712,281
2020	3,977,688	636,594	1,710,000	391,750	6,716,032
2021	3,851,958	522,206	1,795,000	306,250	6,475,414
2022	3,694,245	411,219	1,885,000	216,500	6,206,964
2023	3,323,788	311,351	1,920,000	178,800	5,733,939
2024	3,104,792	217,824	1,960,000	140,400	5,423,016
2025	1,977,089	142,167	2,000,000	101,200	4,220,456
2026	1,561,189	89,901	2,060,000	41,200	3,752,290
2027	938,127	49,723	--	--	987,850
2028	475,521	30,408	--	--	505,929
2029	488,808	17,121	--	--	505,929
2030	<u>249,503</u>	<u>3,462</u>	<u>--</u>	<u>--</u>	<u>252,965</u>
Total	39,387,454	6,110,175	20,035,000	\$3,117,989	68,650,618

(1) Includes debt service requirements for the entirety of fiscal year 2016, after taking into account issuance of the Bonds. Totals may not add due to rounding.

Source: The City.

Other Obligations. The City records long-term liabilities for its long-term debt and other obligations, including compensated absences, net OPEB obligations and net pension obligations. See Notes 9 and 15 in the audited financial statements included in the CAFR attached hereto as Appendix A.

Additional Contemplated Indebtedness

The City may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The City reserves the privilege of issuing general obligation bonds or other securities any time legal requirements are satisfied.

Overlapping Debt

In addition to the general obligation indebtedness of the City (see “General Obligation Debt and Other Outstanding Obligations” above), other taxing entities are authorized to incur general obligation debt with boundaries which overlap or partially overlap the boundaries of the City. The following chart sets forth the estimated overlapping general obligation debt within the City as of January 1, 2016.

Outstanding Overlapping Net General Obligation Indebtedness

<u>Entity</u> ⁽¹⁾	<u>Total G.O. Indebtedness</u>	<u>Presently Self- Supporting G.O. Indebtedness</u>	<u>Net Direct G.O. Indebtedness</u>	<u>Percent Applicable</u> ⁽²⁾	<u>Overlapping Net G.O. Indebtedness</u> ⁽³⁾
Washoe County	\$ 126,118,800	\$ 90,842,800	\$ 35,276,000	17.22%	\$ 6,074,798
Washoe County School District	472,192,154	0	472,192,154	17.22%	81,315,111
State of Nevada	<u>1,602,590,000</u>	<u>393,172,000</u>	<u>1,209,418,000</u>	<u>2.49%</u>	<u>30,091,836</u>
TOTAL	\$2,200,900,954	\$484,014,800	\$1,716,886,154		\$117,481,745

(1) Other taxing entities overlap the City and may issue general obligation debt in the future.

(2) Based on fiscal year 2016 assessed valuation in the respective jurisdiction (excluding redevelopment agencies). The percent applicable is derived by dividing the assessed valuation of the City into the assessed valuation of the governmental entity.

(3) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisor; applicable percentages calculated using Property Tax Rates for Nevada Local Governments, State of Nevada Department of Taxation, 2015-16.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the City as of January 1, 2016.

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness ⁽¹⁾	\$48,842,982
Less: Presently Self-Supporting General Obligation Indebtedness	<u>28,807,982</u>
Net Direct General Obligation Indebtedness	20,035,000
Plus: Overlapping General Obligation Indebtedness ⁽²⁾	<u>117,481,745</u>
Direct & Overlapping General Obligation Indebtedness	\$137,516,745

(1) Taking into account the issuance of the Bonds.

(2) See "Outstanding Indebtedness and Other Obligations" above.

Selected Debt Ratios

The following table sets forth selected ratios of the City.

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30,</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Population ⁽¹⁾	92,302	90,214	91,551	92,396	92,396	92,396
Assessed Value ⁽²⁾	\$2,222,346,881	\$2,104,164,855	\$2,013,263,084	\$2,015,997,058	\$2,236,803,070	\$2,469,924,856
Taxable Value ⁽²⁾	\$6,349,562,517	\$6,011,899,585	\$5,752,180,240	\$5,759,991,594	\$6,390,865,914	\$7,056,928,160
Gross Direct G.O. Debt ⁽³⁾	\$63,188,994	\$61,350,874	\$56,607,529	\$51,701,282	\$46,638,450	\$48,842,982
<u>RATIO TO:</u>						
Per Capita	\$684.59	\$680.06	\$618.32	\$559.56	\$504.77	\$528.63
Percent of Assessed Value	2.84%	2.92%	2.81%	2.56%	2.09%	1.98%
Percent of Taxable Value	1.00%	1.02%	0.98%	0.90%	0.73%	0.69%
Net Direct G.O. Debt ⁽³⁾	\$6,415,000	\$5,610,000	\$4,770,000	\$3,890,000	\$2,945,000	\$20,035,000
<u>RATIO TO:</u>						
Per Capita	\$69.50	\$62.19	\$52.10	\$42.10	\$31.87	\$216.84
Percent of Assessed Value	0.29%	0.27%	0.24%	0.19%	0.13%	0.81%
Percent of Taxable Value	0.10%	0.09%	0.08%	0.07%	0.05%	0.28%

(1) For 2011-2014, reflects State Demographer estimates for the City as of July 1 of each year shown. The 2014 population estimate also is used in 2015 and 2016 because it is the most recent estimate available.

(2) See "PROPERTY TAX INFORMATION – Property Tax Base and Tax Roll Collection" for an explanation of Assessed Value and Taxable Value. The assessed valuation of the Redevelopment Agency is not included.

(3) In 2016, reflects outstanding debt as of January 1, 2016, including the issuance of the Bonds.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2011-12 through 2014-15; Nevada State Demographer. Compiled by the Financial Advisor.

LEGAL MATTERS

Litigation

In the opinion of the City Attorney, there is no litigation or controversy of any nature now pending, or to the knowledge of the City Attorney, threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, the pledge, collection or application of any moneys or securities provided for the payment of the Bonds, or the corporate existence of the City.

Sovereign Immunity

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the City may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

Approval of Certain Legal Proceedings

The legal opinion of Sherman & Howard L.L.C., Bond Counsel, Reno, Nevada, as to the validity and enforceability of the Bonds will be made available to the Initial Purchaser at the time of original delivery. See Appendix D - Form of Approving Opinion of Bond Counsel. Sherman & Howard L.L.C. has also acted as special counsel to the City in connection with this Official Statement. The City Attorney will pass upon certain legal matters for the City.

Police Power

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of Tax Code, and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The City covenants and represents

in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to the federal tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse federal tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures, the Service will treat the City as the taxpayer and the Owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Purchaser, Financial Advisor or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Bonds.

State Tax Exemption

The Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

FINANCIAL ADVISOR

JNA Consulting Group, LLC, is serving as Financial Advisor to the City in connection with the Bonds. The Financial Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information set forth in this Official Statement, or any other information available to the City, with respect to the accuracy and completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

INDEPENDENT AUDITORS

The basic financial statements of the City of Sparks, Nevada, as of and for the year ended June 30, 2015, included as a part of the CAFR of the City included in Appendix A, have been audited by Eide Bailly LLP, independent certified public accountants, Reno, Nevada, to the extent and for the period indicated in their report thereon.

The audited basic financial statements of the City, including the auditor’s report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the City has not requested consent from its auditors. Since the date of its report, Eide Bailly has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in that report and also has not performed any procedures relating to this Official Statement.

RATING

Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies (“S&P”) has assigned the Bonds the rating shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

There is no assurance that such rating will continue for any given period of time after it is received or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency,

circumstances so warrant. Other than the City's obligations under the Disclosure Certificate, neither the City nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such proposed revision. Any such change in or withdrawal of the rating could have an adverse effect on the market price of the Bonds.

UNDERWRITING

The City sold the Bonds at public sale to Morgan Stanley & Co. LLC (the "Initial Purchaser") at a purchase price equal to \$19,146,141.21, which is equal to the par amount of the Bonds, plus original issue premium of \$1,227,196.60, less underwriting discount of \$91,055.39.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the underwriter of the Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the Bonds has been duly authorized by the City Council.

CITY OF SPARKS, NEVADA

By: /s/ Jeff Cronk
Director of Financial Services

APPENDIX A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

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November 24, 2015

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, 2015, 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 2013-2014.
2. **Financial Section** - this section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and related footnotes, combining and individual statements for major and nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found beginning on page 13, immediately following the Independent Auditor's Report.

3. **Statistical Section** - the Statistical Section is also unaudited and includes selected financial and demographic information, generally presented on a multi-year basis.
4. **Compliance Section** - the Compliance Section includes the annual Single Audit Report by the independent auditor on the City's compliance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Also included are the Schedule of Expenditures of Federal Awards and the Schedule of Findings and Questioned Costs. Additionally, the auditor's report on the internal control structure and compliance with laws and regulations is included as required by Government Auditing Standards.

Profile of the Government

The City of Sparks, incorporated in 1905, with an estimated population of 93,320, 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 serves as the executive branch of the government. The Mayor is elected at-large in the City and serves as the chairman of the City Council. Five elected City Council members are elected by district 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 Council.

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

This report includes all funds of the primary government (City of Sparks) as well as its blended component unit. A blended component unit is a legally separate entity but in substance, is part of the City's operations and is included as part of the governmental funds of the city. The Redevelopment Agency, Districts 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. In addition, the Mayor, who cannot vote on City agenda items, is a voting Agency member.

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

additional years, an action taken by the Sparks Redevelopment Agency on May 8, 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until February 23, 2023.

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

The internal accounting controls employed by the City are designed to provide reasonable assurance that assets will be safeguarded against loss from unauthorized use or disposition, and that financial records will be reliable for use in preparing financial statements and determining accountability for assets. The City's accounting system provides controls to assure compliance with the budget. Budgetary control is maintained at the departmental service level in the General Fund, because the functional level identified in state statutes crosses departmental authorities and dilutes the responsibility for adhering to budget constraints. City management may transfer appropriations between functions in the General Fund and within individual funds, and must notify the City Council of such transfers. Any other increases in appropriations or transfers also require City Council approval. Budgetary control is further enhanced through the use of encumbrance accounting.

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

Local Economy

The region's economy has long relied on consumption-related activities such as construction, tourism, and gaming, and the area, known as the Truckee Meadows, offers an extensive array of hotel and casino options as well as vast recreational opportunities and breathtaking scenery. The events of September 11, 2001, coupled with the establishment of a large upscale Indian Casino in Northern California, as well as the advancement of on-line gaming, has had a significant impact on gaming revenues, room taxes, airline passenger counts and economic conditions in general in the Truckee Meadows. In the subsequent years, the region rebounded strongly, fueled by efforts to diversify the economic profile and by a booming real estate market.

Beginning in fiscal year 2006-2007, a significant softening in the local economy began, which we now know to be the beginning of what is commonly being referred to as the "Great Recession". Residential construction which had displayed unprecedented growth during the preceding years, deteriorated dramatically, outpacing the national trend of a weakening real estate market. Also during fiscal year

2006-2007, the City of Sparks experienced a decline in consolidated tax revenue (over 80 percent of which is comprised of sales taxes), for the first year since the consolidated tax structure was initiated during fiscal year 1997-1998. The recession that began in fiscal year 2006-2007 resulted in lower City revenues in every subsequent year until fiscal year 2013-2014. Looking forward to fiscal year 2015-2016, we anticipate the stabilization to continue and are expecting a modest increase for the third consecutive year.

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

In 2014, Tesla and other large companies, agreed to open facilities in the Tahoe Reno Industrial Center located east of Sparks. The neighboring communities, such as the City of Sparks, anticipate a positive impact to the economy over the next several years. Tesla's Gigafactory is set to open in 2017, and is expected to generate thousands of direct and indirect jobs within the region. These anticipated jobs will bring welcome relief to a region that was hit hard by high levels of unemployment during the recession.

In fiscal year 2015, the Sparks City Council approved a tax increase which increased the operating property tax rate from \$.9161 to .9598 per \$100 of assessed value. This is the first increase since 2003-2004. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall tax rate is at the statutory cap of \$3.66. (This includes two cents that were added to the state tax rate for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.)

Long-Term Financial Planning

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

Relevant Financial Policies

Cash Management

The City is authorized by statute to invest in bonds or other obligations of the United States Treasury, its agencies and instrumentalities; bonds of the State of Nevada; obligations of other local governments of the State of Nevada; certificates of deposit and bankers acceptances; notes, bonds and other unconditional obligations by corporations organized and operating in the United States; and obligations of other state and local governments if they are rated "A" or better by one of the nationally recognized credit rating agencies. The City may also invest in repurchase agreements for securities if, in lieu of possession of the securities, it obtains sole, fully perfected, first-priority security interest in those

securities. State law also allows investment in money market mutual funds invested solely in treasury/agency securities.

The City, in effect, pools its cash for investment purposes and had monies invested primarily in certificates of deposit, money market instruments and agency securities. Due to the fiscal policies of the Federal Reserve to keep interest rates low for an extended period of time, investment earnings have remained low. For fiscal year 2014-2015, the average interest rate earned on investments maturing during the year was 0.83 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 and dependents. Employee premiums are paid by the City via interfund charges through the payroll system. Dependent premiums are paid by the City and the Employee via interfund charges and payroll deductions. 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 retirements for public safety employees related to heart, lung and cancer (HLC) benefits, all of which were presumed to be job-related under state law. However, primarily due to legislation passed by the 2015 Nevada Legislature, the City of Sparks saw a significant decrease in the projected HLC liability in 2014-2015, and we expect any significant changes to this liability in the future will continue to be primarily driven by legislation enacted by the Nevada Legislature.

Pension Information

Full-time and eligible part-time employees of the City are covered by the State of Nevada Public Employees' Retirement System (PERS). The cost-sharing, multiple-employer, defined benefit plan is administered by a seven member board appointed by the Governor, who has sole discretion over plan investments. To properly account for this benefit, the City has adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* beginning with the current fiscal year. The City reports a portion of the PERS net pension liability prorated by participating entity contributions.

Postemployment Benefits Other Than Pensions (OPEB)

The City provides a variety of post-retirement health care benefits to certain retirees and their dependents. To properly account for these benefits, the City has adopted the Government Accounting Standards Board (GASB) Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* beginning with the 2008-2009 fiscal year. The benefits are financed on a pay-as-you-go basis, which, in accordance with GAAP, are reported as a liability in the City's financial statements if not fully funded each year.

Additional information on the City's pension plan, implementation of GASB Statement No. 68, and implementation of GASB Statement No. 45 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 for each year ended June 30, 1981 through 2014. Fiscal year 2013-2014 was the thirty-fourth consecutive year in which the City of Sparks has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Sparks also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for each fiscal year from 2009 through 2015, excluding fiscal year 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

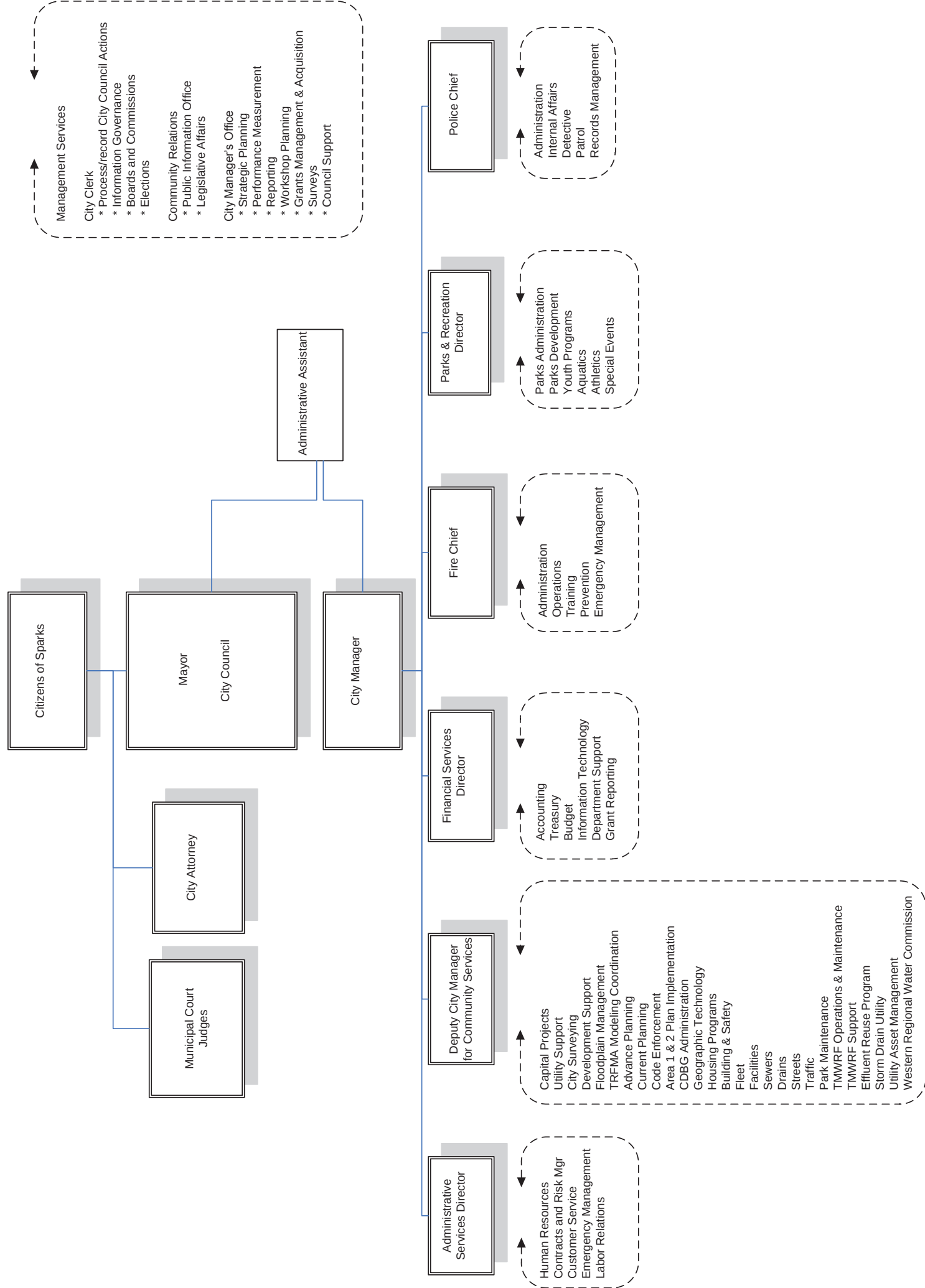
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this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

Finally, I would like to thank the City Council members, Mayor, and City Manager for exhibiting progressive and responsible leadership in the fiscal affairs of the City of Sparks.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jeff Cronk', with a long horizontal flourish extending to the right.

Jeff Cronk, CPA
Financial Services Director



City of Sparks, Nevada
Principal Officials of the City of Sparks, Nevada
June 30, 2015

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Geno R. Martini	Four Years	November, 2018
Council Member Ward 1	Julia Ratti	Four Years	November, 2016
Council Member Ward 2	Ed Lawson	Four Years	November, 2018
Council Member Ward 3	Ron Smith	Four Years	November, 2016
Council Member Ward 4	Charlene Bybee	Four Years	November, 2018
Council Member Ward 5	Ron Schmitt	Four Years	November, 2016
City Attorney	Chet Adams	Four Years	November, 2016
Municipal Judge, District 1	Barbara McCarthy	Six Years	November, 2020
Municipal Judge, District 2	Jim Spoo	Six Years	November, 2018
City Manager	Stephen W. Driscoll	Appointed	
Assistant City Manager	(Vacant)	Appointed	
Administrative Services Director	Chris Syverson	Appointed	
City Clerk	Teresa Gardner	Appointed	
Deputy City Manager for			
Community Services Director	Neil Krutz	Appointed	
Financial Services Director	Jeff Cronk	Appointed	
Parks and Recreation Director	Tracy Domingues	Appointed	
Police Chief	Brian Allen	Appointed	
Fire Chief	Tom Garrison	Appointed	

INDEPENDENT AUDITORS

Eide Bailly LLP



Government Finance Officers Association

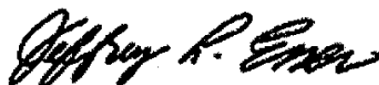
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sparks
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 11 to the financial statements, the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 17 to the financial statements, certain errors resulting in an understatement of amounts previously reported for land in the governmental activities as of June 30, 2014, were discovered by management of the City of Sparks, Nevada during the current year. Accordingly, the amount reported for land has been restated in the June 30, 2015 financial statements now presented, and an adjustment has been made to governmental activities net position as of July 1, 2014, to correct the error. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 27, the other post-employment benefits schedule of funding progress on page 82, the schedule of the City's share of net pension liability on page 83, and the schedule of the City's contributions on page 84 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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

Certain supplementary information includes partial summarized comparative information for the year ended June 30, 2014. The summarized comparative information was derived from the City of Sparks, Nevada's June 30, 2014 financial statements, audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, who expressed an opinion that the accompanying supplementary information as of and for the year ended June 30, 2014, was fairly stated in all material respects in relation to the 2014 financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sparks, Nevada's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the printed name and date.

Reno, Nevada
November 24, 2015

City of Sparks, Nevada Management's Discussion and Analysis

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2015. 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, 2015 by \$407,312,097 (net position), a decrease of 9.2 percent from the prior year. The net position is primarily represented by the City's net investment in capital assets.
- Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, implemented this year, 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 City's portion of net pension liability (\$71,650,806), deferred pension inflows (\$18,206,820), and deferred pension outflows (\$10,971,116), net position was reduced by \$78,886,510.
- Sparks' governmental funds reported combined ending fund balances of \$47,005,861 as of June 30, 2015 which is a decrease of \$4,116,723 from fiscal year 2013-2014 ending fund balance total of \$51,122,584. The decrease was primarily due to special assessment debt service payments from revenues received in the prior year.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2015 the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$6,446,283, which represents approximately 11.3 percent of General Fund revenues. Of that amount, \$160,223 is assigned for open purchase orders and \$2,339,208 is assigned as a budgeted resource to be expended in fiscal year 2015-2016, leaving \$3,946,852 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.6 percent of total General Fund revenues, and have increased by 6.7 percent from last year's results. Consolidated tax revenues increased 8.1 percent, and property taxes increased by 5.2 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$64,075,292 can cover current liabilities 1.5 times on a government-wide basis.
- Governmental activity expenses were \$82,843,528 as compared to \$93,480,157 for the year ended June 30, 2014. The decrease of \$10,636,629 is primarily driven by decreases in the public works function and is related to decreased depreciation of roads and streets,

the majority which have reached salvage value. Business-type activities posted overall expenses of \$24,434,062 as compared with \$25,778,017 in the prior year. The decreases are related to OPEB costs, operational costs at the Truckee Meadows Water Reclamation Facility, and depreciation. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks funds from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in the Note 6 of the Financial Statements.

- The City's long-term debt outstanding decreased by \$21,318,764 in fiscal year 2014-2015. The decrease was attributable to regular debt service payments, and a special assessment call from assessment revenues received in 2013-2014. In August of 2014, the Redevelopment Agency issued \$7,285,000 of Subordinate Lien Tax Increment Revenue Refunding Bonds to refund existing 2009 bonds.

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. 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 of the governmental activities that are reported in the government-wide financial statements. But unlike the government-wide statements, governmental fund statements focus on current or near-term spendable resources, including spendable resources available at fiscal year-end, which more closely coincides with Nevada statutory requirements related to annual city budgets. This information is useful in evaluating the City of Sparks' near-term financial position.

Long-term implications can be detected by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances are reconciled to the governmental activities statement of net position and statement of activities to facilitate the comparison between governmental funds and governmental activities.

Financial statements are provided separately for the major funds including the General Fund, and the General Obligation Debt Service Fund. Financial results for the other non-major governmental funds are combined into a single segregated presentation, and are also provided in the form of combining statements and individual fund schedules deeper into the report.

In accordance with state statutes, the City of Sparks adopts an annual budget for all of its governmental funds, and makes amendments to that budget periodically. For the General Fund a comparison of the original and final budget to actual results is provided, along with similar comparisons of final budget to actual results for the other governmental funds elsewhere in the report.

Proprietary Funds

Under current generally accepted accounting principles, the City of Sparks maintains two types of proprietary funds; enterprise funds and internal service funds. The business-type activities presented in the 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 nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

Government-Wide Analysis

Over time, values reported as "net position" can provide an indication of a government's financial position. As noted previously, the City's net position decreased by 9.2 percent during fiscal year 2014-2015. The largest component of this decrease was related to the implementation of new reporting standards issued by the Governmental Accounting Standards Board (GASB). GASB 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), administrator of the state's cost-sharing, multiple-employer defined benefit employees' retirement system. All agencies in Nevada that are members of the PERS system are required to report a share of the liability based on contributions made to PERS, the City of Sparks proportionate share is 0.06824 percent. As a result of recording the City's portion of net pension liability (\$71,650,806), deferred inflows (\$18,206,820) and deferred outflows (\$10,971,116) associated with the new standard, net position has been reduced by \$78,886,510.

CITY OF SPARKS' STATEMENT OF NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 80,803,976	\$ 88,041,769	\$ 70,187,881	\$ 75,384,333	\$ 150,991,857	\$ 163,426,102
Capital assets	419,191,954	395,458,256	165,269,734	162,652,656	584,461,688	558,110,912
Total assets	499,995,930	483,500,025	235,457,615	238,036,989	735,453,545	721,537,014
Deferred outflow bond refundings	486,604	-	-	-	486,604	-
Deferred outflow related to pensions	10,047,401	-	923,715	-	10,971,116	-
Total deferred outflow of resources	10,534,005	-	923,715	-	11,457,720	-
Total assets and deferred outflows	510,529,935	483,500,025	236,381,330	238,036,989	746,911,265	721,537,014
Long-term liabilities outstanding	236,762,208	181,123,346	41,647,249	40,877,704	278,409,457	222,001,050
Other liabilities	34,899,080	40,646,991	8,083,811	10,096,448	42,982,891	50,743,439
Total liabilities	271,661,288	221,770,337	49,731,060	50,974,152	321,392,348	272,744,489
Deferred inflow related to pensions	16,692,870	-	1,513,950	-	18,206,820	-
Total deferred inflow of resources	16,692,870	-	1,513,950	-	18,206,820	-
Total liabilities and deferred inflows	288,354,158	221,770,337	51,245,010	50,974,152	339,599,168	272,744,489
Net investment in capital assets	349,494,836	333,680,025	132,378,854	124,836,498	481,873,690	458,516,523
Restricted	35,589,211	41,194,330	-	-	35,589,211	41,194,330
Unrestricted	(162,908,270)	(113,144,667)	52,757,466	62,226,339	(110,150,804)	(50,918,328)
Total net position	\$ 222,175,777	\$ 261,729,688	\$ 185,136,320	\$ 187,062,837	\$ 407,312,097	\$ 448,792,525

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, \$481,873,690, 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 \$35,589,211, is restricted to specific uses. For example, a restricted revenue source was created as of July 1, 2003 when the City Council implemented a 2.5 percent increase in transient occupancy taxes collected in Sparks, and in 2007-2008, a new Victorian Square Room Tax Capital Projects Fund was established to account for the activities related to this revenue source. The proceeds of the tax are restricted to uses which benefit the City's downtown core. The decrease in restricted net position of \$5,605,119 is largely due to the redemption of debt associated the Local Improvement District 3 2008 bonds.

Unrestricted net position is the amount of funds available to meet the City's on-going obligations. The negative unrestricted net position value of \$110,150,804 in fiscal year 2014-2015 is comprised primarily of a deficit of \$162,908,270 related to governmental activities. This deficit is largely comprised from two factors. Firstly, it is the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued for the Legends project can be found in Note 9 of the financial statements. The second large component of the unrestricted deficit is the result of the implementation of GASB statement 68, *Accounting and Financial Reporting for Pensions*. More information related to the pension liability can be found in Note 11 of the financial statements.

CITY OF SPARKS CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 22,978,911	\$ 21,493,021	\$ 25,223,675	\$ 23,526,894	\$ 48,202,586	\$ 45,019,915
Operating grants, interest and contributions	1,234,890	1,867,496	-	-	1,234,890	1,867,496
Capital grants, interest and contributions	23,015,112	56,827,683	5,509,920	7,746,694	28,525,032	64,574,377
	<u>47,228,913</u>	<u>80,188,200</u>	<u>30,733,595</u>	<u>31,273,588</u>	<u>77,962,508</u>	<u>111,461,788</u>
General revenues:						
Ad valorem taxes	24,206,813	23,423,624			24,206,813	23,423,624
Special Assessments - taxes	1,082,636	1,188,135			1,082,636	1,188,135
Consolidated tax	20,916,103	19,356,294			20,916,103	19,356,294
Dedicated sales tax - improvement districts	10,184,516	9,621,913			10,184,516	9,621,913
Other taxes	5,233,995	4,660,869			5,233,995	4,660,869
Unrestricted interest income	254,882	378,347	246,574	454,632	501,456	832,979
Gain (Loss) from sale of capital assets	-	50,618	-	-	-	50,618
Miscellaneous revenue	584,991	727,831	154,962	126,653	739,953	854,484
	<u>62,463,936</u>	<u>59,407,631</u>	<u>401,536</u>	<u>581,285</u>	<u>62,865,472</u>	<u>59,988,916</u>
Total revenues	<u>109,692,849</u>	<u>139,595,831</u>	<u>31,135,131</u>	<u>31,854,873</u>	<u>140,827,980</u>	<u>171,450,704</u>
Expenses:						
General Government	12,531,485	10,756,417			12,531,485	10,756,417
Judicial	2,119,937	2,213,707			2,119,937	2,213,707
Public safety:						
Police	22,261,585	25,537,534			22,261,585	25,537,534
Fire	15,701,380	17,456,291			15,701,380	17,456,291
Public Works	1,526,073	1,479,580			1,526,073	1,479,580
Public Works	6,300,571	13,107,396			6,300,571	13,107,396
Culture and recreation	9,829,803	10,230,616			9,829,803	10,230,616
Community support	1,384,932	1,949,757			1,384,932	1,949,757
Interest on long-term debt	11,187,762	10,748,859			11,187,762	10,748,859
Sewer			22,442,881	24,153,084	22,442,881	24,153,084
Development services			1,991,181	1,624,933	1,991,181	1,624,933
Total expenses	<u>82,843,528</u>	<u>93,480,157</u>	<u>24,434,062</u>	<u>25,778,017</u>	<u>107,277,590</u>	<u>119,258,174</u>
Increase (Decrease) in net position						
before transfers & special items	26,849,321	46,115,674	6,701,069	6,076,856	33,550,390	52,192,530
Transfers	714,946	342,882	(714,946)	(342,882)	-	-
Increase (Decrease) in net position	27,564,267	46,458,556	5,986,123	5,733,974	33,550,390	52,192,530
Net position, July 1, as originally reported	261,729,688	217,600,884	187,062,837	181,328,863	448,792,525	398,929,747
Prior Period Adjustment	(67,118,178)	(2,329,752)	(7,912,640)	-	(75,030,818)	(2,329,752)
Net position, July 1, as restated	194,611,510	215,271,132	179,150,197	181,328,863	373,761,707	396,599,995
Net position, June 30	<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>	<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>	<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>

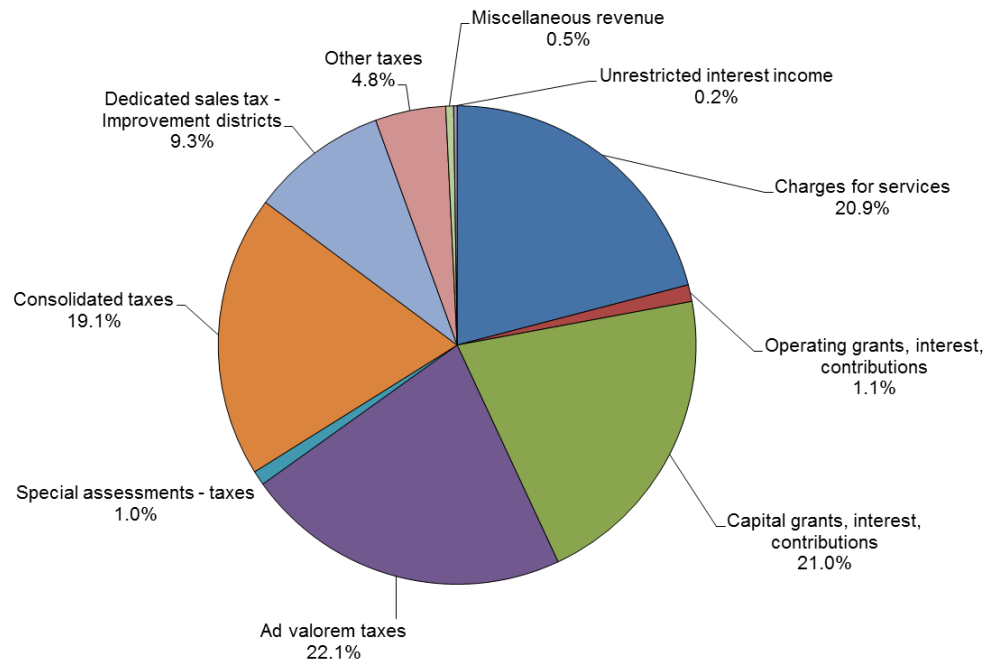
Governmental Activities

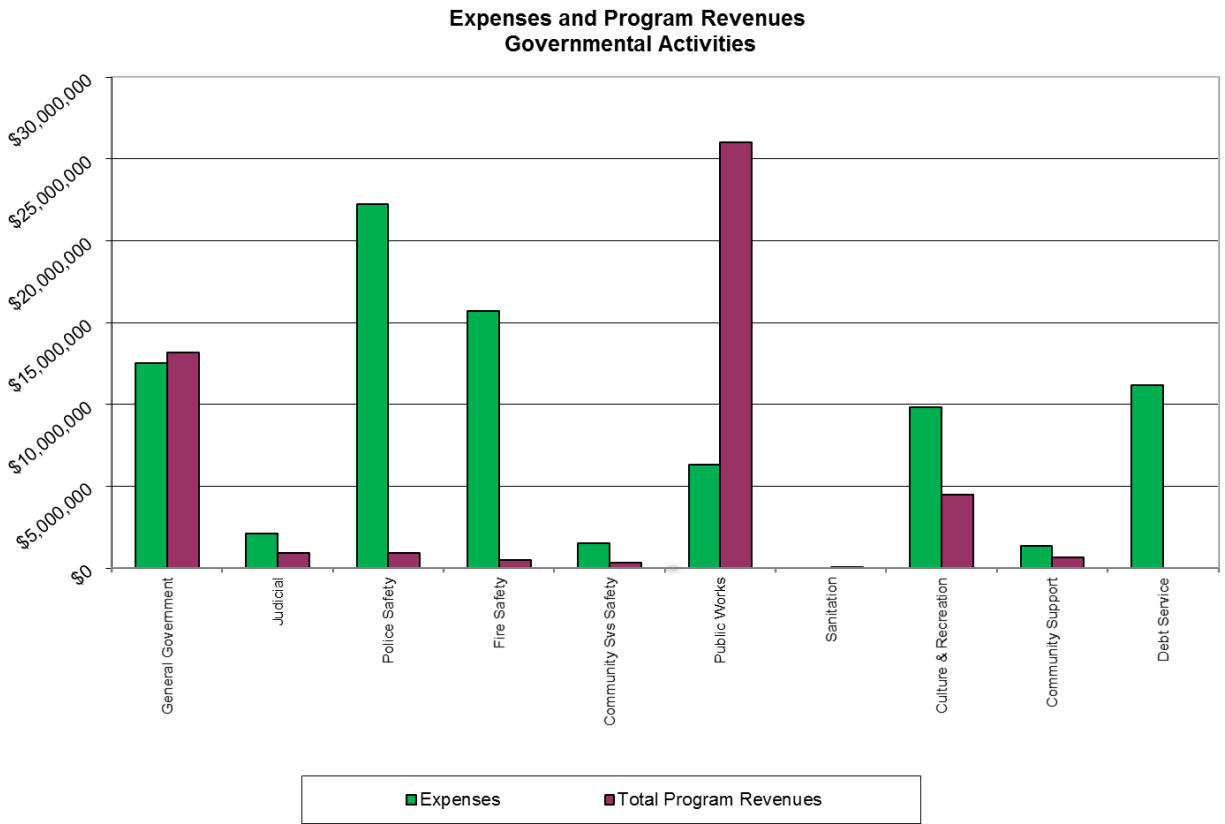
Governmental activities, in fiscal year 2014-2015 including the prior period adjustment, decreased the City's net position by \$39,553,911. Of the more significant results for governmental activities that contributed to this decrease the following was observed:

- The implementation of new reporting standards issued by the Governmental Accounting Standards Board (GASB) resulted in a decrease in net position of \$72,933,256. A prior period adjustment related to this standard in the amount of \$73,819,109 reduced net position. Current period amounts related to pension deferred inflow, pension deferred outflow and pension expense increased net position by \$885,853;
- In fiscal year 2014-2015, the City developed a system to sync information in our fixed asset system to information in the Washoe County Assessor system. Our system was adjusted to correct discrepancies, which resulted in a prior period adjustment that increased land inventory by \$6,700,931;

- Consolidated taxes (consisting primarily of sales taxes) increased by 8.1 percent or \$1,559,809 from fiscal year 2013-2014. This increase may indicate a level of stabilization in the economy; however consolidated tax revenues are still 18.7 percent below the peak levels achieved in fiscal year 2005-2006. Sales taxes comprise over 80 percent of the consolidated tax, and the still-repressed revenues are representative of the continuing effects of the recession in the local economy during fiscal year 2014-2015;
- Ad valorem tax revenues increased by 3.3 percent, or \$783,189, from fiscal year 2013-2014. Since the housing decline, the City's assessed values remain decreased by 24.1 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 3 percent for residential properties and up to 8 percent for certain commercial properties. As a result, the increases in assessed values that the City is starting to see will not result in comparable increases in revenues;
- Total expenses decreased 11.4 percent, or \$10,636,629, which was primarily due to a decrease in the worker's compensation Heart and Lung liabilities.

Revenues by Source Governmental Activities



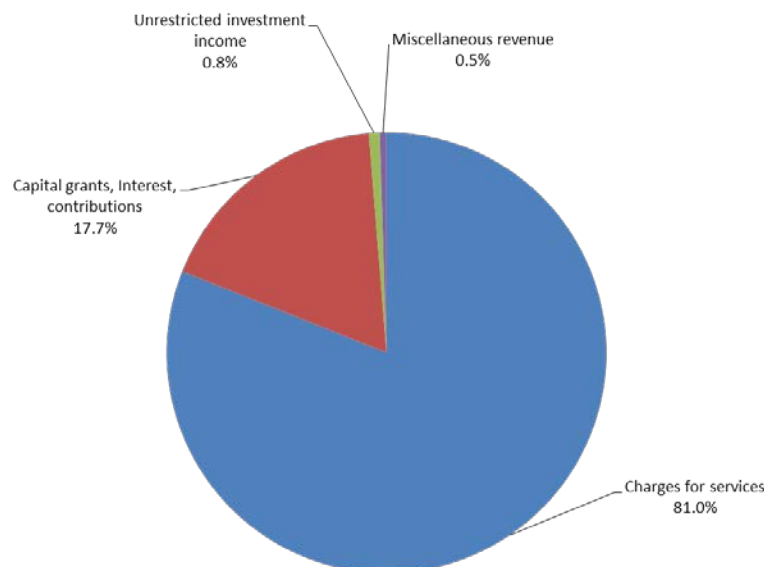


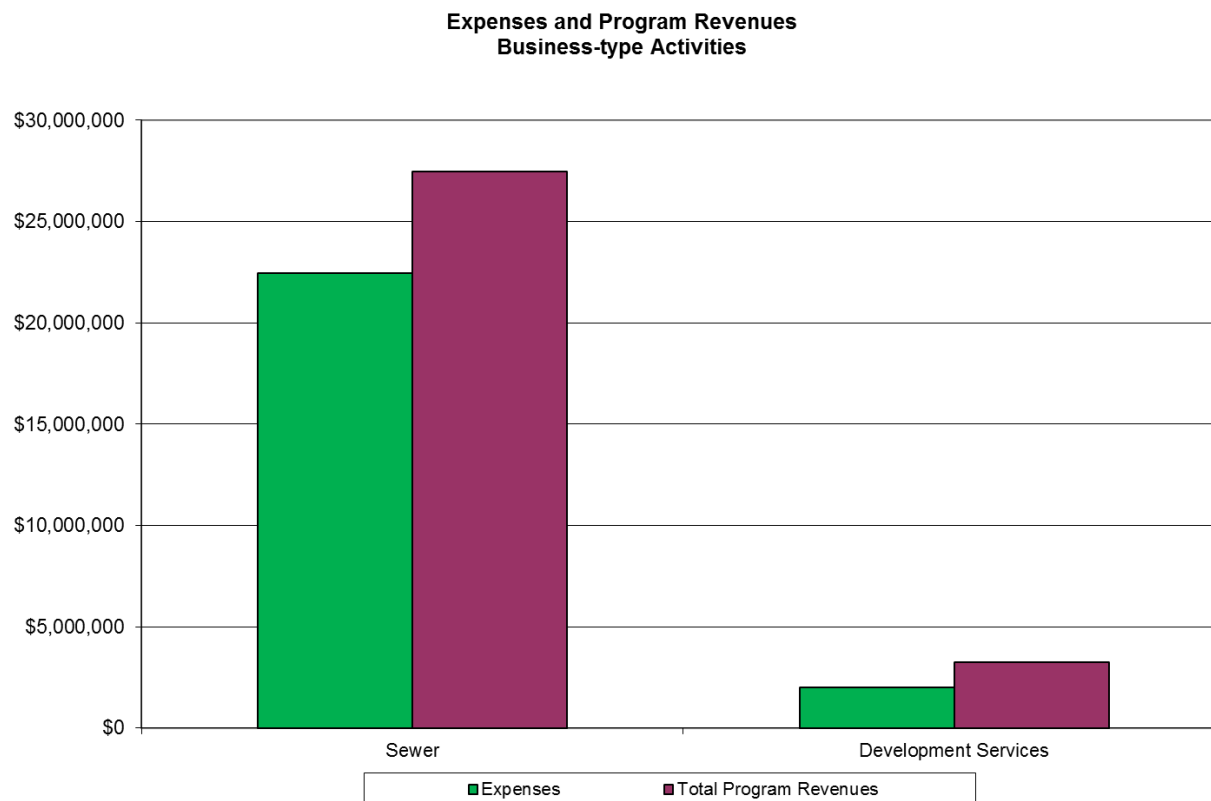
Business-type Activities

Business-type activities, in fiscal year 2014-2015 including prior period adjustment, decreased the City's net position by \$1,926,517. Significant results include:

- The implementation of new reporting standards issued by the Governmental Accounting Standards Board (GASB) resulted in a decrease in net position of \$5,953,254. A prior period adjustment related to this standard in the amount of \$7,912,640 reduced net position. Of the \$7,912,640 adjustment, \$1,866,572 is related to the City's portion of the Truckee Meadows Water Reclamation Facility, a jointly owned venture of the Cities of Reno and Sparks, \$4,517,124 is related to pension liability of Sewer Services and \$1,528,944 is related to Development Services;
- Total revenues decreased by 2.3 percent, or \$719,742, which was driven primarily by a decrease in program revenues related to capital grants, interest and contributions;
- Total expenses decreased by 5.2 percent, or \$1,343,955 primarily related to a decrease in sewer operation costs.

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, 2015, Sparks' governmental funds reported combined ending fund balances of \$47,005,861 which is a decrease of \$4,116,723 from fiscal year 2013-2014 ending fund balance of \$51,122,584. The decrease was primarily due to the payment of debt related to the special assessment district revenues received in fiscal year 2013-2014 which were restricted for debt service.
- The combined ending fund balance of \$47,005,861 is comprised of: \$333 which is unspendable prepaid expenses, \$35,767,128 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$11,238,400 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 23.9 percent of ending fund balances, or \$11,238,400, is unrestricted. Of the unrestricted balance, \$798,424 has been committed by Council action and \$6,493,124 has been assigned by the Financial Services Director (a designee of Council) for budget deficits, encumbered purchase orders, or as required by the specific purpose of each fund. The remaining \$3,946,852 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, 2015, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$6,446,283, or 32.5 percent higher than the prior year's unrestricted balance of \$4,864,271, and is indicative of a decrease in transfers out for debt service and capital projects and an increase in revenues and transfers in from development services. Extensive effort had been made to ensure the City's expenditures do not exceed revenues to the point that will cause the unrestricted ending fund balance to fall below 8.3 percent of departmental expenditures. For fiscal year 2014-2015, the unrestricted ending balance represents 11.8% of expenditures (excluding capital outlay) and 11.3 percent of General Fund revenues, up from 8.9 percent for the prior fiscal year.

Although the City's General Fund balance was \$6,446,616 at June 30, 2015, it should be noted that \$333 is considered non spendable and \$2,499,431 is considered assigned for specific purposes, including \$160,223 for open purchase orders and \$2,339,208 as budgeted resources to be expended in fiscal year 2015-2016. This leaves \$3,946,852 as an unassigned ending fund balance.

The primary impacts upon the General Fund include a \$3,008,610 (5.5 percent) increase in revenues and transfers in, and a \$482,774 (0.9 percent) increase in expenditures and transfers out. The two largest areas of revenue changes were; intergovernmental revenues increased \$1,660,194 (7.6 percent) most of which is related to increased Consolidated Tax revenue collected by the state, and other taxes increased \$959,953 (5.2 percent) mostly related to real property tax revenues. Higher expenditures of \$2,318,425 were offset by a decrease in transfers out of \$1,835,651. Expenditure increases were primarily related to an increase in employee benefit costs of \$1,080,345 (7.5 percent), mostly attributed to health insurance and an increase in salary and wage costs of \$676,880 (2.5 percent), mostly attributed to overtime. Transfers out decreased by \$1,835,651 (53.9 percent), of which \$809,071 was related to decreased capital improvement transfers and \$861,580 was related to the elimination of a General Fund subsidy to the Redevelopment Agency Area 2. The result is that the ending fund balance within the General Fund increased by \$1,582,345, or 32.5 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, consolidated tax revenues, or a payment agreement with the Redevelopment Agency of the City of Sparks. Total fund balance within the General Obligation Debt Service Fund was \$15,337,891 compared to \$22,081,753 for the prior year, a decrease of 30.5 percent. Of the decrease, \$5,946,432 was related to special assessment revenues received in June of fiscal year 2013-2014 and paid out in September of fiscal year 2014-2015. 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 \$186,698,556 as of June 30, 2015, a decrease of \$1,155,421 or 0.6 percent, over the prior year's original balance of \$187,853,977. The change is comprised of two major offsetting actions. Decreases were primarily due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, for which the beginning net position was decreased by \$6,383,696 (3.4 percent). Increases of \$5,228,275 from current year activities were primarily due to the receipt of capital contributions, such as sewer connection fees, of \$5,509,920.

Net position of the Development Services Enterprise Fund decreased to \$578,288 from \$1,555,529, or 62.8 percent. Of this decrease \$1,528,944 (156.4 percent) is related to an adjustment to the beginning net position in relation to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. Income from operations was \$1,259,262, an increase of 60.4 percent, reflecting an improvement in the local economy. The final repayment of prior year General Fund subsidy in the amount of \$727,445 was made in fiscal year 2014-2015. Revenues from building permits increased \$408,239, or 43.7 percent while operational expenses increased by \$475,099 or 31.0 percent, largely due to an investment in software.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations decreased by \$444,703, approximately 0.8 percent below the original budget. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$1,721,581 more than budgeted, primarily due to an increase in consolidated tax receipts.

Actual expenditures were 2.39 percent below final amended budget, which was primarily due to actual benefit costs being less than estimated.

The following functions are highlighted:

- General government achieved \$500,680 or 5.2 percent in budgetary savings primarily from a salary and benefit underspend within the Management Services department;
- Public safety achieved \$629,097 or 1.6 percent in budgetary savings primarily from salary and benefit underspend within the Police Department;
- Budgetary savings within the Public Works function totaled \$77,812 or 5.6 percent which was primarily due to an underspend in salaries;
- The Culture and Recreation function saw savings totaling \$114,547 or 4.4 percent which was primarily due to the Community Services Department underspend in services and supplies.

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, 2015 amounted to \$584,461,688 compared to \$564,811,843, including a prior period adjustment to land inventory. 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 2014-2015 operations for governmental activities was \$23,733,698 (\$6,700,931 of a prior period land adjustment, \$17,032,767 from current year activity, from \$402,159,187 to \$419,191,954), while business-type activities increased by \$2,617,078 (from \$162,652,656 to \$165,269,734). Governmental assets

Significant capital asset activities that occurred during fiscal year 2014-2015 included:

- Improvements to the land inventory process were made which resulted in an increase in land inventory of \$6,700,931 which was posted as a prior period adjustment.
- Assets classified as Construction in progress increased by \$6,276,748 during fiscal year 2014-2015, primarily due to contributed assets from the Regional Transportation Commission (RTC) projects within the City, which were offset by the completion of the North Truckee Drain project.
- Assets classified as Infrastructure increased by \$16,160,821 during the fiscal year, primarily due to sewer system related assets.

CITY OF SPARKS' CAPITAL ASSETS Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014	2015	2014 Restated
Land	\$ 36,325,278	\$ 37,283,795	\$ -	\$ -	\$ 36,325,278	\$ 37,283,795
Intangibles	3,719,333	3,654,411	2,648	2,648	3,721,981	3,657,059
Buildings	17,472,846	18,152,080	711,183	742,873	18,184,029	18,894,953
Improvements other than Buildings	42,820,057	43,612,085	964,616	1,040,699	43,784,673	44,652,784
Equipment, Furnishings & Vehicles	8,256,772	8,549,106	45,958	68,718	8,302,730	8,617,824
Infrastructure	202,234,242	199,110,015	156,126,382	143,089,788	358,360,624	342,199,803
Construction in progress	108,298,461	91,732,730	392,445	10,681,428	108,690,906	102,414,158
Water Rights	64,965	64,965	7,026,502	7,026,502	7,091,467	7,091,467
Total	<u>\$ 419,191,954</u>	<u>\$ 402,159,187</u>	<u>\$ 165,269,734</u>	<u>\$ 162,652,656</u>	<u>\$ 584,461,688</u>	<u>\$ 564,811,843</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, 2015, the City of Sparks had a total of \$228,227,950 of long-term debt outstanding. Of this amount, Governmental activities accounted for \$187,519,465 and include; general obligation debt of \$2,025,000; revenue bonds of \$115,117,114; tax allocation bonds of \$46,722,399; capital lease obligations of \$171,670; credits payable to developers of \$147,001; accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$23,336,281. Business-type activities account for the remaining \$40,708,485 in total long-term debt outstanding. Of that amount, \$39,387,458 is made up of Sewer Utility general obligation bonds totaling \$32,329,748 and a \$7,057,710 note payable to the City of Reno representing the City of Sparks' share of the costs related to expansion at the Truckee Meadows Water Reclamation Facility. Other Business-type long-term debt outstanding includes a total of \$1,321,027 for compensated absences, and sick leave conversion. The City of Sparks' long-term debt outstanding, including debt of the Redevelopment Agency, decreased by \$21,318,764, or 8.5 percent during the fiscal year ended June 30, 2015.

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 6.3 percent in June, 2015 compared to 7.3 percent in June, 2014;
- Since the national recession officially ended in 2009, the median home values within Washoe County have seen a significant rise. After peaking at approximately \$350,000 prior to the recession, the median home value plummeted to about \$150,000 during the recession. While still significantly below the peak values seen prior to the recession, home values have rebounded significantly to about \$260,000, which reflects an increase of about 10.6 percent during the past year;
- Improved employment within the region has been a direct influence on the steady improvement of taxable sales. Although still down 6.2% from the peak of \$7.3 billion in fiscal year 2005-2006, taxable sales within Washoe County continue to show strong improvement since the official end of the recession. Specifically, 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 \$6.8 billion in fiscal year 2014-2015, an increase of 31.7% during the past five fiscal years. We expect taxable sales to continue to improve as regional employment also improves;
- As mentioned previously, the City's Ad Valorem tax revenues increased by 3.3 percent in fiscal year 2014-2015. This was due to an increase of 11.0 percent in the assessed valuation between fiscal year 2014-2015 and fiscal year 2013-2014. As the residential housing market continues to strengthen, we anticipate ad valorem revenues to increase over the next several years. However, this increase in revenue will not necessarily match the more rapid growth in assessed valuation due to the limits on revenue growth resulting from the property tax caps put in place during the 2005 Legislative session;

- The City of Sparks' estimated population increased slightly during fiscal year 2014-2015 (1.0 percent). The high unemployment rate that caused people to relocate to areas with better employment opportunity has been steadily improving. Sparks had an annual population growth that averaged 3.4 from fiscal year 2002 to 2008, and the Nevada State Demographer's office is projecting a population increase for fiscal year 2015-2016. Looking forward, the recent announcement of several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to attract thousands of new residents to the City of Sparks over the next decade or so;
- Building permits issued in fiscal year 2014-2015 totaled 3,581 representing an increase of 38.9 percent from 2,579 permits issued during fiscal year 2013-2014. Development activity in the area is increasing and is expected to continue increasing in 2015-2016. However, the impact of 5 steep years of declines (2007-2011) has not been overcome. Permits issued in 2014-2015 are 41.0 percent less than the number issued at the peak of the housing boom during fiscal year 2005-2006 in which 6,067 total permits were issued;
- In January of 2014, the City Council approved a four year annual rate increase of 8.25% to the sewer portion of the sewer, storm drain and flood mitigation user fees. Sewer service and storm drain rates are \$305.73, and the flood mitigation fee is \$64.92, per year. In addition, sewer connection fees, which include sewer, storm drain and flood mitigation components increased from \$5,448 to \$5,579 per residence as of January 1, 2015.

All of these factors and others were considered in preparing the City's budget for the upcoming 2015-2016 fiscal year.

Requests for Information

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

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City of Sparks, Nevada
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 36,675,876	\$ 27,399,416	\$ 64,075,292
Accounts receivable	18,760,803	2,264,148	21,024,951
Internal balances	2,140,524	(2,140,524)	-
Due from other governments	7,362,346	697,250	8,059,596
Inventories	287,752	-	287,752
Prepays	333	507	840
Deposits	16,081	-	16,081
Notes receivable	1,600,000	6,495,956	8,095,956
Net OPEB asset	45,148	6,876	52,024
Restricted assets			
Cash and investments	13,915,113	-	13,915,113
Investment in the Truckee Meadows Water Reclamation Facility	-	35,464,252	35,464,252
Capital assets			
Land, construction in progress, intangible, assets, and water rights	147,918,069	7,421,595	155,339,664
Other capital assets, net of depreciation	271,273,885	157,848,139	429,122,024
Total assets	<u>499,995,930</u>	<u>235,457,615</u>	<u>735,453,545</u>
Deferred Outflows of Resources			
Deferred amount on bond refundings	486,604	-	486,604
Deferred outflows related to pensions	10,047,401	923,715	10,971,116
Total deferred outflows of resources	<u>10,534,005</u>	<u>923,715</u>	<u>11,457,720</u>
Total assets and deferred outflow of resources	<u>510,529,935</u>	<u>236,381,330</u>	<u>746,911,265</u>
Liabilities			
Accounts payable and accrued expenses	2,770,469	267,809	3,038,278
Accrued interest payable	4,716,776	565,310	5,282,086
Contracts and retentions payable	1,125,892	567,468	1,693,360
Deposits	40,282	26,500	66,782
Due to other governments	1,500,550	1,875,077	3,375,627
Unearned revenue	365,907	155,175	521,082
Noncurrent liabilities			
Due within one year	24,379,204	4,626,472	29,005,676
Due in more than one year	163,140,261	36,082,013	199,222,274
Refundable deposits	-	70,000	70,000
Net pension liability	66,287,787	5,363,019	71,650,806
Net OPEB obligation	7,334,160	132,217	7,466,377
Total liabilities	<u>271,661,288</u>	<u>49,731,060</u>	<u>321,392,348</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	16,692,870	1,513,950	18,206,820
Total liabilities and deferred inflow of resources	<u>288,354,158</u>	<u>51,245,010</u>	<u>339,599,168</u>
Net Position			
Net investment in capital assets	349,494,836	132,378,854	481,873,690
Restricted for			
Court improvements	1,060,375	-	1,060,375
Road and street projects	5,982,252	-	5,982,252
Grants	1,500,034	-	1,500,034
Claims	836,361	-	836,361
Debt service	17,298,588	-	17,298,588
Capital projects	8,156,523	-	8,156,523
Promotion of special events	156,588	-	156,588
Public safety	598,490	-	598,490
Unrestricted	(162,908,270)	52,757,466	(110,150,804)
Total Net Position	<u>\$ 222,175,777</u>	<u>\$ 185,136,320</u>	<u>\$ 407,312,097</u>

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Governmental activities				
General government	\$ 12,531,485	\$ 13,190,273	\$ -	\$ -
Judicial	2,119,937	959,730	-	-
Public safety				
Police	22,261,585	570,557	161,736	214,360
Fire	15,701,380	64,612	423,642	-
Community services	1,526,073	337,788	-	-
Public works	6,300,571	3,246,022	-	22,790,588
Sanitation	-	89,864	-	-
Culture and recreation	9,829,803	4,495,065	5,060	10,164
Community support	1,384,932	25,000	644,452	-
Debt service				
Interest and fiscal charges	11,187,762	-	-	-
Total governmental activities	82,843,528	22,978,911	1,234,890	23,015,112
Business-type activities				
Sewer	22,442,881	21,956,804	-	5,509,920
Development Services	1,991,181	3,266,871	-	-
Total business-type activities	24,434,062	25,223,675	-	5,509,920
Total primary government	\$ 107,277,590	\$ 48,202,586	\$ 1,234,890	\$ 28,525,032
General revenues				
Ad valorem taxes				
Special assessments - taxes				
Unrestricted intergovernmental - consolidated taxes				
Dedicated sales tax - improvement districts				
Unrestricted fair share distribution, state shared				
Motor vehicle fuel taxes				
Unrestricted gaming licenses, state shared				
Room taxes				
Governmental services tax				
Unrestricted investment income				
Miscellaneous revenue				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position, Beginning of Year, as Originally Reported				
Prior Period Adjustment				
Net Position, Beginning of Year, as Restated				
Net Position, End of Year				

See Notes to Financial Statements

City of Sparks, Nevada
Statement of Activities
Year Ended June 30, 2015

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 658,788	\$ -	\$ 658,788
(1,160,207)	-	(1,160,207)
(21,314,932)	-	(21,314,932)
(15,213,126)	-	(15,213,126)
(1,188,285)	-	(1,188,285)
19,736,039	-	19,736,039
89,864	-	89,864
(5,319,514)	-	(5,319,514)
(715,480)	-	(715,480)
<u>(11,187,762)</u>	<u>-</u>	<u>(11,187,762)</u>
<u>(35,614,615)</u>	<u>-</u>	<u>(35,614,615)</u>
-	5,023,843	5,023,843
<u>-</u>	<u>1,275,690</u>	<u>1,275,690</u>
-	6,299,533	6,299,533
<u>(35,614,615)</u>	<u>6,299,533</u>	<u>(29,315,082)</u>
24,206,813	-	24,206,813
1,082,636	-	1,082,636
20,916,103	-	20,916,103
10,184,516	-	10,184,516
1,647,304	-	1,647,304
2,064,923	-	2,064,923
425,787	-	425,787
888,814	-	888,814
207,167	-	207,167
254,882	246,574	501,456
584,991	154,962	739,953
714,946	(714,946)	-
<u>63,178,882</u>	<u>(313,410)</u>	<u>62,865,472</u>
<u>27,564,267</u>	<u>5,986,123</u>	<u>33,550,390</u>
261,729,688	187,062,837	448,792,525
<u>(67,118,178)</u>	<u>(7,912,640)</u>	<u>(75,030,818)</u>
<u>194,611,510</u>	<u>179,150,197</u>	<u>373,761,707</u>
<u>\$ 222,175,777</u>	<u>\$ 185,136,320</u>	<u>\$ 407,312,097</u>

City of Sparks, Nevada
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 3,988,468	\$ 3,939,302	\$ 19,434,096	\$ 27,361,866
Accounts receivable, net	1,179,066	15,094,964	2,448,334	18,722,364
Notes receivable	-	-	1,600,000	1,600,000
Prepays	333	-	-	333
Due from other funds	242,836	-	-	242,836
Due from other governments	4,680,923	1,660,758	1,020,665	7,362,346
Restricted assets				
Cash and investments	-	9,737,831	4,177,282	13,915,113
Total assets	<u>\$ 10,091,626</u>	<u>\$ 30,432,855</u>	<u>\$ 28,680,377</u>	<u>\$ 69,204,858</u>
Liabilities				
Accounts payable	\$ 588,585	\$ -	\$ 209,152	\$ 797,737
Accrued liabilities	1,212,056	-	133,109	1,345,165
Contracts payable	13,897	-	1,058,759	1,072,656
Contract retentions payable	-	-	53,236	53,236
Refundable deposits	21,785	-	18,497	40,282
Unearned revenues	193,914	-	141,732	335,646
Due to other funds	-	-	242,836	242,836
Due to other governments	1,371,546	-	110,761	1,482,307
Total liabilities	<u>3,401,783</u>	<u>-</u>	<u>1,968,082</u>	<u>5,369,865</u>
Deferred Inflows of Resources				
Unavailable revenue – grants	-	-	1,227,467	1,227,467
Unavailable revenue – property taxes and other	243,227	-	263,474	506,701
Unavailable revenue – special assessments	-	15,094,964	-	15,094,964
Total deferred inflows of resources	<u>243,227</u>	<u>15,094,964</u>	<u>1,490,941</u>	<u>16,829,132</u>
Fund Balances				
Nonspendable:				
Prepaid items	333	-	-	333
Restricted for				
Grants and donations	-	-	125,516	125,516
Law enforcement	-	-	598,490	598,490
Promotion of special events	-	-	156,588	156,588
Various judicial uses	-	-	134,919	134,919
Municipal facilities construction	-	-	191,794	191,794
Court fee collection programs	-	-	712,210	712,210
Developer agreements	-	-	453,174	453,174
Bond proceeds defined projects	-	-	249,870	249,870
Debt service reserve	-	15,337,891	5,466,872	20,804,763
Parks and recreation	-	-	3,068,879	3,068,879
Street improvements and rehabilitation	-	-	5,123,398	5,123,398
Capital projects	-	-	1,525,076	1,525,076
Improvements to Victorian Square	-	-	2,622,451	2,622,451
Committed for				
Economic development	-	-	16,933	16,933
Parks and recreation	-	-	108,178	108,178
Road surface repairs	-	-	442,206	442,206
Economic stabilization	-	-	231,107	231,107
Assigned for				
Purchases on order	160,223	-	-	160,223
Specific capital projects	-	-	884,916	884,916
Next year's budget deficit	2,339,208	-	362,900	2,702,108
Other capital projects	-	-	2,745,877	2,745,877
Unassigned	3,946,852	-	-	3,946,852
Total fund balances	<u>6,446,616</u>	<u>15,337,891</u>	<u>25,221,354</u>	<u>47,005,861</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,091,626</u>	<u>\$ 30,432,855</u>	<u>\$ 28,680,377</u>	<u>\$ 69,204,858</u>

See Notes to Financial Statements

City of Sparks, Nevada
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
June 30, 2015

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

Total fund balances - total governmental funds		\$ 47,005,861
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	558,379,368	
Less accumulated depreciation	<u>(146,553,804)</u>	
		411,825,564
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds and note payable	(2,025,000)	
Revenue bonds payable	(115,117,114)	
Tax allocation bonds payable	(46,722,399)	
Compensated absences payable	(10,898,624)	
Net pension liability	(65,485,460)	
Net OPEB asset (obligation)	(7,257,645)	
Sick leave conversion payable	(5,164,907)	
Developer credits payable	<u>(147,001)</u>	
		(252,818,150)
Interest payable		(4,708,800)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		16,829,132
Deferred outflows and inflows of resources related to pensions and bond refundings are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	9,901,079	
Deferred outflows of resources related to bond refundings	486,604	
Deferred inflows of resources related to pensions	<u>(16,456,315)</u>	
		(6,068,632)
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.		7,970,278
Internal balances is a receivable from/(payable to) business-type activities		<u>2,140,524</u>
Net position of governmental activities		<u><u>\$ 222,175,777</u></u>

City of Sparks, Nevada

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2015

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 19,388,525	\$ 1,824,202	\$ 6,352,196	\$ 27,564,923
Licenses and permits	10,994,922	-	4,811,360	15,806,282
Intergovernmental revenues	23,482,837	10,184,516	4,451,066	38,118,419
Charges for services	2,396,355	-	2,689,064	5,085,419
Fines and forfeits	653,313	-	-	653,313
Miscellaneous	148,887	7,814	279,035	435,736
Total revenues	<u>57,064,839</u>	<u>12,016,532</u>	<u>18,582,721</u>	<u>87,664,092</u>
Expenditures				
Current				
General government	9,643,249	-	470,172	10,113,421
Judicial	1,898,372	-	199,298	2,097,670
Public safety	38,897,960	-	818,995	39,716,955
Public works	1,384,832	-	3,389,836	4,774,668
Culture and recreation	2,611,281	-	4,209,241	6,820,522
Community support	186,300	-	715,636	901,936
Total current expenditures	<u>54,621,994</u>	<u>-</u>	<u>9,803,178</u>	<u>64,425,172</u>
Capital outlay				
General government	-	-	1,187,508	1,187,508
Judicial	-	-	25,839	25,839
Public safety	-	-	458,091	458,091
Public works	-	-	1,513,221	1,513,221
Culture and recreation	-	-	1,637,357	1,637,357
Community support	-	-	260,657	260,657
Total capital outlay	<u>-</u>	<u>-</u>	<u>5,082,673</u>	<u>5,082,673</u>
Debt service				
Principal	-	11,322,000	2,475,000	13,797,000
Interest	-	9,524,948	1,683,386	11,208,334
Fiscal charges and other	-	-	62,082	62,082
Refunding bond issuance costs	-	-	149,733	149,733
Total debt service	<u>-</u>	<u>20,846,948</u>	<u>4,370,201</u>	<u>25,217,149</u>
Total expenditures	<u>54,621,994</u>	<u>20,846,948</u>	<u>19,256,052</u>	<u>94,724,994</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,442,845</u>	<u>(8,830,416)</u>	<u>(673,331)</u>	<u>(7,060,902)</u>
Other Financing Sources (Uses)				
Capital asset sales	-	-	2,150,000	2,150,000
Refunding bonds issued	-	-	7,285,000	7,285,000
Payments to refunded bond escrow agent	-	-	(7,132,187)	(7,132,187)
Transfers				
Transfers in	711,500	2,086,554	2,951,802	5,749,856
Transfers out	(1,572,000)	-	(3,536,490)	(5,108,490)
Total other financing sources (uses)	<u>(860,500)</u>	<u>2,086,554</u>	<u>1,718,125</u>	<u>2,944,179</u>
Net Change in Fund Balances	<u>1,582,345</u>	<u>(6,743,862)</u>	<u>1,044,794</u>	<u>(4,116,723)</u>
Fund Balances, Beginning of Year	<u>4,864,271</u>	<u>22,081,753</u>	<u>24,176,560</u>	<u>51,122,584</u>
Fund Balances, End of Year	<u>\$ 6,446,616</u>	<u>\$ 15,337,891</u>	<u>\$ 25,221,354</u>	<u>\$ 47,005,861</u>

See Notes to Financial Statements

City of Sparks, Nevada

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of
Activities – Governmental Funds
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds \$ (4,116,723)

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.

Expenditures for capital assets	5,082,673	
Proceeds from sale of assets	(2,150,000)	
Sale/disposition of assets	(2,037,390)	
Less current year depreciation	(6,593,749)	(5,698,466)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in unavailable revenue - grants	(27,103)	
Change in unavailable revenue - property and other taxes	52,728	
Change in unavailable revenue - special assessments	(741,566)	
Donated capital assets	22,798,314	22,082,373

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.

Refunding revenue bonds issued	(7,285,000)	
Revenue bonds refunded	7,132,187	
Amortization of bond refundings	(375,583)	
Principal payments	13,797,000	13,268,604

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.

Amortization of current year bond discounts	(348,545)	
Change in accrued interest	1,000,352	
Change in developer credits payable	107,644	
Change in long-term compensated absences payable	168,391	
Change in net OPEB obligation	(1,265,262)	
Change in sick leave conversion payable	(95,226)	(432,646)

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.

City pension contributions	9,327,112	
City pension expense	(8,457,752)	869,360

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.

		1,591,765
Change in net position of governmental activities		\$ 27,564,267

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City of Sparks, Nevada

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Real property	\$ 18,055,000	\$ 18,055,000	\$ 18,182,832	\$ 127,832
Personal property	1,045,000	1,045,000	1,205,693	160,693
	<u>19,100,000</u>	<u>19,100,000</u>	<u>19,388,525</u>	<u>288,525</u>
Licenses and permits				
Business licenses and permits				
Business licenses	3,950,000	3,950,000	4,164,433	214,433
Business license penalties	53,000	53,000	102,827	49,827
Liquor licenses	240,000	240,000	241,746	1,746
City gaming licenses	590,000	590,000	582,524	(7,476)
Telecommunication licenses	1,110,000	1,110,000	1,088,952	(21,048)
Franchise fees				
Gas	509,207	509,207	624,801	115,594
Electric	1,480,700	1,480,700	1,565,868	85,168
Water	456,612	456,612	452,058	(4,554)
Sanitation	1,091,600	1,091,600	1,151,815	60,215
Other	817,164	817,164	805,049	(12,115)
Other licenses and permits	202,100	202,100	214,849	12,749
	<u>10,500,383</u>	<u>10,500,383</u>	<u>10,994,922</u>	<u>494,539</u>
Intergovernmental revenues				
Federal and state grants	-	-	625	625
State shared revenue				
Consolidated taxes payment	19,950,000	19,950,000	20,916,103	966,103
Fair share distribution	1,450,000	1,450,000	1,535,917	85,917
Other local government shared revenues				
County gaming licenses (City's share)	450,000	450,000	425,787	(24,213)
Other	604,405	604,405	604,405	-
	<u>22,454,405</u>	<u>22,454,405</u>	<u>23,482,837</u>	<u>1,028,432</u>
Charges for services				
General government				
Building and zoning fees	37,000	37,000	3,975	(33,025)
Other	2,469,098	2,469,098	2,392,380	(76,718)
	<u>2,506,098</u>	<u>2,506,098</u>	<u>2,396,355</u>	<u>(109,743)</u>
Fines and forfeits				
Fines - Court	627,500	627,500	645,491	17,991
Forfeits - Bail	10,000	10,000	7,822	(2,178)
	<u>637,500</u>	<u>637,500</u>	<u>653,313</u>	<u>15,813</u>
Miscellaneous				
Investment income	50,000	50,000	38,487	(11,513)
Rents and royalties	65,372	65,372	66,584	1,212
Other	29,500	29,500	43,816	14,316
	<u>144,872</u>	<u>144,872</u>	<u>148,887</u>	<u>4,015</u>
Total revenues	<u>55,343,258</u>	<u>55,343,258</u>	<u>57,064,839</u>	<u>1,721,581</u>

City of Sparks, Nevada

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General government				
Executive (Mayor)				
Salaries and wages	\$ 58,677	\$ 58,677	\$ 58,915	\$ (238)
Employee benefits	44,610	44,610	44,658	(48)
Services and supplies	7,265	7,265	2,492	4,773
	<u>110,552</u>	<u>110,552</u>	<u>106,065</u>	<u>4,487</u>
Legislative (City Council)				
Salaries and wages	244,865	244,865	247,481	(2,616)
Employee benefits	148,013	148,013	152,607	(4,594)
Services and supplies	10,897	10,897	10,160	737
	<u>403,775</u>	<u>403,775</u>	<u>410,248</u>	<u>(6,473)</u>
Management services				
Salaries and wages	1,532,476	1,532,476	1,420,520	111,956
Employee benefits	1,692,170	1,692,170	1,561,721	130,449
Services and supplies	1,456,610	1,456,610	1,368,697	87,913
	<u>4,681,256</u>	<u>4,681,256</u>	<u>4,350,938</u>	<u>330,318</u>
Legal (City Attorney)				
Salaries and wages	932,624	932,624	915,826	16,798
Employee benefits	463,450	463,450	446,074	17,376
Services and supplies	117,871	117,871	81,670	36,201
	<u>1,513,945</u>	<u>1,513,945</u>	<u>1,443,570</u>	<u>70,375</u>
Finance				
Salaries and wages	1,452,761	1,472,761	1,404,542	68,219
Employee benefits	656,898	656,898	629,931	26,967
Services and supplies	567,832	547,832	556,103	(8,271)
	<u>2,677,491</u>	<u>2,677,491</u>	<u>2,590,576</u>	<u>86,915</u>
Community services				
Salaries and wages	410,334	410,334	437,885	(27,551)
Employee benefits	183,350	183,350	188,435	(5,085)
Services and supplies	163,226	163,226	115,532	47,694
	<u>756,910</u>	<u>756,910</u>	<u>741,852</u>	<u>15,058</u>
Total general government	<u>10,143,929</u>	<u>10,143,929</u>	<u>9,643,249</u>	<u>500,680</u>
Judicial				
Municipal Court				
Salaries and wages	1,084,243	1,084,243	1,088,594	(4,351)
Employee benefits	628,823	628,823	622,655	6,168
Services and supplies	194,994	194,994	187,123	7,871
Total judicial	<u>1,908,060</u>	<u>1,908,060</u>	<u>1,898,372</u>	<u>9,688</u>
Public safety				
Police department				
Salaries and wages	13,009,462	13,002,462	12,667,885	334,577
Employee benefits	7,300,921	7,300,921	6,913,130	387,791
Services and supplies	2,305,833	2,540,843	2,631,106	(90,263)
	<u>22,616,216</u>	<u>22,844,226</u>	<u>22,212,121</u>	<u>632,105</u>

City of Sparks, Nevada

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fire department				
Salaries and wages	\$ 8,588,355	\$ 8,591,255	\$ 9,048,231	\$ (456,976)
Employee benefits	4,597,138	4,597,138	4,489,096	108,042
Services and supplies	1,902,134	2,108,927	1,785,985	322,942
Capital outlay	60,348	60,348	-	60,348
	<u>15,147,975</u>	<u>15,357,668</u>	<u>15,323,312</u>	<u>34,356</u>
Community services				
Salaries and wages	59,200	59,200	58,354	846
Employee benefits	37,145	37,145	36,917	228
Services and supplies	1,228,818	1,228,818	1,267,256	(38,438)
	<u>1,325,163</u>	<u>1,325,163</u>	<u>1,362,527</u>	<u>(37,364)</u>
Total public safety	<u>39,089,354</u>	<u>39,527,057</u>	<u>38,897,960</u>	<u>629,097</u>
Public works				
Community services				
Salaries and wages	379,160	379,160	345,929	33,231
Employee benefits	194,262	194,262	177,045	17,217
Services and supplies	918,458	858,458	861,858	(3,400)
Capital outlay	30,764	30,764	-	30,764
	<u>1,522,644</u>	<u>1,462,644</u>	<u>1,384,832</u>	<u>77,812</u>
Total public works	<u>1,522,644</u>	<u>1,462,644</u>	<u>1,384,832</u>	<u>77,812</u>
Culture and recreation				
Community services				
Salaries and wages	513,745	513,745	500,843	12,902
Employee benefits	326,574	326,574	308,774	17,800
Services and supplies	1,825,509	1,885,509	1,801,664	83,845
	<u>2,665,828</u>	<u>2,725,828</u>	<u>2,611,281</u>	<u>114,547</u>
Total culture and recreation	<u>2,665,828</u>	<u>2,725,828</u>	<u>2,611,281</u>	<u>114,547</u>
Community support				
Management services				
Services and supplies	183,836	190,836	186,300	4,536
	<u>183,836</u>	<u>190,836</u>	<u>186,300</u>	<u>4,536</u>
Total expenditures	<u>55,513,651</u>	<u>55,958,354</u>	<u>54,621,994</u>	<u>1,336,360</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(170,393)</u>	<u>(615,096)</u>	<u>2,442,845</u>	<u>3,057,941</u>
Other Financing Sources (Uses)				
Contingency	(1,000,000)	(555,296)	-	555,296
Transfers				
Transfers in	1,704,000	1,704,000	711,500	(992,500)
Transfers out	(1,635,500)	(1,635,500)	(1,572,000)	63,500
	<u>(931,500)</u>	<u>(486,796)</u>	<u>(860,500)</u>	<u>(373,704)</u>
Total other financing sources (uses)	<u>(931,500)</u>	<u>(486,796)</u>	<u>(860,500)</u>	<u>(373,704)</u>
Net Change in Fund Balances	<u>(1,101,893)</u>	<u>(1,101,892)</u>	<u>1,582,345</u>	<u>2,684,237</u>
Fund Balances, Beginning of Year	<u>4,626,267</u>	<u>4,626,267</u>	<u>4,864,271</u>	<u>238,004</u>
Fund Balances, End of Year	<u>\$ 3,524,374</u>	<u>\$ 3,524,375</u>	<u>\$ 6,446,616</u>	<u>\$ 2,922,241</u>

City of Sparks, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Assets				
Unrestricted current assets				
Cash and investments	\$ 24,783,567	\$ 2,615,849	\$ 27,399,416	\$ 9,314,012
Accounts receivable	2,259,767	4,381	2,264,148	38,439
Notes receivable	495,065	-	495,065	-
Prepays	507	-	507	-
Due from other governments	697,250	-	697,250	-
Deposits	-	-	-	16,081
Inventory of supplies	-	-	-	287,752
Total unrestricted current assets	<u>28,236,156</u>	<u>2,620,230</u>	<u>30,856,386</u>	<u>9,656,284</u>
Noncurrent assets				
Capital assets				
Construction in progress	392,445	-	392,445	1,808,142
Intangible assets	2,648	-	2,648	-
Buildings	1,075,383	-	1,075,383	451,019
Site improvements	3,789,983	-	3,789,983	245,445
Machinery and equipment	444,271	93,679	537,950	22,124,552
Water rights	7,026,502	-	7,026,502	-
Roads and streets	3,524,921	-	3,524,921	-
Storm drains	102,515,970	-	102,515,970	-
Sewer lines	140,984,321	-	140,984,321	-
	259,756,444	93,679	259,850,123	24,629,158
Less accumulated depreciation	<u>94,486,710</u>	<u>93,679</u>	<u>94,580,389</u>	<u>17,262,768</u>
Capital assets, net	<u>165,269,734</u>	<u>-</u>	<u>165,269,734</u>	<u>7,366,390</u>
Other noncurrent assets				
Net OPEB asset	3,394	3,482	6,876	435
Investment in Truckee Meadows Water Reclamation Facility	35,464,252	-	35,464,252	-
Notes receivable, net	<u>6,000,891</u>	<u>-</u>	<u>6,000,891</u>	<u>-</u>
Total other noncurrent assets	<u>41,468,537</u>	<u>3,482</u>	<u>41,472,019</u>	<u>435</u>
Total noncurrent assets	<u>206,738,271</u>	<u>3,482</u>	<u>206,741,753</u>	<u>7,366,825</u>
Total assets	<u>234,974,427</u>	<u>2,623,712</u>	<u>237,598,139</u>	<u>17,023,109</u>
Deferred Outflows of Resources				
Deferred outflows related pensions	<u>688,961</u>	<u>234,754</u>	<u>923,715</u>	<u>146,322</u>
Total Assets and Deferred Outflows of Resources	<u>235,663,388</u>	<u>2,858,466</u>	<u>238,521,854</u>	<u>17,169,431</u>

City of Sparks, Nevada
Statement of Net Position – Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Liabilities				
Current liabilities (payable from current assets)				
Accounts payable	\$ 80,596	\$ 50,919	\$ 131,515	\$ 606,548
Accrued liabilities	92,861	43,433	136,294	20,436
Contracts payable	534,717	6,335	541,052	-
Contract retentions payable	26,416	-	26,416	-
Refundable deposits	-	26,500	26,500	-
Unearned revenues	155,175	-	155,175	30,261
Due to other governments	1,834,699	40,378	1,875,077	18,828
Interest payable	565,310	-	565,310	7,976
Current maturities of long-term liabilities	4,515,957	110,515	4,626,472	2,276,999
Total current liabilities	7,805,731	278,080	8,083,811	2,961,048
Long-term liabilities				
Refundable deposits (net of current portion)	-	70,000	70,000	-
Compensated absences (net of current portion)	530,846	113,564	644,410	71,976
Net OPEB obligation	76,242	55,975	132,217	31,802
Net pension obligation	4,000,390	1,362,629	5,363,019	802,327
Sick leave conversion payable (net of current portion)	241,719	31,299	273,018	26,950
Claims liabilities (net of current portion)	-	-	-	5,068,495
General obligation bonds and note (net of current portion)	35,164,585	-	35,164,585	-
Total long-term liabilities	40,013,782	1,633,467	41,647,249	6,001,550
Total liabilities	47,819,513	1,911,547	49,731,060	8,962,598
Deferred Inflows of Resources				
Deferred inflows related pensions	1,145,319	368,631	1,513,950	236,555
Total Liabilities and Deferred Inflows of Resources	48,964,832	2,280,178	51,245,010	9,199,153
Net Position				
Net investment in capital assets	132,378,854	-	132,378,854	7,194,720
Claims	-	-	-	836,361
Unrestricted	54,319,702	578,288	54,897,990	(60,803)
Total Net Position	\$ 186,698,556	\$ 578,288	187,276,844	\$ 7,970,278
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,140,524)	
Net Position of Business-Type Activities			\$ 185,136,320	

City of Sparks, Nevada
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Revenues				
Licenses and permits	\$ 228,039	\$ 1,688,755	\$ 1,916,794	\$ -
Charges for services	21,728,469	1,578,118	23,306,587	13,332,280
Miscellaneous	-	-	-	188,179
Total operating revenues	<u>21,956,508</u>	<u>3,266,873</u>	<u>25,223,381</u>	<u>13,520,459</u>
Operating Expenses				
Salaries and wages	2,261,625	786,795	3,048,420	475,544
Employee benefits	1,264,389	403,942	1,668,331	274,110
Services and supplies	9,908,155	816,874	10,725,029	10,350,462
Depreciation	6,029,968	-	6,029,968	1,061,181
Net loss from Truckee Meadows Water Reclamation Facility	<u>1,982,905</u>	<u>-</u>	<u>1,982,905</u>	<u>-</u>
Total operating expenses	<u>21,447,042</u>	<u>2,007,611</u>	<u>23,454,653</u>	<u>12,161,297</u>
Operating Income	<u>509,466</u>	<u>1,259,262</u>	<u>1,768,728</u>	<u>1,359,162</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	231,925	14,649	246,574	78,709
Interest expense	(1,163,666)	-	(1,163,666)	(43,837)
Miscellaneous	150,019	5,237	155,256	8,108
Gain (loss) on disposition of assets	<u>(21,888)</u>	<u>-</u>	<u>(21,888)</u>	<u>282,411</u>
Total nonoperating revenues (expenses)	<u>(803,610)</u>	<u>19,886</u>	<u>(783,724)</u>	<u>325,391</u>
Income (Loss) Before Capital Contributions and transfers	<u>(294,144)</u>	<u>1,279,148</u>	<u>985,004</u>	<u>1,684,553</u>
Capital Contributions				
Contributions from other governments	1	-	1	-
Sewer connection fees	3,761,171	-	3,761,171	-
Sewer lines and storm drains	1,748,748	-	1,748,748	-
Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,777</u>
Total capital contributions	<u>5,509,920</u>	<u>-</u>	<u>5,509,920</u>	<u>39,777</u>
Transfers				
Transfers in	89,987	-	89,987	401,320
Transfers out	<u>(77,488)</u>	<u>(727,445)</u>	<u>(804,933)</u>	<u>(327,740)</u>
Total transfers	<u>12,499</u>	<u>(727,445)</u>	<u>(714,946)</u>	<u>73,580</u>
Change in Net Position	<u>5,228,275</u>	<u>551,703</u>	<u>5,779,978</u>	<u>1,797,910</u>
Net Position, Beginning of Year	187,853,977	1,555,529		7,081,421
Prior period adjustment	<u>(6,383,696)</u>	<u>(1,528,944)</u>		<u>(909,053)</u>
Net Assets, Beginning of Year, as Restated	<u>181,470,281</u>	<u>26,585</u>		<u>6,172,368</u>
Net Position, End of Year	<u>\$ 186,698,556</u>	<u>\$ 578,288</u>		<u>\$ 7,970,278</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>206,145</u>	
Change in net position of business-type activities			<u>\$ 5,986,123</u>	

City of Sparks, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Activities				
Cash received from customers and users	\$ 24,613,506	\$ 3,258,616	\$ 27,872,122	\$ 2,647,883
Cash received from interfund services provided	-	-	-	10,944,676
Cash received from reimbursements of insurance claims	-	-	-	158,577
Cash paid to employees	(3,946,689)	(1,373,381)	(5,320,070)	(828,248)
Cash paid to suppliers	(10,373,666)	(767,062)	(11,140,728)	(13,772,020)
Cash paid to Truckee Meadows Water Reclamation Facility	(6,633,385)	-	(6,633,385)	-
Miscellaneous cash receipts	150,019	5,237	155,256	3,362
Net Cash from (used for) Operating Activities	3,809,785	1,123,410	4,933,195	(845,770)
Noncapital Financing Activities				
Transfers in	89,987	-	89,987	327,740
Transfers out	(77,488)	(727,445)	(804,933)	(327,740)
Net Cash from (used for) Noncapital Financing Activities	12,499	(727,445)	(714,946)	-
Capital and Related Financing Activities				
Bond and capital lease obligation principal payments	(4,275,992)	-	(4,275,992)	(573,205)
Bond and capital lease interest expense paid	(1,229,249)	-	(1,229,249)	(35,861)
Proceeds from sale of capital assets	-	-	-	346,652
Acquisition of capital assets	(8,251,639)	-	(8,251,639)	(944,986)
Cash contributions - sewer connection fees	3,736,719	-	3,736,719	-
Net Cash used for Capital and Related Financing Activities	(10,020,161)	-	(10,020,161)	(1,207,400)
Investing Activities				
Investment income (loss)	231,925	14,649	246,574	78,709
Principal received on notes receivable	495,093	-	495,093	-
Net Cash from Investing Activities	727,018	14,649	741,667	78,709
Net Change in Cash and Cash Equivalents	(5,470,859)	410,614	(5,060,245)	(1,974,461)
Cash and Cash Equivalents, Beginning of Year	30,254,426	2,205,235	32,459,661	11,288,473
Cash and Cash Equivalents, End of Year	\$ 24,783,567	\$ 2,615,849	\$ 27,399,416	\$ 9,314,012

City of Sparks, Nevada
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash from (used for) operating activities:				
Operating income (loss)	\$ 509,466	\$ 1,259,262	\$ 1,768,728	\$ 1,359,162
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:				
Depreciation	6,029,968	-	6,029,968	1,061,181
Miscellaneous cash receipts	150,019	5,237	155,256	8,108
Pension expense	588,639	189,459	778,098	121,578
Pension contributions	(649,015)	(221,897)	(870,912)	(138,071)
Changes in				
Accounts receivable	404,222	2,427	406,649	224,464
Prepays	(507)	-	(507)	-
Due from other governments	2,256,348	-	2,256,348	1,443
Inventory of supplies	-	-	-	(49,489)
Net OPEB asset	(3,394)	(3,482)	(6,876)	-
Investment in Truckee Meadows Water Reclamation Facility	(4,650,480)	-	(4,650,480)	-
Accounts payable	(204,013)	40,768	(163,245)	435,486
Accrued liabilities	7,862	9,992	17,854	(1,132)
Compensated absences	(94,506)	5,693	(88,813)	(11,758)
Contracts payable	-	-	-	(13,429)
Net OPEB obligation	(310,125)	(163,834)	(473,959)	(50,778)
Sick leave conversion payable	39,864	1,425	41,289	-
Unearned revenue	(3,572)	-	(3,572)	4,528
Refundable deposits	-	(10,684)	(10,684)	-
Due to other governments	(260,991)	9,044	(251,947)	(1,044)
Claims liabilities	-	-	-	(3,796,019)
Total adjustments	3,300,319	(135,852)	3,164,467	(2,204,932)
Net Cash from Operating Activities	\$ 3,809,785	\$ 1,123,410	\$ 4,933,195	\$ (845,770)
Noncash investing and capital and related financing activities:				
Contributions of capital assets from other funds	\$ -	\$ -	\$ -	\$ 113,357
Contributions of capital assets from developers	\$ 1,748,748	\$ -	\$ 1,748,748	\$ -
Book value of capital asset disposals	\$ 21,888	\$ -	\$ 21,888	\$ 64,246

City of Sparks, Nevada
Statement of Fiduciary Net Position
June 30, 2015

Assets	<u>Agency</u>
Cash and investments	<u>\$ 3,945,753</u>
Liabilities	
Accounts payable	\$ 148,973
Group insurance premium payable	578,025
Due to special assessment bond holders	29,706
Due to other governments	<u>3,189,049</u>
Total liabilities	<u>\$ 3,945,753</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services taxes, real property transfer taxes, liquor taxes), room taxes, gaming taxes, gasoline taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The fiduciary fund financial statements use the accrual method of accounting and are custodial in nature; therefore, no results of operations are presented and there is no measurement focus.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used and other charges between the City's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The City reports the following major governmental funds:

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

The *General Obligation Debt Service Fund* accumulates monies for the payment of the City's general obligation bonds and notes, revenue bonds and tax allocation bonds and notes, excluding those bonds and notes of the Redevelopment Agencies.

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

Internal service funds account for motor vehicle maintenance, group insurance, workers' compensation insurance and municipal insurance services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

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

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City Financial Services Director. Investments consist primarily of money market mutual funds, negotiable certificates of deposits, corporate notes and obligations of agencies of the United States. Investments are reported at fair value determined by quoted market prices, and changes in fair value are included in investment income (loss). Interest income earned is distributed to the appropriate funds based on each fund's equity in the investment. Pursuant to Section 1 of NRS 355 and NRS 355.170, the City of Sparks may only invest in the following types of securities:

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States (U.S.) and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- U.S. bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Bills and notes of the U.S. Treasury, maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the U.S. or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.

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

Cash Equivalents

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

Receivables and Payables

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

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years prior to 2013-14 have been written off. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

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

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

Inventories and Prepaids

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 estimated fair value at the date of donation, with the exception of road infrastructure donations constructed by the Regional Transportation Commission which are recorded at year end as either construction in progress for uncompleted projects or in their respective categories for completed projects.

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

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

Long-Term Liabilities

Government-wide and proprietary fund type fund financial statements

Long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund statements.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period. For current and advance refundings resulting in a defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred outflow or inflow of resources and amortized as a component of interest expense using the straight-line method.

Governmental fund type financial statements

A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured, as a result of employee resignations, terminations and retirements. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reflects deferred outflow of resources in the Statement of Net Position for items related to pensions and the deferred amount on bond refundings. The City recognizes deferred outflows of resources related to pensions in the Statement of Net Position under the accrual basis of accounting.

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

Pensions

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

Equity Classifications

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

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

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

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

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

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

Comparative Data

Comparative data shown for the prior year has been extracted from the 2013-2014 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 2013-2014. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of July 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the Public Employees' Retirement System of the State of Nevada (PERS) which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 17 and the additional disclosures required by these standards are included in Note 11.

Impact of Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses reporting by OPEB plans that administer benefits on behalf of governments and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

The new OPEB standards parallel the pension standards issued in 2012—GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Together, the pension and OPEB standards provide consistent and comprehensive guidance for all postemployment benefits. The provisions in Statement 74 are effective for financial statements for fiscal years beginning after June 15, 2016. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

The City of Sparks adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada, in which annual budgets are legally adopted for all funds except Agency funds. The Act and City policy include the following procedures to establish the budgetary data, which is reflected in these financial statements:

- On or before April 15, the Financial Services Director submits to the City Council a tentative budget for the fiscal year commencing the following July 1.
- A public hearing on the tentative budget is held on the third Tuesday in May to obtain taxpayer comments. Beginning with the fiscal year 2017 budget, the Nevada Legislature changed this requirement so that the public hearing on the tentative budget may be held anytime between the third Tuesday in May and the end of May.

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

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

Excess of Expenditure over Appropriations

Actual operating and non-operating expenses, exceeded total appropriations of the Group Insurance Self-Insurance Internal Service Fund, and the Municipal Self-Insurance Fund by \$841,524 and \$288,509, respectively. While these would appear to be an apparent violation of NRS, the over-expenditures occurred as a result of purchase of coverage and professional services directly related to a program of insurance. Such payments are specifically excluded from the over-expenditure provisions of NRS 354.626.

Compliance with Nevada Revised Statutes and Administrative Code

The City conformed to all significant statutory constraints in its financial administration during the year.

Deficit Fund Equity

The Community Development Entitlement Grant Special Revenue Fund has a deficit fund balance of \$12,076 at June 30, 2015. The Workers' Compensation Insurance Internal Service Fund and the Group Insurance Self-Insurance Internal Service Fund have deficit net position of \$1,025,862 and \$447,299, respectively, at June 30, 2015.

Note 3 - Cash and Investments

Deposits

At June 30, 2015, the City's carrying amount of deposits was \$2,886,322 and the bank balance was \$3,764,460. 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 \$878,138.

Investments

At June 30, 2015, 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	\$ 34,065,050	\$ 3,002,730	\$ 31,062,320	\$ -
Corporate notes	7,000,940	2,003,470	4,997,470	-
U.S. treasuries	1,000,310	1,000,310	-	-
Negotiable certificates of deposit	3,185,000	490,000	2,695,000	-
Money market mutual funds	33,798,536	33,798,536	-	-
	<u>\$ 79,049,836</u>	<u>\$ 40,295,046</u>	<u>\$ 38,754,790</u>	<u>\$ -</u>

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

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. The City follows State statute for reducing exposure to investment credit risk by investing in U.S. Treasury and U.S. Agency securities, AAA rated money market mutual funds that invest in securities issued by the U.S. Government, agencies of the U.S. Government or agencies of the U.S. Government, and corporate notes if they are A rated notes issued by corporations organized and operating in the United States that mature within five years and do not exceed 20 percent of the total portfolio or exceed any one corporation by 25 percent of such investments. The City's investments in U.S. Agency securities are rated no lower than A- by Standard and Poor's and A1 by Moody's Investor Services. The City's investments in corporate notes are rated no lower than A- by Standard and Poor's and A1 by Moody's Investor Services.

Custodial Credit Risk – Deposits – the risk that in the event of a bank failure, the City's deposits may not be returned. Some of the City's bank deposits are covered by FDIC insurance and collateralized by the Office of the State Treasurer/ Nevada Collateral Pool. As of June 30, 2015, the City reported \$479,222 of uncollateralized deposits.

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, 2015, the following investments in a single issuer exceeded 5% of the City’s total investments:

U.S. Agency security – Federal National Mortgage Association	10.16%
U.S. Agency security – Federal Home Loan Mortgage Corporation	19.03%
U.S. Agency security – Federal Farm Credit Bank	12.63%

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.

Summary of Deposit and Investment Balances

A reconciliation of the City’s deposits and investment balances as of June 30, 2015 follows:

Deposits	\$ 2,886,322
Investments	<u>79,049,836</u>
	<u><u>\$ 81,936,158</u></u>
 Governmental activities	
Cash and investments	\$ 36,675,876
Cash and investments – restricted	13,915,113
Business-type activities	
Cash and investments	27,399,416
Fiduciary Funds	<u>3,945,753</u>
	<u><u>\$ 81,936,158</u></u>

Note 4 - Accounts Receivable and Notes Receivable

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable						
Miscellaneous	\$ 1,179,066	\$ -	\$ 1,220,867	\$ 2,399,933	\$ 38,439	\$ 2,438,372
Special Assessments	-	15,094,964	-	15,094,964	-	15,094,964
Housing	-	-	-	-	-	-
Rehabilitation loans			1,313,977	1,313,977	-	1,313,977
	<u>1,179,066</u>	<u>15,094,964</u>	<u>2,534,844</u>	<u>18,808,874</u>	<u>38,439</u>	<u>18,847,313</u>
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>86,510</u>	<u>86,510</u>	<u>-</u>	<u>86,510</u>
Accounts receivable, net	<u>\$ 1,179,066</u>	<u>\$ 15,094,964</u>	<u>\$ 2,448,334</u>	<u>\$ 18,722,364</u>	<u>\$ 38,439</u>	<u>\$ 18,760,803</u>

Accounts receivable not expected to be collected within one year are \$14,294,813 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,313,977 less the allowance of \$86,510 reported in the Community Development Block Grant Special Revenue Fund.

Notes receivable for governmental activities consists of \$1,600,000 in the Redevelopment Agency Area No. 2 Revolving capital projects fund related to sale of land in the redevelopment agency area. The current portion of this note is \$300,000. Interest at 4% is payable monthly, with semi-annual principal payments of \$150,000 and any unpaid principal due December 17, 2017.

	Sewer Operations Fund	Development Services	Total Business-Type Activities
Accounts Receivable			
Effluent charges	\$ 2,259,767	\$ -	\$ 2,259,767
Miscellaneous	-	4,381	4,381
	<u>\$ 2,259,767</u>	<u>\$ 4,381</u>	<u>\$ 2,264,148</u>
Notes Receivable			
Effluent connection fees	\$ 1,207,211		\$ 1,207,211
Sun Valley GID	<u>5,288,745</u>		<u>5,288,745</u>
Notes Receivable, Net	<u>\$ 6,495,956</u>		<u>\$ 6,495,956</u>

The current portion of notes receivable was \$495,065 as of June 30, 2015. These notes receivable include Sun Valley GID notes with interest rates ranging from 2.66% to 2.78%, principal and interest payable semi-annually through January 2024 and January 2027. Also included are effluent connection fees, which generally include a 4% interest rate and various maturity dates depending on the customer.

Note 5 - Interfund Balances and Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2015 is as follows:

Due From	Due To General Fund
Nonmajor Governmental	\$ 242,836

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, 2015 are as follows:

Transfers Out	Transfers In						Total
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Internal Service	
General	\$ -	\$ -	\$ 1,572,000	\$ 1,572,000	\$ -	\$ -	\$ 1,572,000
Nonmajor Governmental	7,500	2,059,201	1,379,802	3,446,503	89,987	-	3,536,490
Total governmental	7,500	2,059,201	2,951,802	5,018,503	89,987	-	5,108,490
Sewer	-	3,908	-	3,908	-	73,580	77,488
Nonmajor Enterprise	704,000	23,445	-	727,445	-	-	727,445
Total Business-Type	704,000	27,353	-	731,353	-	73,580	804,933
Internal Service	-	-	-	-	-	327,740	327,740
Total	\$ 711,500	\$ 2,086,554	\$ 2,951,802	\$ 5,749,856	\$ 89,987	\$ 401,320	\$ 6,241,163

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

Note 6 - Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF). The approximate ownership percentages of the cities of Reno and Sparks are 71% and 29%, respectively.

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2015, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$1,982,905.

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, 2015, is \$35,464,252.

Summary June 30, 2015 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 5,064,581
Capital assets, net of accumulated depreciation	126,550,814
Other noncurrent assets	<u>33,676</u>
Total assets	<u>131,649,071</u>
Deferred outflows related to pensions	<u>982,674</u>
Total assets and deferred outflows of resources	<u>132,631,745</u>
Liabilities	
Current liabilities	1,704,883
Noncurrent liabilities	<u>6,057,285</u>
Total liabilities	<u>7,762,168</u>
Deferred inflows related to pensions	<u>1,506,064</u>
Total liabilities and deferred inflows of resources	<u>9,268,232</u>
Net Position	
Net investment in capital assets	126,550,814
Unrestricted	<u>(3,187,301)</u>
Total net position	<u>\$ 123,363,513</u>
Operating revenues	\$ 20,220,948
Operating expenses before depreciation	(20,080,142)
Depreciation	(6,260,410)
Nonoperating revenues (expenses)	(110,957)
Capital contributions	<u>21,145,635</u>
Change in net position	<u>\$ 14,915,074</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2015 totaled approximately \$22 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2015, the City of Sparks has recorded \$7,057,710 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

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

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2015, 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, 2015, 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, 2015, 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, 2015 was as follows:

Governmental Activities

	Balance July 1, 2014	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2015
Capital assets, not being depreciated					
Land	\$ 37,283,795	\$ 1,285,440	\$ (2,243,957)	\$ -	\$ 36,325,278
Construction in progress	91,732,730	20,605,388	(1,856,877)	(2,182,780)	108,298,461
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	64,965	-	-	-	64,965
Total capital assets, not being depreciated	132,310,855	21,890,828	(4,100,834)	(2,182,780)	147,918,069
Capital assets, being depreciated					
Intangible assets	557,381	3,300	-	127,848	688,529
Buildings	38,123,862	316,504	-	19,093	38,459,459
Improvements other than buildings	91,111,372	2,158,016	(301,970)	1,196,427	94,163,845
Machinery and equipment	27,822,275	1,016,145	(828,850)	376,597	28,386,167
Infrastructure	269,309,076	3,620,566	-	462,815	273,392,457
Total capital assets, being depreciated	426,923,966	7,114,531	(1,130,820)	2,182,780	435,090,457
Less accumulated depreciation for					
Intangible assets	(132,335)	(66,226)	-	-	(198,561)
Buildings	(19,971,782)	(1,014,831)	-	-	(20,986,613)
Improvements other than buildings	(47,499,287)	(4,000,422)	155,921	-	(51,343,788)
Machinery and equipment	(19,273,169)	(1,614,297)	758,071	-	(20,129,395)
Infrastructure	(70,199,061)	(959,154)	-	-	(71,158,215)
Total accumulated depreciation	(157,075,634)	(7,654,930)	913,992	-	(163,816,572)
Total capital assets, being depreciated, net	269,848,332	(540,399)	(216,828)	2,182,780	271,273,885
Governmental activities capital assets, net	\$ 402,159,187	\$ 21,350,429	\$ (4,317,662)	\$ -	\$ 419,191,954

City of Sparks, Nevada
Notes to Financial Statements
June 30, 2015

Business-type Activities

	Balance July 1, 2014	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2015
Capital assets, not being depreciated					
Construction in progress	\$ 10,681,428	\$ 346,546	\$ (21,888)	\$ (10,613,641)	\$ 392,445
Water rights	7,026,502	-	-	-	7,026,502
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	17,710,578	346,546	(21,888)	(10,613,641)	7,421,595
Capital assets, being depreciated					
Buildings	1,075,383	-	-	-	1,075,383
Improvements other than buildings	3,795,608	-	(5,625)	-	3,789,983
Machinery and equipment	623,622	-	(85,672)	-	537,950
Roads and streets	2,084,550	1,440,371	-	-	3,524,921
Storm drains	86,006,732	6,008,841	-	10,500,397	102,515,970
Sewer lines	139,997,906	873,171	-	113,244	140,984,321
Total capital assets, being depreciated	233,583,801	8,322,383	(91,297)	10,613,641	252,428,528
Less accumulated depreciation for					
Buildings	(332,510)	(31,690)	-	-	(364,200)
Improvements other than buildings	(2,754,909)	(76,083)	5,625	-	(2,825,367)
Machinery and equipment	(554,904)	(22,760)	85,672	-	(491,992)
Roads and streets	(249,533)	(166,324)	-	-	(415,857)
Storm drains	(30,608,912)	(2,373,746)	-	-	(32,982,658)
Sewer lines	(54,140,955)	(3,359,360)	-	-	(57,500,315)
Total accumulated depreciation	(88,641,723)	(6,029,963)	91,297	-	(94,580,389)
Total capital assets, being depreciated, net	144,942,078	2,292,420	-	10,613,641	157,848,139
Business-type activities capital assets, net	\$ 162,652,656	\$ 2,638,966	\$ (21,888)	\$ -	\$ 165,269,734

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

Governmental Activities	
General government	\$ 263,733
Judicial	58,099
Public safety	876,672
Public works	1,838,296
Culture and recreation	2,781,837
Community support	775,112
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,061,181</u>
Total depreciation expenses - governmental activities	<u><u>\$ 7,654,930</u></u>
Business-type Activities	
Sewer	<u>\$ 6,029,968</u>
Total depreciation expenses - business-type activities	<u><u>\$ 6,029,968</u></u>

Note 8 - Leases

Operating Lease

The City has a non-cancelable operating lease for an office building with total costs for this lease of \$42,476 for the year ended June 30, 2015. The future minimum lease payments for the operating lease expiring June 30, 2018 are as follows based upon the amended lease agreement:

<u>Fiscal Year Ending June 30,</u>	
2016	\$ 43,754
2017	45,068
2018	<u>38,490</u>
	<u><u>\$ 127,312</u></u>

Capital Leases

The City has several capital leases for fire trucks and related equipment and for computers and related equipment. The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 4,384,709
Less accumulated depreciation	<u>(4,165,474)</u>
	<u><u>\$ 219,235</u></u>

Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities

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

	Issue Date	Interest Rate	Final Maturity Date
Governmental Activities			
General Obligation Bonds and Notes Payable			
Supported by ad valorem taxes			
2007 Various Purpose Refunding Bonds Series A	3/29/2007	3.78%	3/1/2017
2007 Various Purpose Refunding Bonds Series B	3/29/2007	5.65%	3/1/2017
Revenue Bonds Payable			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Refunding Revenue Bonds, Series 2011	5/12/2011	3.05%	5/1/2018
Consolidated Tax Refunding Revenue Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Less deferred amounts for issuance discounts			
Tax Allocation Bonds and Notes Payable			
Supported by Special Assessments within the LID 3			
2008 Limited Obligation Improvement Bonds	7/2/2008	6.5-6.75%	9/1/2027
Supported by incremental property tax revenues			
2008 Tax Increment Obligation Bonds (Redevelopment Agency)	7/21/2008	6.4-6.7%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2009 Subordinate Lien Tax Increment Revenue Bonds			
(Redevelopment Agency)	11/24/2009	5.0-7.75%	6/1/2029
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			
Capital Lease Obligations			
DaimlerChrysler Services North America, LLC - Fire Equipment III	7/28/2006	5.31%	8/18/2015
DaimlerChrysler Services North America, LLC - Fire Equipment	1/1/2005	4.41%	8/18/2014
Developer Credits Payable			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Claims Liabilities			

Total governmental activities

For governmental activities, compensated absences and sick leave conversion payables are liquidated by those funds with salaries and related benefits; resulting in the majority of these obligations being liquidated by the General Fund. Claims liabilities are liquidated by the respective Internal Service Fund to which the claim relates (see Note 14).

City of Sparks, Nevada
Notes to Financial Statements
June 30, 2015

Authorized	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due in 2015-2016
\$ 7,090,000	\$ 2,415,000	\$ -	\$ 775,000	\$ 1,640,000	\$ 805,000
1,315,000	560,000	-	175,000	385,000	185,000
<u>8,405,000</u>	<u>2,975,000</u>	<u>-</u>	<u>950,000</u>	<u>2,025,000</u>	<u>990,000</u>
83,290,000	77,340,000	-	2,105,000	75,235,000	2,420,000
36,600,000	32,716,045	-	-	32,716,045	10,036,610
4,180,000	2,860,000	-	685,000	2,175,000	705,000
7,330,000	7,330,000	-	17,000	7,313,000	23,000
<u>131,400,000</u>	<u>120,246,045</u>	<u>-</u>	<u>2,807,000</u>	<u>117,439,045</u>	<u>13,184,610</u>
-	2,515,425	-	193,494	2,321,931	-
<u>131,400,000</u>	<u>117,730,620</u>	<u>-</u>	<u>2,613,506</u>	<u>115,117,114</u>	<u>13,184,610</u>
26,120,000	22,585,000	-	7,565,000	15,020,000	765,000
12,700,000	10,965,000	-	505,000	10,460,000	535,000
7,230,000	6,270,000	-	6,270,000	-	-
22,165,000	16,345,000	-	1,520,000	14,825,000	1,580,000
7,285,000	-	7,285,000	450,000	6,835,000	380,000
<u>75,500,000</u>	<u>56,165,000</u>	<u>7,285,000</u>	<u>16,310,000</u>	<u>47,140,000</u>	<u>3,260,000</u>
-	572,652	-	155,051	417,601	-
<u>75,500,000</u>	<u>55,592,348</u>	<u>7,285,000</u>	<u>16,154,949</u>	<u>46,722,399</u>	<u>3,260,000</u>
1,263,900	334,684	-	163,014	171,670	171,670
3,046,040	410,191	-	410,191	-	-
<u>4,309,940</u>	<u>744,875</u>	<u>-</u>	<u>573,205</u>	<u>171,670</u>	<u>171,670</u>
-	254,645	-	107,644	147,001	120,000
-	11,208,368	2,764,117	2,944,266	11,028,219	3,832,207
-	5,096,632	731,933	636,708	5,191,857	773,009
-	10,912,224	6,910,637	10,706,656	7,116,205	2,047,708
<u>219,614,940</u>	<u>204,514,712</u>	<u>17,691,687</u>	<u>34,686,934</u>	<u>187,519,465</u>	<u>24,379,204</u>

City of Sparks, Nevada
Notes to Financial Statements
June 30, 2015

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Business-Type Activities			
Sewer Utility General Obligation Bonds and Note Payable			
Supported by Sewer Fund revenues			
1995A Sewer Bonds	9/1/1995	3.83%	7/1/2015
1996 Sewer Bonds	5/15/1996	3.66%	7/1/2016
1999 Sewer Bonds	10/11/1999	3.71%	1/1/2020
2001 Sewer Bonds	9/10/2001	3.14%	7/1/2021
2002 Sewer Bonds	6/27/2002	3.21%	1/1/2022
2003 Sewer Bonds	11/14/2003	3.05%	1/1/2024
2005 Sewer Bonds	4/1/2005	2.88%	1/1/2025
2005B Sewer Bonds	9/28/2005	2.66%	7/1/2025
2006 Sewer Bonds	9/9/2006	2.69%	1/1/2026
2009 Sewer Bonds	8/27/2009	2.78%	7/1/2029
2009A Sewer Bonds	8/27/2009	2.78%	7/1/2029
 Note Payable to City of Reno - TMWRF Expansion	 4/9/2004	 2.76%	 1/1/2024
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total business-type activities			
 Total long-term liabilities			

City of Sparks, Nevada
Notes to Financial Statements
June 30, 2015

Authorized	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due in 2015-2016
\$ 4,700,000	\$ 535,322	\$ -	\$ 353,491	\$ 181,831	\$ 181,830
6,814,488	1,232,325	-	479,553	752,772	497,280
3,070,670	1,281,033	-	194,375	1,086,658	201,654
7,038,807	3,566,659	-	428,836	3,137,823	442,396
3,082,361	1,412,469	-	157,504	1,254,965	162,603
8,243,494	5,121,505	-	472,416	4,649,089	486,935
4,091,227	2,687,806	-	210,916	2,476,890	217,037
5,160,261	3,572,546	-	269,385	3,303,161	276,598
13,385,605	10,175,733	-	695,009	9,480,724	713,813
4,772,645	4,154,087	-	217,814	3,936,273	223,901
2,509,299	2,184,082	-	114,520	2,069,562	117,720
<u>62,868,857</u>	<u>35,923,567</u>	<u>-</u>	<u>3,593,819</u>	<u>32,329,748</u>	<u>3,521,767</u>
12,027,038	7,739,883	-	682,173	7,057,710	701,105
-	1,107,133	245,754	365,867	987,020	342,611
-	261,419	120,642	48,054	334,007	60,989
<u>74,895,895</u>	<u>45,032,002</u>	<u>366,396</u>	<u>4,689,913</u>	<u>40,708,485</u>	<u>4,626,472</u>
<u>\$ 294,510,835</u>	<u>\$ 249,546,714</u>	<u>\$ 18,058,083</u>	<u>\$ 39,376,847</u>	<u>\$ 228,227,950</u>	<u>\$ 29,005,676</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds, notes, and capital lease obligations outstanding at June 30, 2015 are as follows:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 990,000	\$ 83,725	\$ 13,184,610	\$ 10,813,904	\$ 3,260,000	\$ 2,599,138
2017	1,035,000	42,853	5,108,779	6,468,486	3,405,000	2,438,002
2018	-	-	5,541,586	6,172,820	3,575,000	2,264,713
2019	-	-	6,025,758	5,855,855	3,760,000	2,078,197
2020	-	-	6,523,334	5,503,199	3,960,000	1,876,821
2021-2025	-	-	41,504,386	20,926,123	18,695,000	5,891,075
2026-2030	-	-	39,550,592	5,762,445	10,485,000	1,163,500
Total	<u>\$ 2,025,000</u>	<u>\$ 126,578</u>	<u>\$ 117,439,045</u>	<u>\$ 61,502,832</u>	<u>\$ 47,140,000</u>	<u>\$ 18,311,446</u>

*Full accrual basis of accounting

Governmental Activities		Business-Type Activities*			
Capital Leases		General Obligation Bonds		Note Payable	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 171,670	\$ 9,116	\$ 3,521,767	\$ 852,888	\$ 701,105	\$ 180,068
-	-	3,182,483	753,347	720,562	160,343
-	-	3,013,849	665,197	740,560	140,070
-	-	3,103,310	574,405	761,112	119,234
-	-	3,195,453	480,891	782,235	97,820
-	-	12,599,737	1,215,782	3,352,136	165,007
-	-	3,713,149	139,813	-	-
<u>\$ 171,670</u>	<u>\$ 9,116</u>	<u>\$ 32,329,748</u>	<u>\$ 4,682,323</u>	<u>\$ 7,057,710</u>	<u>\$ 862,542</u>

Compliance

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2015. In addition, there are a number of limitations and restrictions contained in the various bond indentures, with which the City was in compliance at June 30, 2015.

Marina Special Assessment District 2 Debt (No City Commitment)

During fiscal year 2002, the Marina Special Assessment District 2 issued \$10,600,000 in special assessment debt to which the City is not obligated in any manner to repay. The City functions as an agent for the property owners in the Marina Special Assessment District 2 by collecting assessments, forwarding collections to special assessment debt-holders and, if appropriate, beginning foreclosures on delinquent property owners. During fiscal year 2005, the special assessment debt was refunded through the issuance of \$7,942,172 in special assessment debt to which the City is not obligated in any manner to repay. As such, the refunding special assessment bonds are not included in the City's financial statements. In 2015, sufficient collections were received to pay in full all outstanding principal and interest. Excess collections were approved by City Council to be apportioned and refunded to owners in accordance with NRS 271.429.

Advanced Refundings

In August 2014, the Redevelopment Agency issued \$7,285,000 of Subordinated Lien Tax Increment Revenue Refunding Bonds, Series 2014 (2014 Bonds) to refund the existing Subordinate Lien Tax Increment Revenue Bonds, Series 2009 (2009 Bonds). The proceeds of the 2014 Bonds were deposited with an escrow agent and restricted to provide funds for the future debt service payment on the refunded bonds. As a result, the 2009 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$862,187. The unamortized balance is being amortized as a component of interest expense over the remaining life of the defeased debt. The 2014 Bonds were issued at a reduced interest rate and will reduce total debt service over the next 15 years by \$1,507,992 and resulted in an economic gain of \$1,200,905. As of June 30, 2015, \$2,140,000 of the defeased bonds remain outstanding and the balance of amounts held by the escrow agent that will be used to make future debt service payments is \$2,476,540.

Pledged Revenues

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

Governmental Activities

The City has pledged 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011, and the Consolidated Tax Revenue Refunding Bonds, Series 2014, issued during fiscal year ended June 30, 2014. The total principal and interest remaining to be paid on the bonds is \$11,323,712, payable through fiscal year 2026. For the current year, principal and interest paid for the bonds totaled \$1,016,069 and pledged revenues totaled \$3,137,415.

The City has pledged 75% (less a State collection fee) of the State Sales Tax, Local School Support Tax, City/County Relief Tax, and Reciprocal Use Taxes that are collected in the Tourism Improvement District, for the repayment of the Senior Sales Tax Anticipation Revenue Bonds, Series A, and the Subordinate Sales Tax Anticipation Revenue Bonds, Series A, sold during fiscal year ended June 30, 2009. Proceeds from the bonds were used to acquire, improve, and equip certain real and personal property at the Legends at Sparks Marina. The total principal and interest remaining to be paid on the bonds is \$167,618,165, payable through fiscal year 2028.

The bonds are secured and payable solely from the pledged revenues and the City has no obligation to pay the debt from any other source. For the current year, principal and interest due on the bonds totaled \$21,998,506, and pledged revenues totaled \$10,184,516 resulting in delinquent pledged revenues of \$11,813,990 at June 30, 2015.

The City has pledged revenues comprised of the incremental property tax revenues, governmental services tax revenues, and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 1. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2010 Tax Increment Refunding Revenue Bonds, issued during the fiscal year ended June 30, 2010. The bond is a limited obligation of the Redevelopment Agency and the Redevelopment Agency is not obligated to pay for them except from pledged revenues. Proceeds from the bonds were used to refund all of the Redevelopment Agency's Tax Allocation Refunding Revenue Bonds, Series 2000A. The total principal and interest remaining to be paid on the bond is \$18,315,005, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,290,681 and pledged revenues totaled \$2,473,779.

The City has pledged revenues comprised of the incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2008 Tax Increment Obligations Bonds, issued during the fiscal year ended June 30, 2009 (2008 Bonds), the 2009 Subordinate Lien Tax Increment Revenue Bonds, issued during fiscal year ended June 30, 2010 (2009 Bonds) and refunded during fiscal year 2015, and the 2014 Tax Allocation Refunding Bonds, issued during fiscal year ended June 30, 2015 (2014 Bonds). The bonds are special, limited obligation of the Redevelopment Agency are payable solely from the pledged revenues described above. Proceeds from the 2008 and 2009 Bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. Proceeds from the 2014 Bonds were used to extinguish the principal owed on the 2009 Bonds. The total principal and interest remaining to be paid on the bonds is \$24,658,789, payable through fiscal year 2029. For the current year, total principal and interest paid for the three bonds totaled \$8,999,892, of which, \$7,132,187 related to the refunding of the 2009 Bonds, and pledged revenues totaled \$2,582,082.

Business-type Activities

The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay sewer utility general obligation bonds issued between fiscal years 1996 and 2010. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through fiscal year 2030. The total principal and interest payable on the bonds is \$37,012,071. For the current year, principal and interest paid for the bonds totaled \$4,558,224. Net pledged revenues totaled \$12,378,308.

Special Assessment Debt

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

The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay \$26,120,000 in limited obligation improvement bonds issued during fiscal year ended June 30, 2009. Proceeds from the bonds provided financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. The bonds are intended to be paid solely from assessment revenues and payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$22,477,652. For the current year, principal and interest paid for the bond totaled \$8,816,419 and pledged revenues totaled \$1,824,203. Excess revenues received in fiscal year 2014 were used to cover the deficiency.

Note 10 - Stabilization Arrangements

The City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund. At June 30, 2015, the Stabilization Special Revenue Fund has a committed fund balance of \$231,107.

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

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

Note 11 - Defined Benefit Pension Plan

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

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

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

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

Vesting – Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

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

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

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

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

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

For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 25.75% for Regular and 40.50% for Police/Fire.

The City's contributions were \$10,336,095 for the year ended June 30, 2015.

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2014:

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

As of June 30, 2014, PERS’ long-term inflation assumption was 3.5%.

Net Pension Liability – At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability of \$71,650,806. The net pension liability was measured as of June 30, 2014, 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, 2014, the City’s proportion was 0.68240 percent.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City as of June 30, 2014, calculated using the discount rate of 8.00%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 111,424,838	\$ 71,650,806	\$ 38,588,457

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

Actuarial Assumptions – The City’s net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

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

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. 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, 2014, 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, 2014 and June 30, 2013.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the City recognized pension expense of \$9,357,428. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,378,474
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	14,828,346
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	635,021	-
City contributions subsequent to the measurement date	<u>10,336,095</u>	<u>-</u>
	<u>\$ 10,971,116</u>	<u>\$ 18,206,820</u>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$10,336,095 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.7 years.

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

<u>Year Ending June 30</u>	
2016	\$ (4,188,394)
2017	(4,188,394)
2018	(4,188,394)
2019	(4,188,394)
2020	(481,308)
Thereafter	(336,915)

Reconciliation of Net Pension Liability –

Beginning net pension liability	\$ 90,068,942
Pension expense	9,357,428
Employer contributions	(10,203,765)
New net deferred inflows/outflows	(17,571,799)
Recognition of prior deferred (inflows)/outflows	<u>-</u>
Ending net pension liability	<u><u>\$ 71,650,806</u></u>

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, including suits which have been accrued at June 30, 2015 that are probable of loss by the City at an estimated amount of \$489,000 in the Municipal Self-Insurance Internal Service Fund. The financial impact of remaining actions is not determinable at June 30, 2015, 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, 2015 is \$6,280,799.

In addition to the above provisions, the City has entered into one agreement with a developer to reimburse excess fees paid to the City by the developer. Such reimbursement by the City occurs as monies become available via specific permits paid for by other developers. The long-term obligation under this agreement at June 30, 2015 is \$147,001.

Note 13 - Commitments

As of June 30, 2015, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Governmental funds		
Nonmajor capital projects funds		
Road Fund		
Street rehabilitation	<u>\$ 715,756</u>	2015-2016

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

	<u>Encumbrances</u>
General fund	<u><u>\$ 160,223</u></u>

See Note 6 for further information on the City's commitments related to the Truckee Meadows Water Reclamation Facility.

Note 14 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports its material risk management activities in the Internal Service Funds in accordance with GASB Statements No. 10 and No. 30. The Group Insurance Self-Insurance Fund accounts for life, medical, prescription, dental and vision insurance programs. The Worker's Compensation Insurance Fund accounts for worker's compensation claims, including long-term benefits such as wage replacement. The Municipal Self-Insurance Fund accounts for the costs related to general, auto and property liabilities.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year Ended June 30, 2015			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 920,896	\$ 9,246,006	\$ (9,142,264)	\$ 1,024,638
Municipal Self-Insurance Fund	-	990,381	(500,561) ⁽¹⁾	489,820
Workers' Compensation Fund	9,991,328	(2,835,930)	(1,063,831)	6,091,567
	<u>\$ 10,912,224</u>	<u>\$ 7,400,457</u>	<u>\$ (10,706,656)</u>	<u>\$ 7,606,025</u>
	Fiscal Year Ended June 30, 2014			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 842,489	\$ 8,207,339	\$ (8,128,932)	\$ 920,896
Municipal Self-Insurance Fund	-	521,741	(521,741)	-
Workers' Compensation Fund	7,259,967	6,202,114	(3,470,753)	9,991,328
	<u>\$ 8,102,456</u>	<u>\$ 14,931,194</u>	<u>\$ (12,121,426)</u>	<u>\$ 10,912,224</u>

(1) Claims payable for the Municipal Self-Insurance Fund of \$489,820 at June 30, 2015 are reported in accounts payable.

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

Group Insurance Self-Insurance – This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of \$225,000 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 general liability claims up to \$100,000 for each occurrence, after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

Note 15 - Post-Employment Benefits

Accumulated Sick Leave

Upon retirement, qualified employees have the option of foregoing cash payment of their accumulated sick leave balances, by opting for conversion of the balance to fund their post-employment group health insurance premiums. The converted balances are reported as liabilities on the City's government-wide financial statements. The City pays the retirees' group health insurance premiums until exhaustion of the respective retirees' balances. Increases in premiums are to be passed along to retirees participating in the aforementioned program. However, those qualified employees who retired prior to or on December 10, 2001, will receive "premium credits" to partially offset their portion of the cost of the insurance premiums. The premium credits are calculated and awarded based upon length of service.

For the year ended June 30, 2015, the City paid \$694,278 in health insurance premiums on behalf of 108 retirees who opted for the conversion of their accumulated sick leave. Another \$9,664 was incurred by the City on behalf of a former employee who received the insurance benefit under a separate agreement approved by the City Council.

Post-employment Benefits Other than Pensions (OPEB)

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

Plan Descriptions – The City of Sparks contributes to a single-employer defined benefit healthcare plan, City of Sparks Medical and Dental Benefit Plan (Sparks Plan) and an agent multiple employer defined benefit healthcare plan, Nevada Public Employees' Benefits Program (NPEBP). Each plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired City employees and beneficiaries.

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

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

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. As of June 30, 2015, 99 retirees from the City were utilizing this benefit. The subsidy paid directly to NPEBP by the City for this coverage for the year ended June 30, 2015 was \$305,282. 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.

Employer paid subsidy based on years of credited service under NPEBP range from \$115.55 for five years of service to \$653.53 for 20 years of service.

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters who retired after July 1, 2005 receive a subsidy equal to 60% of their health insurance premiums up to age 65, and 50% after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 dollar credit towards health insurance premiums for each year of service. These subsidies range from \$25.00 to \$813.68 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. As of June 30, 2015, 165 retirees from the City were utilizing this benefit.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare. A summary of the monthly premium rates for the Sparks Plan, as of the June 30, 2015, are shown below:

	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 652.00	\$ 1,196.03	\$ 1,139.63	\$ 1,699.19
Retiree, no Medicare	647.83	1,191.01	1,134.61	1,694.19
Spouse, with Medicare		1,075.91		
Retiree, Medicare	519.95	948.04	N/A	1,451.20
Spouse, no Medicare		1,063.14		1,566.30

Funding Policy and Annual OPEB Cost – The City is currently funding the annual OPEB cost according to projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2015, the City's Net Employer Contribution was \$511,724 to the Sparks Plan and \$305,282 to the NPEBP, for a total contribution of \$817,006. The actuarial valuation was prepared from employee and retiree data as of July 2014. The City data included a total of 558 participants in the Sparks Plan, consisting of 393 employees and 165 retirees, and a total of 101 participants in NPEBP, all retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation (asset), by plan, for fiscal years 2013 through 2015 are as follows:

Plan Type	Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation (Asset)	Percentage of Annual OPEB Cost Contributed
Sparks Plan	2015	\$ 1,249,095	\$ 511,724	\$ 7,466,377	40.97%
Sparks Plan	2014	982,896	373,149	6,729,006	37.96%
Sparks Plan	2013	979,100	395,542	6,119,259	40.40%
NPEBP	2015	301,559	305,282	(52,024)	101.23%
NPEBP	2014	354,581	353,183	(48,301)	99.61%
NPEBP	2013	357,395	395,942	(49,699)	110.79%
Totals	2015	1,550,654	817,006	7,414,353	52.69%
Totals	2014	1,337,477	726,332	6,680,705	54.31%
Totals	2013	1,336,495	791,484	6,069,560	59.22%

The net OPEB obligation (asset) (NOPEBO) as of June 30, 2015, was calculated as follows:

	Sparks Plan	NPEBP	Totals
Normal Cost (Current Service Cost)	\$ 473,435	\$ -	\$ 473,435
Amortization of the Unfunded Actuarial Accrued Liability (UAAL)	763,763	304,198	1,067,961
Interest on net OPEB obligation	335,196	(74,312)	260,884
Amortization on net OPEB obligation	(323,299)	71,673	(251,626)
Annual OPEB Cost	1,249,095	301,559	1,550,654
Contributions made	(511,724)	(305,282)	(817,006)
Increase in Net OPEB obligation	737,371	(3,723)	733,648
Net OPEB obligation (asset), beginning of year	6,729,006	(48,301)	6,680,705
Net OPEB obligation (asset), end of year	<u>\$ 7,466,377</u>	<u>\$ (52,024)</u>	<u>\$ 7,414,353</u>

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

Funded Status and Funding Progress – The funded status of the plan as of the most recent actuarial valuation (July 1, 2014) is as follows:

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (in millions) (c)	UAAL as a percentage of Covered Payroll [(b-a)/c]
Sparks Plan	7/1/2014	\$ -	\$ 19,796,651	\$ 19,796,651	0.00%	\$ 34.3	57.72%
NPEBP	7/1/2014	-	7,884,828	7,884,828	0.00%	N/A	N/A
Totals	7/1/2014	-	27,681,479	27,681,479	0.00%	N/A	N/A

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

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

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

	Sparks Plan	NPEBP
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial funding method	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay	Level percentage of pay
Remaining amortization period	30 years, Open	30 years, Open
Asset valuation method	Market value	Market value
Actuarial assumptions		
Investment rate of return	4.00%	4.00%
Projected salary increases	6.5% (8% Law Enforcement)	6.5% (8% Law Enforcement)
Healthcare cost trend rate*	5.70%	5.70%

*Declining gradually, over 70 years, to an ultimate rate of 4.24 percent. These rates include a 2.5% general inflation rate.

Note 16 - Capital Facilities Fund

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$110,667 on the following:

C Street Garage LED Retrofit Project	\$ 18,647
Garage Building Area Heaters	31,210
Victorian Square Water Fountain Filter Retrofit	9,727
Capital Facilities - Fire Station 2 Electrical Main & Shutoff	29,286
Capital Facilities - IT Voice Over Internet Telephone System	21,835
	<u>110,705</u>
	<u>\$ 110,705</u>

Note 17 - Accounting Changes

Adoption of New Standard

As of July 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as disclosed in the tables below.

In addition the City's joint venture (described in Note 6), TMWRF, also adopted the statements described above. This resulted in an additional adjustment to the business-type activities and Sewer Operations Enterprise Fund for the City's Investment in the TMWRF and beginning net position of the business-type activities and Sewer Operations Fund, also disclosed in the tables below.

Correction of an Error

As a result of City management's performance of a verification of its land holding to the Washoe County, Nevada Assessor's records, the City discovered certain parcels of land were missing from their records, and therefore the City's land was understated. Beginning net position and land for governmental-type activities were restated to correct this error as disclosed in the following tables.

The impact of the adoption of the new standard and the correction of error is as follows:

Government-Wide Financial Statement Impact

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position at June 30, 2014, as previously reported	\$ 261,729,688	\$ 187,062,837	\$ 448,792,525
Adoption of New Standard			
Net Pension liability at June 30, 2014	(83,173,204)	(6,895,738)	(90,068,942)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	9,354,095	849,670	10,203,765
Adjustment to Investment in TMWRF	-	(1,866,572)	(1,866,572)
Correction of an Error			
Correction to land	6,700,931	-	6,700,931
Net position at July 1, 2014, as restated	<u>\$ 194,611,510</u>	<u>\$ 179,150,197</u>	<u>\$ 373,761,707</u>

Proprietary Fund Financial Statement Impact

	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Net position at June 30, 2014, as previously reported	\$ 187,853,977	\$ 1,555,529	\$ 189,409,506	\$ 7,081,421
Adoption of New Standard				
Net Pension liability at June 30, 2014	(5,159,748)	(1,735,990)	(6,895,738)	(1,041,594)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	642,624	207,046	849,670	132,541
Adjustment to Investment in TMWRF	(1,866,572)	-	(1,866,572)	-
Net position at July 1, 2014, as restated	<u>\$ 181,470,281</u>	<u>\$ 26,585</u>	<u>\$ 181,496,866</u>	<u>\$ 6,172,368</u>

City of Sparks, Nevada
Other Postemployment Benefits – Schedule of Funding Progress
June 30, 2015

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ⁽¹⁾⁽²⁾ (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Sparks' Plan	7/1/2014	\$ -	\$ 19,796,651	\$ 19,796,651	0%	\$ 34,300,000	57.72%
NPEBP	7/1/2014	-	7,884,828	7,884,828	0%	N/A	N/A
Total		<u>\$ -</u>	<u>\$ 27,681,479</u>	<u>\$ 27,681,479</u>			
Sparks' Plan	7/1/2012	\$ -	\$ 16,391,284	\$ 16,391,284	0%	\$ 34,100,000	48.00%
NPEBP	7/1/2012	-	9,192,550	9,192,550	0%	N/A	N/A
Total		<u>\$ -</u>	<u>\$ 25,583,834</u>	<u>\$ 25,583,834</u>			
Sparks' Plan	7/1/2010	\$ -	\$ 15,841,206	\$ 15,841,206	0%	\$ 28,300,000	56.17%
NPEBP	7/1/2010	-	8,863,876	8,863,876	0%	N/A	N/A
Total		<u>\$ -</u>	<u>\$ 24,705,082</u>	<u>\$ 24,705,082</u>			

⁽¹⁾The 2010, 2012, and 2014 valuations were prepared using the projected credit unit actuarial funding method.

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

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

	<u>2014</u>
City's portion of net the pension liability	0.68240%
City's proportionate share of the net pension liability	\$ 71,650,806
City's covered-employee payroll	\$ 34,331,176
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	208.70%
Plan fiduciary net position as a percentage of the total pension liability	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

City of Sparks, Nevada
Schedule of City's Contributions
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	<u>2015</u>
Statutorily required contribution	\$ 10,336,095
Contributions in relation to the statutorily required contribution	\$ 10,336,095
Contribution (deficiency) excess	\$ -
Employer's covered-employee payroll	\$ 34,743,493
Contributions as a percentage of covered-employee payroll	29.75%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.



Supplementary Information
City of Sparks, Nevada

City of Sparks, Nevada
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	\$ 3,533,556	\$ 1,252,376	\$ 14,648,164	\$ 19,434,096
Accounts receivable, net	1,372,092	-	1,076,242	2,448,334
Notes receivable	-	-	1,600,000	1,600,000
Due from other governments	402,693	53,011	564,961	1,020,665
Restricted assets				
Cash and investments	-	4,177,282	-	4,177,282
Total assets	\$ 5,308,341	\$ 5,482,669	\$ 17,889,367	\$ 28,680,377
Liabilities				
Accounts payable	\$ 149,694	\$ 999	\$ 58,459	\$ 209,152
Accrued liabilities	84,982	-	48,127	133,109
Contracts payable	155,378	-	903,381	1,058,759
Contract retentions payable	13,125	-	40,111	53,236
Refundable deposits	15,497	-	3,000	18,497
Unearned revenues	141,732	-	-	141,732
Due to other funds	242,836	-	-	242,836
Due to other governments	62,676	-	48,085	110,761
Total liabilities	865,920	999	1,101,163	1,968,082
Deferred Inflows of Resources				
Unavailable revenue – grants	1,227,467	-	-	1,227,467
Unavailable revenue – property taxes and other	-	14,798	248,676	263,474
Total deferred inflows of resources	1,227,467	14,798	248,676	1,490,941
Fund Balances				
Restricted for				
Grants and donations	125,516	-	-	125,516
Law enforcement	598,490	-	-	598,490
Promotion of special events	156,588	-	-	156,588
Various judicial uses	134,919	-	-	134,919
Municipal facilities construction	191,794	-	-	191,794
Court fee collection programs	712,210	-	-	712,210
Developer agreements	453,174	-	-	453,174
Bond proceeds defined projects	43,839	-	206,031	249,870
Debt service reserve	-	5,466,872	-	5,466,872
Parks and recreation	-	-	3,068,879	3,068,879
Street improvements and rehabilitation	-	-	5,123,398	5,123,398
Capital projects	-	-	1,525,076	1,525,076
Improvements to Victorian Square	-	-	2,622,451	2,622,451
Committed for				
Economic development	16,933	-	-	16,933
Parks and recreation	108,178	-	-	108,178
Road surface repairs	442,206	-	-	442,206
Economic stabilization	231,107	-	-	231,107
Assigned for				
Specific capital projects	-	-	884,916	884,916
Next year's budget deficit	-	-	362,900	362,900
Other capital projects	-	-	2,745,877	2,745,877
Total fund balances	3,214,954	5,466,872	16,539,528	25,221,354
Total liabilities, deferred inflows of resources and fund balances	\$ 5,308,341	\$ 5,482,669	\$ 17,889,367	\$ 28,680,377

City of Sparks, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 4,127,000	\$ 2,029,196	\$ 6,352,196
Licenses and permits	707,411	-	4,103,949	4,811,360
Intergovernmental revenues	2,178,976	207,167	2,064,923	4,451,066
Charges for services	2,581,651	-	107,413	2,689,064
Miscellaneous	71,109	12,561	195,365	279,035
Total revenues	5,735,147	4,346,728	8,500,846	18,582,721
Expenditures				
Current				
General government	2,780	-	467,392	470,172
Judicial	199,298	-	-	199,298
Public safety	754,865	-	64,130	818,995
Public works	285,458	-	3,104,378	3,389,836
Culture and recreation	3,353,233	-	856,008	4,209,241
Community support	601,921	-	113,715	715,636
Total current	5,197,555	-	4,605,623	9,803,178
Capital outlay				
General government	-	-	1,187,508	1,187,508
Judicial	25,839	-	-	25,839
Public safety	458,091	-	-	458,091
Public works	-	-	1,513,221	1,513,221
Culture and recreation	360,836	-	1,276,521	1,637,357
Community support	260,657	-	-	260,657
Total capital outlay	1,105,423	-	3,977,250	5,082,673
Debt service				
Principal	-	2,475,000	-	2,475,000
Interest	-	1,683,386	-	1,683,386
Fiscal charges and other	-	2,000	60,082	62,082
Refunding bond issuance costs	-	149,733	-	149,733
Total debt service	-	4,310,119	60,082	4,370,201
Total expenditures	6,302,978	4,310,119	8,642,955	19,256,052
Excess (Deficiency) of Revenues over Expenditures	(567,831)	36,609	(142,109)	(673,331)
Other Financing Sources (Uses)				
Capital asset sales	-	-	2,150,000	2,150,000
Refunding bonds issued	-	7,285,000	-	7,285,000
Payments to refunded bond escrow agent	-	(7,132,187)	-	(7,132,187)
Transfers				
Transfers in	677,802	686,000	1,588,000	2,951,802
Transfers out	(105,289)	(686,000)	(2,745,201)	(3,536,490)
Total other financing sources (uses)	572,513	152,813	992,799	1,718,125
Net Change in Fund Balances	4,682	189,422	850,690	1,044,794
Fund Balances, Beginning of Year	3,210,272	5,277,450	15,688,838	24,176,560
Fund Balances, End of Year	\$ 3,214,954	\$ 5,466,872	\$ 16,539,528	\$ 25,221,354

Community Development Block Grant Fund

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

Community Development Entitlement Grant Fund

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

Sparks Grants and Donations Fund

To account for monies from all governmental fund grant awards, donations and other designated use awards, except Community Development and Block Grant awards, received by the City of Sparks to be used in accordance with award documentation.

Tourism and Marketing Fund

To account for resources received pursuant to the Washoe County Taxes on Transient Lodging Act of 1999.

Parks and Recreation Program Fund

To account for monies received from recreation program registration fees to finance those recreation programs administered by the Recreation Department.

Court Administrative Assessment Fund

To account for monies received from the Municipal Court administrative fees to finance Municipal Court related improvements.

Street Cut Fund

To account for resources received principally from private utility companies to repair City streets after they have been cut to perform underground utility work.

Impact Fee Service Area No. 1 Fund

To account for impact fees to be collected in the Northern Sparks Sphere of Influence.

Tourism Improvement District 1 Fund

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

Stabilization Fund

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

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Assets				
Cash and investments	\$ 74,861	\$ -	\$ 717,926	\$ 160,812
Accounts receivable, net	1,227,467	-	873	-
Due from other governments	-	309,966	45,587	-
Total assets	<u>\$ 1,302,328</u>	<u>\$ 309,966</u>	<u>\$ 764,386</u>	<u>\$ 160,812</u>
Liabilities				
Accounts payable	\$ -	\$ 5	\$ 19,572	\$ 4,224
Accrued liabilities	-	694	1,273	-
Contracts payable	-	128,624	6,350	-
Contract retentions payable	-	12,077	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	74,861	167,975	-	-
Due to other governments	-	12,667	1,109	-
Total liabilities	<u>74,861</u>	<u>322,042</u>	<u>28,304</u>	<u>4,224</u>
Deferred Inflows of Resources				
Unavailable revenue – grants	<u>1,227,467</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted for				
Grants and donations	-	(12,076)	137,592	-
Law enforcement	-	-	598,490	-
Promotion of special events	-	-	-	156,588
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>(12,076)</u>	<u>736,082</u>	<u>156,588</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,302,328</u>	<u>\$ 309,966</u>	<u>\$ 764,386</u>	<u>\$ 160,812</u>

City of Sparks, Nevada
Combining Balance Sheet – Nonmajor Special Revenue Funds
June 30, 2015

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ 464,812	\$ 1,065,748	\$ 280,643	\$ 493,808	\$ 43,839	\$ 231,107	\$ 3,533,556
26,128	50	117,574	-	-	-	1,372,092
-	-	47,140	-	-	-	402,693
<u>\$ 490,940</u>	<u>\$ 1,065,798</u>	<u>\$ 445,357</u>	<u>\$ 493,808</u>	<u>\$ 43,839</u>	<u>\$ 231,107</u>	<u>\$ 5,308,341</u>
\$ 79,771	\$ 5,423	\$ 65	\$ 40,634	\$ -	\$ -	\$ 149,694
81,037	-	1,978	-	-	-	84,982
-	20,404	-	-	-	-	155,378
-	1,048	-	-	-	-	13,125
15,497	-	-	-	-	-	15,497
141,732	-	-	-	-	-	141,732
-	-	-	-	-	-	242,836
47,792	-	1,108	-	-	-	62,676
<u>365,829</u>	<u>26,875</u>	<u>3,151</u>	<u>40,634</u>	<u>-</u>	<u>-</u>	<u>865,920</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,227,467</u>
-	-	-	-	-	-	125,516
-	-	-	-	-	-	598,490
-	-	-	-	-	-	156,588
-	134,919	-	-	-	-	134,919
-	191,794	-	-	-	-	191,794
-	712,210	-	-	-	-	712,210
-	-	-	453,174	-	-	453,174
-	-	-	-	43,839	-	43,839
16,933	-	-	-	-	-	16,933
108,178	-	-	-	-	-	108,178
-	-	442,206	-	-	-	442,206
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,107</u>	<u>231,107</u>
<u>125,111</u>	<u>1,038,923</u>	<u>442,206</u>	<u>453,174</u>	<u>43,839</u>	<u>231,107</u>	<u>3,214,954</u>
<u>\$ 490,940</u>	<u>\$ 1,065,798</u>	<u>\$ 445,357</u>	<u>\$ 493,808</u>	<u>\$ 43,839</u>	<u>\$ 231,107</u>	<u>\$ 5,308,341</u>

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	561,023	1,335,903	-
Charges for services	73,929	-	4,439	-
Miscellaneous	-	-	64,224	89
Total revenues	73,929	561,023	1,404,566	196,089
Expenditures				
Current				
General government	-	-	2,780	-
Judicial	-	-	13,010	-
Public safety	-	-	647,224	-
Public works	-	-	-	-
Culture and recreation	-	-	75,858	-
Community support	91,200	312,442	-	184,709
Total current	91,200	312,442	738,872	184,709
Capital outlay				
Judicial	-	-	-	-
Public safety	-	-	458,091	-
Culture and recreation	-	-	-	-
Community support	-	260,657	-	-
Total capital outlay	-	260,657	458,091	-
Total expenditures	91,200	573,099	1,196,963	184,709
Excess (Deficiency) of Revenues over Expenditures	(17,271)	(12,076)	207,603	11,380
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	(7,802)
Total other financing sources (uses)	-	-	-	(7,802)
Net Change in Fund Balances	(17,271)	(12,076)	207,603	3,578
Fund Balances, Beginning of Year	17,271	-	528,479	153,010
Fund Balances, End of Year	\$ -	\$ (12,076)	\$ 736,082	\$ 156,588

City of Sparks, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
Year Ended June 30, 2015

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
18,419	-	354,886	334,106	-	-	707,411
-	282,050	-	-	-	-	2,178,976
2,503,283	-	-	-	-	-	2,581,651
2,028	-	109	2,761	16	1,882	71,109
<u>2,523,730</u>	<u>282,050</u>	<u>354,995</u>	<u>336,867</u>	<u>16</u>	<u>1,882</u>	<u>5,735,147</u>
-	-	-	-	-	-	2,780
-	186,288	-	-	-	-	199,298
-	-	-	107,641	-	-	754,865
-	-	285,458	-	-	-	285,458
3,277,375	-	-	-	-	-	3,353,233
-	-	-	-	13,570	-	601,921
<u>3,277,375</u>	<u>186,288</u>	<u>285,458</u>	<u>107,641</u>	<u>13,570</u>	<u>-</u>	<u>5,197,555</u>
-	25,839	-	-	-	-	25,839
-	-	-	-	-	-	458,091
360,836	-	-	-	-	-	360,836
-	-	-	-	-	-	260,657
<u>360,836</u>	<u>25,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,105,423</u>
<u>3,638,211</u>	<u>212,127</u>	<u>285,458</u>	<u>107,641</u>	<u>13,570</u>	<u>-</u>	<u>6,302,978</u>
<u>(1,114,481)</u>	<u>69,923</u>	<u>69,537</u>	<u>229,226</u>	<u>(13,554)</u>	<u>1,882</u>	<u>(567,831)</u>
677,802	-	-	-	-	-	677,802
-	(7,500)	-	(89,987)	-	-	(105,289)
<u>677,802</u>	<u>(7,500)</u>	<u>-</u>	<u>(89,987)</u>	<u>-</u>	<u>-</u>	<u>572,513</u>
(436,679)	62,423	69,537	139,239	(13,554)	1,882	4,682
<u>561,790</u>	<u>976,500</u>	<u>372,669</u>	<u>313,935</u>	<u>57,393</u>	<u>229,225</u>	<u>3,210,272</u>
<u>\$ 125,111</u>	<u>\$ 1,038,923</u>	<u>\$ 442,206</u>	<u>\$ 453,174</u>	<u>\$ 43,839</u>	<u>\$ 231,107</u>	<u>\$ 3,214,954</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-loan reimbursements				
Housing rehabilitation	\$ 95,000	\$ 73,929	\$ (21,071)	\$ 46,034
Expenditures				
Community support				
Services and supplies	95,000	91,200	3,800	28,763
Net Change in Fund Balances	-	(17,271)	(17,271)	17,271
Fund Balances, Beginning of Year	-	17,271	17,271	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,271</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Entitlement Grant Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
Revenues				
Intergovernmental revenues				
Community Development Block and Entitlement grants	<u>\$ 889,850</u>	<u>\$ 561,023</u>	<u>\$ (328,827)</u>	<u>\$ 828,424</u>
Expenditures				
Community support				
Salaries and wages	79,176	79,697	(521)	64,910
Employee benefits	35,692	35,230	462	26,501
Services and supplies	335,432	197,515	137,917	413,850
Capital outlay	<u>473,376</u>	<u>260,657</u>	<u>212,719</u>	<u>323,163</u>
Total expenditures	<u>923,676</u>	<u>573,099</u>	<u>350,577</u>	<u>828,424</u>
Net Change in Fund Balances	(33,826)	(12,076)	21,750	-
Fund Balances, Beginning of Year	<u>33,825</u>	<u>-</u>	<u>(33,825)</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ (1)</u></u>	<u><u>\$ (12,076)</u></u>	<u><u>\$ (12,075)</u></u>	<u><u>\$ -</u></u>

City of Sparks, Nevada
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sparks Grants and Donations Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Revenues				
Intergovernmental revenues				
Federal grants				
Department of Justice	\$ 244,192	\$ 130,831	\$ (113,361)	\$ 495,565
Environmental Protection Agency	-	-	-	72,346
Department of Transportation, Traffic Safety	220,513	229,360	8,847	170,304
Department of Homeland Security	463,559	412,732	(50,827)	34,089
Department of Agriculture, Forest Service	-	-	-	210
Department of Health and Human Services	1,000	1,000	-	-
Other local government shared revenues				
Crime forfeitures	493,224	518,635	25,411	514,495
Other	552,180	43,345	(508,835)	21,786
Charges for services				
Other	4,439	4,439	-	2,109
Miscellaneous				
Investment income	300	155	(145)	93
Other	110,233	64,069	(46,164)	206,838
Total revenues	<u>2,089,640</u>	<u>1,404,566</u>	<u>(685,074)</u>	<u>1,517,835</u>
Expenditures				
General government				
Services and supplies	<u>32,487</u>	<u>2,780</u>	<u>29,707</u>	<u>75,100</u>
Judicial				
Services and supplies	<u>31,869</u>	<u>13,010</u>	<u>18,859</u>	<u>22,315</u>
Public safety				
Salaries and wages	233,031	184,491	48,540	461,978
Employee benefits	12,636	9,376	3,260	162,835
Services and supplies	865,424	453,357	412,067	442,642
Capital outlay	<u>797,677</u>	<u>458,091</u>	<u>339,586</u>	<u>257,522</u>
Total public safety	<u>1,908,768</u>	<u>1,105,315</u>	<u>803,453</u>	<u>1,324,977</u>
Culture and recreation				
Salaries and wages	39,545	8,468	31,077	28,326
Employee benefits	877	271	606	1,105
Services and supplies	<u>561,766</u>	<u>67,119</u>	<u>494,647</u>	<u>65,406</u>
Total culture and recreation	<u>602,188</u>	<u>75,858</u>	<u>526,330</u>	<u>94,837</u>
Total expenditures	<u>2,575,312</u>	<u>1,196,963</u>	<u>1,378,349</u>	<u>1,517,229</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sparks Grants and Donations Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2014</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (485,672)	\$ 207,603	\$ 693,275	\$ 606
Other Financing Sources (Uses)				
Transfers				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,302</u>
Net Change in Fund Balances	(485,672)	207,603	693,275	2,908
Fund Balances, Beginning of Year	<u>488,254</u>	<u>528,479</u>	<u>40,225</u>	<u>525,571</u>
Fund Balances, End of Year	<u>\$ 2,582</u>	<u>\$ 736,082</u>	<u>\$ 733,500</u>	<u>\$ 528,479</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism and Marketing Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 170,000	\$ 196,000	\$ 26,000	\$ 146,748
Miscellaneous				
Investment income	150	89	(61)	80
Total revenues	170,150	196,089	25,939	146,828
Expenditures				
Community support				
Services and supplies	256,329	184,709	71,620	270,494
Excess (Deficiency) of Revenues over Expenditures	(86,179)	11,380	97,559	(123,666)
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	(7,802)	(7,802)	(10,000)
Net Change in Fund Balances	(86,179)	3,578	89,757	(133,666)
Fund Balances, Beginning of Year	272,248	153,010	(119,238)	286,676
Fund Balances, End of Year	<u>\$ 186,069</u>	<u>\$ 156,588</u>	<u>\$ (29,481)</u>	<u>\$ 153,010</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Program Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 21,000	\$ 18,419	\$ (2,581)	\$ 16,459
Charges for services				
Recreation program fees	2,251,590	2,197,175	(54,415)	2,328,674
Administrative service charges	5,000	3,799	(1,201)	4,518
Other	288,741	302,309	13,568	274,894
Miscellaneous				
Rental and event insurance	-	-	-	305
Other	27,000	2,028	(24,972)	1,425
Total revenues	<u>2,593,331</u>	<u>2,523,730</u>	<u>(69,601)</u>	<u>2,626,275</u>
Expenditures				
Culture and recreation				
Salaries and wages	2,201,506	2,195,499	6,007	2,171,924
Employee benefits	468,663	536,302	(67,639)	532,705
Services and supplies	637,042	545,574	91,468	561,910
Capital outlay	392,354	360,836	31,518	19,093
Total expenditures	<u>3,699,565</u>	<u>3,638,211</u>	<u>61,354</u>	<u>3,285,632</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,106,234)</u>	<u>(1,114,481)</u>	<u>(8,247)</u>	<u>(659,357)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	733,500	677,802	(55,698)	845,000
Transfers out	-	-	-	(2,302)
Total other financing sources (uses)	<u>733,500</u>	<u>677,802</u>	<u>(55,698)</u>	<u>842,698</u>
Net Change in Fund Balances	(372,734)	(436,679)	(63,945)	183,341
Fund Balances, Beginning of Year	<u>373,326</u>	<u>561,790</u>	<u>188,464</u>	<u>378,449</u>
Fund Balances, End of Year	<u>\$ 592</u>	<u>\$ 125,111</u>	<u>\$ 124,519</u>	<u>\$ 561,790</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Court Administrative Assessment Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 40,000	\$ 38,823	\$ (1,177)	\$ 42,398
Court collection fees	180,000	188,242	8,242	204,491
Court facility administrative assessments	60,000	54,985	(5,015)	58,419
Total revenues	<u>280,000</u>	<u>282,050</u>	<u>2,050</u>	<u>305,308</u>
Expenditures				
Judicial				
Services and supplies	918,291	186,288	732,003	74,847
Capital outlay	179,160	25,839	153,321	15,840
Total expenditures	<u>1,097,451</u>	<u>212,127</u>	<u>885,324</u>	<u>90,687</u>
Excess (Deficiency) of Revenues over expenditures	(817,451)	69,923	887,374	214,621
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	(7,500)	(7,500)	-
Net Change in Fund Balances	(817,451)	62,423	872,374	214,621
Fund Balances, Beginning of Year	920,927	976,500	55,573	761,879
Fund Balances, End of Year	<u>\$ 103,476</u>	<u>\$ 1,038,923</u>	<u>\$ 927,947</u>	<u>\$ 976,500</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Cut Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Revenues				
Licenses and permits				
Street cut permits	\$ 225,000	\$ 354,886	\$ 129,886	\$ 225,805
Miscellaneous				
Investment income	100	109	9	99
Total revenues	<u>225,100</u>	<u>354,995</u>	<u>129,895</u>	<u>225,904</u>
Expenditures				
Public works				
Salaries and wages	29,457	30,476	(1,019)	28,449
Employee benefits	15,054	15,350	(296)	13,622
Services and supplies	<u>420,600</u>	<u>239,632</u>	<u>180,968</u>	<u>244,377</u>
Total expenditures	<u>465,111</u>	<u>285,458</u>	<u>179,653</u>	<u>286,448</u>
Net Change in Fund Balances	(240,011)	69,537	309,548	(60,544)
Fund Balances, Beginning of Year	<u>363,174</u>	<u>372,669</u>	<u>9,495</u>	<u>433,213</u>
Fund Balances, End of Year	<u>\$ 123,163</u>	<u>\$ 442,206</u>	<u>\$ 319,043</u>	<u>\$ 372,669</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Impact Fee Service Area No. 1 Fund

Year Ended June 30, 2015

(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 12,000	\$ 22,380	\$ 10,380	\$ 4,998
Public facility fees	120,000	107,536	(12,464)	56,926
Park fees	10,000	114,326	104,326	19,189
Sanitary sewer fee	22,000	89,864	67,864	37,520
Miscellaneous				
Investment income	2,500	2,761	261	2,919
Total revenues	<u>166,500</u>	<u>336,867</u>	<u>170,367</u>	<u>121,552</u>
Expenditures				
Public safety				
Services and supplies	120,000	107,641	12,359	56,998
Public works				
Services and supplies	36	-	36	55
Total expenditures	<u>120,036</u>	<u>107,641</u>	<u>12,395</u>	<u>57,053</u>
Excess (Deficiency) of Revenues over Expenditures	46,464	229,226	182,762	64,499
Other Financing Sources (Uses)				
Transfers				
Transfers out	(22,000)	(89,987)	(67,987)	(37,581)
Net Change in Fund Balances	24,464	139,239	114,775	26,918
Fund Balances, Beginning of Year	311,230	313,935	2,705	287,017
Fund Balances, End of Year	<u>\$ 335,694</u>	<u>\$ 453,174</u>	<u>\$ 117,480</u>	<u>\$ 313,935</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Tourism Improvement District 1 Fund

Year Ended June 30, 2015

(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Revenues				
Miscellaneous				
Investment income	\$ 85	\$ 16	\$ (69)	\$ 17
Expenditures				
Community support				
Services and supplies	51,220	13,570	37,650	5,393
Net Change in Fund Balances	(51,135)	(13,554)	37,581	(5,376)
Fund Balances, Beginning of Year	51,635	57,393	5,758	62,769
Fund Balances, End of Year	<u>\$ 500</u>	<u>\$ 43,839</u>	<u>\$ 43,339</u>	<u>\$ 57,393</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Stabilization Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
Revenues				
Miscellaneous				
Investment income	<u>\$ 100</u>	<u>\$ 1,882</u>	<u>\$ 1,782</u>	<u>\$ 304</u>
Net Change in Fund Balances	100	1,882	1,782	304
Fund Balances, Beginning of Year	<u>229,021</u>	<u>229,225</u>	<u>204</u>	<u>228,921</u>
Fund Balances, End of Year	<u><u>\$ 229,121</u></u>	<u><u>\$ 231,107</u></u>	<u><u>\$ 1,986</u></u>	<u><u>\$ 229,225</u></u>

Major Debt Service Fund

General Obligation Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

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

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2008 Limited Obligation Improvement Bonds

Special assessments are used to service the debt.

Nonmajor Debt Service Funds

Redevelopment Agency Area No. 1 Tax Revenue Fund

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

- Tax Increment Refunding Revenue Bonds – Series 2010

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

Redevelopment Agency Area No. 2 Debt Service Fund

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

- Tax Increment Revenue Bonds – Series 2008
- Subordinate Lien Tax Increment Revenue Bonds – Series 2009
- Subordinate Lien Tax Increment Revenue Bonds – Series 2014

Ad valorem taxes are used to service the debt.

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
General Obligation Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Revenues				
Taxes				
Special assessments	\$ 2,900,000	\$ 1,824,202	\$ (1,075,798)	\$ 8,302,797
Intergovernmental revenues				
Dedicated sales tax - improvement districts	9,714,445	10,184,516	470,071	9,621,913
Miscellaneous				
Investment income	5,040	5,401	361	4,503
Other	-	2,413	2,413	-
Total revenues	<u>12,619,485</u>	<u>12,016,532</u>	<u>(602,953)</u>	<u>17,929,213</u>
Expenditures				
Debt service				
Principal	4,775,000	11,322,000	(6,547,000)	11,630,000
Interest	9,260,167	9,524,948	(264,781)	9,937,950
Fiscal charges and other	-	-	-	55,000
Total expenditures	<u>14,035,167</u>	<u>20,846,948</u>	<u>(6,811,781)</u>	<u>21,622,950</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,415,682)</u>	<u>(8,830,416)</u>	<u>(7,414,734)</u>	<u>(3,693,737)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	7,330,000
Transfers				
Transfers in	<u>2,137,492</u>	<u>2,086,554</u>	<u>(50,938)</u>	<u>2,130,456</u>
Total other financing sources (uses)	<u>2,137,492</u>	<u>2,086,554</u>	<u>(50,938)</u>	<u>9,460,456</u>
Net Change in Fund Balances	721,810	(6,743,862)	(7,465,672)	5,766,719
Fund Balances, Beginning of Year	<u>16,614,369</u>	<u>22,081,753</u>	<u>5,467,384</u>	<u>16,315,034</u>
Fund Balances, End of Year	<u>\$ 17,336,179</u>	<u>\$ 15,337,891</u>	<u>\$ (1,998,288)</u>	<u>\$ 22,081,753</u>

City of Sparks, Nevada
Combining Balance Sheet – Nonmajor Debt Service Funds
June 30, 2015

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Assets			
Cash and investments	\$ 809,983	\$ 442,393	\$ 1,252,376
Due from other governments	53,011	-	53,011
Restricted assets			
Cash and investments	2,217,330	1,959,952	4,177,282
Total assets	<u>\$ 3,080,324</u>	<u>\$ 2,402,345</u>	<u>\$ 5,482,669</u>
Liabilities			
Accounts payable	\$ 999	\$ -	\$ 999
Deferred Inflows of Resources			
Unavailable revenue – property taxes and other	14,798	-	14,798
Fund Balances			
Restricted for			
Debt service reserve	3,064,527	2,402,345	5,466,872
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,080,324</u>	<u>\$ 2,402,345</u>	<u>\$ 5,482,669</u>

City of Sparks, Nevada

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds

Year Ended June 30, 2015

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Revenues			
Taxes	\$ 2,137,000	\$ 1,990,000	\$ 4,127,000
Intergovernmental revenues	207,167	-	207,167
Miscellaneous	6,758	5,803	12,561
Total revenues	<u>2,350,925</u>	<u>1,995,803</u>	<u>4,346,728</u>
Expenditures			
Debt service			
Principal	1,520,000	955,000	2,475,000
Interest	770,681	912,705	1,683,386
Fiscal charges and other	2,000	-	2,000
Refunding bond issue costs	-	149,733	149,733
Total expenditures	<u>2,292,681</u>	<u>2,017,438</u>	<u>4,310,119</u>
Excess (Deficiency) of Revenues over Expenditures	<u>58,244</u>	<u>(21,635)</u>	<u>36,609</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	7,285,000	7,285,000
Payments to refunded bond escrow agent	-	(7,132,187)	(7,132,187)
Transfers			
Transfers in	15,000	671,000	686,000
Transfers out	(15,000)	(671,000)	(686,000)
Total other financing sources (uses)	<u>-</u>	<u>152,813</u>	<u>152,813</u>
Net Change in Fund Balances	58,244	131,178	189,422
Fund Balance, Beginning of Year	<u>3,006,283</u>	<u>2,271,167</u>	<u>5,277,450</u>
Fund Balance, End of Year	<u>\$ 3,064,527</u>	<u>\$ 2,402,345</u>	<u>\$ 5,466,872</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 1 Tax Revenue Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 2,137,000	\$ 2,137,000	\$ -	\$ 2,221,123
Intergovernmental revenues				
Motor vehicle privilege tax	177,572	207,167	29,595	147,977
Miscellaneous				
Investment income	1,000	6,758	5,758	2,416
Total revenues	<u>2,315,572</u>	<u>2,350,925</u>	<u>35,353</u>	<u>2,371,516</u>
Expenditures				
Debt service				
Principal	1,520,000	1,520,000	-	1,460,000
Interest	770,682	770,681	1	829,081
Fiscal charges and other	1,000	2,000	(1,000)	952
Total expenditures	<u>2,291,682</u>	<u>2,292,681</u>	<u>(999)</u>	<u>2,290,033</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,890</u>	<u>58,244</u>	<u>34,354</u>	<u>81,483</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	15,000	15,000	100,300
Transfers out	-	(15,000)	(15,000)	(100,300)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,890	58,244	34,354	81,483
Fund Balances, Beginning of Year	<u>3,034,413</u>	<u>3,006,283</u>	<u>(28,130)</u>	<u>2,924,800</u>
Fund Balances, End of Year	<u>\$ 3,058,303</u>	<u>\$ 3,064,527</u>	<u>\$ 6,224</u>	<u>\$ 3,006,283</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 2 Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,990,000	\$ 1,990,000	\$ -	\$ 2,077,000
Miscellaneous				
Investment income	150	5,803	5,653	985
Total revenues	<u>1,990,150</u>	<u>1,995,803</u>	<u>5,653</u>	<u>2,077,985</u>
Expenditures				
Debt service				
Principal	780,000	955,000	(175,000)	735,000
Interest	1,043,030	912,705	130,325	1,236,451
Fiscal charges and other	-	-	-	1,181
Refunding bond issuance costs	149,941	149,733	208	-
Total expenditures	<u>1,972,971</u>	<u>2,017,438</u>	<u>(44,467)</u>	<u>1,972,632</u>
Excess (Deficiency) of Revenues over Expenditures	<u>17,179</u>	<u>(21,635)</u>	<u>(38,814)</u>	<u>105,353</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	7,285,000	7,285,000	-
Payments to refunded bond escrow agent	-	(7,132,187)	(7,132,187)	-
Transfers				
Transfers in	-	671,000	671,000	52,028
Transfers out	-	(671,000)	(671,000)	(52,028)
Total other financing sources (uses)	<u>-</u>	<u>152,813</u>	<u>152,813</u>	<u>-</u>
Net Change in Fund Balances	17,179	131,178	113,999	105,353
Fund Balances, Beginning of Year	<u>2,268,991</u>	<u>2,271,167</u>	<u>2,176</u>	<u>2,165,814</u>
Fund Balances, End of Year	<u>\$ 2,286,170</u>	<u>\$ 2,402,345</u>	<u>\$ 116,175</u>	<u>\$ 2,271,167</u>

Nonmajor Capital Projects Funds

Recreation and Parks Funds (Districts 1, 2 and 3)

To provide for acquisition, improvement and expansion of public parks, playgrounds and recreation facilities within the City. Financing is provided by a residential park construction tax.

Road Fund

To provide for the maintenance, acquisition and construction of streets and roads related to capital assets. Financing is provided by an allocation of State shared revenues, right-of-way toll fees and franchise fees.

Capital Projects Fund

To provide for acquisition and construction of designated capital assets, except those financed by special sources or Proprietary Funds. Financing is provided by an allocation from other funds and tax supported bonds.

Capital Facilities Fund

To provide for the acquisition of land, improvements to land, purchase of major equipment, renovations of government facilities, and repayment of short-term financing for these activities. The City can use this fund for any of the above activities that they consider necessary.

Parks and Recreation Project Fund

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

Local Improvement District 3 Fund

To account for monies deposited into the fund, from proceeds of special assessment bonds and from developer cash contributions, to be used to acquire infrastructure constructed by the Developer per an Acquisition Agreement.

Redevelopment Agency Area No. 1 Revolving Fund

To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Area No. 1. Financing is provided by tax supported bonds.

Redevelopment Agency Area No. 2 Revolving Fund

To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Area No. 2. Financing is to be provided by tax supported bonds, allocations from other funds, and grant revenues.

Victorian Square Room Tax Fund

To provide for specific capital improvements within Victorian Square. Financing is provided by tax proceeds on the rental of transient lodging within the City.

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Assets					
Cash and investments	\$ 319,439	\$ 911,702	\$ 1,125,495	\$ 5,035,728	\$ 1,426,302
Accounts receivable	-	-	150,000	665,102	894
Notes receivable	-	-	-	-	-
Due from other governments	-	-	-	346,979	-
Total assets	\$ 319,439	\$ 911,702	\$ 1,275,495	\$ 6,047,809	\$ 1,427,196
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 15,576	\$ -
Accrued liabilities	-	-	-	37,149	-
Contracts payable	-	-	-	821,562	-
Contract retentions payable	-	-	-	37,292	-
Refundable deposits	-	-	-	-	-
Due to other governments	-	-	-	38,432	-
Total liabilities	-	-	-	950,011	-
Deferred Inflows of Resources					
Unavailable revenue – property taxes and other	-	-	150,000	-	-
Fund Balances					
Restricted for					
Parks and recreation	319,439	911,702	1,125,495	-	-
Street improvements and rehabilitation	-	-	-	5,097,798	-
Bond proceeds defined projects	-	-	-	-	206,031
Capital projects	-	-	-	-	-
Developer agreements	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	117,986
Next year's budget deficit	-	-	-	-	-
Other capital projects	-	-	-	-	1,103,179
Total fund balances	319,439	911,702	1,125,495	5,097,798	1,427,196
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 319,439	\$ 911,702	\$ 1,275,495	\$ 6,047,809	\$ 1,427,196

City of Sparks, Nevada
Combining Balance Sheet – Nonmajor Capital Projects Funds
June 30, 2015

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
\$ 406,928	\$ 1,357,611	\$ 1,151,582	\$ 193,004	\$ 156,277	\$ 2,564,096	\$ 14,648,164
-	255,871	-	3,550	825	-	1,076,242
-	-	-	-	1,600,000	-	1,600,000
3,393	-	-	126,673	29,561	58,355	564,961
<u>\$ 410,321</u>	<u>\$ 1,613,482</u>	<u>\$ 1,151,582</u>	<u>\$ 323,227</u>	<u>\$ 1,786,663</u>	<u>\$ 2,622,451</u>	<u>\$ 17,889,367</u>
\$ 8,060	\$ 27,613	\$ 28	\$ 3,269	\$ 3,913	\$ -	\$ 58,459
-	10,885	-	93	-	-	48,127
3,139	78,680	-	-	-	-	903,381
-	2,819	-	-	-	-	40,111
-	3,000	-	-	-	-	3,000
-	8,877	-	776	-	-	48,085
<u>11,199</u>	<u>131,874</u>	<u>28</u>	<u>4,138</u>	<u>3,913</u>	<u>-</u>	<u>1,101,163</u>
-	2,435	-	82,591	13,650	-	248,676
-	712,243	-	-	-	-	3,068,879
-	-	25,600	-	-	-	5,123,398
-	-	-	-	-	-	206,031
399,122	-	1,125,954	-	-	-	1,525,076
-	-	-	-	-	-	-
-	-	-	-	-	2,622,451	2,622,451
-	766,930	-	-	-	-	884,916
-	-	-	-	362,900	-	362,900
-	-	-	236,498	1,406,200	-	2,745,877
<u>399,122</u>	<u>1,479,173</u>	<u>1,151,554</u>	<u>236,498</u>	<u>1,769,100</u>	<u>2,622,451</u>	<u>16,539,528</u>
<u>\$ 410,321</u>	<u>\$ 1,613,482</u>	<u>\$ 1,151,582</u>	<u>\$ 323,227</u>	<u>\$ 1,786,663</u>	<u>\$ 2,622,451</u>	<u>\$ 17,889,367</u>

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Revenues					
Taxes	\$ 112,000	\$ 124,000	\$ 198,000	\$ -	\$ -
Licenses and permits	-	-	-	2,868,756	-
Intergovernmental revenues	-	-	-	2,064,923	-
Charges for services	-	-	-	-	-
Miscellaneous	1,134	6,996	57,630	27,306	7,585
Total revenues	113,134	130,996	255,630	4,960,985	7,585
Expenditures					
Current					
General government	-	-	-	-	393,983
Public safety	-	-	-	-	34,844
Public works	-	-	-	3,086,708	17,670
Culture and recreation	-	9,210	156,047	-	141
Community support	-	-	-	-	-
Total current	-	9,210	156,047	3,086,708	446,638
Capital outlay					
General government	-	-	-	-	1,179,313
Public works	-	-	-	1,513,221	-
Culture and recreation	50,000	220,279	7,400	-	219,518
Total capital outlay	50,000	220,279	7,400	1,513,221	1,398,831
Debt service					
Fiscal charges and other	-	-	-	-	-
Total expenditures	50,000	229,489	163,447	4,599,929	1,845,469
Excess (Deficiency) of Revenues over Expenditures	63,134	(98,493)	92,183	361,056	(1,837,884)
Other Financing Sources (Uses)					
Capital asset sales	-	-	-	-	-
Transfers					
Transfers in	-	-	-	-	902,000
Transfer out	-	-	-	-	(694,986)
Total other financing sources (uses)	-	-	-	-	207,014
Net Change in Fund Balances	63,134	(98,493)	92,183	361,056	(1,630,870)
Fund Balances, Beginning of Year	256,305	1,010,195	1,033,312	4,736,742	3,058,066
Fund Balances, End of Year	\$ 319,439	\$ 911,702	\$ 1,125,495	\$ 5,097,798	\$ 1,427,196

City of Sparks, Nevada
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
Year Ended June 30, 2015

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
\$ 180,688	\$ -	\$ -	\$ 129,612	\$ 592,082	\$ 692,814	\$ 2,029,196
-	1,235,193	-	-	-	-	4,103,949
-	-	-	-	-	-	2,064,923
-	97,413	-	-	10,000	-	107,413
2,611	10,655	379	17,914	46,201	16,954	195,365
183,299	1,343,261	379	147,526	648,283	709,768	8,500,846
73,224	-	-	185	-	-	467,392
29,286	-	-	-	-	-	64,130
-	-	-	-	-	-	3,104,378
-	690,610	-	-	-	-	856,008
-	-	1,758	76,230	35,727	-	113,715
102,510	690,610	1,758	76,415	35,727	-	4,605,623
8,195	-	-	-	-	-	1,187,508
-	-	-	-	-	-	1,513,221
-	779,324	-	-	-	-	1,276,521
8,195	779,324	-	-	-	-	3,977,250
-	-	-	-	60,082	-	60,082
110,705	1,469,934	1,758	76,415	95,809	-	8,642,955
72,594	(126,673)	(1,379)	71,111	552,474	709,768	(142,109)
-	-	-	-	2,150,000	-	2,150,000
-	-	-	15,000	671,000	-	1,588,000
-	-	-	(306,316)	(1,743,899)	-	(2,745,201)
-	-	-	(291,316)	1,077,101	-	992,799
72,594	(126,673)	(1,379)	(220,205)	1,629,575	709,768	850,690
326,528	1,605,846	1,152,933	456,703	139,525	1,912,683	15,688,838
\$ 399,122	\$ 1,479,173	\$ 1,151,554	\$ 236,498	\$ 1,769,100	\$ 2,622,451	\$ 16,539,528

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Recreation and Parks District 1 Fund

Year Ended June 30, 2015

(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 25,000	\$ 112,000	\$ 87,000	\$ 65,000
Miscellaneous				
Investment income (loss)	1,200	1,134	(66)	1,325
Total revenues	26,200	113,134	86,934	66,325
Expenditures				
General government				
Services and supplies	20	-	20	20
Culture and recreation				
Services and supplies	-	-	-	98,723
Capital outlay	50,000	50,000	-	-
Total culture and recreation	50,000	50,000	-	98,723
Total expenditures	50,020	50,000	20	98,743
Net Change in Fund Balances	(23,820)	63,134	86,954	(32,418)
Fund Balances, Beginning of Year	226,056	256,305	30,249	288,723
Fund Balances, End of Year	<u>\$ 202,236</u>	<u>\$ 319,439</u>	<u>\$ 117,203</u>	<u>\$ 256,305</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Recreation and Parks District 2 Fund

Year Ended June 30, 2015

(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 104,000	\$ 124,000	\$ 20,000	\$ 122,000
Miscellaneous				
Investment income (loss)	18,000	6,996	(11,004)	15,191
Total revenues	122,000	130,996	8,996	137,191
Expenditures				
General government				
Services and supplies	250	-	250	194
Culture and recreation				
Services and supplies	13,000	9,210	3,790	15,573
Capital outlay	232,000	220,279	11,721	261,438
Total culture and recreation	245,000	229,489	15,511	277,011
Total expenditures	245,250	229,489	15,761	277,205
Net Change in Fund Balances	(123,250)	(98,493)	24,757	(140,014)
Fund Balances, Beginning of Year	952,048	1,010,195	58,147	1,150,209
Fund Balances, End of Year	<u>\$ 828,798</u>	<u>\$ 911,702</u>	<u>\$ 82,904</u>	<u>\$ 1,010,195</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 3 Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 105,000	\$ 198,000	\$ 93,000	\$ 141,000
Miscellaneous				
Recoveries and reimbursements	-	50,000	50,000	-
Investment income (loss)	20,000	7,630	(12,370)	16,619
Total revenues	125,000	255,630	130,630	157,619
Expenditures				
General government				
Services and supplies	200	-	200	11,615
Culture and recreation				
Services and supplies	171,037	156,047	14,990	2,197
Capital outlay	200,000	7,400	192,600	25,368
Total culture and recreation	371,037	163,447	207,590	27,565
Total expenditures	371,237	163,447	207,790	39,180
Net Change in Fund Balances	(246,237)	92,183	338,420	118,439
Fund Balances, Beginning of Year	1,107,648	1,033,312	(74,336)	914,873
Fund Balances, End of Year	\$ 861,411	\$ 1,125,495	\$ 264,084	\$ 1,033,312

City of Sparks, Nevada
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Road Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Revenues				
Licenses and permits				
Right of way toll fees	\$ 672,568	\$ 678,087	\$ 5,519	\$ 685,376
Electric franchise fees	1,480,700	1,565,868	85,168	1,558,410
Gas franchise fees	509,207	624,801	115,594	565,983
Intergovernmental revenues				
Federal grants				
Department of Transportation grant	-	-	-	188,905
State shared revenues				
Motor vehicle fuel tax	1,825,524	2,064,923	239,399	1,877,860
Charges for services				
Other	-	-	-	10
Miscellaneous				
Investment income (loss)	65,000	27,306	(37,694)	49,826
Other	-	-	-	15,270
Total revenues	<u>4,552,999</u>	<u>4,960,985</u>	<u>407,986</u>	<u>4,941,640</u>
Expenditures				
General government				
Services and supplies	800	-	800	767
Public safety				
Services and supplies	-	-	-	59,577
Public works				
Salaries and wages	1,105,645	1,049,480	56,165	1,122,812
Employee benefits	580,047	566,983	13,064	539,032
Services and supplies	1,639,667	1,470,245	169,422	1,325,247
Capital outlay	2,371,761	1,513,221	858,540	1,560,879
Total public works	<u>5,697,120</u>	<u>4,599,929</u>	<u>1,097,191</u>	<u>4,547,970</u>
Total expenditures	<u>5,697,920</u>	<u>4,599,929</u>	<u>1,097,991</u>	<u>4,608,314</u>
Net Change in Fund Balances	(1,144,921)	361,056	1,505,977	333,326
Fund Balances, Beginning of Year	3,092,131	4,736,742	1,644,611	4,403,416
Fund Balances, End of Year	<u>\$ 1,947,210</u>	<u>\$ 5,097,798</u>	<u>\$ 3,150,588</u>	<u>\$ 4,736,742</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 16,900	\$ 6,687	\$ (10,213)	\$ 15,958
Rebates	-	898	898	506
Total revenues	16,900	7,585	(9,315)	16,464
Expenditures				
General government				
Services and supplies	493,788	393,983	99,805	386,907
Capital outlay	1,584,814	1,179,313	405,501	973,841
Total general government	2,078,602	1,573,296	505,306	1,360,748
Public safety				
Services and supplies	203,793	34,844	168,949	37,899
Capital outlay	148,896	-	148,896	38,305
Total public safety	352,689	34,844	317,845	76,204
Public works				
Services and supplies	17,670	17,670	-	439
Culture and recreation				
Services and supplies	-	141	(141)	1,908
Capital outlay	225,737	219,518	6,219	67,962
Total culture and recreation	225,737	219,659	6,078	69,870
Total expenditures	2,674,698	1,845,469	829,229	1,507,261
Excess (Deficiency) of Revenues over Expenditures	(2,657,798)	(1,837,884)	819,914	(1,490,797)
Other Financing Sources (Uses)				
Transfers				
Transfers in	902,000	902,000	-	1,711,071
Transfers out	(729,910)	(694,986)	34,924	(723,195)
Total other financing sources (uses)	172,090	207,014	34,924	987,876
Net Change in Fund Balances	(2,485,708)	(1,630,870)	854,838	(502,921)
Fund Balances, Beginning of Year	2,740,867	3,058,066	317,199	3,560,987
Fund Balances, End of Year	\$ 255,159	\$ 1,427,196	\$ 1,172,037	\$ 3,058,066

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Facilities Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 181,000	\$ 180,688	\$ (312)	\$ 179,709
Miscellaneous				
Investment income	2,000	2,611	611	2,236
Recoveries and reimbursements	-	-	-	6,693
Total revenues	<u>183,000</u>	<u>183,299</u>	<u>299</u>	<u>188,638</u>
Expenditures				
General government				
Services and supplies	104,175	73,224	30,951	126,347
Capital outlay	<u>320,000</u>	<u>8,195</u>	<u>311,805</u>	<u>35,340</u>
Total general government	<u>424,175</u>	<u>81,419</u>	<u>342,756</u>	<u>161,687</u>
Public safety				
Services and supplies	<u>50,000</u>	<u>29,286</u>	<u>20,714</u>	<u>-</u>
Culture and recreation				
Services and supplies	<u>4,613</u>	<u>-</u>	<u>4,613</u>	<u>7,021</u>
Total expenditures	<u>478,788</u>	<u>110,705</u>	<u>368,083</u>	<u>168,708</u>
Net Change in Fund Balances	(295,788)	72,594	368,382	19,930
Fund Balances, Beginning of Year	<u>295,929</u>	<u>326,528</u>	<u>30,599</u>	<u>306,598</u>
Fund Balances, End of Year	<u>\$ 141</u>	<u>\$ 399,122</u>	<u>\$ 398,981</u>	<u>\$ 326,528</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Project Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 100,000	\$ 91,663	\$ (8,337)	\$ 108,329
Electric franchise fees	740,350	782,935	42,585	779,205
Gas franchise fees	254,605	312,400	57,795	282,991
Park fees	50,000	48,195	(1,805)	60,975
Charges for services				
Other	58,000	97,413	39,413	76,164
Miscellaneous				
Investment income	5,760	10,655	4,895	6,968
Total revenues	<u>1,208,715</u>	<u>1,343,261</u>	<u>134,546</u>	<u>1,314,632</u>
Expenditures				
General government				
Services and supplies	<u>100</u>	<u>-</u>	<u>100</u>	<u>71</u>
Culture and recreation				
Salaries and wages	237,209	241,559	(4,350)	247,798
Employee benefits	110,424	110,132	292	106,786
Services and supplies	565,135	338,919	226,216	355,576
Capital outlay	<u>848,057</u>	<u>779,324</u>	<u>68,733</u>	<u>414,198</u>
Total culture and recreation	<u>1,760,825</u>	<u>1,469,934</u>	<u>290,891</u>	<u>1,124,358</u>
Total expenditures	<u>1,760,925</u>	<u>1,469,934</u>	<u>290,991</u>	<u>1,124,429</u>
Net Change in Fund Balances	(552,210)	(126,673)	425,537	190,203
Fund Balance, Beginning of Year	<u>1,493,738</u>	<u>1,605,846</u>	<u>112,108</u>	<u>1,415,643</u>
Fund Balances, End of Year	<u>\$ 941,528</u>	<u>\$ 1,479,173</u>	<u>\$ 537,645</u>	<u>\$ 1,605,846</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Local Improvement District 3 Fund

Year Ended June 30, 2015

(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
Revenues				
Miscellaneous				
Investment income	<u>\$ 425</u>	<u>\$ 379</u>	<u>\$ (46)</u>	<u>\$ 327</u>
Expenditures				
Community support				
Services and supplies	<u>1,152,828</u>	<u>1,758</u>	<u>1,151,070</u>	<u>3,371</u>
Net Change in Fund Balances	<u>(1,152,403)</u>	<u>(1,379)</u>	<u>1,151,024</u>	<u>(3,044)</u>
Fund Balances, Beginning of Year	<u>1,152,403</u>	<u>1,152,933</u>	<u>530</u>	<u>1,155,977</u>
Fund Balances, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 1,151,554</u></u>	<u><u>\$ 1,151,554</u></u>	<u><u>\$ 1,152,933</u></u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 1 Revolving Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 123,334	\$ 129,612	\$ 6,278	\$ 76,373
Charges for services				
Other	-	-	-	18,272
Miscellaneous				
Investment income (loss)	-	2,914	2,914	5,232
Property rentals	15,000	15,000	-	15,000
Total revenues	138,334	147,526	9,192	114,877
Expenditures				
General government				
Services and supplies	910	185	725	279
Community support				
Salaries and wages	12,196	12,241	(45)	12,241
Employee benefits	6,003	6,015	(12)	5,748
Services and supplies	269,714	57,974	211,740	24,254
Total community support	287,913	76,230	211,683	42,243
Total expenditures	288,823	76,415	212,408	42,522
Excess (Deficiency) of Revenues over Expenditures	(150,489)	71,111	221,600	72,355
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	15,000	15,000	100,300
Transfers out	(305,955)	(306,316)	(361)	(403,441)
Total other financing sources (uses)	(305,955)	(291,316)	14,639	(303,141)
Net Change in Fund Balances	(456,444)	(220,205)	236,239	(230,786)
Fund Balances, Beginning of Year	588,336	456,703	(131,633)	687,489
Fund Balances, End of Year	\$ 131,892	\$ 236,498	\$ 104,606	\$ 456,703

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 2 Revolving Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 659,325	\$ 592,082	\$ (67,243)	\$ 284,531
Charges for services				
Other	-	10,000	10,000	2,250
Fines and forfeits				
Other	-	-	-	1,000
Miscellaneous				
Investment income (loss)	45,660	32,773	(12,887)	144
Other	-	13,428	13,428	-
Total revenues	<u>704,985</u>	<u>648,283</u>	<u>(56,702)</u>	<u>287,925</u>
Expenditures				
General government				
Services and supplies	-	-	-	63
Community support				
Services and supplies	<u>144,080</u>	<u>35,727</u>	<u>108,353</u>	<u>59,724</u>
Debt service				
Fiscal charges and other	<u>46,462</u>	<u>60,082</u>	<u>(13,620)</u>	<u>92,924</u>
Total expenditures	<u>190,542</u>	<u>95,809</u>	<u>94,733</u>	<u>152,711</u>
Excess (Deficiency) of Revenues over Expenditures	<u>514,443</u>	<u>552,474</u>	<u>38,031</u>	<u>135,214</u>
Other Financing Sources (Uses)				
Capital asset sales	550,000	2,150,000	1,600,000	100,000
Transfers				
Transfers in	-	671,000	671,000	913,608
Transfers out	<u>(1,072,899)</u>	<u>(1,743,899)</u>	<u>(671,000)</u>	<u>(1,127,685)</u>
Total other financing sources (uses)	<u>(522,899)</u>	<u>1,077,101</u>	<u>1,600,000</u>	<u>(114,077)</u>
Net Change in Fund Balances	(8,456)	1,629,575	1,638,031	21,137
Fund Balances, Beginning of Year	<u>165,081</u>	<u>139,525</u>	<u>(25,556)</u>	<u>118,388</u>
Fund Balances, End of Year	<u>\$ 156,625</u>	<u>\$ 1,769,100</u>	<u>\$ 1,612,475</u>	<u>\$ 139,525</u>

City of Sparks, Nevada

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Victorian Square Room Tax Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room tax	\$ 582,000	\$ 692,814	\$ 110,814	\$ 629,051
Miscellaneous				
Investment income (loss)	16,000	16,954	954	17,992
Total revenues	<u>598,000</u>	<u>709,768</u>	<u>111,768</u>	<u>647,043</u>
Expenditures				
General government				
Services and supplies	250	-	250	308
Community support				
Services and supplies	50,000	-	50,000	30,000
Capital outlay	34,404	-	34,404	-
Total community support	<u>84,404</u>	<u>-</u>	<u>84,404</u>	<u>30,000</u>
Total expenditures	<u>84,654</u>	<u>-</u>	<u>84,654</u>	<u>30,308</u>
Net Change in Fund Balances	513,346	709,768	196,422	616,735
Fund Balances, Beginning of Year	<u>1,799,545</u>	<u>1,912,683</u>	<u>113,138</u>	<u>1,295,948</u>
Fund Balances, End of Year	<u>\$ 2,312,891</u>	<u>\$ 2,622,451</u>	<u>\$ 309,560</u>	<u>\$ 1,912,683</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, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Sewer Operations Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			
	Final Budget	Actual	Variance	2014
Operating Revenues				
Licenses and permits				
Miscellaneous	\$ 218,264	\$ 228,039	\$ 9,775	\$ 222,290
Charges for services				
Sewer charges	22,572,923	21,728,469	(844,454)	20,987,062
Total operating revenues	22,791,187	21,956,508	(834,679)	21,209,352
Operating Expenses				
Salaries and wages	2,883,414	2,261,625	621,789	2,871,789
Employee benefits	1,505,884	1,264,389	241,495	1,233,772
Services and supplies	13,391,817	9,908,155	3,483,662	10,235,571
Depreciation	5,933,425	6,029,968	(96,543)	5,696,117
Net loss from Truckee Meadows Water Reclamation Facility	2,003,619	1,982,905	20,714	2,076,151
Total operating expenses	25,718,159	21,447,042	4,271,117	22,113,400
Operating Income (Loss)	(2,926,972)	509,466	3,436,438	(904,048)
Nonoperating Revenues (Expenses)				
Investment income	408,340	231,925	(176,415)	435,653
Interest expense	(1,229,248)	(1,163,666)	65,582	(1,293,827)
Miscellaneous	158,421	150,019	(8,402)	123,752
Gain (loss) on disposition of assets	-	(21,888)	(21,888)	(6,067)
Total nonoperating revenue (expenses)	(662,487)	(803,610)	(141,123)	(740,489)
Income (Loss) Before Capital Contributions and Transfers	(3,589,459)	(294,144)	3,295,315	(1,644,537)
Capital Contributions				
Grants	-	-	-	308,681
Contributions from other governments	-	1	1	4,883,288
Sewer connection fees	2,349,818	3,761,171	1,411,353	2,162,013
Sewer lines and storm drains	-	1,748,748	1,748,748	392,712
Total capital contributions	2,349,818	5,509,920	3,160,102	7,746,694
Transfers				
Transfers in	22,000	89,987	67,987	37,581
Transfers out	(4,104)	(77,488)	(73,384)	(4,066)
Total transfers	17,896	12,499	(5,397)	33,515
Change in Net Position	<u>\$ (1,221,745)</u>	<u>5,228,275</u>	<u>\$ 6,450,020</u>	<u>\$ 6,135,672</u>
Net Position, Beginning of Year, as Originally Reported		187,853,977		
Prior Period Adjustment		(6,383,696)		
Net Position, Beginning of Year		<u>181,470,281</u>		
Net Position, End of Year		<u>\$ 186,698,556</u>		

City of Sparks, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Development Services Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 1,330,847	\$ 1,674,238	\$ 343,391	\$ 1,197,187
Other	4,206	14,517	10,311	(282)
Charges for services				
Building and zoning fees	1,066,185	1,226,240	160,055	943,209
Other	107,099	351,878	244,779	177,428
Total operating revenues	<u>2,508,337</u>	<u>3,266,873</u>	<u>758,536</u>	<u>2,317,542</u>
Operating Expenses				
Salaries and wages	985,748	786,795	198,953	733,298
Employee benefits	483,384	403,942	79,442	382,144
Services and supplies	809,427	816,874	(7,447)	417,070
Total operating expenses	<u>2,278,559</u>	<u>2,007,611</u>	<u>270,948</u>	<u>1,532,512</u>
Operating Income	<u>229,778</u>	<u>1,259,262</u>	<u>1,029,484</u>	<u>785,030</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	15,000	14,649	(351)	18,979
Miscellaneous	6,804	5,237	(1,567)	8,968
Total nonoperating revenues (expenses)	<u>21,804</u>	<u>19,886</u>	<u>(1,918)</u>	<u>27,947</u>
Income (Loss) Before Transfers	251,582	1,279,148	1,027,566	812,977
Transfers				
Transfers out	<u>(728,624)</u>	<u>(727,445)</u>	<u>1,179</u>	<u>(376,397)</u>
Change in Net Position	<u>\$ (477,042)</u>	<u>551,703</u>	<u>\$ 1,028,745</u>	<u>\$ 436,580</u>
Net Position, Beginning of Year, as Originally Reported		1,555,529		
Prior Period Adjustment		<u>(1,528,944)</u>		
Net Position, Beginning of Year		<u>26,585</u>		
Net Position, End of Year		<u>\$ 578,288</u>		

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Internal Service Funds

Motor Vehicle Maintenance Fund

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

Group Insurance Self-Insurance Fund

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

Workers' Compensation Insurance Fund

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

Municipal Self-Insurance Fund

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

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Assets			
Current assets			
Cash and investments	\$ 2,310,933	\$ 627,802	\$ 5,048,484
Accounts receivable	6,595	23,934	7,221
Deposits	-	6,081	10,000
Inventory of supplies	287,752	-	-
Total current assets	2,605,280	657,817	5,065,705
Noncurrent assets			
Net other post-employment benefit asset	435	-	-
Capital assets			
Construction in progress	1,808,142	-	-
Buildings	451,019	-	-
Site improvements	245,445	-	-
Machinery and equipment	22,124,552	-	-
Less accumulated depreciation	17,262,768	-	-
Total noncurrent assets	7,366,825	-	-
Total assets	9,972,105	657,817	5,065,705
Deferred Outflows of Resources			
Deferred outflows related to pensions	146,322	-	-
Total assets and deferred outflows of resources	10,118,427	657,817	5,065,705
Liabilities			
Current liabilities			
Accounts payable	67,121	48,330	-
Accrued liabilities	18,846	1,590	-
Interest payable	7,976	-	-
Unearned revenues	-	30,261	-
Due to other governments	18,507	297	-
Current portion of long-term liabilities	229,289	1,024,638	1,023,072
Total current liabilities	341,739	1,105,116	1,023,072
Long-term liabilities			
Compensated absences (net of current portion)	71,976	-	-
Other post employment benefits	31,802	-	-
Sick leave conversion payable (net of current portion)	26,950	-	-
Claims liabilities (net of current portion)	-	-	5,068,495
Pension benefits	802,327	-	-
Total long-term liabilities	933,055	-	5,068,495
Total liabilities	1,274,794	1,105,116	6,091,567
Deferred Inflows of Resources			
Deferred inflows related to pensions	236,555	-	-
Total liabilities and deferred inflows of resources	1,511,349	1,105,116	6,091,567
Net Position			
Net investment in capital assets	7,194,720	-	-
Restricted for claims	-	-	-
Unrestricted	1,412,358	(447,299)	(1,025,862)
Total net position	\$ 8,607,078	\$ (447,299)	\$ (1,025,862)

City of Sparks, Nevada
Combining Statement of Net Position – Internal Service Funds
June 30, 2015

Municipal Self-Insurance	Totals
\$ 1,326,793	\$ 9,314,012
689	38,439
-	16,081
-	287,752
<u>1,327,482</u>	<u>9,656,284</u>
-	435
-	1,808,142
-	451,019
-	245,445
-	22,124,552
-	17,262,768
<u>-</u>	<u>7,366,825</u>
<u>1,327,482</u>	<u>17,023,109</u>
-	146,322
<u>1,327,482</u>	<u>17,169,431</u>
491,097	606,548
-	20,436
-	7,976
-	30,261
24	18,828
-	2,276,999
<u>491,121</u>	<u>2,961,048</u>
-	71,976
-	31,802
-	26,950
-	5,068,495
-	802,327
<u>-</u>	<u>6,001,550</u>
<u>491,121</u>	<u>8,962,598</u>
-	236,555
<u>491,121</u>	<u>9,199,153</u>
-	7,194,720
836,361	836,361
-	(60,803)
<u>\$ 836,361</u>	<u>\$ 7,970,278</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 3,971,253	\$ 8,750,562	\$ 359,938
Miscellaneous	29,525	59,775	-
Total operating revenues	4,000,778	8,810,337	359,938
Operating Expenses			
Salaries and wages	475,544	-	-
Employee benefits	274,110	-	-
Services and supplies	1,373,589	10,085,185	(2,566,357)
Depreciation	1,061,181	-	-
Total operating expenses	3,184,424	10,085,185	(2,566,357)
Operating Income (Loss)	816,354	(1,274,848)	2,926,295
Nonoperating Revenues (Expenses)			
Investment income (loss)	16,734	8,458	43,990
Interest expense	(43,837)	-	-
Miscellaneous	3,362	-	4,746
Gain on disposition of assets	282,411	-	-
Total nonoperating revenues (expenses)	258,670	8,458	48,736
Income (Loss) Before Capital Contributions and Transfers	1,075,024	(1,266,390)	2,975,031
Capital Contributions			
Vehicles	39,777	-	-
Transfers			
Transfers in	73,580	-	-
Transfers out	(327,740)	-	-
	(254,160)	-	-
Change in Net Position	860,641	(1,266,390)	2,975,031
Net Position, Beginning of Year, as Originally Reported	8,655,490	819,091	(4,000,893)
Prior Period Adjustment	(909,053)	-	-
Net Position, Beginning of Year, as Restated	7,746,437	819,091	(4,000,893)
Net Position, End of Year	\$ 8,607,078	\$ (447,299)	\$ (1,025,862)

City of Sparks, Nevada

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds

Year Ended June 30, 2015

Municipal Self-Insurance	Totals
\$ 250,527	\$ 13,332,280
98,879	188,179
<u>349,406</u>	<u>13,520,459</u>
-	475,544
-	274,110
1,458,045	10,350,462
<u>-</u>	<u>1,061,181</u>
1,458,045	12,161,297
<u>(1,108,639)</u>	<u>1,359,162</u>
9,527	78,709
-	(43,837)
-	8,108
<u>-</u>	<u>282,411</u>
9,527	325,391
<u>(1,099,112)</u>	<u>1,684,553</u>
<u>-</u>	<u>39,777</u>
327,740	401,320
<u>-</u>	<u>(327,740)</u>
327,740	73,580
<u>(771,372)</u>	<u>1,797,910</u>
1,607,733	7,081,421
<u>-</u>	<u>(909,053)</u>
1,607,733	6,172,368
<u>\$ 836,361</u>	<u>\$ 7,970,278</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Activities			
Cash received from customers and users	\$ 28,583	\$ 2,216,188	\$ 403,112
Cash received from interfund services provided	3,971,253	6,722,896	-
Cash received from reimbursements of insurance claims	-	59,775	-
Cash paid to employees	(828,248)	-	-
Cash paid to suppliers	(1,474,741)	(9,935,580)	(1,338,718)
Miscellaneous cash receipts	3,362	-	-
Net Cash from (used for) Operating Activities	1,700,209	(936,721)	(935,606)
Noncapital Financing Activities			
Transfers in	-	-	-
Transfers out	(327,740)	-	-
Net Cash Provided from (used for) Noncapital Financing Activities	(327,740)	-	-
Capital and Related Financing Activities			
Principal payments on capital lease obligations	(573,205)	-	-
Interest expense on capital lease obligations	(35,861)	-	-
Proceeds from sale of capital assets	346,652	-	-
Acquisition of capital assets	(944,986)	-	-
Net Cash used for Capital and Related Financing Activities	(1,207,400)	-	-
Investing Activities			
Investment income (loss)	16,734	8,458	43,990
Net Change in Cash and Cash Equivalents	181,803	(928,263)	(891,616)
Cash and Cash Equivalents, Beginning of Year	2,129,130	1,556,065	5,940,100
Cash and Cash Equivalents, End of Year	\$ 2,310,933	\$ 627,802	\$ 5,048,484

City of Sparks, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2015

Municipal Self-Insurance	Totals
\$ -	\$ 2,647,883
250,527	10,944,676
98,802	158,577
-	(828,248)
(1,022,981)	(13,772,020)
-	3,362
<u>(673,652)</u>	<u>(845,770)</u>
327,740	327,740
<u>-</u>	<u>(327,740)</u>
327,740	-
-	(573,205)
-	(35,861)
-	346,652
<u>-</u>	<u>(944,986)</u>
<u>-</u>	<u>(1,207,400)</u>
9,527	78,709
(336,385)	(1,974,461)
<u>1,663,178</u>	<u>11,288,473</u>
<u>\$ 1,326,793</u>	<u>\$ 9,314,012</u>

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities			
Operating income (loss)	\$ 816,354	\$ (1,274,848)	\$ 2,926,295
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	1,061,181	-	-
Miscellaneous cash receipts	3,362	-	4,746
Pension expense	121,578	-	-
Pension contributions	(138,071)	-	-
Change in			
Accounts receivable	(2,385)	188,522	38,428
Due from other governments	1,443	-	-
Inventory of supplies	(49,489)	-	-
Accounts payable	(50,298)	42,605	(5,314)
Accrued liabilities	435	(1,567)	-
Compensated absences	(11,758)	-	-
Net OPEB obligation	(50,778)	-	-
Contracts payable	-	-	-
Unearned revenue	-	4,528	-
Due to other governments	(1,365)	297	-
Claims liabilities	-	103,742	(3,899,761)
Total Adjustments	883,855	338,127	(3,861,901)
Net Cash from (used for) Operating Activities	<u>\$ 1,700,209</u>	<u>\$ (936,721)</u>	<u>\$ (935,606)</u>
Noncash investing and capital and related financing activities			
Contributions of capital assets from other funds	<u>\$ 113,357</u>	<u>\$ -</u>	<u>\$ -</u>
Book value of capital asset disposals	<u>\$ 64,246</u>	<u>\$ -</u>	<u>\$ -</u>

City of Sparks, Nevada
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2015

<u>Municipal Self-Insurance</u>	<u>Totals</u>
\$ (1,108,639)	\$ 1,359,162
-	1,061,181
-	8,108
-	121,578
-	(138,071)
(101)	224,464
-	1,443
-	(49,489)
448,493	435,486
-	(1,132)
-	(11,758)
-	(50,778)
(13,429)	(13,429)
-	4,528
24	(1,044)
-	(3,796,019)
<u>434,987</u>	<u>(2,204,932)</u>
<u>\$ (673,652)</u>	<u>\$ (845,770)</u>
<u>\$ -</u>	<u>\$ 113,357</u>
<u>\$ -</u>	<u>\$ 64,246</u>

City of Sparks, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Motor Vehicle Maintenance Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 4,152,758	\$ 3,971,253	\$ (181,505)	\$ 3,625,940
Miscellaneous	17,000	29,525	12,525	34,848
Total operating revenues	4,169,758	4,000,778	(168,980)	3,660,788
Operating Expenses				
Salaries and wages	541,842	475,544	66,298	515,727
Employee benefits	281,548	274,110	7,438	254,976
Services and supplies	1,551,448	1,373,589	177,859	1,716,099
Depreciation	1,887,900	1,061,181	826,719	1,139,907
Total operating expenses	4,262,738	3,184,424	1,078,314	3,626,709
Operating Income (Loss)	(92,980)	816,354	909,334	34,079
Nonoperating Revenues (Expenses)				
Investment income (loss)	40,000	16,734	(23,266)	36,150
Interest expense	(35,861)	(43,837)	(7,976)	(61,406)
Miscellaneous	-	3,362	3,362	-
Gain (loss) on disposition of assets	50,000	282,411	232,411	20,365
Total nonoperating revenues (expenses)	54,139	258,670	204,531	(4,891)
Income (Loss) Before Capital Contributions and Transfers	(38,841)	1,075,024	1,113,865	29,188
Capital Contributions				
Grants	-	-	-	209,713
Vehicles	-	39,777	39,777	39,175
Total capital contributions	-	39,777	39,777	248,888
Transfers				
Transfers in	-	73,580	73,580	-
Transfers out	(1,000,000)	(327,740)	672,260	-
Total transfers	(1,000,000)	(254,160)	745,840	-
Change in Net Position	\$ (1,038,841)	860,641	\$ 1,899,482	\$ 278,076
Net Position, Beginning of Year, as Originally Reported		8,655,490		
Prior Period Adjustment		(909,053)		
Net Position, Beginning of Year, as Restated		7,746,437		
Net Position, End of Year		\$ 8,607,078		

City of Sparks, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Group Insurance Self-Insurance Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 8,884,357	\$ 8,750,562	\$ (133,795)	\$ 6,893,779
Miscellaneous				
Reimbursement from insurance claims	1,000	59,775	58,775	10,479
Total operating revenues	8,885,357	8,810,337	(75,020)	6,904,258
Operating Expenses				
Services and supplies	9,243,662	10,085,185	(841,523)	8,941,816
Operating Loss	(358,305)	(1,274,848)	(916,543)	(2,037,558)
Nonoperating Revenues (Expenses)				
Investment income (loss)	60,000	8,458	(51,542)	42,513
Change in Net Position	<u>\$ (298,305)</u>	(1,266,390)	<u>\$ (968,085)</u>	<u>\$ (1,995,045)</u>
Net Position, Beginning of Year		<u>819,091</u>		
Net Position, End of Year		<u>\$ (447,299)</u>		

City of Sparks, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Workers' Compensation Insurance Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
Operating Revenues				
Charges for services				
Contributions and reimbursements	<u>\$ 434,066</u>	<u>\$ 359,938</u>	<u>\$ (74,128)</u>	<u>\$ 450,015</u>
Operating Expenses				
Services and supplies	<u>1,028,416</u>	<u>(2,566,357)</u>	<u>3,594,773</u>	<u>3,771,497</u>
Operating Income (Loss)	<u>(594,350)</u>	<u>2,926,295</u>	<u>3,520,645</u>	<u>(3,321,482)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	65,000	43,990	(21,010)	77,447
Miscellaneous	<u>-</u>	<u>4,746</u>	<u>4,746</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>65,000</u>	<u>48,736</u>	<u>(16,264)</u>	<u>77,447</u>
Change in Net Position	<u><u>\$ (529,350)</u></u>	2,975,031	<u><u>\$ 3,504,381</u></u>	<u><u>\$ (3,244,035)</u></u>
Net Position, Beginning of Year		<u>(4,000,893)</u>		
Net Postion, End of Year		<u><u>\$ (1,025,862)</u></u>		

City of Sparks, Nevada
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Municipal Self-Insurance Fund
Year Ended June 30, 2015
(with Comparative Amounts for Year Ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 250,527	\$ 250,527	\$ -	\$ 238,418
Miscellaneous				
Reimbursement from insurance claims	40,000	98,879	58,879	255,834
Total operating revenues	290,527	349,406	58,879	494,252
Operating Expenses				
Services and supplies	1,169,536	1,458,045	(288,509)	958,336
Operating Income (Loss)	(879,009)	(1,108,639)	(229,630)	(464,084)
Nonoperating Revenues (Expenses)				
Investment income (loss)	25,000	9,527	(15,473)	24,345
Gain (loss) on disposition of assets	-	-	-	(29,638)
Total nonoperating revenues (expenses)	25,000	9,527	(15,473)	(5,293)
Income (Loss) Before Transfers	(854,009)	(1,099,112)	(245,103)	(469,377)
Transfers				
Transfers in	-	327,740	327,740	-
Change in Net Position	<u>\$ (854,009)</u>	(771,372)	<u>\$ 82,637</u>	<u>\$ (469,377)</u>
Net Position, Beginning of Year		1,607,733		
Net Position, End of Year		<u>\$ 836,361</u>		

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Agency Funds

Sick Leave Retirement Trust Fund

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

Postemployment Medical Benefits Trust Fund

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

Truckee Meadows Water Reclamation Facility

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

Regional Transportation Commission Road Impact Fund

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

Marina Special Assessment District 2 (Refunding)

To account for collections of special assessments and distributions to special assessment debt-holders for payments on Marina Special Assessment District 2 debt, for which the City is not obligated in any manner.

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, Nevada
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Sick Leave Retirement Trust Fund</u>				
Assets				
Cash and investments	<u>\$ 51,730</u>	<u>\$ 636,942</u>	<u>\$ 646,459</u>	<u>\$ 42,213</u>
Liabilities				
Group insurance premiums payable	<u>\$ 51,730</u>	<u>\$ 636,942</u>	<u>\$ 646,459</u>	<u>\$ 42,213</u>
<u>Post Employment Medical Benefits Trust Fund</u>				
Assets				
Cash and investments	<u>\$ 568,484</u>	<u>\$ 179,490</u>	<u>\$ 212,162</u>	<u>\$ 535,812</u>
Liabilities				
Group insurance premiums payable	<u>\$ 568,484</u>	<u>\$ 179,490</u>	<u>\$ 212,162</u>	<u>\$ 535,812</u>
<u>Truckee Meadows Water Reclamation Facility</u>				
Assets				
Cash and investments	<u>\$ 3,611,277</u>	<u>\$ 20,230,805</u>	<u>\$ 20,877,615</u>	<u>\$ 2,964,467</u>
Liabilities				
Due to other governments	<u>\$ 3,611,277</u>	<u>\$ 20,230,805</u>	<u>\$ 20,877,615</u>	<u>\$ 2,964,467</u>
<u>Regional Transportation Commission Road Impact Fund</u>				
Assets				
Cash and investments	<u>\$ 139,002</u>	<u>\$ 673,541</u>	<u>\$ 587,961</u>	<u>\$ 224,582</u>
Liabilities				
Due to other governments	<u>\$ 139,002</u>	<u>\$ 673,541</u>	<u>\$ 587,961</u>	<u>\$ 224,582</u>
<u>Marina Special Assessment District 2 (Refunding)</u>				
Assets				
Cash and investments	<u>\$ 696,600</u>	<u>\$ 391,707</u>	<u>\$ 1,058,601</u>	<u>\$ 29,706</u>
Liabilities				
Due to special assessment bond holders	<u>\$ 696,600</u>	<u>\$ 391,707</u>	<u>\$ 1,058,601</u>	<u>\$ 29,706</u>
<u>Mesa Meadows Landscape Maintenance Fund</u>				
Assets				
Cash and investments	<u>\$ 2,726</u>	<u>\$ 68,691</u>	<u>\$ 60,863</u>	<u>\$ 10,554</u>
Liabilities				
Accounts payable	<u>\$ 2,726</u>	<u>\$ 68,691</u>	<u>\$ 60,863</u>	<u>\$ 10,554</u>

City of Sparks, Nevada
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Promontory Landscape Maintenance Fund</u>				
Assets				
Cash and investments	<u>\$ 5,553</u>	<u>\$ 29,228</u>	<u>\$ 27,455</u>	<u>\$ 7,326</u>
Liabilities				
Accounts payable	<u>\$ 5,553</u>	<u>\$ 29,228</u>	<u>\$ 27,455</u>	<u>\$ 7,326</u>
<u>Triple Crown Landscape Maintenance Fund</u>				
Assets				
Cash and investments	<u>\$ 114,193</u>	<u>\$ 47,674</u>	<u>\$ 30,774</u>	<u>\$ 131,093</u>
Liabilities				
Accounts payable	<u>\$ 114,193</u>	<u>\$ 47,674</u>	<u>\$ 30,774</u>	<u>\$ 131,093</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	<u>\$ 5,189,565</u>	<u>\$ 22,258,078</u>	<u>\$ 23,501,890</u>	<u>\$ 3,945,753</u>
Liabilities				
Accounts payable	\$ 122,472	\$ 145,593	\$ 119,092	\$ 148,973
Group insurance premiums payable	620,214	816,432	858,621	578,025
Due to special assessment bond holders	696,600	391,707	1,058,601	29,706
Due to other governments	<u>3,750,279</u>	<u>20,904,346</u>	<u>21,465,576</u>	<u>3,189,049</u>
Total liabilities	<u>\$ 5,189,565</u>	<u>\$ 22,258,078</u>	<u>\$ 23,501,890</u>	<u>\$ 3,945,753</u>

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City of Sparks, Nevada

Schedule of Fees Imposed Subject to NRS 354.5989 – Limitation of Fees for Business Licenses
Year Ended June 30, 2015

Flat Fixed Fees

Business license revenue adjusted base at June 30, 2014	\$ 771,102
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Adjustment to Base

Percentage increase in population of the local government	0.92%	
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	0.30%	1.22%

9,407

Adjusted base at June 30, 2015	780,509
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Actual revenue	730,181
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Amount under allowable amount	\$ (50,328)
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Fee Calculated on a Percentage of Gross Revenue

Adjusted base at June 30, 2014	\$ 2,217,149
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Percentage change in CPI	1.003
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Adjusted base at June 30, 2014	\$ 2,223,800
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Actual revenue	3,434,252
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Actual amount over allowable amount	\$ 1,210,452
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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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Net investment in				
capital assets	\$ 349,494,836	\$ 333,680,025	\$ 276,456,276	\$ 244,417,470
Restricted	35,589,211	41,194,330	42,903,334	51,091,604
Unrestricted	<u>(162,908,270)</u>	<u>(113,144,667)</u>	<u>(101,758,726)</u>	<u>(103,675,703)</u>
Total governmental activities	<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 191,833,371</u>
Business-Type Activities				
Net investment in				
Capital assets	\$ 132,378,854	\$ 124,836,498	\$ 118,604,065	\$ 117,872,586
Restricted	-	-	-	-
Unrestricted	<u>52,757,466</u>	<u>62,226,339</u>	<u>62,724,798</u>	<u>64,634,725</u>
Total business-type activities	<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 182,507,311</u>
Primary Government				
Net investment in				
Capital assets	\$ 481,873,690	\$ 458,516,523	\$ 395,060,341	\$ 362,290,056
Restricted	35,589,211	41,194,330	42,903,334	51,091,604
Unrestricted	<u>(110,150,804)</u>	<u>(50,918,328)</u>	<u>(39,033,928)</u>	<u>(39,040,978)</u>
Total primary government	<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>	<u>\$ 374,340,682</u>

Prepared on the accrual basis of accounting.

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 248,628,684	\$ 240,120,081	\$ 231,945,948	\$ 232,225,145	\$ 197,548,146	\$ 182,374,433
54,408,668	52,436,068	29,215,548	25,841,636	31,281,266	31,065,597
<u>(106,405,447)</u>	<u>(99,397,357)</u>	<u>(92,013,116)</u>	<u>11,302,280</u>	<u>30,290,646</u>	<u>6,973,294</u>
<u><u>\$ 196,631,905</u></u>	<u><u>\$ 193,158,792</u></u>	<u><u>\$ 169,148,380</u></u>	<u><u>\$ 269,369,061</u></u>	<u><u>\$ 259,120,058</u></u>	<u><u>\$ 220,413,324</u></u>
\$ 116,663,143	\$ 114,408,011	\$ 110,657,125	\$ 97,014,066	\$ 93,760,468	\$ 103,297,062
-	-	-	29,391,969	28,315,990	15,947,491
<u>65,174,839</u>	<u>66,681,450</u>	<u>70,313,937</u>	<u>45,149,581</u>	<u>40,062,574</u>	<u>39,325,348</u>
<u><u>\$ 181,837,982</u></u>	<u><u>\$ 181,089,461</u></u>	<u><u>\$ 180,971,062</u></u>	<u><u>\$ 171,555,616</u></u>	<u><u>\$ 162,139,032</u></u>	<u><u>\$ 158,569,901</u></u>
\$ 365,291,827	\$ 354,528,092	\$ 342,603,073	\$ 329,239,211	\$ 291,308,614	\$ 285,671,495
54,408,668	52,436,068	29,215,548	55,233,605	59,597,256	47,013,088
<u>(41,230,608)</u>	<u>(32,715,907)</u>	<u>(21,699,179)</u>	<u>56,451,861</u>	<u>70,353,220</u>	<u>46,298,642</u>
<u><u>\$ 378,469,887</u></u>	<u><u>\$ 374,248,253</u></u>	<u><u>\$ 350,119,442</u></u>	<u><u>\$ 440,924,677</u></u>	<u><u>\$ 421,259,090</u></u>	<u><u>\$ 378,983,225</u></u>

	2015	2014	2013	2012
Expenses				
Governmental Activities				
General government	\$ 12,531,485	\$ 10,756,417	\$ 10,863,112	\$ 8,817,144
Judicial	2,119,937	2,213,707	2,225,488	2,054,034
Public safety	39,489,038	44,473,405	40,779,887	37,286,519
Public works	6,300,571	13,107,396	13,780,817	14,071,989
Culture and recreation	9,829,803	10,230,616	9,672,978	9,149,895
Community support	1,384,932	1,949,757	1,568,970	2,473,833
Intergovernmental	-	-	-	-
Interest on long-term debt	11,187,762	10,748,859	13,158,074	13,480,497
Total governmental activities expenses	82,843,528	93,480,157	92,049,326	87,333,911
Business-type Activities				
Sewer	22,442,881	24,153,084	24,622,329	20,399,005
Development services	1,991,181	1,624,933	1,780,442	1,468,521
Special events	-	-	-	-
Total business-type activities expenses	24,434,062	25,778,017	26,402,771	21,867,526
Total primary government expenses	\$ 107,277,590	\$ 119,258,174	\$ 118,452,097	\$ 109,201,437
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 13,190,273	\$ 12,019,773	\$ 11,417,822	\$ 11,607,851
Judicial	959,730	988,053	991,278	1,032,788
Public safety	972,957	960,766	728,109	880,505
Public works	3,246,022	3,040,582	3,055,505	2,835,071
Sanitation	89,864	37,520	6,300	15,330
Culture, recreation, and community support	4,520,065	4,446,327	4,197,108	5,295,120
Operating grants, interest, and contributions	1,234,890	1,867,496	2,184,401	1,940,111
Capital grants, interest, and contributions	23,015,112	56,827,683	37,135,600	6,441,089
Total governmental activities program revenues	47,228,913	80,188,200	59,716,123	30,047,865
Business-type Activities				
Charges for services				
Sewer	21,956,804	21,209,352	21,114,955	19,851,753
Development services	3,266,871	2,317,542	2,117,900	2,013,713
Special events	-	-	-	-
Operating grants, interest, and contributions	-	-	-	-
Capital grants, interest, and contributions	5,509,920	7,746,694	2,246,382	589,860
Total business-type activities program revenues	30,733,595	31,273,588	25,479,237	22,455,326
Total primary government program revenues	77,962,508	111,461,788	85,195,360	52,503,191

Prepared on the accrual basis of accounting.

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

2011	2010	2009	2008	2007	2006
\$ 10,025,892	\$ 9,446,502	\$ 14,777,036	\$ 12,403,133	\$ 11,661,238	\$ 12,156,255
2,158,409	2,304,226	2,260,022	2,206,087	2,128,779	2,013,727
36,969,841	41,712,851	41,632,067	41,422,094	39,316,933	34,084,232
14,151,854	14,700,661	11,447,145	10,871,899	10,870,053	7,309,418
9,899,309	11,237,024	11,814,474	11,339,107	9,170,899	9,095,585
3,206,527	6,101,231	96,486,490	3,260,995	2,864,022	3,311,641
-	-	-	-	-	-
12,860,069	12,398,040	11,611,485	3,014,307	3,445,090	2,480,467
89,271,901	97,900,535	190,028,719	84,517,622	79,457,014	70,451,325
21,680,905	22,979,230	22,541,333	22,943,578	18,588,132	18,931,299
1,653,448	2,636,060	4,356,655	7,415,328	8,134,105	8,384,606
-	-	-	-	667,015	649,919
23,334,353	25,615,290	26,897,988	30,358,906	27,389,252	27,965,824
\$ 112,606,254	\$ 123,515,825	\$ 216,926,707	\$ 114,876,528	\$ 106,846,266	\$ 98,417,149
\$ 11,639,553	\$ 12,791,944	\$ 13,540,898	\$ 13,082,445	\$ 14,245,717	\$ 12,063,050
1,317,073	1,327,287	1,162,867	1,212,838	1,255,761	1,252,547
2,014,994	801,870	674,869	714,749	909,204	643,101
2,695,408	2,622,887	2,675,642	2,433,410	2,546,119	3,318,461
-	30,852	93,775	141,100	250,063	500,839
4,114,266	4,217,444	4,459,484	4,197,229	4,530,880	6,131,004
2,445,242	2,095,270	1,395,463	1,652,886	3,246,249	2,572,872
16,900,744	20,097,164	12,625,105	9,299,281	13,285,210	19,748,867
41,127,280	43,984,718	36,628,103	32,733,938	40,269,203	46,230,741
18,827,593	18,523,097	18,101,886	15,905,011	13,933,305	14,120,743
1,410,322	1,463,498	3,545,235	5,696,054	6,670,574	9,398,373
-	-	-	(835)	466,384	389,902
-	-	-	31,247	-	311,802
797,086	1,993,711	3,508,720	12,836,482	7,163,970	19,080,067
21,035,001	21,980,306	25,155,841	34,467,959	28,234,233	43,300,887
62,162,281	65,965,024	61,783,944	67,201,897	68,503,436	89,531,628

	2015	2014	2013	2012
Net (Expense)/Revenue				
Governmental activities	\$ (35,614,615)	\$ (13,291,957)	\$ (32,333,203)	\$ (57,286,046)
Business-type activities	<u>6,299,533</u>	<u>5,495,571</u>	<u>(923,534)</u>	<u>587,800</u>
Total primary government net expense	<u>\$ (29,315,082)</u>	<u>\$ (7,796,386)</u>	<u>\$ (33,256,737)</u>	<u>\$ (56,698,246)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem	\$ 24,206,813	\$ 23,423,624	\$ 23,200,778	\$ 23,935,797
Special assessments - taxes	1,082,636	1,188,135	1,830,467	1,895,243
Consolidated	20,916,103	19,356,294	18,252,243	17,513,809
Other	15,418,511	14,282,782	13,571,789	11,119,363
Unrestricted investment income	254,882	378,347	3,638	367,254
Other	584,991	778,449	776,389	480,804
Transfers	<u>714,946</u>	<u>342,882</u>	<u>465,412</u>	<u>13,273</u>
Total governmental activities	<u>63,178,882</u>	<u>59,750,513</u>	<u>58,100,716</u>	<u>55,325,543</u>
Business-type Activities				
Unrestricted investment income	246,574	454,632	19,311	399,619
Other	154,962	126,653	191,187	371,133
Transfers	<u>(714,946)</u>	<u>(342,882)</u>	<u>(465,412)</u>	<u>(13,273)</u>
Total business-type activities	<u>(313,410)</u>	<u>238,403</u>	<u>(254,914)</u>	<u>757,479</u>
Total primary government activities	<u>\$ 62,865,472</u>	<u>\$ 59,988,916</u>	<u>\$ 57,845,802</u>	<u>\$ 56,083,022</u>
Change in Net Position				
Governmental activities	\$ 27,564,267	\$ 46,458,556	\$ 25,767,513	\$ (1,960,503)
Business-type activities	<u>5,986,123</u>	<u>5,733,974</u>	<u>(1,178,448)</u>	<u>1,345,279</u>
Total primary government change in net	<u>\$ 33,550,390</u>	<u>\$ 52,192,530</u>	<u>\$ 24,589,065</u>	<u>\$ (615,224)</u>

Prepared on the accrual basis of accounting.

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (48,144,621) (2,299,352)	\$ (53,915,817) (3,634,984)	\$ (153,400,616) (1,742,147)	\$ (51,783,684) 4,109,053	\$ (39,187,811) 844,981	\$ (24,220,584) 15,335,063
<u>\$ (50,443,973)</u>	<u>\$ (57,550,801)</u>	<u>\$ (155,142,763)</u>	<u>\$ (47,674,631)</u>	<u>\$ (38,342,830)</u>	<u>\$ (8,885,521)</u>
\$ 25,692,651 1,960,106 16,725,697 11,418,369 475,772 (4,471,332) (183,529)	\$ 29,194,703 28,130,914 16,582,397 9,518,119 1,575,591 (7,462,151) (2,403,664)	\$ 30,028,590 - 18,521,203 6,413,406 3,667,677 3,972,094 (9,423,035)	\$ 27,817,931 - 22,526,073 4,801,416 3,426,124 4,649,354 (1,188,211)	\$ 25,508,556 - 25,167,648 4,793,754 3,639,015 18,574,607 210,965	\$ 21,998,015 - 25,719,825 4,447,060 1,564,429 973,423 57,351
<u>51,617,734</u>	<u>75,135,909</u>	<u>53,179,935</u>	<u>62,032,687</u>	<u>77,894,545</u>	<u>54,760,103</u>
382,358 299,956 183,529	1,114,003 235,716 2,403,664	1,399,026 335,532 9,423,035	2,358,845 1,760,475 1,188,211	2,016,700 918,415 (210,965)	956,483 492,111 (57,351)
<u>865,843</u>	<u>3,753,383</u>	<u>11,157,593</u>	<u>5,307,531</u>	<u>2,724,150</u>	<u>1,391,243</u>
<u>\$ 52,483,577</u>	<u>\$ 78,889,292</u>	<u>\$ 64,337,528</u>	<u>\$ 67,340,218</u>	<u>\$ 80,618,695</u>	<u>\$ 56,151,346</u>
\$ 3,473,113 (1,433,509)	\$ 21,220,092 118,399	\$ (100,220,681) 9,415,446	\$ 10,249,003 9,416,584	\$ 38,706,734 3,569,131	\$ 30,539,519 16,726,306
<u>\$ 2,039,604</u>	<u>\$ 21,338,491</u>	<u>\$ (90,805,235)</u>	<u>\$ 19,665,587</u>	<u>\$ 42,275,865</u>	<u>\$ 47,265,825</u>

	2015	2014	2013	2012
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable	333	-	-	1,268
Restricted	-	-	-	13,571
Assigned	2,499,431	1,101,885	1,693,859	2,153,036
Unassigned	3,946,852	3,762,386	4,113,903	4,324,416
Total general fund ⁽¹⁾	<u>\$ 6,446,616</u>	<u>\$ 4,864,271</u>	<u>\$ 5,807,762</u>	<u>\$ 6,844,803</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Undesignated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Restricted	35,767,128	41,650,718	35,210,268	36,390,477
Committed	798,424	1,163,684	1,040,583	837,136
Assigned	3,993,693	3,443,911	3,417,542	3,523,829
Total all other governmental funds ⁽¹⁾	<u>\$ 40,559,245</u>	<u>\$ 46,258,313</u>	<u>\$ 39,668,393</u>	<u>\$ 40,751,442</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, Nevada
Schedule 1.3 – Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)

<u>2011⁽²⁾</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 103,542	\$ 145,056	\$ 2,339,619	\$ 3,251,155	\$ 3,434,378
-	3,569,096	4,787,612	2,946,258	4,653,106	8,443,190
-	1,180,678	1,428,367	-	1,671,937	-
788	-	-	-	-	-
346,058	-	-	-	-	-
1,336,536	-	-	-	-	-
5,161,421	-	-	-	-	-
<u>\$ 6,844,803</u>	<u>\$ 4,853,316</u>	<u>\$ 6,361,035</u>	<u>\$ 5,285,877</u>	<u>\$ 9,576,198</u>	<u>\$ 11,877,568</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,042,768	1,817,197	2,745,928	3,371,213	6,181,326
-	17,203,646	20,778,418	5,846,639	5,335,046	5,431,376
-	10,689,211	17,217,241	14,734,728	13,062,564	24,848,717
-	2,020,507	99,033	6,445	3,273,881	143,770
-	2,777,260	1,107,955	190,173	403,389	1,807
-	7,885,152	6,166,558	4,284,574	27,587,271	1,321,426
35,551,672	-	-	-	-	-
692,616	-	-	-	-	-
4,559,865	-	-	-	-	-
<u>\$ 40,804,153</u>	<u>\$ 43,618,544</u>	<u>\$ 47,186,402</u>	<u>\$ 27,808,487</u>	<u>\$ 53,033,364</u>	<u>\$ 37,928,422</u>

	2015	2014	2013	2012
Revenues				
Taxes	\$ 27,564,923	\$ 32,673,904	\$ 26,825,221	\$ 27,612,851
Licenses and permits	15,806,282	14,636,255	13,878,721	13,721,762
Intergovernmental revenues	38,096,816	36,101,825	35,016,415	31,605,381
Charges for services	5,107,022	5,460,416	5,366,208	6,303,327
Fines and forfeits	653,313	662,907	686,356	707,145
Miscellaneous	435,736	950,298	440,595	1,624,222
Total revenues	87,664,092	90,485,605	82,213,516	81,574,688
Expenditures				
General government*	10,113,421	10,013,248	9,484,391	9,538,767
Judicial	2,097,670	1,931,962	1,976,186	1,972,078
Public safety	39,716,955	38,156,786	35,632,227	35,869,222
Public works	4,774,668	4,539,922	5,737,079	6,274,814
Culture and recreation	6,820,522	6,797,156	6,365,455	6,501,064
Community support	901,936	1,117,381	725,288	1,619,322
Intergovernmental	-	-	-	259,051
Capital outlay	5,082,673	4,077,064	6,920,081	3,228,900
Debt service:	-	-	-	-
Principal	13,797,000	13,825,000	6,080,000	5,665,000
Interest	11,208,334	12,003,482	11,135,169	10,068,803
Other	211,815	150,057	95,898	95,907
Total expenditures	94,724,994	92,612,058	84,151,774	81,092,928
Excess (Deficiency) of Revenues Over Expenditures	(7,060,902)	(2,126,453)	(1,938,258)	481,760
Other Financing Sources (Uses)				
Capital asset sales	2,150,000	100,000	88,258	-
Capital leases	-	-	-	-
Bonds issued	-	-	-	-
Proceeds of refunding bonds	7,285,000	7,330,000	-	-
Payment to refunded bond escrow	(7,132,187)	-	-	-
Refunded bonds redeemed	-	-	-	-
Payoff of refinanced notes	-	-	-	-
Transfers in	5,749,856	6,207,065	4,643,725	4,699,972
Transfers out	(5,108,490)	(5,864,183)	(4,561,303)	(4,582,435)
Prior period adjustment	-	-	-	(1,004,520)
Total other financing sources (uses)	2,944,179	7,772,882	170,680	(886,983)
Net Change in Fund Balances	\$ (4,116,723)	\$ 5,646,429	\$ (1,767,578)	\$ (405,223)
Debt service as a percentage of noncapital expenditures	27.9%	29.2%	22.3%	20.2%

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

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

2011	2010	2009	2008	2007	2006
\$ 29,467,590	\$ 32,410,994	\$ 31,274,738	\$ 28,978,465	\$ 27,628,757	\$ 24,741,997
13,238,303	13,669,551	14,689,530	14,683,887	15,862,116	15,390,351
31,505,744	29,576,686	27,967,425	28,457,097	34,112,864	32,048,098
7,168,837	8,147,497	8,506,396	10,038,096	7,691,212	6,678,271
923,884	965,408	994,119	1,030,249	1,072,402	1,056,471
2,187,918	2,240,126	6,238,845	3,222,787	3,632,831	3,914,795
84,492,276	87,010,262	89,671,053	86,410,581	90,000,182	83,829,983
9,303,631	9,766,563	15,469,427	12,925,180	12,417,105	11,932,956
2,060,499	2,087,748	2,106,624	2,102,867	2,100,592	2,026,228
35,178,504	37,207,229	37,831,695	38,668,242	37,993,570	34,273,230
7,983,441	9,028,720	8,401,507	8,347,228	9,190,042	7,149,800
6,990,564	7,952,673	9,048,897	9,379,399	8,399,860	8,007,456
2,011,557	5,188,476	95,685,899	2,376,365	2,001,009	2,449,286
295,331	378,557	522,230	555,090	602,197	558,961
5,672,383	14,080,842	31,682,011	35,791,802	16,863,538	6,624,529
5,120,000	5,375,177	3,022,679	3,022,746	3,497,151	4,451,982
10,427,468	11,808,027	10,115,441	2,674,877	3,169,166	2,399,181
148,273	517,375	2,543,061	219,354	240,970	97,155
85,191,651	103,391,387	216,429,471	116,063,150	96,475,200	79,970,764
(699,375)	(16,381,125)	(126,758,418)	(29,652,569)	(6,475,018)	3,859,219
-	(173,812)	7,250	-	18,192,789	-
-	-	-	-	1,527,600	375,400
4,180,000	31,948,734	147,774,213	-	22,040,000	14,475,000
-	-	-	-	-	-
-	(22,176,160)	-	-	(20,611,718)	-
(4,120,000)	-	-	-	-	-
-	-	-	-	-	-
4,911,833	7,109,022	10,650,405	10,469,999	15,351,278	6,122,455
(5,095,362)	(8,562,739)	(11,220,378)	(10,332,628)	(17,221,359)	(6,694,587)
-	3,160,503	-	-	-	-
(123,529)	11,305,548	147,211,490	137,371	19,278,590	14,278,268
\$ (822,904)	\$ (5,075,577)	\$ 20,453,072	\$ (29,515,198)	\$ 12,803,572	\$ 18,137,487
19.6%	19.2%	7.1%	7.1%	8.4%	9.3%

Fiscal Year Ended June 30,	Real Property Assessed Value			
	Residential	Commercial	Industrial	Other
2015	\$ 1,412,538,525	\$ 491,969,082	\$ 346,266,412	\$ 139,008,743
2014	1,194,487,527	490,827,042	344,402,528	139,544,675
2013	1,205,915,561	484,053,275	333,460,281	135,939,375
2012	1,297,586,987	485,223,299	335,130,418	134,354,569
2011	1,438,907,544	466,143,248	326,211,878	128,602,963
2010	1,631,892,071	492,034,961	336,335,074	141,731,139
2009	2,064,362,454	518,466,654	331,729,137	154,562,665
2008	1,952,803,244	401,235,400	344,528,709	141,011,115
2007	1,637,749,459	395,203,852	317,640,029	136,903,955
2006	1,314,892,808	336,266,276	293,993,232	117,474,546

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, Nevada
Schedule 2.1 – Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
\$ 5,310,290	\$ 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	5,759,991,593	35.00%	0.9161
5,104,085	151,109,413	2,104,262,973	6,011,899,585	35.00%	0.9161
4,905,887	153,036,305	2,222,443,075	6,349,837,357	35.00%	0.9161
4,809,693	142,328,445	2,471,871,611	7,062,490,316	35.00%	0.9161
4,715,385	134,931,327	2,471,777,303	7,062,220,866	35.00%	0.9161
4,622,926	127,744,539	2,945,999,297	8,417,140,849	35.00%	0.9161
4,511,962	134,654,704	2,709,435,726	7,741,244,931	35.00%	0.9161
4,297,107	132,477,745	2,359,316,657	6,740,904,734	35.00%	0.9161
9,951,907	120,227,640	1,952,351,129	5,578,146,083	35.00%	0.9161

	2015	2014	2013	2012
City of Sparks Direct Rate				
Operating Rate	0.7109	0.6672	0.6672	0.6672
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	0.9598	0.9161	0.9161	0.9161
Overlapping Rates				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	0.0000	0.0000	0.0000	0.0000
State of Nevada	0.1700	0.1700	0.1700	0.1700
Total Overlapping Rates	2.7002	2.7002	2.7002	2.7002
Total City of Sparks Property Tax Rate	3.6600	3.6163	3.6163	3.6163
Redevelopment Agency of the City of Sparks	3.194	3.1238	3.1336	3.1336

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, Nevada
Schedule 2.2 – Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Unaudited)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
0.6672	0.6372	0.6372	0.6372	0.6372	0.6272
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1284	0.1284	0.1284	0.1284	0.1284
-	0.0400	0.0400	0.0400	0.0400	0.0500
<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0005	0.0004	0.0004	0.0004	0.0005	0.0005
<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
<u>2.7007</u>	<u>2.7006</u>	<u>2.7006</u>	<u>2.7006</u>	<u>2.7007</u>	<u>2.7007</u>
<u>3.6168</u>	<u>3.6167</u>	<u>3.6167</u>	<u>3.6167</u>	<u>3.6168</u>	<u>3.6168</u>
<u>3.2075</u>	<u>3.2294</u>	<u>3.2525</u>	<u>3.6167</u>	<u>3.6168</u>	<u>3.6168</u>

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

Taxpayer	2015			2006		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Sparks Legends Development	\$ 36,646,542	1	1.64%	\$ -	-	
BRE/Reno Property LLC	27,509,802	2	1.23%	-	-	
RRE/PAC Nevada LLC	20,949,382	3	0.94%	-	-	
Northwestern Mutual Life Insurance Co.	17,502,482	4	0.78%	16,804,005	5	0.71%
Prime Park Vista LLC	17,502,482	5	0.78%	13,890,215	6	0.59%
Inland American Sparks Crossing	12,907,226	6	0.58%	-	-	
Scheels All Sports Inc	12,267,132	7	0.55%	-	-	
Sparks Family Hospital	11,863,516	8	0.53%			
CHP Sparks NV Owner LLC	10,625,428	9	0.48%	-	-	
US INST Real Est Equities LP	10,334,960	10	0.46%	10,758,649	9	0.46%
DP Industrial, LLC	-	-	-	39,336,647	1	1.67%
Sparks Nugget, Inc.				21,715,477	2	0.92%
Reynen & Bardis, LLC				18,359,677	3	0.78%
Horton D.R. Inc	-	-	-	17,259,939	4	0.73%
Security Capital Industry Trust	-	-	-	13,523,056	7	0.57%
Prologis Trut	-	-	-	12,080,455	8	0.51%
Vineyard Investors, LLC	-	-	-	9,634,057	10	0.41%
Total, Ten Largest Taxpayers	178,108,952		7.96%	173,362,177		7.36%
Total, Other Taxpayers	2,058,694,118		92.04%	2,181,616,960		92.64%
Total Assessed Valuations	<u>\$ 2,236,803,070</u>		<u>100.00%</u>	<u>\$ 2,354,979,137</u>		<u>100.00%</u>

Source: Washoe County Assessor

This list represents the ten largest property assessments based on property-owning taxpayers in the City.

It is possible that an owner of several parcels may have an aggregate assessed value that is large than those listed above. This schedule does not include the City of Sparks Redevelopment Agency valuation.

City of Sparks, Nevada
Schedule 2.4 – Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Current Year				Totals to Date	
	Taxes Levied	Tax Collections	Percent of Taxes Levied	Delinquent Tax Collections	Tax Collections	Percent of Taxes Levied
2015	\$ 22,185,805	\$ 22,076,170	99.51%	\$ -	\$ 22,076,170	99.51%
2014	22,220,370	21,302,629	95.87%	895,790	22,198,419	99.90%
2013	22,131,906	21,370,949	96.56%	738,293	22,109,242	99.90%
2012	21,867,752	21,720,508	99.33%	130,449	21,850,957	99.92%
2011	23,635,725	23,309,474	98.62%	323,312	23,632,786	99.99%
2010	26,557,900	26,036,651	98.04%	520,702	26,557,353	100.00%
2009	27,308,204	26,605,426	97.43%	682,240	27,287,666	99.92%
2008	25,041,290	24,353,835	97.25%	670,319	25,024,154	99.93%
2007	22,887,429	22,692,847	99.15%	188,039	22,880,886	99.97%
2006	19,944,392	19,825,891	99.41%	118,501	19,944,392	100.00%

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

Fiscal Year Ended June 30,	General Bonded Debt							Percentage	
	General Obligation		Redevelopment		Total General	Available to Repay General	Net General	of Actual	Per
	Bonds	Notes	Bonds	Notes	Bonded Debt	Bonded Debt	Bonded Debt	Property	Capita
								Value ⁽¹⁾	⁽²⁾
2015	\$ 2,025,000	\$ -	\$ 46,722,399	\$ -	\$ 48,747,399	\$ 17,298,588	\$ 31,448,811	0.49%	\$ 337.00
2014	2,975,000	-	55,592,348	-	58,567,348	22,921,066	35,646,282	0.62%	385.80
2013	3,890,000	-	58,713,918	-	62,603,918	22,373,617	40,230,301	0.67%	439.43
2012	4,770,000	-	61,675,488	-	66,445,488	23,585,259	42,860,229	0.67%	464.35
2011	5,610,000	-	64,542,058	-	70,152,058	26,898,775	43,253,283	0.61%	479.19
2010	6,415,000	-	67,468,628	-	73,883,628	3,564,616	70,319,012	1.00%	770.73
2009	7,725,000	-	60,972,256	-	68,697,256	3,120,048	65,577,208	0.78%	715.25
2008	8,855,000	-	23,905,000	-	32,760,000	-	32,760,000	0.42%	366.24
2007	9,955,000	-	25,000,000	-	34,955,000	-	34,955,000	0.52%	397.91
2006	2,390,000	-	26,395,000	7,035,000	35,820,000	3,707,925	32,112,075	0.58%	375.06

⁽¹⁾ See Schedule 2.1 for estimated actual property value.

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

City of Sparks, Nevada
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			
\$ 115,117,114	\$ 171,670	\$ 32,329,748	\$ 7,057,710	\$ 203,423,641	1.07%	\$2,179.85
117,730,620	744,875	35,923,567	7,739,883	220,706,293	1.17%	2,388.70
119,952,126	1,292,535	39,407,646	8,403,635	231,659,860	1.28%	2,567.89
121,953,240	1,891,690	42,785,394	9,049,464	242,125,276	1.41%	2,728.29
123,674,746	2,464,385	46,060,110	9,680,647	252,031,946	1.26%	2,828.41
124,766,252	3,011,794	47,391,756	10,292,425	259,345,855	1.11%	2,694.78
124,684,114	3,576,062	44,443,986	10,607,736	252,009,154	0.51%	1,195.52
15,425,177	4,332,661	45,485,848	11,606,160	109,609,846	0.54%	1,214.58
15,885,178	5,542,427	40,170,551	12,089,873	108,643,029	0.53%	1,197.01
16,265,177	4,836,973	35,251,877	10,311,302	102,485,329	0.47%	1,018.41

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City of Sparks, Nevada
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2015 (Unaudited)

Name of Government Unit	Debt Outstanding	Presently Self-Supporting Debt Outstanding	Percent Applicable ⁽¹⁾	Applicable Net Debt
Direct				
City of Sparks ⁽²⁾				
Governmental activity				
Notes and capital leases	\$ 2,196,670	\$ -	100.00%	\$ 2,196,670
Revenue bonds	115,117,114	115,117,114	100.00%	-
Tax allocation bonds & notes	46,722,399	46,722,399	100.00%	-
Total direct debt	164,036,183	161,839,513		2,196,670
Overlapping				
Washoe County School District	474,267,000	-	14.59%	69,195,555
Reno-Sparks Convention & Visitors Authority	117,973,000	117,973,000	14.59%	-
State of Nevada	1,729,010,000	499,005,000	2.46%	30,258,123
Total overlapping debt	2,321,250,000	616,978,000		99,453,678
Total general obligation direct and overlapping debt	\$ 2,485,286,183	\$ 778,817,513		\$ 101,650,348

Source: Washoe County Comptroller's Office; Washoe County School District; Reno/Sparks Convention & Visitors Authority; and the State of Nevada.

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

⁽²⁾ Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2015

Assessed value of taxable property, including redevelopment				<u>\$ 2,396,747,010</u>
Debt limit (20% of assessed value)				\$ 479,349,402
Debt applicable to limit				
Governmental GO Debt			2,025,000	
Business-type Activities GO Debt			<u>39,387,458</u>	
Total Net Debt Subject to Limitation				<u>41,412,458</u>
Legal debt margin				<u>\$ 437,936,944</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 479,349,402	\$ 434,121,479	\$ 434,924,468	\$ 454,847,772
Total net debt subject to limitation	<u>41,412,458</u>	<u>46,638,450</u>	<u>51,701,282</u>	<u>56,607,529</u>
Available General Obligation				
Debt Limit	<u>\$ 437,936,944</u>	<u>\$ 387,483,029</u>	<u>\$ 383,223,186</u>	<u>\$ 398,240,243</u>
Total Net Debt Subject to Limitation				
as a Percentage of Debt Limit	<u>8.6%</u>	<u>10.7%</u>	<u>11.9%</u>	<u>12.4%</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, Nevada
Schedule 3.3 – Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 484,829,014	\$ 533,284,495	\$ 632,318,529	\$ 577,133,630	\$ 502,304,027	\$ 503,581,558
<u>61,350,874</u>	<u>63,188,994</u>	<u>53,072,257</u>	<u>54,340,852</u>	<u>49,444,104</u>	<u>40,244,096</u>
<u><u>\$ 423,478,140</u></u>	<u><u>\$ 470,095,501</u></u>	<u><u>\$ 579,246,272</u></u>	<u><u>\$ 522,792,778</u></u>	<u><u>\$ 452,859,923</u></u>	<u><u>\$ 463,337,462</u></u>
<u><u>12.7%</u></u>	<u><u>11.8%</u></u>	<u><u>8.4%</u></u>	<u><u>9.4%</u></u>	<u><u>9.8%</u></u>	<u><u>8.0%</u></u>

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

Fiscal Year Ended June 30,	Pledged Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Requirements			Coverage Ratios
				Principal	Interest	Total	
Sewer Utility Bonds ⁽³⁾							
2005	\$ 25,717,679	\$ 13,434,169	\$ 12,283,510	\$ 3,593,820	\$ 964,405	\$ 4,558,225	2.7
2014	23,371,365	14,341,132	9,030,233	3,484,079	1,075,889	4,559,968	2.0
2013	23,097,560	15,017,616	8,079,944	3,377,748	1,183,914	4,561,662	1.8
2012	20,441,613	11,666,850	8,774,763	3,274,716	1,288,578	4,563,294	1.9
2011	19,542,426	12,398,442	7,143,984	2,877,236	1,380,953	4,258,189	1.7
2010	20,072,724	14,026,357	6,046,367	3,383,726	1,642,782	5,026,508	1.2
2009	21,035,781	14,014,230	7,021,551	3,980,586	1,781,264	5,761,850	1.2
2008	19,381,936	14,204,851	5,177,085	2,808,756	1,385,377	4,194,133	1.2
2007	18,141,126	11,944,393	6,196,733	1,766,263	1,121,948	2,888,211	2.1
2006	18,847,935	12,649,964	6,197,971	1,815,915	1,006,181	2,822,096	2.2

⁽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⁾
2015	93,320	35.81	\$ 19,019,271,508	\$ 44,151	6.7%
2014	92,396	35.81	18,943,497,518	43,653	7.9%
2013	91,551	35.81	18,868,025,416	43,161	9.7%
2012	92,302	35.81	18,792,854,000	43,317	11.8%
2011	90,264	35.81*	18,258,112,000	42,524	13.0%
2010	91,237	37.26	17,547,353,000	41,169	13.6%
2009	91,684	36.44	17,037,671,000	40,394	11.7%
2008	89,449	35.41	18,724,280,000	44,936	6.5%
2007	87,846	34.11	18,660,662,000	45,446	4.4%
2006	85,618	33.50	17,557,946,000	44,089	4.0%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

⁽¹⁾ State of Nevada, Demographer's Office estimates. 2015 is Sparks projection of 1% increase over 2014 estimate.

⁽²⁾ City of Sparks, Revenue Division

⁽³⁾ U.S. Department of Commerce, Bureau of Economic Analysis, 2005-2012, for Reno/Sparks Metropolitan Area; Estimated for 2013 & 2014 as data was unavailable at time of publication. 2011 & 2010 updated by BEA from prior year.

⁽⁴⁾ State of Nevada, Department of Employment Training & Rehabilitation for Reno/Sparks Metropolitan Area

⁽⁵⁾ Washoe County School District

⁽⁶⁾ City of Sparks, Community Development Department

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

Public School Enrollment ⁽⁵⁾	Business Licenses Issued ⁽²⁾	Total Construction Permits ⁽⁶⁾	Total Construction Value ⁽⁶⁾
18,228	7,053	3,581	\$ 175,692,045
18,048	6,529	2,579	125,653,129
17,737	6,377	2,393	124,334,661
18,401	6,084	2,463	110,712,242
17,862	4,956	1,763	60,711,375
17,197	6,592	2,007	56,625,109
18,168	6,852	2,579	144,659,880
18,505	6,999	3,636	278,342,064
21,306	6,714	4,544	282,739,932
18,783	6,474	6,033	382,251,912

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

Employer	March, 2015			March, 2006		
	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment	Employees ⁽¹⁾	Rank	Percentage of Total County ⁽²⁾ Employment
Sparks Nugget, Inc.	1000-1499	1	0.55%	2000-2499	1	1.04%
United Parcel Service	900-990	2	0.42%	600-699	4	0.30%
City of Sparks	600-699	3	0.29%	600-699	5	0.30%
Henry Schein	400-499	4	0.20%	400-499	6	0.21%
Northern Nevada Medical Center	400-499	5	0.20%			
Western Village Inn & Csino	400-499	6	0.20%	-	-	-
Wal-mart Supercenter	400-499	7	0.20%	-	-	-
Rail City Casino	300-399	8	0.15%	-	-	-
Sanmar Corporation	300-399	9	0.15%	-	-	-
RenoSparks Scheels	200-299	10	0.11%	-	-	-
Washoe County School District				1000-1699	2	0.60%
Q&D Consturction				600-699	3	0.30%
Baldini's Sports Casino	-	-	-	400-499	7	0.21%
Wild Island	-	-	-	300-399	8	0.16%
K-Mart Distribution Center				200-299	9	0.12%
Plantation Investments	-	-	-	200-299	10	0.12%
Total Reno/Sparks Metropolitan Area Covered Employment ⁽²⁾	227,270			215,323		

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

⁽¹⁾ Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published.

⁽²⁾ Total employment statistics are only available for the greater Reno/Sparks metropolitan area.

Function	2015	2014	2013	2012
General government	56.5	55	57.5	57.5
Judicial	15.5	15.5	15.5	15.5
Public safety	241	243	243	243
Public works	42.7	52.5	95.5	95.5
Culture and recreation	53	82	100.5	100.5
Community support	0	0	0	0
Utilities	91	77	37	37
Development services	18.5	18	10	10
Total	518.2	543	559	559

Source: City of Sparks Financial Services Department, Budget Document

City of Sparks, Nevada
Schedule 5.1 – Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years (Unaudited)

2011	2010	2009	2008	2007	2006
69.5	77	62	73	78.7	102.0
15	17	17	17	18.5	18.0
235	249	322	322	351.7	305.0
22	42	50	50	61.0	42.0
140.5	172.5	156.3	156	207.8	67.0
0	0	0	0	0.0	1.0
82	86	118	118	109.8	145.0
15.5	5	10	10	11.0	11.0
579.5	648.5	735.3	746.0	838.5	691.0

Function/Program	2015	2014	2013	2012
General Government				
Business licenses issued ⁽³⁾	7,053	6,529	7,067	6,084
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,999	1,923	1,977	1,999
Traffic and parking violations	4,635	5,158	5,044	4,945
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	108	108	108	105
Number of cases	12,656	11,850	11,845	11,598
Calls for service	79,176	76,962	76,566	79,568
Fire ⁽⁶⁾				
Number of firefighters	86	87	87	87
Emergency responses	11,163	10,055	9,415	8,831
Average response time (minutes)	5.4	5.5	5.5	5.4
Public Works ⁽⁷⁾				
Labor hours for graffiti removal	2,180	2,427	2,045	1,369
Pounds of material used for filling potholes	15,211	16,254	112,979	154,592
Tons of sand used during snow removal	145	350	804	187
Pounds of material used for pavement crack sealing	57,756	283,600	255,159	152,445
Street sweeper operator miles	10,190	9,509	9,458	1,372
Culture and Recreation ⁽⁸⁾				
Adult softball league number of participants	67,692	82,840	78,086	69,436
Before and after school program enrollment	15,319	15,265	14,465	14,302
Community "Fun Run" number of participants	2,330	2,303	2,400	1,885
Utilities				
Sewer residential accounts ⁽³⁾	28,956	28,643	29,127	28,975
Sewer commercial accounts ⁽³⁾	1,803	1,790	1,730	1,723
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	9,787	9,706	10,227	10,659
Development Services ⁽²⁾				
Building permits issued	3,581	2,579	2,393	2,463

NR = Not reported

Sources:

⁽¹⁾ Uniform System for Judicial Records, Nevada Administrative Office of the Courts (AOC), Planning and Analysis Division, Annual Report of the Nevada Judiciary, 1998-2006; City of Sparks Municipal Court, 2014

⁽²⁾ City of Sparks Community Development Department

⁽³⁾ City of Sparks Revenue Division.

⁽⁴⁾ Truckee Meadows Water Reclamation Facility (Plant Flows Billing Summary. Adjustment for FY 13 & FY 12)

⁽⁵⁾ City of Sparks Police Department

⁽⁶⁾ City of S

⁽⁷⁾ City of Sparks Public Works Department

⁽⁸⁾ City of Sparks Parks and Rec Department

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

2011	2010	2009	2008	2007	2006
4,956	6,592	6,850	6,999	6,714	6,474
2,320	2,575	2,404	1,949	2,291	2,045
7,618	8,297	8,079	8,426	9,115	7,267
105	116	116	118	111	108
12,400	14,422	17,177	18,049	18,672	17,815
77,554	81,531	86,066	89,978	92,001	88,821
89	89	91	108	114	114
8,198	7,698	7,610	7,829	7,834	7,241
4.9	5.0	4.9	5.0	4.6	5.3
1,854	2,025	2,060	2,456	2,111	1,690
N/R	N/R	N/R	70,319	41,835	106,525
452	1,098	964	1,263	626	919
168,147	171,817	168,448	202,304	209,458	227,451
700	698	690	670	662.0	587.0
65,839	69,942	73,647	73,239	83,118	78,840
12,010	12,087	12,844	16,108	15,707	13,588
1,739	1,820	1,994	2,062	2,351	2,005
28,794	28,669	28,477	28,342	27,243	26,092
1,709	1,701	1,687	1,656	1,627	1,549
9,626	9,716	10,237	10,744	10,292.3	10,502.8
1,763	2,007	2,579	3,636	4,544	6,067

Function/Program	2015	2014	2013	2012
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	408	352	352	352
Public Safety				
Police ⁽²⁾				
Marked police vehicles	30	30	29	29
Police motorcycles	5	5	5	5
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	17	17	17	17
Public Works ⁽¹⁾				
Paved streets (miles)	656.0	656.0	656.0	656.0
Culture and Recreation ⁽⁴⁾				
Parks	56	56	56	56
Acreage of parks - developed	591.0	591.0	591.0	591.0
Acreage of parks - undeveloped	616.0	616.0	693.7	697.0
Swimming pools - outdoors	1	1	1	1
Swimming pools - indoors	2	2	2	2
Athletic Fields - lighted	26	26	26	24
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	4	4
Rodeo arenas	0	0	0	1
Sand volleyball courts	7	8	10	10
Utilities ⁽¹⁾				
Sewer lines (miles)	356.1	395.0	346.8	346.8
Storm drains (miles)	253.7	250.0	248.6	248.6

NR = Not reported

Sources:

⁽¹⁾ City of Sparks Public Works Department

⁽²⁾ City of Sparks Police Department

⁽³⁾ City of Sparks Fire Department

⁽⁴⁾ City of Sparks Parks and Rec Department

⁽⁵⁾ City of Sparks Information Technology Department

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

2011	2010	2009	2008	2007	2006
48	48	48	48	45	38
400	463	463	463	484	434
29	29	29	29	29	27
5	6	5	5	5	5
5	5	5	5	5	5
17	17	15	15	15	15
656.0	656.0	652.0	665.0	662.0	612.0
55	55	55	55	53	53
587.0	583.0	577.9	576.0	434.5	434.8
697.0	697.7	699.7	419.0	561.4	564.3
2	2	2	2	2	2
1	1	1	1	1	1
24	24	24	24	17	17
28	14	14	14	14	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
34	21	21	21	21	22
3	3	3	3	3	2
1	1	1	1	1	1
10	10	10	10	6	6
344.8	345.8	337.1	327.4	309.3	294.0
247.3	246.0	231.6	211.3	179.3	118.0

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Compliance Section

City of Sparks, Nevada

**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, 2015, 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 24, 2015.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2015-A and 2015-B that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2015-C that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sparks, Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-B.

The City of Sparks, Nevada's Response to Findings

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

Purpose of this Report

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

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

Reno, Nevada
November 24, 2015



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Sparks, Nevada's (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Eric Bailly LLP".

Reno, Nevada
November 24, 2015

City of Sparks, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Award				
CDBG - Entitlement Grants				
Community Development Block Grants / Entitlement Grants	14.218	B-13-MC-32-0004	492,237	\$ 15,000
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-32-0004	68,786	-
Community Development Block Grants / Program Income	14.218	--	91,200	-
Total U.S. Department of Housing and Urban Development			<u>\$ 652,223</u>	<u>\$ 15,000</u>
<u>U.S. Department of Justice</u>				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	2013 BVP	\$ 2,299	\$ -
Bulletproof Vest Partnership Program	16.607	2014 BVP	20,981	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0533	25,094	-
Regional Information Sharing Systems	16.610	LFD-2015-SPD-CL537	2,375	-
			<u>50,749</u>	<u>-</u>
Organized Crime Drug Enforcement Task Force				
State and Local Overtime and Authorized Expense Program	16.111	PA-NV-0271	381	-
Joint Law Enforcement Operations Task Force	16.Unknown	JLEO-13-0378	1,758	-
Joint Law Enforcement Operations Task Force	16.Unknown	JLEO-14-0378	13,392	-
			<u>15,150</u>	<u>-</u>
Pass-through from City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1082	15,267	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0956	28,951	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-23	3,388	-
			<u>47,607</u>	<u>-</u>
Enforcing Underage Drinking Laws Program	16.727	JUVDRINK	617	-
PREA Program: Demonstration Projects to Establish				
Zero Tolerance Cultures for Sexual Assault in				
Correctional Facilities	16.735	14-JAG-22	1,796	-
			<u>2,413</u>	<u>-</u>
Pass-through from State of Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-JAG-33	40,829	12,349
Crime Victim Assistance	16.575	VOCA-13-126	32,936	-
			<u>73,765</u>	<u>12,349</u>
Pass-through from Join Together Northern Nevada				
Enforcing Underage Drinking Laws Program	16.727	JUVDRINK	1,539	-
Total U.S. Department of Justice			<u>\$ 191,604</u>	<u>\$ 12,349</u>

City of Sparks, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
<u>U.S. Department of Transportation</u>				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
State & Community Highway Safety	20.610	LFD-2015-SPD-00043	\$ 36,595	\$ -
State and Community Highway Safety	20.600	JF-2015-SPD-00006	14,627	-
National Priority Safety Programs	20.616	JF-2015-SPD-00003	23,569	-
State and Community Highway Safety	20.600	JF-2015-SPD-00003	27,013	-
Occupant Protection Incentive Grant	20.602	JF-2015-SPD-00006	12,235	-
			<u>114,039</u>	<u>-</u>
Alcohol Open Container Requirements	20.607	JF-2015-SPD-00006	<u>3,465</u>	<u>-</u>
Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	JF-2015-SPD-00006	539	-
Highway Planning and Construction	20.205	JF-2015-SPD-00003	36,639	-
			<u>37,178</u>	<u>-</u>
Pass-through from City of Reno				
National Motor Carrier Safety	20.218	FM-MHP-12-001-012790	<u>16,474</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 171,156</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>				
Pass-through from Join Together Northern Nevada				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5U79SP020156-01	<u>\$ 1,000</u>	<u>\$ -</u>
Total U.S. Department of Energy			<u>\$ 1,000</u>	<u>\$ -</u>
<u>Executive Office of the President</u>				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G11NV0001A	<u>\$ 8,184</u>	<u>\$ -</u>
Total Executive Office of the President			<u>\$ 8,184</u>	<u>\$ -</u>
<u>U.S. Department of Homeland Security</u>				
Direct Award				
Assistance to Firefighters Grant	97.044	EMW-2013-FO-04521	<u>\$ 412,732</u>	<u>\$ -</u>
Total U.S Department of Homeland Security			<u>\$ 412,732</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,436,899</u>	<u>\$ 27,349</u>

This Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of Sparks, Nevada and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Total expenditures for the Edward Byrne Memorial Justice Assistance Grant Program (Federal CFDA Number 16.738) were \$113,530 for the year ended June 30, 2015.

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major program:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Yes

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
CDBG - Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grants	14.218
Assistance to Firefighters Grant	97.044
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

2015-A **Financial Statement Preparation and Application of Generally Accepted Accounting Principles** **Material Weakness**

<i>Criteria</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements in accordance with generally accepted accounting principles (GAAP).
<i>Condition and Context</i>	The City does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited in all material respects. In conjunction with the completion of our audit, we were requested to draft the financial statements, assist with the conversion of the fund financial statements to government-wide financial statements, and prepare some of the accompanying notes to those financial statements. In addition, we posted audit adjustments to properly report contingent liabilities and advance refunding bond transactions. Although the preparation of financial statements as a part of the audit engagement is not unusual, it may result in financial statements and related information including in financial statement disclosures not being available for management purposes as timely as it would be if prepared by City personnel. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the City's internal control as evidenced with the material audit adjustments to properly record contingent liabilities and bond refunding transactions. It is the responsibility of those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
<i>Effect:</i>	The City's financial records required audit adjustments in order for the financial statements to be in accordance with GAAP. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by City personnel.
<i>Cause:</i>	Due to a shortage of personnel with the ability to prepare full disclosure financial statements, the City has chosen to contract with Eide Bailly LLP to prepare its financial statements and related financial statement disclosures. However, the financial Services Department management have not implemented sufficient procedures to capture the necessary information needed for the financial statements and related disclosures to be prepared in all material respects.
<i>Recommendation:</i>	We recommend City staff continue to obtain training in the preparation of financial statements and related financial statement disclosures in order to gain the knowledge needed to prepare the financial statements and related financial statement disclosures in all material respects.

Management's Response: The City has personnel with the ability to prepare full disclosure financial statements but elects to outsource those tasks for cost reasons.

2015-B Physical Inventory of Capital Assets
Material Weakness

<i>Criteria:</i>	Management performance of a periodic inventory over capital assets is a key component of internal control over and financial reporting of capital assets.
<i>Condition and Context:</i>	The City of Sparks determined that certain land parcels recorded in the Washoe County, Nevada Assessor's records as owned by the City of Sparks were not recorded in the City's capital asset subledger.
<i>Effect:</i>	The City of Sparks' recorded a material adjustment to the beginning of year land balance and net position balances.
<i>Cause:</i>	Infrequent performance of capital asset inventory over all City capital assets and failure to capture donated land contributed in years prior.
<i>Recommendation:</i>	We recommend the City's Financial Services Department perform a complete and thorough inventory over capital assets every two years in accordance with Nevada Administrative Code NAC 354.750.
<i>Management's Response:</i>	In an effort to improve inventory processes, the City developed a system to sync City data and Assessor data. The new system will be used every two years in compliance with NAC 354.750

**2015-C Computer Controls for Secondary Review of Journal Entries and Data Input
Significant Deficiency**

<i>Criteria:</i>	The design of system controls requiring secondary review of all adjustments/postings to the financial reporting software should be in place to provide safeguards over City assets and reduce the risk of misstatements in financial reporting for the City.
<i>Condition and Context:</i>	Journal entries posted by key City of Sparks Financial Services Department management personnel is such that the journal entries are posted without secondary review of those entries. Also, budgetary balances and adjustments posted by key Financial Services Department management personnel are posted without secondary review of those entries.
<i>Effect:</i>	Unauthorized or inaccurate transactions could occur in the City's financial reporting software and not be detected.
<i>Cause:</i>	Inadequate design of information technology application controls to detect and correct unauthorized transactions in the City of Sparks' financial reporting software, as general journal entries and budget balances can be posted in the general ledger without secondary review.
<i>Recommendation:</i>	Management should examine controls over financial reporting software and implement secondary approval of all adjustments/postings in the financial reporting software.
<i>Management's Response:</i>	Senior management personnel within the Financial Services Department are highly trained professionals, fully capable of making necessary journal entries into the City's financial software system without the need for a secondary review of each journal entry. Other procedures such as general ledger account reviews and various reconciliations designed to ensure accounting accuracy are routinely performed by other personnel within the Financial Services Department that would make secondary approval of each journal entry made by a Financial Services Department senior manager inefficient and unnecessary.

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Housing and Urban Development:

Finding 2015-001:

Community Development Block Grant – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants, CFDA 14.218 Significant Deficiency

<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 <i>OMB Circular A-133 Compliance Supplement</i> requires that non-Federal entities include in their construction contracts, a requirement that the contractor complies with the requirements of the Department of Labor regulations regarding Wage Rate Requirements. This includes a requirement for the contractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).
<i>Condition and Context:</i>	Our testing of construction contracts included reviewing the bid documents and contracts for the Wage Rate Requirement provisions, and reviewing the payroll data received and monitored by City of Sparks for one contractor. Although the certified weekly payrolls were received, we noted several instances where the payrolls were received by the City more than one week after the end of the contractor's weekly payroll, given that payroll submissions by the contractor were being performed on a monthly basis.
<i>Questioned Cost:</i>	None.
<i>Effect:</i>	Material noncompliance by a contractor or subcontractor could occur and not be detected or followed up on by the City in a timely manner.
<i>Cause:</i>	Adequate control procedures were not in place to ensure that all required certified payrolls were timely received as prescribed.
<i>Recommendation:</i>	We recommend that the City enhance procedures to ensure that certified payrolls are received as required.
<i>Management's Response:</i>	Management will work with the contractors to assure they understand the need for weekly rather than monthly reports.

U.S. Department of Housing and Urban Development:

Finding 2015-002:

**Community Development Block Grant – Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants, CFDA 14.218
Significant Deficiency**

<i>Grant Award Number:</i>	Affects grant award B-13-MC-32-0004 included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	Reports submitted to the Federal awarding agency should include all activity of the reporting period, should be supported by the underlying data records in the City's accounting system, and should be fairly presented in accordance with program requirements.
<i>Condition and Context:</i>	Disbursements reported for the Public Services category on the CDBG Financial Summary Report, generated from the Department of Housing and Urban Development's Integrated Disbursement and Information System (IDIS) were recorded in the wrong period in the City's accounting records. During review of the 2013 program year PR26 - CDBG Financial Summary Report that was submitted during fiscal year 2015, we noted that the City improperly reported grant expenditures for public service activities incurred in fiscal year 2013, as fiscal year 2014 expenditures. Expenditures reported in the 2012 program year PR26 - CDBG Financial Summary Report, the fiscal year 2013 Schedule of Expenditures of Federal Awards, and the fiscal year 2013 expenditures in the City's accounting records were all understated by \$35,302.
<i>Questioned Costs:</i>	None.
<i>Effect:</i>	The Federal granting agency did not receive accurate information.
<i>Cause:</i>	The City of Sparks did not have adequate procedures in place to ensure that all information recorded in the City's accounting records was recorded in the proper period.
<i>Recommendation:</i>	We recommend the City implement procedures to ensure amounts recorded in City's accounting records for federal programs are recorded in the proper period.
<i>Management's Response:</i>	The grant manager will work with the grant accountant to assure that amounts are recorded in the proper period.

Significant Deficiency

The OMB Circular A-133, *Compliance Supplement* states that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government.

Testing of cash management practices applicable to this program included the review of reimbursement requests sent to the Department of Housing and Urban Development for expenses incurred in relation to the Community Development Block Grant (CDBG) program. One such reimbursement request was made prior to the City of Sparks incurring the associated expense.

We recommended the City of Sparks implement procedures to ensure reimbursement requests are only submitted to Federal programs after expenses have been incurred.

Corrective action was implemented for fiscal year 2015 for cash management procedures.

Significant Deficiency

The OMB Circular A-133, *Compliance Supplement* requires that reports submitted to the Federal awarding agency should include all activity of the reporting period, should be supported by the underlying data records in the City's accounting system, and should be fairly presented in accordance with program requirements.

Disbursements were recorded in the wrong period in the City's accounting records, resulting in incorrect reporting for the Public Services category on the PR26 - CDBG Financial Summary Report, submitted to the Department of Housing and Urban Development.

During review of the 2013 program year PR26 - CDBG Financial Summary Report (submitted during 2014), we noted that the City improperly reported grant expenditures for public service activities incurred in fiscal year 2013, as fiscal year 2014 expenditures. Expenditures reported in the 2012 program year PR26 - CDBG Financial Summary Report, the 2013 Schedule of Expenditures of Federal Awards, and the 2013 expenditures in the City's accounting records were all understated by \$35,302.

Auditor's Recommendation: We recommended the City implement procedures to ensure amounts recorded in City's accounting records for federal programs are recorded in the proper period.

Current Status: The Integrated Disbursement Information System did not allow amendments to previously reported PR26 - CDBG Financial Summary Report data, therefore finding remains unchanged in fiscal year 2015.

**2014-004 U.S. Department of Housing and Urban Development
Community Development Block Grant – Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants, CFDA 14.218
Significant Deficiency**

Criteria: The OMB Circular A-133 Compliance Supplement and 24 CFR, Sections 135.3, 135.90 and 570.607 include provisions for prime recipients who receive grants over \$200,000 for activities including housing rehabilitation, housing construction, or other public construction to submit an annual performance report, HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.

Condition and Context: Key line items tested on the Section 3 Summary Report include total dollar amount of construction contracts awarded on projects and total dollar amount of non-construction contracts awarded on a project or activity. The total dollar amount reported for these line items did not reconcile with the City of Sparks' accounting records.

Auditor's Recommendation: We recommended the City of Sparks implement procedures to ensure reports submitted to the federal agency are accurate based on the underlying accounting records.

Current Status: The HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons was not required to be filed for fiscal year 2015.

**2014-005 U.S. Department of Energy
Energy Efficiency and Renewable Energy Grant, CFDA 81.086
Significant Deficiency**

Criteria: OMB Circular A-133 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Condition and Context: We tested the City's procedures for entering into procurement contracts for this program. The City of Sparks, who administers the grant, relied on another governmental entity's Purchasing Department for the procurement procedures for this grant. That entity's procedures include obtaining a suspension and debarment certification as well as including the proper clauses within the bid documentation. The City of Sparks did not verify that the proper clauses were included in the bid documentation nor did the City verify the contracted vendor was not a suspended or debarred party.

Auditor's Recommendation: We recommended the City of Sparks enhance procedures to ensure the City obtains certifications from the required parties for all covered contracts and subawards.

Current Status: Corrective action has been implemented.



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, 2015, 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

Progress was made on prior year violations, however refer to Note 2 to the financial statements for repeat noncompliance for not taking an inventory of all the City's equipment and personal property.

Prior Year Recommendations

See the Summary Schedule of Prior Year Audit Findings and Questioned Costs.

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 24, 2015

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Sparks, Nevada (the “Issuer”) in connection with the issuance of the City of Sparks, Nevada, General Obligation (Limited Tax) Medium-Term Flood Control Bonds, Series 2016, in the aggregate principal amount of \$18,010,000 (the “Bonds”). The Bonds are being issued pursuant to the bond ordinance of the City Council of the Issuer adopted on February 8, 2016 (the “Ordinance”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the Issuer’s fiscal year of each year, commencing on March 31 following the end of the Issuer’s fiscal year ending June 30, 2016, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference

other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit “A.”

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s Internet website or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

g. Modifications to rights of bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution or sale of property securing repayment of the Bonds, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: March 3, 2016.

CITY OF SPARKS, NEVADA

By: _____
Director of Financial Services

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Sparks, Nevada

Name of Bond Issue: General Obligation (Limited Tax) Medium-Term Flood Control Bonds, Series 2016

CUSIP: 846523

Date of Issuance: March 3, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Ordinance, adopted on February 8, 2016, and the Continuing Disclosure Certificate executed on March 3, 2016, by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF SPARKS, NEVADA

By: _____

Its: _____

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page iii of this Official Statement)

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

City of Sparks, Nevada
431 Prater Way
Sparks, Nevada 89431

\$18,010,000
CITY OF SPARKS, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM FLOOD CONTROL BONDS
SERIES 2016

Ladies and Gentlemen:

We have acted as bond counsel to the City of Sparks, Nevada (the “City”), in connection with its issuance of the above-captioned bonds (the “Bonds”) pursuant to an authorizing ordinance of the City Council of the City adopted on February 8, 2016 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings and such other documents and such law of the State of Nevada (the “State”) and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise expressly defined herein shall have the meanings ascribed to them in the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the City.
2. The principal of and interest on the Bonds are payable from any monies of the City legally available for the purpose of making such payment and the City has irrevocably pledged its full faith and credit for the purpose of making such payment on the Bonds.
3. Ad valorem taxes, if any, levied for the purpose of paying the principal of and interest on the Bonds are subject to the limitations contained in the Constitution and laws of the State.
4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the City’s certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City pursuant to the Bonds and the Bond Ordinance are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the adequacy, accuracy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any state or federal tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population and Age Distribution

The table below shows the population growth of the City, the County, and the State since 1970. Between 2000 and 2010, the population of the City increased 36.1%, the population of the County increased 24.1%, and the population of the State increased 35.1%.

Population

Year	City	Percent Change	County	Percent Change	State	Percent Change
1970	24,187	--	121,068	--	488,738	--
1980	40,780	68.6%	193,623	59.9%	800,493	63.8%
1990	53,367	30.9	254,667	31.5	1,201,833	50.1
2000	66,346	24.3	339,486	33.3	1,998,257	66.3
2010	90,264	36.1	421,407	24.1	2,700,551	35.1
2011	92,302	2.3	421,593	0.0	2,721,794	0.8
2012	90,214	(2.3)	427,704	1.4	2,750,217	1.0
2013	91,551	1.5	432,324	1.1	2,800,967	1.8
2014	92,396	0.9	436,797	1.0	2,843,301	1.5

Sources: United States Department of Commerce, Bureau of Census (1970-2010) and Nevada State Demographer (2011-2014 estimates as of July 1st of each year).

The following table sets forth a comparative age distribution profile for the City, the County, the State, and the United States as of January 1, 2016.

Age Distribution

Age	City	County	State	United States
0-17	24.2%	22.5%	23.3%	23.0%
18-24	8.9	9.4	9.0	9.8
25-34	14.4	14.2	13.8	13.4
35-44	12.9	12.3	13.5	12.6
45-54	13.2	13.1	13.4	13.3
55-64	11.9	13.2	12.3	12.8
65-74	9.0	9.7	9.1	8.8
75 and Older	5.5	5.6	5.6	6.3

Source: ©The Nielsen Company.

Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

Year	City	County	State	United States
2013	\$40,532	\$38,995	\$40,617	\$41,358
2014	44,532	43,623	42,480	43,715
2015	44,685	43,766	44,110	45,448
2016	48,216	48,459	46,230	46,738

- (1) The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: ©The Nielsen Company, *SiteReports*, 2013-2016.

Percent of Households by Effective Buying Income Groups – 2016 Estimates

Effective Buying Income Group	City Households	County Households	State Households	United States Households
Under \$24,999	22.6%	24.8%	23.8%	24.8%
\$25,000 - 49,999	29.4	26.7	30.5	28.8
\$50,000 - 74,999	21.2	19.8	20.7	19.1
\$75,000 - 99,999	14.1	12.8	12.4	12.2
\$100,000 - 124,999	6.9	7.1	5.7	5.8
\$125,000 - 149,999	2.4	2.9	2.6	3.7
\$150,000 or More	3.4	5.9	4.3	5.6

Source: ©The Nielsen Company.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State, and the United States. Per capita personal income levels in the County have consistently exceeded State and national levels during the period shown.

Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2010	\$41,344	\$36,918	\$40,277
2011	43,114	37,745	42,453
2012	43,125	39,436	44,266
2013	44,363	39,223	44,438
2014	46,211	40,742	46,049

(1) County figures posted November 2015; state and national figures posted September 2015. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The County average annual labor force summary as prepared by the State's Department of Employment, Training and Rehabilitation ("DETR") is as follows:

Average Annual Labor Force Summary
Washoe County, Nevada

<u>Calendar Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
TOTAL LABOR FORCE ⁽¹⁾	221,774	221,478	221,910	222,614	227,030
Unemployment	28,020	24,435	20,850	16,554	14,341
Unemployment Rate ⁽²⁾	12.6%	11.0%	9.4%	7.4%	6.3%
Total Employment ⁽³⁾	193,754	197,043	201,060	206,060	212,689

(1) Figures for 2010-2014 were revised April 2015.

(2) The U.S. unemployment rates for the years 2011 through 2015 are 8.9%, 8.1%, 7.4%, 6.2, and 5.3%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Department of Labor, Bureau of Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in the Reno-Sparks, NV Metropolitan Statistical Area ("MSA"), which consists of Storey and Washoe Counties.

Establishment Based Industrial Employment
Reno-Sparks, Nevada MSA⁽¹⁾
(Estimates in Thousands)

Calendar Year	2011	2012	2013	2014	2015
Natural Resources and Mining	0.3	0.3	0.2	0.2	0.2
Construction	8.8	9.0	10.1	11.4	11.3
Manufacturing	11.2	11.5	12.2	12.8	12.9
Trade (Wholesale and Retail)	29.9	29.8	30.7	30.9	31.7
Transportation, Warehousing and Utilities	12.3	12.9	13.2	14.6	15.0
Information	2.2	2.0	1.9	2.0	2.0
Financial Activities	8.9	9.0	9.5	9.5	9.7
Professional and Business Services	24.5	25.7	26.5	27.0	28.5
Education and Health Services	22.0	22.1	22.7	23.6	24.3
Leisure and Hospitality (casinos excluded)	19.4	19.2	19.9	20.6	21.7
Casino Hotels	14.9	14.7	14.8	14.8	15.1
Other Services	6.1	6.1	5.9	5.9	5.9
Government	<u>28.6</u>	<u>28.6</u>	<u>28.8</u>	<u>29.0</u>	<u>29.9</u>
TOTAL ALL INDUSTRIES ⁽²⁾	<u>189.1</u>	<u>190.8</u>	<u>196.4</u>	<u>202.2</u>	<u>208.2</u>

(1) Reno Metropolitan Statistical Area consists of two counties: Storey and Washoe.

(2) Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The tables below list the largest fifteen employers in the City and in the County. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the City and County.

Largest Employers – City
As of 2nd Quarter - 2015

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Nugget Casino Resort	1,000-1,499	Casino hotel
United Parcel Service	1,000-1,499	Courier
City of Sparks	600-699	Local government
Henry Schein	400-499	Medical equipment wholesaler
Northern Nevada Medical Center	400-499	Hospital
Western Village Inn & Casino	400-499	Casino hotel
Wal-Mart Supercenter	400-499	Supercenter retail
Rail City Casino	300-399	Casino
Sanmar Corporation	300-399	Clothing wholesaler
Q & D Construction Inc.	300-399	Commercial construction
RenoSparks Scheels	200-299	Sporting goods store
Paterson Pacific Parchment Co.	200-299	Sanitary paper product
Now Health Group Inc.	200-299	Medicinal manufacturing
Cashman Equipment Co.	200-299	Construction equipment
Western Nevada Supply Co.	200-299	Building material

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Largest Employers - County
As of 2nd Quarter - 2015

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Washoe County School District	8,500-8,999	Public education
University of Nevada - Reno	4,500-4,999	University
Renown Regional Medical Center	2,500-2,999	Hospital
Washoe County	2,500-2,999	Local government
Peppermill Hotel Casino - Reno	2,000-2,499	Casino hotel
International Game Technology	1,500-1,999	Manufacturing
Silver Legacy Resort Casino	1,500-1,999	Casino hotel
Grand Sierra Resort and Casino	1,500-1,999	Casino hotel
Atlantis Casino Resort	1,500-1,999	Casino hotel
St. Mary's Regional Medical Center	1,000-1,499	Hospital
City of Reno	1,000-1,499	Local government
Eldorado Hotel & Casino	1,000-1,499	Casino hotel
VA Sierra Nevada Health Care System	1,000-1,499	Hospital
Nugget Casino Resort	1,000-1,499	Casino hotel
Circus Circus Casinos Inc. - Reno	1,000-1,499	Casino hotel

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾

Washoe County, Nevada
(Non-Government Worksites)

CALENDAR YEAR	2 nd Qtr. 2015	2 nd Qtr. 2014	Percent Change 2015/2014	Employment Totals 2 nd Qtr. 2015
TOTAL NUMBER OF WORKSITES	13,739	13,667	0.5%	173,493
Less Than 10 Employees	10,235	10,291	(0.5)%	27,620
10-19 Employees	1,774	1,725	2.8	24,146
20-49 Employees	1,152	1,109	3.9	34,061
50-99 Employees	343	320	7.2	23,439
100-249 Employees	172	165	4.2	25,498
250-499 Employees	45	40	12.5	15,932
500-999 Employees	7	7	0.0	4,165
1000+ Employees	11	10	10.0	18,632

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

Reno and the City are the center of a retail trade area that extends 300 miles eastward to Elko and Eureka, Nevada, 274 miles south to Goldfield, Nevada; Bishop and other Inyo County points in California, 100 miles west and northwest to Quincy, Westwood, Susanville, Truckee, Donner Summit and Lake Tahoe areas of California, and north 247 miles to Lakeview, Oregon. The following table sets forth a history of taxable sales in the County.

Taxable Sales in the County

Fiscal Year ⁽¹⁾	Washoe County Total	Percent Change	State Total	Percent Change
2011	\$5,282,936,232	--	\$39,935,016,227	--
2012	5,522,605,351	4.5%	42,954,750,131	7.6%
2013	5,824,726,136	5.5	45,203,408,413	5.2
2014	6,370,684,534	9.4	47,440,345,167	4.9
2015	6,817,588,648	7.0	50,347,535,591	6.1
July-Nov. 2014	\$2,804,690,126	--	\$20,378,573,434	--
July-Nov. 2015	3,076,997,127	9.7%	21,480,631,576	5.4%

(1) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada, Department of Taxation.

Construction

The following two tables set forth a history of the number of building permits issued in the City, and in the County, which includes the Cities of Reno and Sparks, and the unincorporated portion of the County, and of their valuations.

Building Permits - City

Year	New Single Family		New Multi-family		New Non-residential ⁽¹⁾		All Permits	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2011	130	\$ 31,843,808	0	0	8	\$14,123,520	2,078	\$ 92,320,021
2012	209	49,903,195	1	\$ 10,000	8	5,028,422	2,415	103,145,909
2013	331	81,721,634	4	6,671,249	16	17,107,310	2,451	140,404,211
2014	368	84,994,936	0	0	6	3,106,370	2,818	127,404,655
2015	663	149,618,213	11	20,480,712	13	7,725,813	4,107	232,267,603

(1) Includes government, amusement, churches, garages, industry, schools, offices and stores.

Source: City of Sparks Building and Safety Division.

Building Permits - County (Value Amounts in Thousands)

Calendar Year	City of Reno		City of Sparks		Unincorporated Washoe County		Total Washoe County	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2011	5,570	\$255,160	2,078	\$ 92,320	1,502	\$ 68,417	9,150	\$ 415,897
2012	5,454	279,716	2,415	103,146	1,457	103,724	9,326	486,586
2013	6,670	417,313	2,451	140,404	1,597	144,750	10,718	702,467
2014	7,504	662,120	2,818	127,405	1,734	258,498	12,056	1,048,023
2015	8,859	683,068	4,107	232,268	2,119	230,791	15,085	1,146,127

Sources: Building Departments of Cities of Reno and Sparks, and Washoe County.

Gaming

The economy of the State is heavily dependent upon a tourist industry based on legalized casino gambling. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

The County's gross taxable 2015 gaming revenue represents 7.3% of the State's total 2015 gaming revenue. The following table presents a five-year record of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

Washoe County, Nevada

Fiscal Year Ended <u>June 30</u>	Gross Taxable Gaming Revenue ⁽²⁾		Percent Change	Gaming Collection ⁽³⁾		Percent Change
	<u>State Total</u>	<u>County Total</u>		<u>State Total</u>	<u>County Total</u>	
2011	\$9,836,451,902	\$749,557,470	--	\$853,455,347	\$60,064,415	--
2012	9,764,446,034	736,510,136	(1.74)%	864,621,791	58,266,966	(2.99)%
2013	10,208,528,371	743,348,616	0.93	892,106,457	61,641,555	5.79
2014	10,208,208,859	743,015,203	(0.04)	912,371,316	61,093,103	(0.89)
2015	10,511,301,026	765,170,868	2.98	909,857,085	61,900,579	1.32
Jul 14 – Nov 14	\$4,291,323,729	\$329,475,667	--	\$340,563,284	\$25,053,502	--
Jul 15 – Nov 15	4,320,564,869	339,544,239	3.06%	332,645,213	25,641,176	2.35%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Convention Activity

The convention business is also an important factor in the area's economy. The Reno-Sparks Convention & Visitors Authority ("RSCVA") operates the Convention Center, the National Bowling Stadium (which is owned by the City of Reno and managed by RSCVA pursuant to an operating agreement), the Wildcreek Golf Course, the Livestock Events Center and the Reno Events Center. RSCVA also owns the Pioneer Center for the Performing Arts and the Incline Village Visitors Center, which are managed solely by private non-profit corporations. The Convention Center currently has 460,000 square feet of enclosed exhibition space and meeting rooms (approximately 381,000 square feet of exhibit space and more than 75,000 square feet of meeting rooms) plus 55,000 square feet of multi-purpose and pre-function space. The Reno-Sparks Livestock Events Center primarily hosts equestrian-livestock events. The main buildings include the 60,000 square-foot Main Arena, the Exhibit Hall and the Livestock Pavilion, facilities for livestock, an outdoor Rodeo Arena, a Cutting Arena, 660 animal stalls, several warm-up areas, and parking facilities. The Reno Events Center is a 118,000 square-foot building, including approximately 55,000 square feet of multipurpose space for concerts, sporting events, large dinners or small conventions and trade shows and approximately 5,000 square feet of flexible space for up to 10 meeting rooms/suites. In addition to the above, area hotels currently offer convention and meeting space.

Historical RSCVA Convention Facility Usage and Attendance

<u>Fiscal Year</u>	<u>Convention Center</u>		<u>Livestock Events Center</u>		<u>National Bowling Stadium⁽¹⁾</u>		<u>Reno Events Center</u>	
	<u>Number of Events⁽²⁾</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>	<u>Number of Events</u>	<u>Estimated Attendance</u>
2011	121	310,824	168	444,553	73	204,177	49	150,748
2012	128	275,837	148	321,875	56	98,158	53	163,018
2013	102	422,042	100	282,357	80	190,791	56	147,489
2014	94	311,235	80	300,000	78	172,717	52	126,979
2015	97	278,213	70	302,413	93	75,684	49	100,015

(1) Each year, the National Bowling Stadium hosts national tournaments, large events covering approximately four months.

(2) Includes all show activity (conventions, trade shows, public consumer shows, concerts and meetings).

Source: Reno-Sparks Convention and Visitors Authority.

Transportation

The Reno/Sparks area is located at a transportation crossroads. Interstate 80, which runs east-west, and U.S. 395, running north-south, provide adequate routes for trucking and personal transportation. The Union Pacific Railroad operates major rail lines through the County and offers connections to other major rail networks, providing both freight and Amtrak passenger service. Intermodal yards and container freight facilities are located in Sparks. Over 65 motor freight companies serve the Reno/Sparks market and approximately 25 licensed common carriers with terminals are in the Reno/Sparks area.

The Reno-Tahoe International Airport (the “Airport”) is a medium hub airport owned and operated by the Reno-Tahoe Airport Authority (the “Airport Authority”). The geographical area served by the Airport primarily encompasses the seven Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City. The total air trade area for the Airport also includes the Lake Tahoe area and several communities in northeastern California. The Airport generates \$2 billion per year for the region according to an economic impact study released by the University of Nevada’s College of Business in February 2012. In addition to the revenue, the study states that the Airport and the Reno-Stead Airport, a general aviation facility, generate 22,138 jobs in the State, making the airports a major economic driver for the region. Accordingly, the Airport Authority continues to plan and accommodate airport facility needs.

For calendar year 2015, the Airport served a total of 3.4 million passengers, an increase of 3.9% over 2014. For the first time since 2005, the Airport is reporting a year-over-year annual passenger growth. The rise in passenger traffic can be attributed to the new flights and the increased seat capacity on certain routes. In addition, the growing regional economy played a role to attract travelers to the region. In December 2015, the Airport was served by eight airlines providing 57 peak daily departures to 17 non-stop destinations. The Airport reported an overall 7.1% increase in air cargo pounds for the 2015 calendar year over 2014; air cargo volume totaled 138.3 million pounds. The growth in industrial development areas such as the Tahoe-Reno Industrial Center continues to help spur cargo growth and economic diversity in Northern Nevada.