



CITY OF SPARKS
NEVADA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

City of Sparks, Nevada

Annual Comprehensive Financial Report

for the Fiscal Year Ended
June 30, 2023

Prepared by the Compliance Division of the Financial Services Department
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Special Thanks to the Budgeting and Operating Divisions

	PAGE
Introductory Section	
Chief Financial Officer's Letter of Transmittal.....	1
Organizational Chart.....	7
Principal Officials of the City of Sparks, Nevada.....	8
Certificate of Achievement for Excellence in Financial Reporting.....	9
Financial Section	
Independent Auditor's Report.....	10
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	27
Statement of Activities.....	29
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	31
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities.....	34
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Sparks Grants and Donations Fund.....	38
Statement of Net Position - Proprietary Funds.....	39
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	41
Statement of Cash Flows - Proprietary Funds.....	42
Statement of Fiduciary Net Position.....	44
Statement of Changes in Fiduciary Net Position.....	45
Notes to the Financial Statements.....	46
Required Supplementary Information	
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Other Related Ratios.....	85
Schedule of City's Share of Net Pension Liability.....	87
Schedule of City's Contributions.....	89
Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	92
Nonmajor Special Revenue Funds	
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	96
Community Development Block Grant Fund.....	98
Community Development Entitlement Grant Fund.....	99
Tourism and Marketing Fund.....	100

	PAGE
Parks and Recreation Program Fund.....	101
Court Administrative Assessment Fund.....	102
Street Cut Fund.....	103
Impact Fee Service Area No. 1 Fund.....	104
Stabilization Fund.....	105
Landscape Maintenance Fund.....	106
Debt Service Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -	
General Obligation Fund.....	108
Combining Balance Sheet - Nonmajor Debt Service Funds.....	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor	
Debt Service Funds.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Redevelopment Agency Area No. 1 Tax Revenue Fund.....	111
Redevelopment Agency Area No. 2 Debt Service Fund.....	112
SID No. 1 Debt Service Fund.....	113
Capital Projects Funds	
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	115
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor	
Capital Projects Funds.....	117
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Recreation and Parks District 1 Fund.....	119
Recreation and Parks District 2 Fund.....	120
Recreation and Parks District 3 Fund.....	121
Road Fund.....	122
Capital Projects Fund.....	123
Capital Facilities Fund.....	124
Parks and Recreation Project Fund.....	125
Local Improvement District 3 Fund.....	126
Redevelopment Agency Area No. 1 Revolving Fund.....	127
Redevelopment Agency Area No. 2 Revolving Fund.....	128
Victorian Square Room Tax Fund.....	129
Enterprise Funds	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	
Sewer Operations Fund.....	131
Development Services Fund.....	132
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds.....	134
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds.....	136
Combining Statement of Cash Flows - Internal Service Funds.....	138
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	
Motor Vehicle Maintenance Fund.....	142
Group Insurance Self-Insurance Fund.....	143
Workers' Compensation Insurance Fund.....	144
Municipal Self-Insurance Fund.....	145

	PAGE
Fiduciary Funds	
Combining Statement of Fiduciary Net Position - Custodial Funds.....	147
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds.....	148
Schedule of Fees Imposed Subject to NRS 354.5989 - Limitation of Fees for Business Licenses.....	149
Statistical Section (Unaudited)	
Financial Trends	
Schedule 1.1 - Net Position by Component.....	151
Schedule 1.2 - Changes in Net Position.....	153
Schedule 1.3 - Fund Balances, Governmental Funds.....	157
Schedule 1.4 - Changes in Fund Balances - Governmental Funds.....	159
Revenue Capacity	
Schedule 2.1 - Assessed and Estimated Value of Taxable Property.....	161
Schedule 2.2 - Direct and Overlapping Property Tax Rates.....	163
Schedule 2.3 - Ten Largest Assessed Valuations.....	165
Schedule 2.4 - Property Tax Levies and Collections.....	166
Debt Capacity	
Schedule 3.1 - Ratios of Outstanding Debt by Type.....	167
Schedule 3.2 - General Obligation Direct and Overlapping Debt.....	169
Schedule 3.3 - Legal Debt Margin Information.....	170
Schedule 3.4 - Pledged Revenue Coverage.....	172
Demographic and Economic Information	
Schedule 4.1 - Demographic and Economic Statistics.....	173
Schedule 4.2 - Principal Employers.....	175
Operating Information	
Schedule 5.1 - Full Time Equivalent City Government Employees by Function.....	176
Schedule 5.2 - Operating Indicators by Function/Program.....	178
Schedule 5.3 - Capital Assets Statistics by Function/Program.....	180
Compliance Section	
Independent Auditor's Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	182
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	184
Auditor's Comments.....	188
Schedule of Expenditures of Federal Awards.....	189
Schedule of Findings and Questioned Costs.....	191

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November 29, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2023, 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.

The City's external auditors, Eide Bailly LLP, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this ACFR 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 ACFR 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 2021-2022.
2. **Financial Section** - this section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and related footnotes, combining and individual statements for major and nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

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

3. **Statistical Section** - the Statistical Section is also unaudited and includes selected financial and demographic information, generally presented on a multi-year basis.

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

Profile of the Government

The City of Sparks, incorporated in 1905, with an estimated population of 107,489 as reported by the Nevada Department of Taxation for fiscal year 2022-2023, is the fifth largest incorporated city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

Sparks operates under a mayor-council form of government. The Mayor is elected at-large in the City, serving as the non-voting chairman of the City Council. Five City Council members are elected ward-only as representatives of specific City Wards and serve as the legislative powers of the City. All legislative powers of the City as outlined in the municipal charter, Nevada Revised Statutes and State Constitution, are vested in the City Council.

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

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

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created January 23, 1978. The state's first redevelopment district was set to expire after 30 years under existing statutory limits. However, subsequent Legislative actions allowed for the extension of the district's term for 15 additional years, an action taken by the Sparks Redevelopment Agency on May 8, 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until fiscal year 2022-2023. Redevelopment Agency Area No. 1 expired on June 30, 2023.

On June 28, 1999, a second redevelopment district was created, Redevelopment Agency Area No. 2. The newer district is comprised of three noncontiguous areas - the Marina Park area, Oddie Boulevard area (an aging commercial/industrial strip along a state-controlled roadway with poor access) and the so-called Conductor Heights (south-west industrial) section, one of the oldest in Sparks, where very small residential lots have become interspersed with commercial uses. A special assessment district was formed in 2002 to construct infrastructure needed for new development to the Sparks Marina area. Redevelopment Agency Area No. 2 is set to expire on June 30, 2029.

Local Economy

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

Since the Great Recession, which was driven by a historic collapse in property values, stabilization of the local economy has been fueled by a strong rebound in property values which have been a key driver of improved City revenues. However, revenues from the collection of Consolidated Taxes, which is comprised mostly of sales taxes, have shown even greater strength due to greater economic diversity.

The Reno-Sparks Metropolitan Statistical Area is attracting technology-driven companies and is now home to several large and influential companies including Apple, Google, Amazon, Tesla, Switch, and others. Prior to 2020, as a result of this greater economic diversity, the Northern Nevada region experienced high employment growth since the Great Recession. The COVID-19 pandemic that began in 2020 has certainly caused great harm to Northern Nevada's public and economic health; however, the revitalized and diversified regional economy has created an economic infrastructure that allowed the regional economy to rebound in relatively short order as evidenced by the reduction in the unemployment rate to 3.3% as of August 2022, down from the peak of 18.2% during the pandemic.

In the recent year, the City has seen a slight increase in the unemployment rate to 4.5% as of August 2023 and has seen rising costs due in large part to the rising levels of inflation experienced nationwide.

The growth in the number of companies locating to the area has improved the local economy and created a demand for housing which will have to be met in order to prevent the shifting of jobs to other more affordable areas. The population of Sparks has grown an additional 4.1% in the last year. To meet the growing population needs, housing permit activity in recent years within Sparks has generally shifted from single family homes to multi-family homes.

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

The property tax cap laws that were implemented by the Nevada Legislature in 2005 (AB 489) resulted in unintended and unanticipated consequences. Specifically, the laws currently provide for a "ceiling" that limits property tax revenue growth to 8% for general property (essentially defined as all non-owner occupied property) and 3% for residential (owner occupied) property, yet does not provide for a similar "floor" limiting property tax revenue declines should property valuations dramatically decline (as they did during the Great Recession). Furthermore, the property tax cap formulas put limitations on tax revenue by way of a secondary calculation that is based on the greater of the 10-year rolling average of assessed value growth in the county or two times the Consumer Price Index (CPI). Additionally, depreciation is applied to land improvements at 1.5% each year up to 50 years, resulting in a maximum cumulative depreciation rate of 75%.

Thus, the combination of property tax caps and depreciation of land improvements, has led Nevada local governments to rely upon property tax revenue generated from new development (which is exempt from property tax cap laws and depreciation during the first year on the tax rolls) to help keep pace with the rising cost to provide services. The property tax laws in their current form have resulted in a situation whereby property tax revenues are not keeping pace with the overall economic recovery and are hindering the ability of local governments throughout Nevada to meet the growing service needs within their communities. A resulting consequence is that the City of Sparks must continually rely more on the less stable Consolidated Tax revenue source which is primarily derived from taxable sales.

In fiscal year 2015, the Sparks City Council approved an increase of the City's operating property tax rate from \$.9161 to \$.9598 per \$100 of assessed value. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall

tax rate is at the statutory cap of \$3.66. This includes two cents that were added to the state tax rate by the Nevada Legislature for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.

On July 1, 2017 the State of Nevada legalized the purchase of recreational marijuana. The City of Sparks provides licenses to distributors whose renewal of business license fees are based on gross receipts. In addition to licensing revenue, the City receives a modest distribution from the State to help mitigate expenses expected to be incurred related to the legalization of recreational marijuana.

With the passage of the American Rescue Plan Act (or ARPA Act) on March 11, 2021, the City of Sparks was allocated significant federal assistance to respond to the multitudinous effects of the COVID-19 pandemic. \$16.2 million was allocated to the City from the ARPA and is planned to be fully expended or obligated by December 31, 2024, in accordance with provisions of the Act.

Long-Term Financial Planning

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

Relevant Financial Policies

Accounting and Budget Controls

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

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

Cash Management

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

The City, in effect, pools its cash for investment purposes and has invested primarily in certificates of deposit, money market instruments and agency securities. Due to the federal fiscal policies reversing course and raising interest rates, investment earnings have increased from prior years. For fiscal year 2022-2023, the average interest rate earned on investments maturing during the year was 3.90 percent.

Risk Management

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

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

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

Pension Information

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Annual Comprehensive Financial Report (ACFR) for each fiscal year ended June 30, 1981 through 2022. Fiscal year 2021-2022 was the forty-second consecutive year in which the City of Sparks has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one fiscal year only. We believe that fiscal year 2022-2023 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

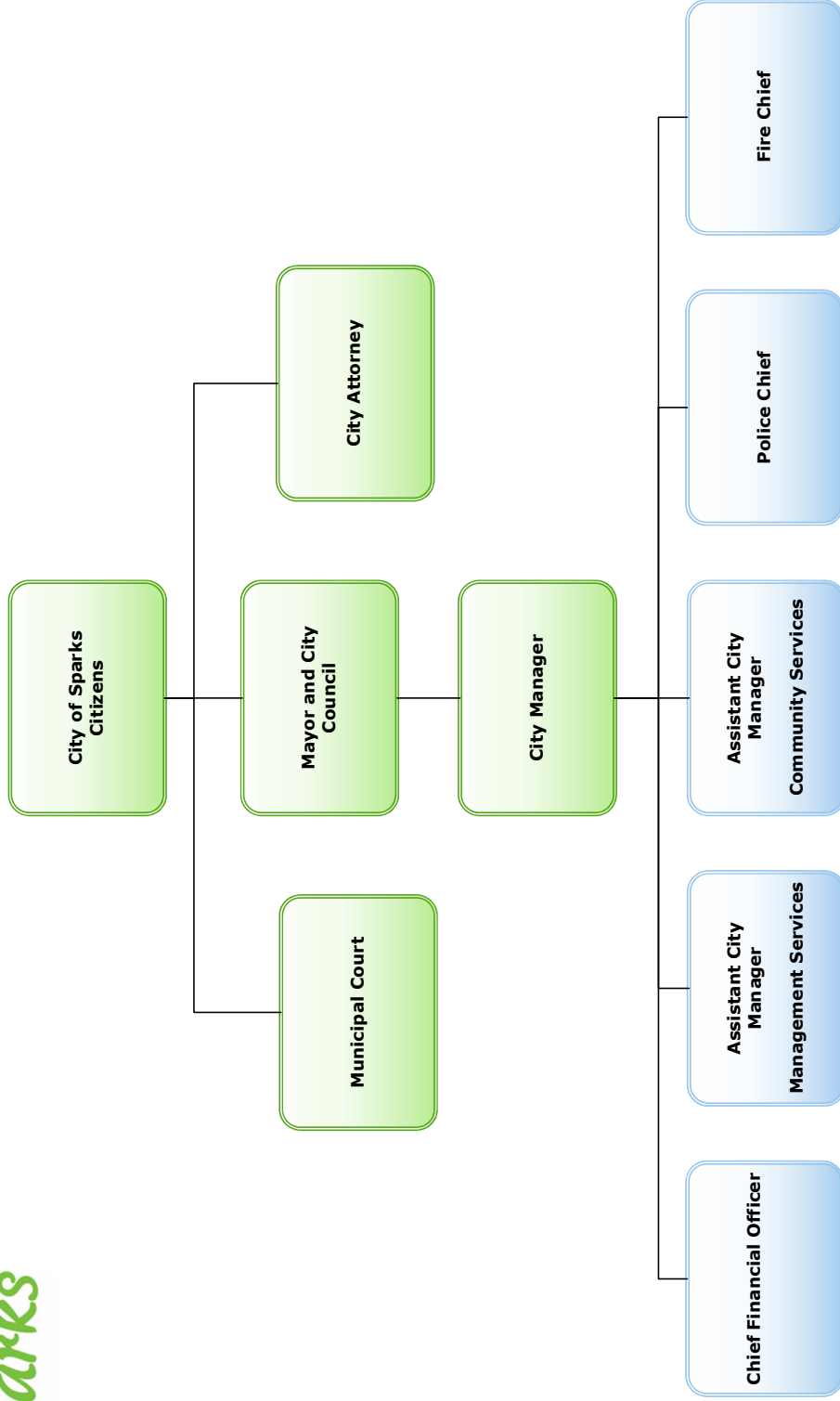
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Eide Bailly LLP. We would like to acknowledge their expert support and guidance throughout the year not only to make this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

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

Respectfully submitted,

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

Jeff Cronk, CPA
Chief Financial Officer



**City of Sparks
Principal Officials
As of June 30, 2023**

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ed Lawson	4 years	November 2026
Council Member Ward 1	Donald Abbott	4 years	November 2024
Council Member Ward 2	Dian VanderWell	4 years	November 2026
Council Member Ward 3	Paul Anderson	4 years	November 2024
Council Member Ward 4	Charlene Bybee	4 years	November 2026
Council Member Ward 5	Kristopher Dahir	4 years	November 2024
City Attorney	Wes Duncan	Partial Term	November 2024
Municipal Judge, District 1	Shirle Eiting	6 years	November 2028
Municipal Judge, District 2	Jim Spoo	6 years	November 2024
City Manager	Neil Krutz	Appointed	
Assistant City Manager	John Martini	Appointed	
Assistant City Manager	Alyson McCormick	Appointed	
Chief Financial Officer	Jeff Cronk	Appointed	
City Clerk	Lisa Hunderman	Appointed	
Community Services Director	Michael Drinkwater	Appointed	
Fire Chief	Walt White	Appointed	
Human Resources Director	Jill Valdez	Appointed	
Parks & Recreation Director	Vacant	Appointed	
Police Chief	Chris Crawforth	Appointed	

INDEPENDENT AUDITORS

Eide Bailly, LLP



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

Presented to

**City of Sparks
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Sparks Grants and Donations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

What inspires you, inspires us. Let's talk. | eidebailly.com

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-26, the schedule of changes in the City's total other post-employment benefits liability and other related ratios on pages 85-86, the schedule of the City's share of net pension liability on pages 87-88, and the schedule of the City's contributions on pages 89-90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 management's discussion and analysis, the schedule of changes in the City's total other post-employment benefits liability and other related ratios, the schedule of the City's share of net pension liability, and the schedule of the City's contributions in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requires for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules, schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The individual fund statements and schedules for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Reno, Nevada
November 29, 2023



Management's Discussion and Analysis

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Introduction

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2023. 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 on June 30, 2023 by \$692,924,247 (net position), an increase of 9.0 percent from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- Net Pension liability of the City is \$127,345,514, an increase of \$61,802,949 from the prior year liability of \$65,542,565. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to report a proportionate share of the total Net Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS). As a result of recording the increase in the City's portion of net pension liability (\$61,802,949), a decrease in deferred pension inflows (\$52,048,277), and an increase in deferred pension outflows (\$5,119,607), net position was decreased by \$4,635,065.
- Governmental activity revenues were \$168,305,199 as compared to \$166,884,497 for the year ended June 30, 2022. The increase of \$1,420,702 is primarily driven by; an increase in Ad Valorem taxes of \$2,928,403; an increase of investment income of \$5,060,851; and an increase in gains on the sale of capital assets of \$1,076,202. These increases offset a decrease in contributed capital of \$16,012,347, mostly due to a decrease in contributions from developers. Business-type activity revenues were \$52,678,813 in fiscal year 2022-2023, representing an increase of \$476,466 from the prior year revenues of \$52,202,347. The increase is primarily driven by; an increase of investment income of \$2,892,750 which is offset by a decrease in contributed capital of \$2,643,392.
- Sparks' governmental funds reported combined ending fund balances of \$110,601,084 as of June 30, 2023 which is an increase of \$19,477,143 from fiscal year 2021-2022 total of \$91,123,941. The increase was primarily due to an increase in governmental activity revenues and investment income.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2023, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$23,554,983, which represents approximately 25.8 percent of General Fund expenditures (excluding capital). Of that amount, \$1,466,538 is assigned for next year's budget deficit, and open purchase orders and the remaining \$22,088,445 is an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.8 percent of total General Fund revenues and have increased by 2.7 percent from last year's results. Consolidated tax revenues decreased 1.1 percent, and property taxes increased by 8.0 percent compared to the previous fiscal year.
- Unrestricted cash and investments of \$217,458,563 can cover current liabilities 5.7 times on a government-wide basis.
- The City's long-term liabilities outstanding increased by \$36,878,277 in fiscal year 2022-2023. The increase was primarily attributable to an increase in the City's Net Pension liability of \$61,802,949 which was offset by a reduction of \$23,608,035 of the City's bond payable.

Overview: Understanding the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sparks' basic financial statements. The basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a general overview of the City of Sparks' finances, not unlike financial statements issued by private sector businesses.

The Statement of Net Position presents all of Sparks' assets, deferred outflows of resources, liabilities and deferred inflows of resources. Deferred outflows of resources are a use of assets that is applicable to a future reporting period, such as prepaid items. Deferred inflows of resources are an acquisition of assets that is applicable to a future reporting period, such as advance collections. The difference between assets and deferred outflows less liabilities and deferred inflows is reported as "net position", which over time can provide an indication of improvement or decline in the City's financial position.

The purpose of the Statement of Activities is to present how the City's net position has changed during the fiscal year of the report. Changes in net position are reported as soon as the event that caused the change occurs, regardless of the timing of cash flows.

Both financial statements provided on a government-wide basis distinguish between functions that are governmental activities versus those that are business-type activities. The distinction is straightforward: governmental activities are typically supported by taxes and intergovernmental revenues, whereas business-type activities are those that depend on cost recovery through user fees or other charges that are generated by those who use or benefit from the service being provided.

Within the City of Sparks, governmental activities include general government, public safety, public works, sanitation, culture and recreation, and judicial. Governmental activities that occur within the Redevelopment Agency in its two distinct redevelopment areas are often reported in the community support function. Business-type activities in Sparks include sanitary sewer, storm drain and effluent services, and development and building services.

Fund Financial Statements

Funds are used in governmental accounting to rationally link and control resources that have been segregated to support certain functions or objectives. Fund accounting also helps local governments demonstrate compliance with legal requirements. The City of Sparks' funds are categorized as governmental funds, proprietary funds or fiduciary funds.

Governmental Funds

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

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

Financial statements are provided separately for the major funds including the General Fund, Sparks Grants and Donations 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 as well as the Sparks Grants and Donations 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 funds reported in this manner are the Sewer Operations Fund, and 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 increased by 9.0 percent during fiscal year 2022-2023. This is primarily due to an increase in current and other assets, and an increase in capital assets.

	City of Sparks' Statement of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 146,935,773	\$ 138,507,867	\$ 144,188,408	\$ 128,785,571	\$ 291,124,181	\$ 267,293,438
Capital assets	461,152,098	451,088,335	183,463,254	184,675,032	644,615,352	635,763,367
Total assets	<u>608,087,871</u>	<u>589,596,202</u>	<u>327,651,662</u>	<u>313,460,603</u>	<u>935,739,533</u>	<u>903,056,805</u>
Deferred outflow bond refundings	360,643	868,833	-	-	360,643	868,833
Deferred outflows related to pensions	42,856,281	38,587,539	5,336,589	4,485,724	48,192,870	43,073,263
Deferred outflows related to OPEB	9,557,336	12,585,545	845,239	999,864	10,402,575	13,585,409
Total deferred outflow of resources	<u>52,774,260</u>	<u>52,041,917</u>	<u>6,181,828</u>	<u>5,485,588</u>	<u>58,956,088</u>	<u>57,527,505</u>
Total assets and deferred outflows	<u>660,862,131</u>	<u>641,638,119</u>	<u>333,833,490</u>	<u>318,946,191</u>	<u>994,695,621</u>	<u>960,584,310</u>
Long term liabilities outstanding	224,777,512	191,564,273	21,087,260	17,422,222	245,864,772	208,986,495
Other liabilities	31,563,569	41,210,510	6,660,321	6,215,282	38,223,890	47,425,792
Total liabilities	<u>256,341,081</u>	<u>232,774,783</u>	<u>27,747,581</u>	<u>23,637,504</u>	<u>284,088,662</u>	<u>256,412,287</u>
Deferred inflows related to pensions	1,102,399	47,751,339	-	5,399,337	1,102,399	53,150,676
Deferred inflows related to OPEB	15,663,769	14,682,619	916,544	846,598	16,580,313	15,529,217
Total deferred inflows of resources	<u>16,766,168</u>	<u>62,433,958</u>	<u>916,544</u>	<u>6,245,935</u>	<u>17,682,712</u>	<u>68,679,893</u>
Total liabilities and deferred inflows	<u>273,107,249</u>	<u>295,208,741</u>	<u>28,664,125</u>	<u>29,883,439</u>	<u>301,771,374</u>	<u>325,092,180</u>
Net investment in capital assets	447,044,071	436,205,357	175,175,155	174,042,473	622,219,226	610,247,830
Restricted	63,682,960	55,145,614	-	-	63,682,960	55,145,614
Unrestricted	<u>(122,972,149)</u>	<u>(144,921,593)</u>	<u>129,994,210</u>	<u>115,020,279</u>	<u>7,022,061</u>	<u>(29,901,314)</u>
Total net position	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

The largest portion of the City of Sparks’ net position reflects its investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$622,219,226, 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 \$63,682,960, is restricted to specific uses. These restrictions are established by laws, regulations, creditors, grantors, or any external entity that can enforce spending compliance. For example, transient occupancy taxes collected in Sparks, which are recorded in the Victorian Square Room Tax Capital Projects Fund, are restricted to uses which benefit the City’s downtown core. The increase in restricted net position of \$8,537,346 is comprised of increases related to amounts restricted for capital projects, developer agreements, and self-insurance claims.

Unrestricted net position is the amount of funds available to meet the City’s ongoing obligations. The unrestricted net position value of \$7,022,061 in fiscal year 2022-2023 is comprised of a deficit of \$122,972,149 related to governmental activities and a surplus of \$129,994,210 related to business activities. While the combined governmental and business activities net to a surplus, the portion related to the deficit is largely comprised of three 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

City of Sparks
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued by the City and the City's Redevelopment Agency can be found in Note 9 of the financial statements. A second large component is related to the Public Employee's Retirement System (PERS) pension liability that is required to be reported by the City. More information related to the pension liability can be found in Note 11 of the financial statements. The third large component is related to the post-employment benefits other than pension (OPEB) liability that is required to be reported by the City. More information related to the OPEB liability can be found in Note 15 of the financial statements.

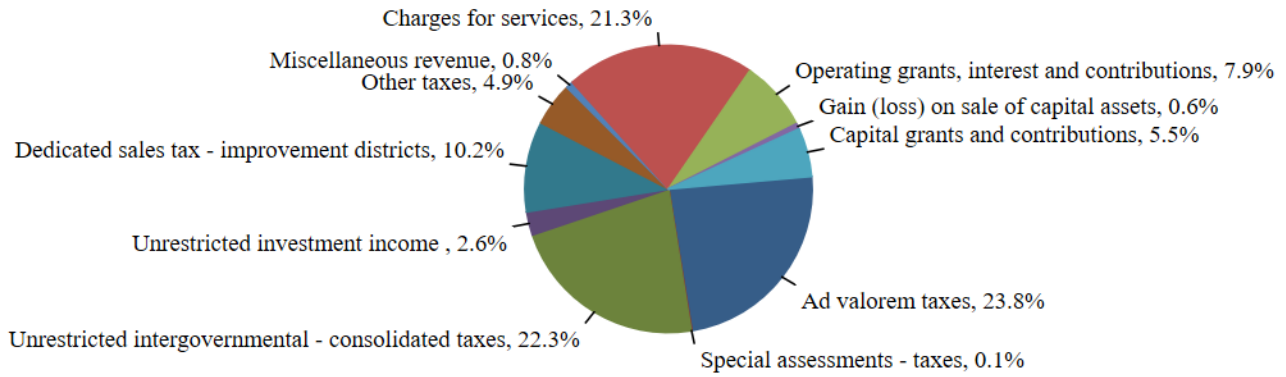
	City of Sparks' Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 35,800,279	\$ 31,658,722	\$ 38,232,643	\$ 38,176,071	\$ 74,032,922	\$ 69,834,793
Operating grants, interest and contributions	13,306,670	8,040,284	-	-	13,306,670	8,040,284
Capital grants and contributions	9,222,106	25,234,453	12,632,354	15,275,746	21,854,460	40,510,199
	<u>58,329,055</u>	<u>64,933,459</u>	<u>50,864,997</u>	<u>53,451,817</u>	<u>109,194,052</u>	<u>118,385,276</u>
General revenues:						
Ad valorem taxes	40,034,040	37,105,637	-	-	40,034,040	37,105,637
Special assessments - taxes	149,202	178,512	-	-	149,202	178,512
Unrestricted intergovernmental - consolidated taxes	37,595,351	38,026,225	-	-	37,595,351	38,026,225
Dedicated sales tax - improvement districts	17,132,626	16,727,219	-	-	17,132,626	16,727,219
Other taxes	8,256,949	7,895,436	-	-	8,256,949	7,895,436
Unrestricted investment income (loss)	4,354,195	(706,656)	1,580,990	(1,311,760)	5,935,185	(2,018,416)
Miscellaneous revenue	1,377,579	2,724,665	232,826	62,290	1,610,405	2,786,955
Gain (loss) on sale of capital assets	1,076,202	-	-	-	1,076,202	-
	<u>109,976,144</u>	<u>101,951,038</u>	<u>1,813,816</u>	<u>(1,249,470)</u>	<u>111,789,960</u>	<u>100,701,568</u>
Total revenues	<u>168,305,199</u>	<u>166,884,497</u>	<u>52,678,813</u>	<u>52,202,347</u>	<u>220,984,012</u>	<u>219,086,844</u>
Expenses:						
General government	21,278,140	22,795,502	-	-	21,278,140	22,795,502
Judicial	3,229,643	2,770,337	-	-	3,229,643	2,770,337
Public safety						
Police	42,439,106	33,011,301	-	-	42,439,106	33,011,301
Fire	24,761,641	19,605,807	-	-	24,761,641	19,605,807
Management Services	-	4,972	-	-	-	4,972
Community services	2,147,773	2,071,408	-	-	2,147,773	2,071,408
Public works	13,077,255	13,221,651	-	-	13,077,255	13,221,651
Culture and recreation	13,284,068	10,951,486	-	-	13,284,068	10,951,486
Community support	3,897,337	2,697,499	-	-	3,897,337	2,697,499
Interest and fiscal charges	2,651,779	2,873,824	-	-	2,651,779	2,873,824
Sewer	-	-	30,665,606	27,568,958	30,665,606	27,568,958
Development services	-	-	6,119,547	5,373,651	6,119,547	5,373,651
Total expenses	<u>126,766,742</u>	<u>110,003,787</u>	<u>36,785,153</u>	<u>32,942,609</u>	<u>163,551,895</u>	<u>142,946,396</u>
Increase (Decrease) in net position before transfers & special items	41,538,457	56,880,710	15,893,660	19,259,738	57,432,117	76,140,448
Transfers	(212,953)	149,194	212,953	(149,194)	-	-
Increase (Decrease) in net position	41,325,504	57,029,904	16,106,613	19,110,544	57,432,117	76,140,448
Net position, July 1	346,429,378	289,399,474	289,062,752	269,952,208	635,492,130	559,351,682
Net position, June 30	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

Governmental Activities

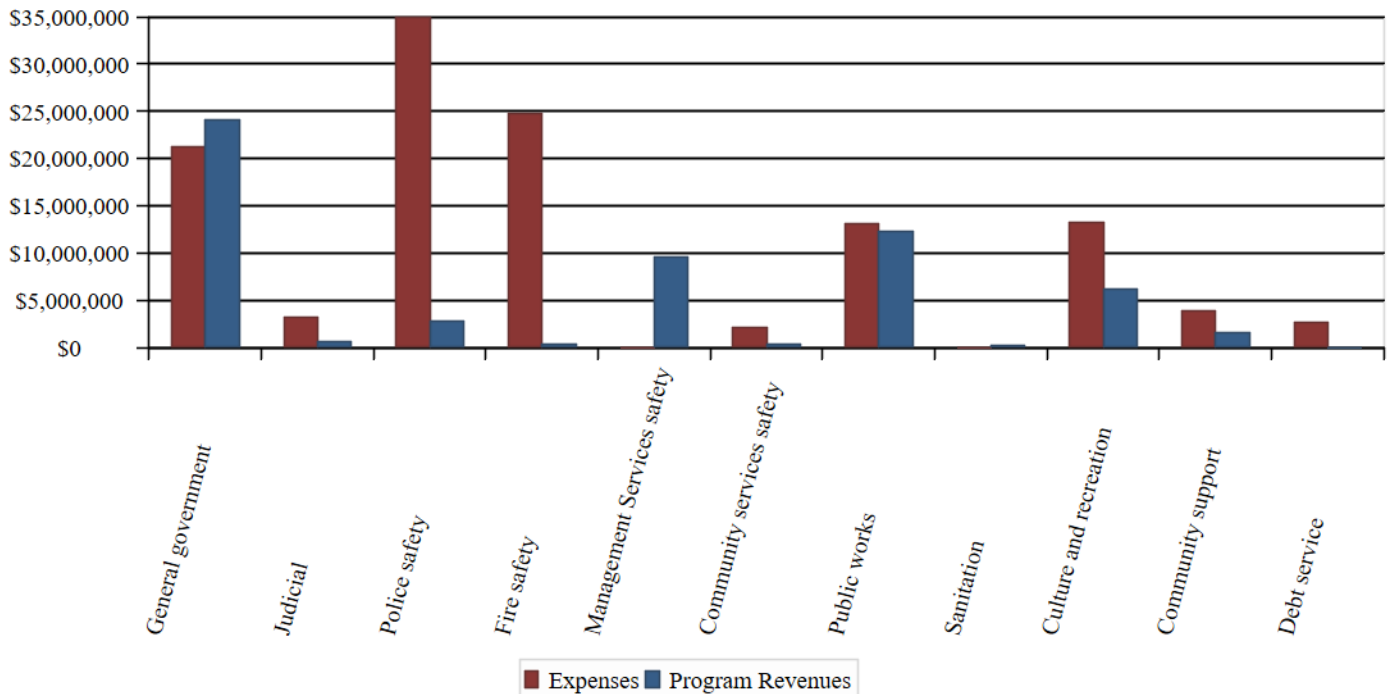
Governmental activities in fiscal year 2022-2023, increased the City's net position by \$41,325,504. Of the more significant results for governmental activities that contributed to this change the following was observed:

- In fiscal year 2022-2023, governmental charges for services increased 13.1 percent, or \$4,141,557, from the prior year. The change is primarily attributed to an increase in business licenses and franchise fees;
- Operating grants, interest and contributions increased 65.5 percent, or \$5,266,386 from the prior year. The change is primarily attributed to an increase in operating grants;
- Investment income increased by 716.2 percent, or \$5,060,851, from fiscal year 2021-2022. This change was due to a favorable market value as well as an increase in interest rates compared to fiscal year 2021-2022;
- Ad valorem tax revenues increased by 7.9 percent, or \$2,928,403, from fiscal year 2021-2022. This increase is due to assessed home values and new development which are exempt from property tax caps.

Revenues by Source - Governmental Activities



**Expenses and Program Revenues
 Governmental Activities**

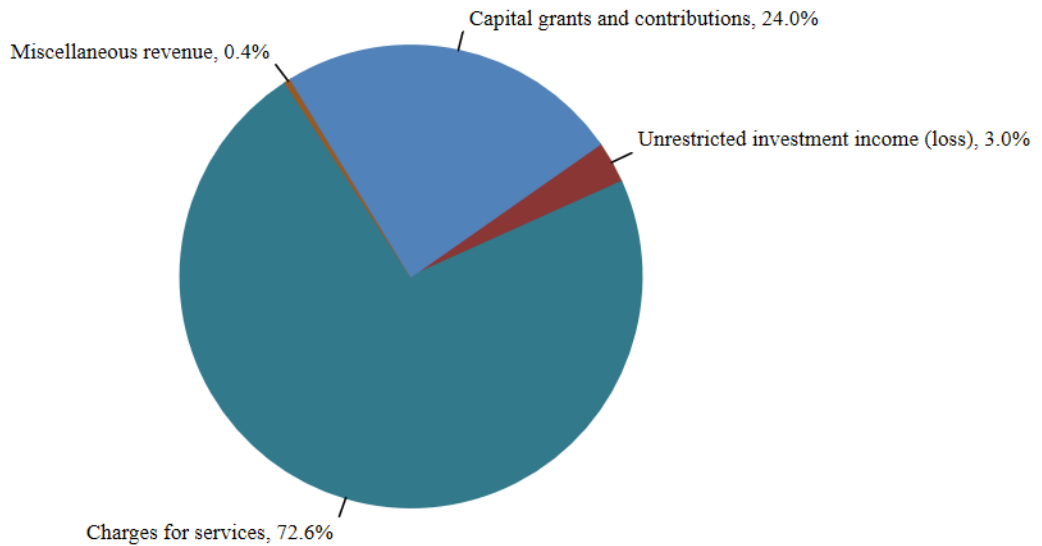


Business-type Activities

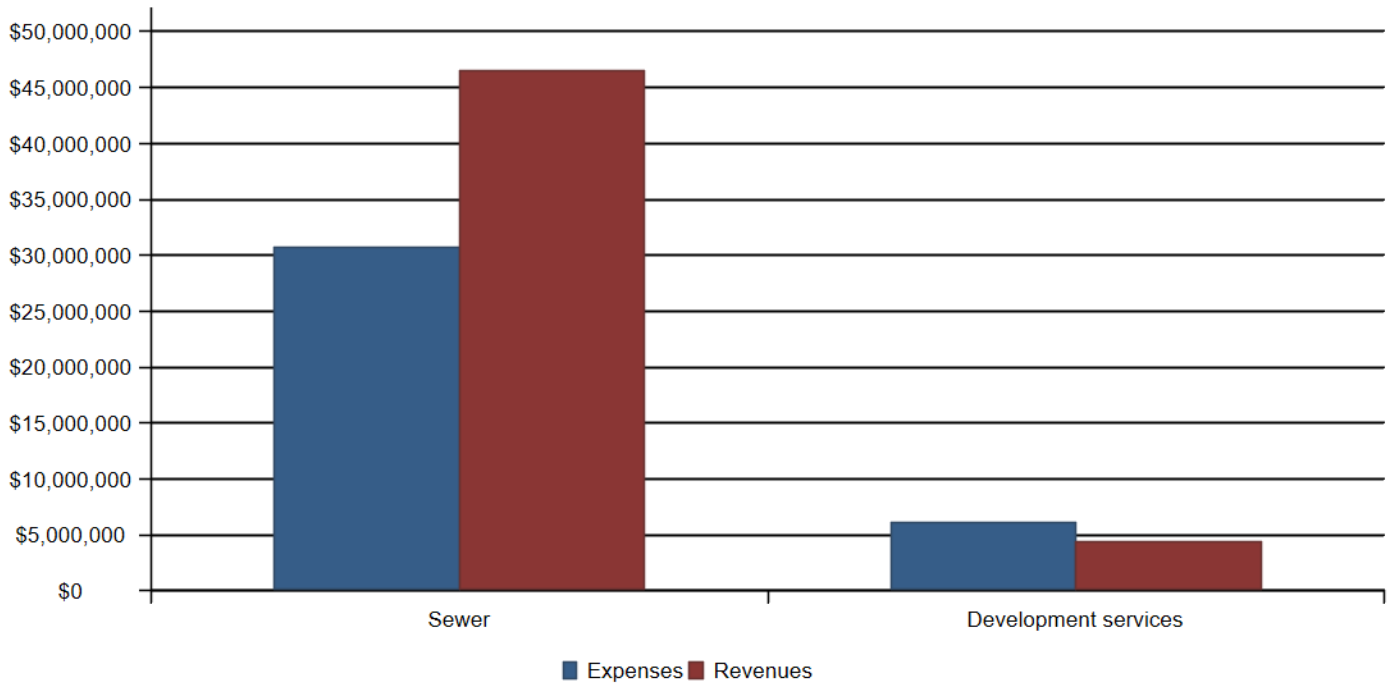
Business-type activities, in fiscal year 2022-2023 increased the City's net position by \$16,106,613. Significant results include:

- Revenues from business-type activities increased by 0.9 percent, or \$476,466, which was driven primarily by an increase in investment income as a result of rising interest rates which was offset by a reduction in capital grants and contributions.
- Expenses of business-type activities increased from \$32,942,609 to \$36,785,153, a increase of \$3,842,544, or 11.7 percent, and were related to an increase in salaries and benefits and a loss of the disposition of assets.

Revenues by Source - Business-type Activities



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



Financial Analysis of the City’s Funds

Governmental Funds

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

- As of June 30, 2023, Sparks’ governmental funds reported combined ending fund balances of \$110,601,084, which is an increase of \$19,477,143 from fiscal year 2021-2022 ending fund balance of \$91,123,941. The increase was primarily driven by an increase in governmental activity revenues and from the sale of assets.
- The combined ending fund balance of \$110,601,084 is comprised of: \$50,377,301 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$60,223,783 which is unrestricted (includes committed, assigned and unassigned balances).
- Approximately 54.5 percent of the combined ending fund balances, or \$60,223,783, is unrestricted. Of the unrestricted balance, \$3,207,411 has been committed by City Council action for items such as road repairs and economic stabilization, and \$34,927,927 has been assigned by the Chief Financial Officer (a designee of City Council) for budget deficits, encumbered purchase orders, or capital projects. The remaining \$22,088,445 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, 2023, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$23,554,983, which is 23.7 percent greater than the prior year's unrestricted balance of \$19,047,442. The increase is largely due to an increase in real and personal property taxes and business licenses and franchise fees. For fiscal year 2022-2023 revenues and transfers-in exceeded expenditures and transfers-out which resulted in an increase of the City's unrestricted fund balance to 25.8 percent of departmental expenditures (excluding capital outlay), which remains above the established policy goal of 8.3 percent. The unrestricted fund balance is 24.6 percent of General Fund revenues, which is up from 20.8 percent of General Fund revenues from fiscal year 2021-2022.

Although the City's General Fund balance was \$23,554,983 at June 30, 2023, it should be noted that \$1,466,538 is considered assigned for next year's budget deficit, and open purchase orders. This leaves \$22,088,445 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$7,501,188 (7.8 percent) increase in revenues and transfers-in and a \$2,631,750 (2.7 percent) increase in expenditures and transfers-out. The two largest areas of revenue changes were property taxes increased \$2,230,625 (8.0 percent) mostly related to real property tax revenues and licensing and permit revenue increased \$2,208,766 (13.6 percent) most of which was related to increased business licenses, telecommunication and franchise fees. The increase in transfers-in was primarily related to a \$3,211,634 (60.3 percent) increase from the American Rescue Plan Act (ARPA) funding transferred from the Sparks Grants and Donations Fund. The increase in expenditures and transfers-out was primarily related to a \$4,304,555 (7.3 percent) increase in public safety expenditures, most of which were related to increased salaries and employee benefits. The cumulative result is that the ending fund balance within the General Fund increased by \$4,507,541, or 23.7 percent, from the prior year.

Sparks Grants and Donations Fund

This fund is used 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.

The Sparks Grants and Donations Fund is a major fund for fiscal year 2022-2023, which is mainly due to the \$16,230,272 funds allocated to the City of Sparks from the State and Local Fiscal Recovery Funds as provided by the American Rescue Plan Act (ARPA). Total fund balance within the Sparks Grants and Donations Fund was \$1,195,113 compared to \$363,245 for the prior year, an increase of 229.0 percent. The three largest areas of revenue change were from ARPA funds, crime forfeitures and Community Development Block Grant revenues.

General Obligation Debt Service Fund

The existing debt in this fund is either backed by sales tax revenues (STAR bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was \$18,926,440 compared to \$19,459,736 for the prior year, a decrease of 2.7 percent. All revenue collected within this fund is pledged for debt service.

Proprietary Funds

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

The net position of the Sewer Operations Enterprise Fund was \$300,317,816 as of June 30, 2023, an increase of \$17,533,077 or 6.2 percent, over the prior year's balance of \$282,784,739. The major contributors to the increase in net position include; a \$1,838,142 (5.8 percent) increase in charges for services operating revenues related to sewer and a \$2,710,431 increase in investment income.

Net position of the Development Services Enterprise Fund was \$3,272,497 as of June 30, 2023, a decrease of \$1,633,230 or 33.3 percent, over the prior year's balance of \$4,905,727. Operating expenses increased by \$669,257 (12.4 percent) and exceeded operating revenues which decreased by \$1,754,950 (28.5 percent). Decreased operating revenues was primarily related to a decrease in building and planning fees.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$947,986 more than budgeted, primarily due to increases in property tax receipts, licenses and permit revenues, and investment income above budgeted expectations. The increases in these particular revenues were the result of increased assessed property values, rising inflationary costs that directly increased license and permit revenues based on gross revenues, as well as rising interest rates.

Actual expenditures were 4.6 percent below final amended budget, which was primarily due to underspends related to position vacancies across the city.

The following functions are highlighted:

- The General Government function achieved \$2,227,722, or 11.2 percent, in budgetary savings primarily from an underspend in services and supplies within the Management Services and Community Services departments;
- Spending within the Public Safety function was \$1,703,818, or 2.6 percent, less than budgeted primarily related to reduced salaries and benefits related to position vacancies in the police department;
- The Community Services Department achieved \$231,042, or 6.9 percent, in budgetary savings within the Public Works function primarily from savings in budgeted professional services and capital outlay, and \$319,898, or 7.4 percent, in budgetary savings within the Culture and Recreation function primarily from reduced expenditures related to position vacancies and capital outlay;
- Spending within the Community Support function was \$63,917, or 4.7 percent, less than budgeted mostly due to reduced expenditures related to homeless services provided within the local community.

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, 2023, amounted to \$644,615,352, an increase of \$7,416,542 compared to \$637,198,810 from the prior year. Capital assets include tangible items such as land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, storm drains and sewer lines. Additionally, the City has intangible assets in the form of right of way easements, water rights, and software development. The total increase from fiscal year 2022-2023 operations for governmental activities was \$8,628,320, (from \$452,523,778 to \$461,152,098), while business-type activities decreased by \$1,211,778 (from \$184,675,032 to \$183,463,254).

Significant capital asset activities that occurred during fiscal year 2022-2023 included:

- Assets under construction, Construction in Progress (CIP), increased by \$5,153,532. New projects were started in the amount of \$19,682,090, and completed projects amounted to \$14,528,558. A significant portion of the increase in CIP were related to Sparks Boulevard capacity improvement project, the Oddie to Wells Corridor infrastructure project, in which both were donated by the Regional Transportation Commission, as well as the 14th Street, D Street and E Street improvement project, and lastly the Rockwood Drive and Glen Meadow Drive storm drain improvement project;
- Assets classified as infrastructure increased by \$4,618,324, which was primarily due to the acquisition of new assets.

City of Sparks' Capital Assets
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 55,334,557	\$ 55,359,304	\$ 1,873,105	\$ 1,873,105	\$ 57,207,662	\$ 57,232,409
Intangibles	3,261,044	3,281,257	2,648	2,648	3,263,692	3,283,905
Buildings	14,702,345	14,710,151	757,044	772,607	15,459,389	15,482,758
Improvements other than buildings	28,291,872	30,940,758	494,311	524,895	28,786,183	31,465,653
Right-to-use lease buildings	214,882	37,381	40,929	7,120	255,811	44,501
Machinery and equipment	12,425,412	12,881,861	360,550	339,426	12,785,962	13,221,287
Right-to-use lease equipment	1,050,093	1,441,294	2,300	3,081	1,052,393	1,444,375
Right-to-use lease vehicles	8,474	23,361	-	-	8,474	23,361
Right-to-use IT subscription assets	1,085,642	62,273	-	-	1,085,642	62,273
Infrastructure	320,593,472	313,483,605	167,478,549	169,970,092	488,072,021	483,453,697
Construction in progress	24,095,424	20,213,652	5,427,316	4,155,556	29,522,740	24,369,208
Water rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	\$ 461,152,098	\$ 452,523,778	\$ 183,463,254	\$ 184,675,032	\$ 644,615,352	\$ 637,198,810

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, 2023, the City of Sparks had a total of \$245,864,772 of long-term liabilities outstanding. Of this amount, \$127,345,514 is related to pension benefits, \$38,567,308 is related to Other Post-Employment Benefits (OPEB), and \$79,951,950 is outstanding for all other long-term liabilities.

Other noncurrent liabilities not related to pension, OPEB, and deposits, amounting to \$104,305,111 are comprised of \$92,798,558 of governmental activities and \$11,506,553 of business-type activities. Governmental activity includes: revenue bonds of \$47,075,000; private placement tax allocation bonds of \$12,093,874; a financial incentive agreement payable to Syuffy Enterprises of \$100,000; and accrued compensated absences, sick leave conversion, lease and subscription liabilities and insurance claim liabilities totaling \$33,529,684. Business-type activity includes: Private placement bonds and notes payable totaling \$9,018,493; and accrued compensated absences, sick leave conversion, and lease liabilities of \$2,488,060. The City of Sparks' outstanding liabilities, including debt of the Redevelopment Agency, decreased by \$22,208,279, or 17.6 percent, during the fiscal year ended June 30, 2023.

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

Other Factors

- The unemployment rate in the Reno-Sparks area was 4.5 percent on June 30, 2023 compared to 3.2 percent as of June 30, 2022. Unemployment held steady in August 2023, reflecting a rate of 4.5 percent.
- Fiscal year 2015-2016 was the first post-recession year that Washoe County taxable sales surpassed the former peak of \$7.3 billion set in fiscal year 2005-2006. The amount of taxable sales within Washoe County was \$5.2 billion during fiscal year 2009-2010 during the nadir of the recession; however, since then, taxable sales within Washoe County have increased to \$12.4 billion in fiscal year 2022-2023, an increase of 138.5 percent during the past thirteen fiscal years, but only slightly higher by 1.64 percent compared to \$12.2 billion in fiscal year 2021-2022.
- During the years subsequent to the Great Recession, the median home values within Sparks have seen a significant rise. After peaking at approximately \$332,000 prior to the recession, the median home value plummeted to about \$140,000 during the recession. In September 2023, median home values in Sparks was \$540,000.
- As mentioned previously, the City's ad valorem tax revenues increased by 7.9 percent in fiscal year 2022-2023. This was due to an increase of 2.0 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps when comparing fiscal year 2022-2023 and fiscal year 2021-2022. We anticipate ad valorem revenues to increase over the next several years due to growth in the area. 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 during fiscal year 2022-2023 by 0.7 percent and the Nevada State Demographer's office projects a population increase of 4.1 percent for fiscal year 2023-2024. In December 2018, the US Census Bureau data showed Nevada was the nation's fastest growing state and the Northern Nevada Regional Growth Forecast reported that Washoe County, which includes the city of Sparks, had seen a 13.5 percent increase in jobs and an 8 percent increase in the number of occupied households. The growth from several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to continue to attract thousands of new residents to the City of Sparks over the next decade.
- In December of 2018, the City Council voted to increase sewer and storm drain user rates by 5% annually from July 1, 2019 through July 1, 2022, to set multi-family residential and mobile home user rates equal to single family rates on July 1, 2019 and to annually adjust sewer and storm drain connection fees per the Engineering New Record Construction Cost Index beginning on January 1.
- The federal American Rescue Plan Act (ARPA) was passed in March 2021, and provided \$16,230,272 of financial assistance directly to the City of Sparks in response to the COVID-19 pandemic. The City of Sparks is planning to spend or obligate all funds allocated by ARPA by December 31, 2024, in accordance with provisions of the Act.

All of these factors and others were considered in preparing the City's budget for the subsequent 2023-2024 fiscal year.

Requests for Information

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

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Basic Financial Statements

City of Sparks
Statement of Net Position
June 30, 2023
(with Comparative Totals for June 30, 2022)

	Governmental Activities	Business-Type Activities	Total	2022
Assets				
Cash and investments	\$ 117,448,764	\$ 100,009,799	\$ 217,458,563	\$ 194,450,672
Accounts receivable, net	7,903,499	3,204,461	11,107,960	9,880,572
Internal balances	(1,579,052)	1,579,052	-	-
Due from other governments	12,694,038	542,278	13,236,316	13,050,287
Inventories	437,620	-	437,620	378,590
Deposits	19,072	-	19,072	19,072
Notes receivable, net	806,294	1,972,387	2,778,681	3,583,974
Restricted assets				
Cash and investments	9,205,538	-	9,205,538	9,203,019
Investment in the Truckee Meadows Water Reclamation Facility	-	36,880,431	36,880,431	36,727,252
Capital assets				
Land, construction in progress, intangible assets, and water rights	82,748,227	14,329,571	97,077,798	91,949,013
Other capital assets, net of depreciation	376,044,780	169,090,454	545,135,234	543,675,287
Right-to-use lease assets, net of amortization	1,273,449	43,229	1,316,678	139,067
Right-to-use IT subscription assets, net of amortization	1,085,642	-	1,085,642	-
Total assets	608,087,871	327,651,662	935,739,533	903,056,805
Deferred Outflows of Resources				
Deferred outflow bond refundings	360,643	-	360,643	868,833
Deferred outflows related to pensions	42,856,281	5,336,589	48,192,870	43,073,263
Deferred outflows related to OPEB	9,557,336	845,239	10,402,575	13,585,409
Total deferred outflows of resources	52,774,260	6,181,828	58,956,088	57,527,505
Total assets and deferred outflows of resources	660,862,131	333,833,490	994,695,621	960,584,310
Liabilities				
Accounts payable and accrued expenses	4,198,931	451,843	4,650,774	4,967,459
Accrued interest payable	135,299	58,339	193,638	252,238
Contracts and retentions payable	2,768,555	1,319,900	4,088,455	3,964,194
Deposits	94,135	212,109	306,244	183,935
Due to other governments	1,811,281	619,860	2,431,141	4,120,202
Unearned revenue	1,862,547	337,930	2,200,477	11,131,360
Noncurrent liabilities, due within one year				
Bonds and notes payable	11,430,961	3,069,151	14,500,112	14,278,529
Compensated absences payable	3,993,731	508,650	4,502,381	4,285,607
Sick leave conversion payable	733,528	74,381	807,909	941,270
Claims liabilities	3,459,728	-	3,459,728	3,118,993
Financial incentive and interlocal agreements payable	100,000	-	100,000	100,000
Lease liabilities	532,448	8,158	540,606	82,005
IT Subscription liabilities	442,425	-	442,425	-
Noncurrent liabilities, due in more than one year				
Bonds and notes payable	47,737,913	5,949,342	53,687,255	77,516,873
Compensated absences payable	11,980,545	1,575,396	13,555,941	13,334,885
Sick leave conversion payable	3,933,487	286,131	4,219,618	3,713,219
Claims liabilities	7,358,448	-	7,358,448	7,539,487
Financial incentive and interlocal agreements payable	-	-	-	100,000
Lease liabilities	670,133	35,344	705,477	67,079
Subscription liabilities	425,211	-	425,211	-
Net pension liability	116,121,841	11,223,673	127,345,514	65,542,565
Total OPEB liability	36,549,934	2,017,374	38,567,308	41,172,387
Total liabilities	256,341,081	27,747,581	284,088,662	256,412,287

City of Sparks
Statement of Net Position
June 30, 2023
(with Comparative Totals for June 30, 2022)

	Governmental Activities	Business-Type Activities	Total	2022
Deferred Inflows of Resources				
Deferred inflows related to pensions	1,102,399	-	1,102,399	53,150,676
Deferred inflows related to OPEB	15,663,769	916,544	16,580,313	15,529,217
Total	<u>16,766,168</u>	<u>916,544</u>	<u>17,682,712</u>	<u>68,679,893</u>
Total liabilities and deferred inflows of resources	<u>273,107,249</u>	<u>28,664,125</u>	<u>301,771,374</u>	<u>325,092,180</u>
Net position				
Net investment in capital assets	447,044,071	175,175,155	622,219,226	610,247,830
Restricted for				
Court improvements	909,719	-	909,719	930,771
Road and street projects	6,070,266	-	6,070,266	3,519,345
Grants	1,868,373	-	1,868,373	2,019,851
Claims	8,528,460	-	8,528,460	9,384,339
Debt service	23,239,704	-	23,239,704	20,997,416
Capital projects	21,166,100	-	21,166,100	17,935,499
Promotion of special events	147,502	-	147,502	181,078
Public safety	1,752,836	-	1,752,836	177,315
Unrestricted	<u>(122,972,149)</u>	<u>129,994,210</u>	<u>7,022,061</u>	<u>(29,901,314)</u>
Total net position	<u>\$ 387,754,882</u>	<u>\$ 305,169,365</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 21,278,140	\$ 23,193,253	\$ -	\$ 867,311
Judicial	3,229,643	677,242	-	-
Public safety				
Police	42,439,106	983,952	1,765,284	23,350
Fire	24,761,641	386,758	25,645	-
Management Services	-	-	9,664,981	-
Community services	2,147,773	355,881	-	-
Public works	13,077,255	4,452,515	-	7,899,445
Sanitation	-	235,689	-	-
Culture and recreation	13,284,068	5,400,575	416,978	432,000
Community support	3,897,337	114,414	1,433,782	-
Debt service				
Interest and fiscal charges	2,651,779	-	-	-
Total governmental activities	<u>126,766,742</u>	<u>35,800,279</u>	<u>13,306,670</u>	<u>9,222,106</u>
Business-type activities				
Sewer	30,665,606	33,824,004	-	12,631,963
Development services	6,119,547	4,408,639	-	391
Total business-type activities	<u>36,785,153</u>	<u>38,232,643</u>	<u>-</u>	<u>12,632,354</u>
Total primary government	<u>\$ 163,551,895</u>	<u>\$ 74,032,922</u>	<u>\$ 13,306,670</u>	<u>\$ 21,854,460</u>

General revenues:

- Ad valorem taxes
- Special assessments - taxes
- Unrestricted intergovernmental - consolidated taxes
- Dedicated sales tax - improvement districts
- Unrestricted fair share distribution, state shared
- Motor vehicle fuel taxes
- Unrestricted gaming licenses, state shared
- Marijuana revenue, state shared
- Room taxes
- Governmental services tax
- Unrestricted investment income (loss)
- Miscellaneous revenue
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in Net Position

Net position - Beginning of Year

Net position - End of Year

City of Sparks
Statement of Activities
Year Ended June 30, 2023
(with Comparative Totals for the Year Ended June 30, 2022)

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	2022
\$ 2,782,424	\$ -	\$ 2,782,424	\$ 7,941,244
(2,552,401)	-	(2,552,401)	(2,081,533)
(39,666,520)	-	(39,666,520)	(31,688,183)
(24,349,238)	-	(24,349,238)	(18,367,067)
9,664,981	-	9,664,981	6,533,685
(1,791,892)	-	(1,791,892)	(1,770,475)
(725,295)	-	(725,295)	3,283,432
235,689	-	235,689	218,725
(7,034,515)	-	(7,034,515)	(4,053,584)
(2,349,141)	-	(2,349,141)	(2,212,748)
(2,651,779)	-	(2,651,779)	(2,873,824)
(68,437,687)	-	(68,437,687)	(45,070,328)
-	15,790,361	15,790,361	19,719,464
-	(1,710,517)	(1,710,517)	789,744
-	14,079,844	14,079,844	20,509,208
(68,437,687)	14,079,844	(54,357,843)	(24,561,120)
40,034,040	-	40,034,040	37,105,637
149,202	-	149,202	178,512
37,595,351	-	37,595,351	38,026,225
17,132,626	-	17,132,626	16,727,219
2,922,453	-	2,922,453	2,993,298
2,974,777	-	2,974,777	2,520,705
356,895	-	356,895	406,058
110,716	-	110,716	103,805
1,714,536	-	1,714,536	1,693,998
177,572	-	177,572	177,572
4,354,195	1,580,990	5,935,185	(2,018,416)
1,377,579	232,826	1,610,405	2,786,955
1,076,202	-	1,076,202	-
(212,953)	212,953	-	-
109,763,191	2,026,769	111,789,960	100,701,568
41,325,504	16,106,613	57,432,117	76,140,448
346,429,378	289,062,752	635,492,130	559,351,682
\$ 387,754,882	\$ 305,169,365	\$ 692,924,247	\$ 635,492,130

City of Sparks
Balance Sheet
Governmental Funds
June 30, 2023

(with Comparative Totals for June 30, 2022)

	General Fund	Sparks Grants & Donations	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2022
Assets						
Cash and investments	\$ 18,615,663	\$ 2,378,628	\$ 7,471,262	\$ 67,336,341	\$ 95,801,894	\$ 88,593,274
Accounts receivable, net	3,403,370	-	2,786,608	1,545,059	7,735,037	6,211,226
Due from other funds	20,648	-	-	-	20,648	30,303
Due from other governments	7,939,943	132,286	2,970,295	1,504,084	12,546,608	12,719,082
Notes receivable, net	-	-	-	806,294	806,294	1,092,237
Inventory of supplies	13,192	-	-	-	13,192	-
Restricted cash and investments	-	-	8,477,038	728,500	9,205,538	9,203,019
Total assets	\$ 29,992,816	\$ 2,510,914	\$ 21,705,203	\$ 71,920,278	\$ 126,129,211	\$ 117,849,141
Liabilities						
Accounts payable	\$ 1,264,355	\$ 8,177	\$ -	\$ 903,644	\$ 2,176,176	\$ 2,402,208
Accrued liabilities	1,621,746	-	-	193,849	1,815,595	1,549,133
Contracts payable	-	195,285	-	1,988,664	2,183,949	2,721,546
Contract retentions payable	-	28,838	-	363,181	392,019	228,105
Refundable deposits	92,685	-	-	1,450	94,135	57,685
Unearned revenues	356,027	1,035,156	-	471,364	1,862,547	10,850,543
Due to other funds	-	-	-	20,648	20,648	30,303
Due to other governments	1,674,423	9,286	-	92,591	1,776,300	3,587,904
Total liabilities	5,009,236	1,276,742	-	4,035,391	10,321,369	21,427,427
Deferred Inflows of Resources						
Unavailable revenue - grants	-	39,059	-	806,294	845,353	1,702,070
Unavailable revenue - property taxes and other	158,442	-	-	95,488	253,930	191,675
Unavailable revenue - special assessments	-	-	2,778,763	-	2,778,763	3,404,028
Unavailable revenue - other	369,262	-	-	58,557	427,819	-
Unavailable revenue - opioid	900,893	-	-	-	900,893	-
Total deferred inflows of resources	1,428,597	39,059	2,778,763	960,339	5,206,758	5,297,773
Fund Balances						
Restricted for						
Grants and donations	-	343,170	-	145,747	488,917	311,677
Law enforcement	-	851,943	-	-	851,943	177,315
Promotion of special events	-	-	-	147,502	147,502	181,078
Various judicial uses	-	-	-	317,492	317,492	304,743
Municipal facilities construction	-	-	-	218,332	218,332	176,172
Court fee collection programs	-	-	-	373,897	373,897	449,857
Developer agreements	-	-	-	5,388,072	5,388,072	4,534,905
Debt service reserve	-	-	18,926,440	2,262,999	21,189,439	21,665,607
Parks and recreation	-	-	-	8,041,409	8,041,409	6,784,519
Street improvements & rehabilitation	-	-	-	5,795,229	5,795,229	2,164,654
Capital projects	-	-	-	747,484	747,484	679,346
Improvements to Victorian Square	-	-	-	6,817,585	6,817,585	5,739,472
Committed for						
Economic development	-	-	-	49,203	49,203	65,039
Parks and recreation	-	-	-	482,875	482,875	660,725
Road surface repairs	-	-	-	995,597	995,597	1,046,432
Economic Stabilization	-	-	-	1,569,391	1,569,391	1,263,886
Improvements to 5 Ridges development	-	-	-	110,345	110,345	150,000
Assigned for						
Purchases on order	934,270	-	-	-	934,270	594,173
Specific capital projects	-	-	-	5,499,582	5,499,582	4,034,987
Next year's budget deficit	532,268	-	-	38,303	570,571	3,105,130
Other capital projects	-	-	-	27,923,504	27,923,504	19,634,023
Unassigned	22,088,445	-	-	-	22,088,445	17,400,201
Total fund balances	23,554,983	1,195,113	18,926,440	66,924,548	110,601,084	91,123,941
Total liabilities, deferred inflows of resources, and fund balances	\$ 29,992,816	\$ 2,510,914	\$ 21,705,203	\$ 71,920,278	\$ 126,129,211	\$ 117,849,141

City of Sparks
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2023

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

Total fund balances - total governmental funds		\$ 110,601,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	664,392,621	
Less accumulated depreciation/ amortization	<u>(214,682,204)</u>	449,710,417
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Revenue bonds payable	(47,075,000)	
Tax allocation bonds payable	(12,093,874)	
Compensated absences payable	(15,574,536)	
Net pension liability	(114,640,716)	
Total OPEB liability	(36,384,148)	
Sick leave conversion payable	(4,539,837)	
Financial incentive and interlocal agreements payable	(100,000)	
Lease liabilities	(1,202,581)	
IT Subscription liabilities	<u>(867,636)</u>	(232,478,328)
Interest payable		(135,299)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		
		5,206,758
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	42,230,765	
Deferred outflows of resources related to OPEB	9,504,392	
Deferred outflows of resources related to bond refundings	360,643	
Deferred inflows of resources related to pensions	(1,038,821)	
Deferred inflows of resources related to OPEB	<u>(15,609,808)</u>	35,447,171
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.		
		20,982,131
Internal balances is a receivable from/(payable to) business-type activities		<u>(1,579,052)</u>
Net position of governmental activities		<u>\$ 387,754,882</u>

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023
(with Comparative Totals for Year Ended June 30, 2022)

	General Fund	Sparks Grants & Donations	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2022
Revenues						
Taxes	\$ 30,110,764	\$ -	\$ 774,467	\$ 12,300,299	\$ 43,185,530	\$ 40,354,999
Licenses and permits	18,422,472	-	-	7,308,067	25,730,539	22,297,813
Intergovernmental revenues	41,692,244	11,958,301	17,132,626	6,651,170	77,434,341	72,189,993
Charges for services	3,666,776	3,916	-	2,232,868	5,903,560	6,677,002
Fines and forfeits	560,717	-	-	3,000	563,717	554,510
Miscellaneous	1,232,441	297,434	593,578	2,123,934	4,247,387	(110,209)
Total revenues	95,685,414	12,259,651	18,500,671	30,619,338	157,065,074	141,964,108
Expenditures						
Current						
General government	17,360,967	-	-	731,206	18,092,173	21,931,829
Judicial	2,726,303	65,891	-	157,889	2,950,083	2,835,578
Public safety	62,863,685	553,918	-	375,452	63,793,055	59,958,021
Public works	3,002,176	-	-	4,209,644	7,211,820	7,690,354
Culture and recreation	4,010,166	75,396	-	5,930,654	10,016,216	8,365,601
Community support	1,304,083	743,973	-	1,191,597	3,239,653	2,332,202
Total current expenditures	91,267,380	1,439,178	-	12,596,442	105,303,000	103,113,585
Capital outlay						
General government	349,361	-	-	366,106	715,467	353,542
Public safety	294,589	940,344	-	806,564	2,041,497	992,314
Public works	111,146	-	-	802,006	913,152	1,788,538
Culture and recreation	9,279	769,593	-	1,904,339	2,683,211	1,410,286
Community support	-	-	-	5,340,251	5,340,251	2,678,869
Total capital outlay	764,375	1,709,937	-	9,219,266	11,693,578	7,223,549
Debt service						
Principal	-	-	20,056,439	1,291,000	21,347,439	18,877,230
Interest	-	-	1,879,499	253,102	2,132,601	2,724,356
Fiscal charges and other	-	-	4,009	43,065	47,074	6,049
Total debt service	-	-	21,939,947	1,587,167	23,527,114	21,607,635
Total expenditures	92,031,755	3,149,115	21,939,947	23,402,875	140,523,692	131,944,769
Excess (Deficiency) of Revenues over Expenditures	3,653,659	9,110,536	(3,439,276)	7,216,463	16,541,382	10,019,339
Other Financing Sources (Uses)						
Sale of assets	536,167	-	-	1,325,901	1,862,068	-
Leases	248,373	-	-	-	248,373	37,341
IT Subscriptions	351,354	925,066	-	-	1,276,420	-
Transfers						
Transfers in	8,541,620	-	2,907,450	12,704,636	24,153,706	15,842,719
Transfers out	(8,823,632)	(9,203,734)	(1,470)	(6,575,970)	(24,604,806)	(16,346,089)
Total other financing sources (uses)	853,882	(8,278,668)	(2,905,980)	7,454,567	2,935,761	(466,029)
Net Change in Fund Balances	4,507,541	831,868	(533,296)	14,671,030	19,477,143	9,553,310
Fund Balances, Beginning of Year	19,047,442	363,245	19,459,736	52,253,518	91,123,941	81,570,631
Fund Balances, End of Year	\$ 23,554,983	\$ 1,195,113	\$ 18,926,440	\$ 66,924,548	\$ 110,601,084	\$ 91,123,941

City of Sparks

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	19,477,143
<p>Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when the assets are sold.</p>		
Expenditures for capital assets		11,693,578
Proceeds from sale of assets		(1,862,068)
Sale/disposition of assets		610,706
Less current year depreciation/ amortization		<u>(10,729,035)</u>
		(286,819)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Change in unavailable revenue-grants		(856,717)
Change in unavailable revenue-property & other taxes		62,255
Change in unavailable revenue-special assessments		(625,265)
Change in unavailable revenue-other		427,819
Change in unavailable revenue-opioid		900,893
Donated capital assets		<u>8,765,854</u>
		8,674,839
<p>Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments		<u>21,347,439</u>
		21,347,439
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of current year bond discounts		(495)
Amortization of bond refundings		(508,190)
Change in financial incentive/assistance agreements		100,000
Change in accrued interest		36,582
Change in long-term compensated absences payable		(496,768)
Change in OPEB liability related amounts		(1,514,405)
Change in sick leave conversion payable		(99,534)
Lease Proceeds		(248,373)
IT Subscription proceeds		<u>(1,276,420)</u>
		(4,007,603)
<p>Governmental funds report City pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
City pension contributions		7,325,189
City pension expense		<u>(11,367,477)</u>
		(4,042,288)
<p>Internal service funds are used by management to charge the costs of certain activities of individual funds. The change in net position of the internal service funds is reported with governmental activities.</p>		
		<u>162,793</u>
Change in net position of governmental activities	\$	<u><u>41,325,504</u></u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Revenues					
Taxes					
Real property	\$ 27,825,000	\$ 27,825,000	\$ 28,137,424	\$ 312,424	\$ 26,097,345
Personal property	1,855,000	1,855,000	1,973,340	118,340	1,782,794
Total taxes	<u>29,680,000</u>	<u>29,680,000</u>	<u>30,110,764</u>	<u>430,764</u>	<u>27,880,139</u>
Licenses and permits					
Business licenses and permits					
Business licenses	9,103,500	9,103,500	8,455,725	(647,775)	8,226,827
Business license penalties	275,000	275,000	321,832	46,832	296,734
Liquor licenses	350,000	350,000	433,855	83,855	342,074
City gaming licenses	428,000	428,000	547,228	119,228	471,831
Telecommunication licenses	975,000	975,000	1,670,293	695,293	1,026,471
Franchise fees					
Gas	575,000	575,000	1,017,970	442,970	624,569
Electric	1,650,000	1,650,000	2,069,401	419,401	1,680,038
Water	500,000	500,000	507,098	7,098	510,569
Sanitation	2,100,000	2,100,000	2,365,916	265,916	2,043,735
Other	875,000	875,000	690,915	(184,085)	720,831
Other licenses and permits	<u>278,600</u>	<u>278,600</u>	<u>342,239</u>	<u>63,639</u>	<u>270,027</u>
Total licenses and permits	<u>17,110,100</u>	<u>17,110,100</u>	<u>18,422,472</u>	<u>1,312,372</u>	<u>16,213,706</u>
Intergovernmental revenues					
State shared revenue					
Consolidated taxes payment	39,500,000	39,500,000	37,595,351	(1,904,649)	38,026,225
Fair share distribution	2,950,000	2,950,000	2,922,453	(27,547)	2,993,298
Marijuana shared revenue	115,000	115,000	110,716	(4,284)	103,805
Other local government shared revenues					
County gaming licenses (City's share)	325,000	325,000	356,895	31,895	406,058
Other	<u>706,829</u>	<u>706,829</u>	<u>706,829</u>	<u>-</u>	<u>677,995</u>
Total intergovernmental revenues	<u>43,596,829</u>	<u>43,596,829</u>	<u>41,692,244</u>	<u>(1,904,585)</u>	<u>42,207,381</u>
Charges for services					
General government					
Building and zoning fees	-	-	1,465	1,465	1,270
Other	<u>3,439,699</u>	<u>3,680,699</u>	<u>3,665,311</u>	<u>(15,388)</u>	<u>4,414,909</u>
Total charges for services	<u>3,439,699</u>	<u>3,680,699</u>	<u>3,666,776</u>	<u>(13,923)</u>	<u>4,416,179</u>
Fines and forfeits					
Fines - Court	528,000	528,000	536,447	8,447	534,038
Forfeits - Bail	1,000	1,000	500	(500)	2,300
Forfeits - Other	<u>7,000</u>	<u>7,000</u>	<u>23,770</u>	<u>16,770</u>	<u>15,172</u>
Total fines and forfeits	<u>536,000</u>	<u>536,000</u>	<u>560,717</u>	<u>24,717</u>	<u>551,510</u>
Miscellaneous					
Investment income	18,000	18,000	965,455	947,455	(13,916)
Rents and royalties	73,200	73,200	87,131	13,931	75,638
Other	<u>42,600</u>	<u>42,600</u>	<u>179,855</u>	<u>137,255</u>	<u>65,223</u>
Total miscellaneous	<u>133,800</u>	<u>133,800</u>	<u>1,232,441</u>	<u>1,098,641</u>	<u>126,945</u>
Total revenues	<u>\$ 94,496,428</u>	<u>\$ 94,737,428</u>	<u>\$ 95,685,414</u>	<u>\$ 947,986</u>	<u>\$ 91,395,860</u>

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Expenditures					
General government					
Executive (Mayor)					
Salaries and wages	\$ 68,025	\$ 68,025	\$ 66,298	\$ 1,727	\$ 66,298
Employee benefits	41,340	41,340	41,286	54	39,821
Services and supplies	13,941	13,941	1,228	12,713	1,056
Capital outlay	-	-	-	-	37,341
Total executive (mayor)	123,306	123,306	108,812	14,494	144,516
Legislative (City Council)					
Salaries and wages	284,661	284,661	280,688	3,973	274,225
Employee benefits	213,023	213,023	214,645	(1,622)	205,384
Services and supplies	42,485	42,485	24,379	18,106	19,771
Total legislative (city council)	540,169	540,169	519,712	20,457	499,380
Management services					
Salaries and wages	2,522,272	2,522,272	2,446,313	75,959	2,197,617
Employee benefits	2,340,550	2,340,550	1,933,812	406,738	1,942,889
Services and supplies	4,485,340	4,475,194	3,896,302	578,892	8,735,226
Capital outlay	16,717	22,587	-	22,587	-
Total management services	9,364,879	9,360,603	8,276,427	1,084,176	12,875,732
Legal (City Attorney)					
Salaries and wages	1,560,752	1,560,752	1,490,473	70,279	1,475,961
Employee benefits	810,373	810,373	764,187	46,186	708,923
Services and supplies	123,473	123,473	53,351	70,122	61,930
Capital outlay	-	-	122,594	(122,594)	-
Total legal (city attorney)	2,494,598	2,494,598	2,430,605	63,993	2,246,814
Finance					
Salaries and wages	2,643,561	2,643,561	2,604,456	39,105	2,311,764
Employee benefits	1,330,539	1,330,539	1,287,195	43,344	1,180,833
Services and supplies	1,430,861	1,430,861	1,495,274	(64,413)	1,160,574
Capital outlay	246,564	246,564	189,694	56,870	-
Total finance	5,651,525	5,651,525	5,576,619	74,906	4,653,171
Community services					
Salaries and wages	454,201	454,201	474,401	(20,200)	471,395
Employee benefits	315,208	315,208	252,087	63,121	229,709
Services and supplies	964,822	964,822	34,592	930,230	33,830
Capital outlay	33,618	33,618	37,073	(3,455)	-
Total community services	1,767,849	1,767,849	798,153	969,696	734,934
Total general government	19,942,326	19,938,050	17,710,328	2,227,722	21,154,547
Judicial					
Municipal Court					
Salaries and wages	1,537,323	1,537,323	1,567,229	(29,906)	1,454,598
Employee benefits	849,966	849,966	911,979	(62,013)	845,350
Services and supplies	237,955	237,955	247,095	(9,140)	224,428
Total judicial	2,625,244	2,625,244	2,726,303	(101,059)	2,524,376
Public safety					
Police department					
Salaries and wages	22,147,309	22,147,309	21,708,668	438,641	20,028,471
Employee benefits	12,766,467	12,766,467	12,042,456	724,011	11,365,265
Services and supplies	4,823,439	4,823,423	4,802,346	21,077	4,392,226
Capital outlay	293,594	293,594	130,230	163,364	55,167
Total police department	40,030,809	40,030,793	38,683,700	1,347,093	35,841,129

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Fire department					
Salaries and wages	\$ 12,112,497	\$ 12,312,497	\$ 12,574,193	\$ (261,696)	\$ 12,110,176
Employee benefits	7,788,145	7,829,145	7,241,065	588,080	6,845,099
Services and supplies	2,805,781	2,805,512	2,813,100	(7,588)	2,461,823
Capital outlay	190,298	190,298	53,213	137,085	35,360
Total fire department	22,896,721	23,137,452	22,681,571	455,881	21,452,458
Community services					
Salaries and wages	79,432	79,432	83,352	(3,920)	73,348
Employee benefits	54,176	54,176	56,684	(2,508)	53,162
Services and supplies	1,560,239	1,560,239	1,541,821	18,418	1,427,325
Capital outlay	-	-	111,146	(111,146)	-
Total community services	1,693,847	1,693,847	1,793,003	(99,156)	1,553,835
Management services department					
Employee benefits	-	-	-	-	1,325
Services and supplies	-	-	-	-	4,972
Total management services department	-	-	-	-	6,297
Total public safety	64,621,377	64,862,092	63,158,274	1,703,818	58,853,719
Public works					
Community services					
Salaries and wages	604,462	604,462	694,323	(89,861)	495,490
Employee benefits	329,140	329,140	377,024	(47,884)	286,903
Services and supplies	2,247,212	2,247,212	1,930,829	316,383	1,394,775
Capital outlay	163,550	163,550	111,146	52,404	-
Total public works	3,344,364	3,344,364	3,113,322	231,042	2,177,168
Culture and recreation					
Community services					
Salaries and wages	955,105	955,105	858,052	97,053	654,356
Employee benefits	683,157	683,157	556,743	126,414	446,387
Services and supplies	2,584,094	2,586,081	2,595,371	(9,290)	2,442,743
Capital outlay	120,000	115,000	9,279	105,721	49,610
Total culture and recreation	4,342,356	4,339,343	4,019,445	319,898	3,593,096
Community support					
Management services					
Services and supplies	268,000	1,368,000	1,304,083	63,917	257,581
Debt Service					
Principal	-	-	-	-	73,541
Interest	-	-	-	-	2,372
Total debt service	-	-	-	-	75,913
Total expenditures	95,143,667	96,477,093	92,031,755	4,445,338	88,636,400
Excess (Deficiency) of Revenues over Expenditures	(647,239)	(1,739,665)	3,653,659	5,393,324	2,759,460
Other Financing Sources (Uses)					
Sale of assets	-	-	536,167	536,167	-
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers					
Transfers in	1,000,000	2,100,000	8,541,620	6,441,620	5,329,986
Transfers out	(8,420,693)	(8,420,693)	(8,823,632)	(402,939)	(9,587,237)
Leases	-	-	248,373	248,373	37,341
IT Subscriptions	-	-	351,354	351,354	-
Total other financing sources (uses)	(8,420,693)	(7,320,693)	853,882	8,174,575	(4,219,910)
Net Change in Fund Balances	(9,067,932)	(9,060,358)	4,507,541	13,631,816	(1,460,450)
Fund Balances, Beginning of Year	18,591,341	18,583,767	19,047,442	463,675	20,507,892
Fund balances, End of Year	\$ 9,523,409	\$ 9,523,409	\$ 23,554,983	\$ 14,095,491	\$ 19,047,442

City of Sparks
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Sparks Grants and Donations Fund
Sparks Grants & Donations
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	Budgeted Amounts		Actual	Variance with	
	Original	Final Budget		Final Budget	2022
Revenues					
Intergovernmental revenues					
Federal awards					
Department of Housing and Urban Development	\$ -	\$ 309,367	\$ 309,367	\$ -	\$ -
Department of the Treasury	-	15,525,864	9,664,981	(5,860,883)	6,538,657
Department of Justice	-	376,574	132,595	(243,979)	197,336
Department of Transportation, Traffic Safety	-	1,463,444	23,350	(1,440,094)	83,129
Department of Homeland Security	-	275,223	23,148	(252,075)	18,494
Department of Health and Human Services	-	432,000	432,000	-	144,000
Executive Office of the President	-	8,803	7,871	(932)	10,367
National Endowment for the Arts	-	-	-	-	58,607
State and County awards					
Washoe County	136,000	1,217,754	620,592	(597,162)	775,299
Other local government shared revenues					
Crime forfeitures	-	699,899	692,917	(6,982)	54,579
Other	-	51,480	51,480	-	81,452
Total intergovernmental revenues					
	136,000	20,360,408	11,958,301	(8,402,107)	7,961,920
Charges for services					
Recreation	-	3,916	3,916	-	-
Miscellaneous					
Investment income (loss)	70	18,370	18,692	322	262
Other	-	349,807	278,742	(71,065)	36,793
Total miscellaneous					
	70	368,177	297,434	(70,743)	37,055
Total revenues					
	136,070	20,732,501	12,259,651	(8,472,850)	7,998,975
Expenditures					
General government					
Services and supplies	-	2,400	-	2,400	-
Judicial					
Services and supplies	-	49,080	65,891	(16,811)	48,669
Public safety					
Salaries and wages	87,000	669,975	264,310	405,665	108,105
Employee benefits	47,813	49,382	149,125	(99,743)	42,942
Services and supplies	319	1,181,958	140,483	1,041,475	626,118
Capital outlay	-	2,390,102	940,344	1,449,758	415,897
Total public safety					
	135,132	4,291,417	1,494,262	2,797,155	1,193,062
Culture and recreation					
Salaries and wages	-	-	-	-	58,607
Services and supplies	8,165	357,793	75,396	282,397	43,380
Capital outlay	-	513,172	769,593	(256,421)	155,853
Total culture and recreation					
	8,165	870,965	844,989	25,976	257,840
Community support					
Services and supplies	-	10,855,850	743,973	10,111,877	1,298,058
Total expenditures					
	143,297	16,069,712	3,149,115	12,920,597	2,797,629
Excess (Deficiency) of Revenues over Expenditures					
	(7,227)	4,662,789	9,110,536	4,447,747	5,201,346
Other Financing Sources (Uses)					
IT Subscriptions	-	-	925,066	(925,066)	-
Transfers					
Transfers out	-	(4,670,014)	(9,203,734)	(4,533,720)	(5,329,986)
Net Change in Fund Balances					
	(7,227)	(7,225)	831,868	839,093	(128,640)
Fund Balances, Beginning of Year					
	198,834	198,834	363,245	164,411	491,885
Fund Balances, End of Year					
	\$ 191,607	\$ 191,609	\$ 1,195,113	\$ 1,003,504	\$ 363,245

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 93,040,427	\$ 6,969,372	\$ 100,009,799	\$ 21,646,870
Accounts receivable, net	3,185,702	18,759	3,204,461	168,462
Notes receivable	533,769	-	533,769	-
Due from other governments	542,278	-	542,278	147,430
Deposits	-	-	-	19,072
Inventory of supplies	-	-	-	424,428
Total current assets	97,302,176	6,988,131	104,290,307	22,406,262
Noncurrent assets				
Capital assets				
Land	1,873,105	-	1,873,105	-
Construction in progress	5,399,536	27,780	5,427,316	1,560,531
Intangible assets	2,648	-	2,648	-
Buildings	982,424	315,150	1,297,574	475,005
Right-to-use lease building	42,341	-	42,341	-
Site improvements	3,668,042	70,045	3,738,087	245,445
Machinery and equipment	906,956	43,099	950,055	33,355,113
Right-to-use lease office equipment	3,901	-	3,901	-
Water rights	7,026,502	-	7,026,502	-
Roads and streets	13,038,372	-	13,038,372	-
Storm drains	139,617,304	-	139,617,304	-
Sewer lines	158,443,044	-	158,443,044	-
	331,004,175	456,074	331,460,249	35,636,094
Less accumulated depreciation	(147,916,747)	(77,235)	(147,993,982)	(24,194,415)
Less accumulated amortization	(3,013)	-	(3,013)	-
Capital assets, net	183,084,415	378,839	183,463,254	11,441,679
Other noncurrent assets				
Investment - Truckee Meadows Water Reclamation Facility	36,880,431	-	36,880,431	-
Notes receivable	1,438,618	-	1,438,618	-
Total other noncurrent assets	38,319,049	-	38,319,049	-
Total noncurrent assets	221,403,464	378,839	221,782,303	11,441,679
Total assets	318,705,640	7,366,970	326,072,610	33,847,941
Deferred outflows of resources				
Deferred outflows related to pension	3,421,655	1,914,934	5,336,589	625,516
Deferred outflows related to OPEB	443,655	401,584	845,239	52,944
Total deferred outflows of resources	3,865,310	2,316,518	6,181,828	678,460
Total Assets and Deferred Outflows of Resources	322,570,950	9,683,488	332,254,438	34,526,401

City of Sparks
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 156,629	\$ 58,870	\$ 215,499	\$ 178,087
Accrued liabilities	154,431	81,913	236,344	29,071
Contracts payable	1,088,435	18,149	1,106,584	192,587
Contract retentions payable	213,316	-	213,316	-
Refundable deposits	-	212,109	212,109	-
Unearned revenues	337,930	-	337,930	-
Due to other governments	517,664	102,196	619,860	34,981
Interest payable	58,339	-	58,339	-
Compensated absences payable (current maturities)	281,794	226,856	508,650	96,235
Sick leave conversion payable (current maturities)	33,971	40,410	74,381	21,978
Claims liabilities (current maturities)	-	-	-	3,459,728
Matured principal payable	3,069,151	-	3,069,151	-
Lease liabilities (current maturities)	8,158	-	8,158	-
Total current liabilities	5,919,818	740,503	6,660,321	4,012,667
Noncurrent liabilities				
Compensated absences payable (net of current maturities)	825,296	750,100	1,575,396	303,505
Total OPEB liability	1,074,140	943,234	2,017,374	165,786
Net pension liability	7,943,969	3,279,704	11,223,673	1,481,125
Sick leave conversion payable (net of current maturities)	76,607	209,524	286,131	105,200
Claims liabilities (net of current maturities)	-	-	-	7,358,448
General obligation bonds & notes (net of current)	5,949,342	-	5,949,342	-
Lease liabilities (net of current maturities)	35,344	-	35,344	-
Total noncurrent liabilities	15,904,698	5,182,562	21,087,260	9,414,064
Total liabilities	21,824,516	5,923,065	27,747,581	13,426,731
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	-	-	63,578
Deferred inflows related to OPEB	428,618	487,926	916,544	53,961
Total deferred inflows of resources	428,618	487,926	916,544	117,539
Total liabilities and deferred inflows of resources	22,253,134	6,410,991	28,664,125	13,544,270
Net Position				
Net investment in capital assets	174,796,316	378,839	175,175,155	11,441,678
Restricted for claims	-	-	-	8,528,461
Unrestricted	125,521,500	2,893,658	128,415,158	1,011,992
Total net position	\$ 300,317,816	\$ 3,272,497	303,590,313	\$ 20,982,131
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,579,052	
Net Position of Business-Type Activities			\$ 305,169,365	

City of Sparks
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Licenses and permits	\$ 142,828	\$ 2,384,983	\$ 2,527,811	\$ -
Charges for services	33,681,173	2,024,049	35,705,222	23,779,448
Miscellaneous	232,107	-	232,107	278,780
Total operating revenues	<u>34,056,108</u>	<u>4,409,032</u>	<u>38,465,140</u>	<u>24,058,228</u>
Operating Expenses				
Salaries and wages	3,955,809	2,496,383	6,452,192	913,594
Employee benefits	2,641,520	1,461,882	4,103,402	455,854
Services and supplies	13,698,445	2,106,395	15,804,840	21,453,051
Depreciation	7,056,457	19,572	7,076,029	1,937,367
Net loss from Truckee Meadows Water Reclamation Facility	2,479,765	-	2,479,765	-
Total operating expenses	<u>29,831,996</u>	<u>6,084,232</u>	<u>35,916,228</u>	<u>24,759,866</u>
Operating Income (Loss)	<u>4,224,112</u>	<u>(1,675,200)</u>	<u>2,548,912</u>	<u>(701,638)</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	1,515,436	65,554	1,580,990	775,165
Interest expense	(128,150)	-	(128,150)	-
Miscellaneous/Other	327	392	719	950
Sale of assets	(947,540)	-	(947,540)	(15,601)
Total nonoperating revenues (expenses)	<u>440,073</u>	<u>65,946</u>	<u>506,019</u>	<u>760,514</u>
Income (Loss) Before Capital Contributions and Transfers	<u>4,664,185</u>	<u>(1,609,254)</u>	<u>3,054,931</u>	<u>58,876</u>
Capital Contributions				
Vehicles	-	-	-	72,536
Sewer connection fees	11,006,597	-	11,006,597	-
Sewer lines and storm drains	1,625,366	-	1,625,366	-
Total capital contributions	<u>12,631,963</u>	<u>-</u>	<u>12,631,963</u>	<u>72,536</u>
Transfers				
Transfers in	241,226	-	241,226	250,000
Transfers out	(4,297)	(23,976)	(28,273)	(11,853)
Total transfers	<u>236,929</u>	<u>(23,976)</u>	<u>212,953</u>	<u>238,147</u>
Change in Net Position	<u>17,533,077</u>	<u>(1,633,230)</u>	<u>15,899,847</u>	<u>369,559</u>
Net Position, Beginning of Year	<u>282,784,739</u>	<u>4,905,727</u>		<u>20,612,572</u>
Net Position, End of Year	<u>\$ 300,317,816</u>	<u>\$ 3,272,497</u>		<u>\$ 20,982,131</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>206,766</u>
			Change in net position of business-type activities	<u>\$ 16,106,613</u>

City of Sparks
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Development Services</u>	<u>Total Enterprise Funds</u>	
Operating activities				
Cash received from customers and users	\$ 34,282,257	\$ 4,489,458	\$ 38,771,715	\$ 4,847,049
Cash received from interfund services provided	-	-	-	18,936,038
Cash received from reimbursements of insurance claims	-	-	-	218,955
Cash paid to employees	(6,316,657)	(3,558,087)	(9,874,744)	(1,093,081)
Cash paid to suppliers	(13,059,848)	(2,209,547)	(15,269,395)	(21,814,526)
Cash paid to Truckee Meadows Water Reclamation Facility	(2,632,944)	-	(2,632,944)	-
Net cash from (used for) operating activities	<u>12,272,808</u>	<u>(1,278,176)</u>	<u>10,994,632</u>	<u>1,094,435</u>
Noncapital financing activities				
Transfers in	241,226	-	241,226	250,000
Transfers out	(4,297)	(23,976)	(28,273)	(11,853)
Net cash from (used for) noncapital financing activities	<u>236,929</u>	<u>(23,976)</u>	<u>212,953</u>	<u>238,147</u>
Capital and related financing activities				
Bond and lease obligation principal payments	(3,255,169)	-	(3,255,169)	-
Bond and lease interest expense paid	(150,168)	-	(150,168)	-
Acquisition of capital assets	(5,144,164)	(42,261)	(5,186,425)	(2,031,236)
Cash contributions - sewer connection fees	11,006,597	-	11,006,597	-
Net cash from capital and related financing activities	<u>2,457,096</u>	<u>(42,261)</u>	<u>2,414,835</u>	<u>(2,031,236)</u>
Investing activities				
Investment income (loss)	1,515,436	65,554	1,580,990	775,165
Principal received on notes receivable	519,350	-	519,350	-
Net cash from investing activities	<u>2,034,786</u>	<u>65,554</u>	<u>2,100,340</u>	<u>775,165</u>
Net change in cash and cash equivalents	17,001,619	(1,278,859)	15,722,760	76,511
Cash and cash equivalents, Beginning of Year	<u>76,038,808</u>	<u>8,248,231</u>	<u>84,287,039</u>	<u>21,570,359</u>
Cash and cash equivalents, End of Year	<u>\$ 93,040,427</u>	<u>\$ 6,969,372</u>	<u>\$ 100,009,799</u>	<u>\$ 21,646,870</u>

City of Sparks
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Development Services</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 4,224,112	\$ (1,675,200)	\$ 2,548,912	\$ (701,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,056,457	19,572	7,076,029	1,937,367
Miscellaneous cash receipts/payments	327	392	719	950
Changes in				
Accounts receivable	463,956	(5,824)	458,132	3,754
Due from other governments	(297,613)	-	(297,613)	(60,890)
Inventory of supplies	-	-	-	(45,837)
Investment in Truckee Meadows Water Reclamation Facility	(153,179)	-	(153,179)	-
Pension related amounts	348,192	185,508	533,700	59,077
OPEB related amounts	39,912	70,213	110,125	4,321
Accounts payable	44,537	(87,811)	(43,274)	(514,738)
Accrued liabilities	21,592	5,915	27,507	7,922
Contracts payable	478,276	(9,958)	468,318	29,626
Unearned revenue	57,113	-	57,113	-
Due to other governments	118,151	(5,384)	112,767	9,776
Refundable deposits	-	85,859	85,859	-
Compensated absences	(87,390)	(76,369)	(163,759)	104,821
Sick leave conversion payable	(41,635)	214,911	173,276	100,228
Claims liabilities	-	-	-	159,696
Total adjustments	<u>8,048,696</u>	<u>397,024</u>	<u>8,445,720</u>	<u>1,796,073</u>
Net cash from (used for) operating activities	<u>\$ 12,272,808</u>	<u>\$ (1,278,176)</u>	<u>\$ 10,994,632</u>	<u>\$ 1,094,435</u>
Noncash investing and capital and related financing activities:				
Contributions of capital assets from (to) other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,536</u>
Contributions of capital assets from developers	<u>\$ 1,625,366</u>	<u>\$ -</u>	<u>\$ 1,625,366</u>	<u>\$ -</u>

City of Sparks
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Funds	
	TMWRF Investment Pool	Other Custodial Funds
Assets		
Cash and investments	\$ 1,741,930	\$ 113,688
Net Position		
Restricted for:		
Individuals, organizations and other governments	1,741,930	113,688
Total liabilities and net position	\$ 1,741,930	\$ 113,688

City of Sparks
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	<u>Custodial Funds</u>	
	<u>TMWRF Investment Pool</u>	<u>Other Custodial Funds</u>
Additions:		
Contributions		
Dependent co-pay contributions	\$ -	\$ 248,026
Joint Venture owner contributions	23,776,431	90
Police Evidence Additions	-	63,475
Total contributions	<u>23,776,431</u>	<u>311,591</u>
Other income		
Interest, dividends, and other	101,753	2,824
Receipts from TMWRF sales and services	973,412	-
Total other income	<u>1,075,165</u>	<u>2,824</u>
Total additions	<u>24,851,596</u>	<u>314,415</u>
Deductions:		
Medical, dental, and life insurance - retirees	-	300,185
Disbursements for operating costs of joint venture	23,929,710	-
Disbursements for capital costs of joint venture	493,884	-
Police Evidence Deductions	-	63,977
Total deductions	<u>24,423,594</u>	<u>364,162</u>
Change in Net Position	428,002	(49,747)
Net position, beginning of year	<u>1,313,838</u>	<u>163,525</u>
Net position, end of year	<u>\$ 1,741,840</u>	<u>\$ 113,778</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

Although legally separate from the City, the Redevelopment Agency Areas are governed by a Board comprised of City Council Members and Mayor, the Areas are dependent upon the City's taxing authority, and the City has operational responsibility for the Areas. Separate financial statements for the Redevelopment Agency Areas are not available. Agency Area No. 1 expired on June 30, 2023 and Area No. 2 is set to expire on June 30, 2029.

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The fiduciary fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting and are custodial in nature. Additions are recorded when earned and deductions are recorded when liabilities are incurred regardless of the timing of related cash flows.

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

The City reports the following major governmental funds:

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

The *Sparks Grants and Donations Fund* is used to account for all governmental fund grant awards, donations and other designated use awards, except Community Development and Block Grant awards, received by the City of Sparks.

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 funds:

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

The *Development Services Fund* accounts for the City's issuance of building permits and other fees designated to finance building and development of the City.

Additionally, the City reports the following fund types:

Special revenue funds account for specific revenue resources which by legislative enactments are not required to be accounted for as general revenue, including federal funds.

Debt service funds account for funds designated in the Bond Ordinance and designed to provide for the payment of the principal of and interest on the respective Series of Bonds issued thereunder, as the same respectively fall due, and as established by the provisions of the Bond Ordinance.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by resources from proprietary type activities which are accounted for in enterprise funds or those financed with funds held by the City in a trustee capacity.

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.

Fiduciary funds account for cash held by the City of Sparks for others in a custodial capacity prior to allocation to various individuals and governmental agencies. Included are funds to account for assets held for the Truckee Meadows Water Reclamation Facility, funds held from police evidence until the case is settled, and to account for assets held for the dedication or providing retirement health benefits for specified retirees.

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

Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City's Chief Financial Officer. Investments consist primarily of money market mutual funds, negotiable certificates of deposits, corporate notes and obligations of agencies of the United States. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*, except for money market mutual funds which are reported at amortized cost. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Investment income earned is distributed to the appropriate funds based on each fund's equity in the investment. Pursuant to Section 1 of NRS 355 and NRS 355.170, the City of Sparks may only invest in the following types of securities:

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

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

Cash Equivalents

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

Receivables and Payables

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

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

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

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

Inventories and Prepaids

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

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

Restricted Assets

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

Capital Assets

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

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

Right-to-use lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Intangible right-to-use subscription assets are recognized at the subscription based information technology arrangements (SBITAs) commencement date and represent the City's right to use another party's (a SBITA vendor's) IT software for a subscription term. Subscription assets are measured as the initial value of the subscription liability plus any payments made to the SBITA vendor before commencement of the lease term plus any initial direct costs necessary to place the subscription asset into service, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying IT asset using the straight-line method.

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	3-10 years
Right-to-use lease assets	3-10 years
IT Subscription assets	3-5 years

Long-Term Liabilities

Government-wide and proprietary fund type financial statements:

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

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. In the government-wide and proprietary fund statements, all vacation and sick pay is accrued as earned by employees to the extent it is likely that those benefits will be paid. Sick leave payment and conversion benefits vary by bargaining unit or resolution and range from ten percent to one hundred percent depending on years of service, which ranges from five to twenty-five years.

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 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.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from information technology subscriptions. Subscription liabilities are recognized at the commencement date when the initial implementation stage is completed based on the present value of subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

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 and net present value of leases and subscriptions are reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions

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

Deferred Inflows and Outflows of Resources

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

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

Equity Classifications

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

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

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

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

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

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

Estimates

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

Comparative Data

Comparative data shown for the prior year has been extracted from the 2021-2022 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 2021-2022. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Accounting Standards

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which established subscription accounting based on the foundational principle that SBITAS are financings of the right-to-use an underlying subscription asset. Please see Notes 7, 8, 9, and 19 for more information regarding the impact of implementing GASB Statement No. 96.

Rounding

The preparation of the financial statements represent accurate numerical values by using rounding which may cause differences in the statements due to rounding. Rounding a numerical value means replacing it by another value that is approximately equal but shorter, simpler, or more explicit.

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 Fiduciary funds. The Act and City policy include the following procedures to establish the budgetary data, which is reflected in these financial statements:

- On or before April 15, the Chief Financial Officer files with the Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
- A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
- Prior to June 1, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Council. The final budget is then submitted to the Nevada Department of Taxation.
- All budget amounts presented in these financial statements and schedules reflect the budget as amended by legally authorized revisions during the year. Original budgets are provided for the General Fund in compliance with reporting requirements. The Chief Financial Officer or designee may approve budget adjustments within a function. Budget adjustments between functions may be approved by the Chief Financial Officer with City Council notification. Adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval.
- Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.

- In accordance with State statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue, and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.
- Budgets are adopted for all governmental fund types and for all proprietary fund types. Additional control over spending activities of these funds is achieved through required approval of all purchases over \$50,000 by the City Council and certain expenditures are restricted by bond indenture provisions.

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

Compliance with Nevada Revised Statutes and Administrative Code

The City conformed to all significant statutory constraints in its financial administration during the year with the following exceptions for apparent violations of NRS 354.626 and/or NAC 354.410:

- Actual expenditures exceeded those budgeted for the year in the judicial function of the Grants and Donation Fund by \$16,811 and the judicial function of the General Fund by \$101,059.

Deficit Fund Net Position

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$6,752,035 at June 30, 2023.

Note 3 - Cash and Investments

Deposits and Money Market Mutual Funds

At June 30, 2023, the City's carrying amount of deposits was \$5,401,448 and the bank balance was \$6,560,497. 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 \$1,159,049.

At June 30, 2023, the City had \$175,251,756 in money market mutual funds. These funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

Investments

At June 30, 2023, 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	\$ 35,161,899	\$ 989,160	\$ 31,524,589	\$ 2,648,150
Negotiable certificates of deposit	12,704,616	2,910,040	9,585,355	209,221
	<u>\$ 47,866,515</u>	<u>\$ 3,899,200</u>	<u>\$ 41,109,944</u>	<u>\$ 2,857,371</u>

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

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

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

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

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, 2023, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security - Federal Home Loan Bank	6.91 %
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Investment Pool – In addition to the cash and investments of the City of Sparks, the City administers the cash deposits and investments of the Redevelopment Agency Areas and the Truckee Meadows Water Reclamation Facility (TMWRF). The deposits and investments of these entities are pooled with those of the City. As the Redevelopment Agency Areas are blended component units, and the investment activity by the City on behalf of TMWRF is de minimus, the cash and investments pooled by the City for these agency areas do not constitute an external investment pool.

Fair Value Measurements – The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2023, the City had the following recurring fair value measurements:

	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Instruments by fair value level				
U.S. agencies	\$ 35,161,899	\$ -	\$ 35,161,899	\$ -
Negotiable certificates of deposit	12,704,616	-	12,704,616	-
Total investment measured at fair value	<u>\$ 47,866,515</u>	<u>\$ -</u>	<u>\$ 47,866,515</u>	<u>\$ -</u>

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

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

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

Summary of Deposit and Investment Balances

A reconciliation of the City’s deposits and investment balances as of June 30, 2023 follows:

Deposits and Money Market Mutual Funds	\$ 180,653,204
Investments	47,866,515
	<u>\$ 228,519,719</u>
Governmental activities	
Cash and investments	\$ 117,448,764
Cash and investments - restricted	9,205,538
Business-type activities	
Cash and investments	100,009,799
Fiduciary Funds	1,855,618
	<u>\$ 228,519,719</u>

Note 4 - Accounts Receivable and Notes Receivable

Governmental Activities

	General Fund	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts receivable, net						
Miscellaneous	\$ 2,520,226	\$ -	\$ 1,545,059	\$ 4,065,285	\$ 168,462	\$ 4,233,747
Special Assessments	-	2,786,608	-	2,786,608	-	2,786,608
Opioid Settlements	900,893	-	-	900,893	-	900,893
Less allowance for uncollectibles	<u>(17,749)</u>	<u>-</u>	<u>-</u>	<u>(17,749)</u>	<u>-</u>	<u>(17,749)</u>
Total accounts receivable	<u>\$ 3,403,370</u>	<u>\$ 2,786,608</u>	<u>\$ 1,545,059</u>	<u>\$ 7,735,037</u>	<u>\$ 168,462</u>	<u>\$ 7,903,499</u>

Accounts receivable not expected to be collected within one year are \$764,713 of Opioid Settlements reported in the General Fund. Accounts receivable not expected to be collected within one year are \$2,012,142 of special assessments reported in the General Obligation Debt Service Fund.

	NonMajor Governmental Funds
Notes receivable, net	
Housing Rehab Notes	\$ 873,912
Housing Rehab Notes - allowance for doubtful	<u>(67,618)</u>
Total notes receivable	<u>\$ 806,294</u>

Notes receivable related to housing rehabilitation loans of \$873,912 less the allowance of \$67,618 are reported in the Community Development Block Grant Special Revenue Fund (Nonmajor Governmental Fund).

Business-type Activities

	Sewer Operations	Development Services	Total Business-Type Activities
Accounts receivable, net			
Sewer services	\$ 3,185,702	\$ -	\$ 3,185,702
Miscellaneous	<u>-</u>	<u>18,759</u>	<u>18,759</u>
Total accounts receivable	<u>\$ 3,185,702</u>	<u>\$ 18,759</u>	<u>\$ 3,204,461</u>
Notes receivable			
Effluent connection fees	\$ 284,389	\$ -	\$ 284,389
Sun Valley GID	<u>1,687,998</u>	<u>-</u>	<u>1,687,998</u>
Total notes receivable	<u>\$ 1,972,387</u>	<u>\$ -</u>	<u>\$ 1,972,387</u>

The current portion of notes receivable was \$533,769 as of June 30, 2023. These notes receivable include Sun Valley GID note with interest rate of 1.25%, principal and interest payable semi-annually through January 2027. Also included are effluent connection fees, which generally include a 4.5% interest rate and various maturity dates depending on the customer.

Note 5 - Interfund Balances and Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2023 is as follows:

Due From	Due To General Fund
Nonmajor Governmental Funds	\$ 20,648

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, 2023 are as follows:

Transfers Out	Transfers In							Total
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Development Services	Internal Service	
General Fund	\$ -	\$ 952,452	\$ 7,621,180	\$ 8,573,632	\$ -	\$ -	\$ 250,000	\$ 8,823,632
Sparks Grants and Donations	8,541,620	662,114	-	9,203,734	-	-	-	9,203,734
General Obligation Debt Service	-	-	1,470	1,470	-	-	-	1,470
Nonmajor Governmental	-	1,252,758	5,081,986	6,334,744	241,226	-	-	6,575,970
Total governmental	8,541,620	2,867,324	12,704,636	24,113,580	241,226	-	250,000	24,604,806
Sewer	-	4,297	-	4,297	-	-	-	4,297
Development Services	-	23,976	-	23,976	-	-	-	23,976
Total business-type	-	28,273	-	28,273	-	-	-	28,273
Internal Service	-	11,853	-	11,853	-	-	-	11,853
Total	\$ 8,541,620	\$ 2,907,450	\$ 12,704,636	\$ 24,153,706	\$ 241,226	\$ -	\$ 250,000	\$ 24,644,932

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, (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) Transfers Out from the Sparks Grants and Donations Fund were related to the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA) and are restricted to eligible expenditures under ARPA.

Note 6 - Joint Ventures

Truckee Meadows Water Reclamation Facility

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

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2023, the City of Sparks' share of TMWRF's net loss before capital contributions recorded in the Sewer Operations Enterprise Fund, was \$2,479,765.

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, 2023, is \$36,880,431.

Summary June 30, 2023 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 7,364,830
Capital assets, net of accumulated depreciation	<u>124,133,564</u>
Total assets	<u>131,498,394</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	4,235,968
Deferred outflows related to OPEB	<u>925,764</u>
Total deferred outflows of resources	<u>5,161,732</u>
Total assets and deferred outflows of resources	<u>136,660,126</u>
Liabilities	
Current liabilities	2,678,367
Noncurrent liabilities	<u>12,670,438</u>
Total liabilities	<u>15,348,805</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	199,554
Deferred inflows related to OPEB	<u>890,514</u>
Total liabilities and deferred inflows of resources	<u>16,438,873</u>
Net Position	
Net investment in capital assets	124,133,564
Unrestricted	<u>(3,912,311)</u>
Total net position	<u>\$ 120,221,253</u>
Operating Revenues	
Operating revenues	\$ 24,801,912
Operating expenses before depreciation	(25,228,986)
Depreciation	(7,743,055)
Non-operating revenues (expenses)	101,753
Capital contributions	<u>8,393,191</u>
Change in net position	<u>\$ 324,815</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2023 totaled approximately \$7.17 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, 2023, the City of Sparks has recorded \$1,096,217 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

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

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2023, 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, 2023, 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, 2023, 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, 2023, was as follows:

Governmental Activities

	Balance July 1, 2022, as Restated	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2023
Capital assets, not being depreciated					
Land	\$ 55,359,304	\$ 762,119	\$ (786,866)	\$ -	\$ 55,334,557
Construction in progress	20,213,652	17,564,372	-	(13,682,600)	24,095,424
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	<u>78,891,202</u>	<u>18,326,491</u>	<u>(786,866)</u>	<u>(13,682,600)</u>	<u>82,748,227</u>
Capital assets, being depreciated					
Intangible assets	721,364	-	-	-	721,364
Buildings	40,679,934	93,176	(8,000)	873,924	41,639,034
Improvements other than buildings	107,628,614	546,845	(1,695,144)	819,766	107,300,081
Machinery and equipment	40,869,059	1,492,906	(602,627)	424,819	42,184,157
Infrastructure	411,615,314	507,360	(1,332,471)	11,564,091	422,354,294
Total capital assets, being depreciated	<u>601,514,285</u>	<u>2,640,287</u>	<u>(3,638,242)</u>	<u>13,682,600</u>	<u>614,198,930</u>
Less accumulated depreciation for					
Intangible assets	(669,472)	(20,213)	-	-	(689,685)
Buildings	(25,969,783)	(974,906)	8,000	-	(26,936,689)
Improvements other than buildings	(76,687,856)	(4,015,501)	1,695,148	-	(79,008,209)
Machinery and equipment	(27,987,198)	(2,356,782)	585,235	-	(29,758,745)
Infrastructure	(98,131,709)	(4,571,565)	942,452	-	(101,760,822)
Total accumulated depreciation	<u>(229,446,018)</u>	<u>(11,938,967)</u>	<u>3,230,835</u>	<u>-</u>	<u>(238,154,150)</u>
Total capital assets, being depreciated, net	<u>372,068,267</u>	<u>(9,298,680)</u>	<u>(407,407)</u>	<u>13,682,600</u>	<u>376,044,780</u>
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	79,814	222,292	(79,814)	-	222,292
Right-to-use lease equipment	1,469,432	26,081	(8,984)	-	1,486,529
Right-to-use lease vehicles	36,345	-	(2,299)	-	34,046
Total right-to-use lease assets, being amortized	<u>1,585,591</u>	<u>248,373</u>	<u>(91,097)</u>	<u>-</u>	<u>1,742,867</u>
Less accumulated amortization for					
Right-to-use lease buildings	(42,433)	(44,666)	79,689	-	(7,410)
Right-to-use lease equipment	(28,138)	(417,130)	8,832	-	(436,436)
Right-to-use lease vehicles	(12,984)	(12,588)	-	-	(25,572)
Total accumulated amortization for right-to-use lease assets	<u>(83,555)</u>	<u>(474,384)</u>	<u>88,521</u>	<u>-</u>	<u>(469,418)</u>
Total right-to-use lease assets, being amortized, net	<u>1,502,036</u>	<u>(226,011)</u>	<u>(2,576)</u>	<u>-</u>	<u>1,273,449</u>
Right-to-use IT subscription assets, being amortized					
IT Subscription assets	62,273	1,276,420	-	-	1,338,693
Less accumulated amortization for					
IT Subscription assets	-	(253,051)	-	-	(253,051)
Total right-to-use IT subscription assets, being amortized, net	<u>62,273</u>	<u>1,023,369</u>	<u>-</u>	<u>-</u>	<u>1,085,642</u>
Governmental activities capital assets, net	<u>\$ 452,523,778</u>	<u>\$ 9,825,169</u>	<u>\$ (1,196,849)</u>	<u>\$ -</u>	<u>\$ 461,152,098</u>

The above schedule has been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. See Note 19.

Business-type Activities

	Balance June 1, 2022, as Restated	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2023
Capital assets, not being depreciated					
Construction in progress	\$ 4,155,556	\$ 2,117,718	\$ -	\$ (845,958)	\$ 5,427,316
Water rights	7,026,502	-	-	-	7,026,502
Land	1,873,105	-	-	-	1,873,105
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	<u>13,057,811</u>	<u>2,117,718</u>	<u>-</u>	<u>(845,958)</u>	<u>14,329,571</u>
Capital assets, being depreciated					
Buildings	1,274,596	22,978	-	-	1,297,574
Improvements other than buildings	3,727,427	10,660	-	-	3,738,087
Machinery and equipment	887,866	81,961	(19,772)	-	950,055
Roads and streets	12,535,121	317,828	-	185,423	13,038,372
Storm drains	138,292,500	1,962,874	(1,298,605)	660,535	139,617,304
Sewer lines	156,187,613	2,255,431	-	-	158,443,044
Total capital assets, being depreciated	<u>312,905,123</u>	<u>4,651,732</u>	<u>(1,318,377)</u>	<u>845,958</u>	<u>317,084,436</u>
Less accumulated depreciation for					
Buildings	(501,989)	(38,540)	(1)	-	(540,530)
Improvements other than buildings	(3,202,532)	(41,244)	-	-	(3,243,776)
Machinery and equipment	(548,440)	(60,836)	19,771	-	(589,505)
Roads and streets	(3,968,583)	(846,996)	-	-	(4,815,579)
Storm drains	(52,610,479)	(2,935,764)	351,084	-	(55,195,159)
Sewer lines	(80,466,080)	(3,143,361)	8	-	(83,609,433)
Total accumulated depreciation	<u>(141,298,103)</u>	<u>(7,066,741)</u>	<u>370,862</u>	<u>-</u>	<u>(147,993,982)</u>
Total capital assets, being depreciated, net	<u>171,607,020</u>	<u>(2,415,009)</u>	<u>(947,515)</u>	<u>845,958</u>	<u>169,090,454</u>
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	15,203	42,341	(15,203)	-	42,341
Right-to-use lease equipment	3,901	-	-	-	3,901
Total right-to-use lease assets being amortized	<u>19,104</u>	<u>42,341</u>	<u>(15,203)</u>	<u>-</u>	<u>46,242</u>
Less accumulated amortization for					
Right-to-use lease buildings	(8,083)	(8,507)	15,178	-	(1,412)
Right-to-use lease equipment	(820)	(781)	-	-	(1,601)
Total accumulated amortization	<u>(8,903)</u>	<u>(9,288)</u>	<u>15,178</u>	<u>-</u>	<u>(3,013)</u>
Total right-to-use lease assets, being amortized, net	<u>10,201</u>	<u>33,053</u>	<u>(25)</u>	<u>-</u>	<u>43,229</u>
Business-type activities capital assets, net	<u>\$ 184,675,032</u>	<u>\$ (264,238)</u>	<u>\$ (947,540)</u>	<u>\$ -</u>	<u>\$ 183,463,254</u>

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

Governmental Activities	
General Government	\$ 354,294
Judicial	71,199
Public Safety	1,028,828
Public works	5,402,718
Culture and recreation	3,113,148
Community support	758,848
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,937,367</u>
Total depreciation/ amortization expenses - governmental activities	<u><u>\$ 12,666,402</u></u>
Business-type Activities	
Sewer	\$ 7,056,457
Development Services	<u>19,572</u>
Total depreciation/ amortization expenses - business-type activities	<u><u>\$ 7,076,029</u></u>

Note 8 - Leases and Subscription Based IT Arrangements (SBITAs)

Leases

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charge by the lessor is not provided, the City generally uses the US Treasury monthly average rate at the beginning of the fiscal year based on the term length with an adjustment for the risk-free rate. The lease term included the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported as right-to-use along with other capital assets. Lease liabilities are reported with debt on the statement of net position.

The City has entered into various agreements to lease office equipment, vehicles, and a building with initial terms ranging from 36 months to 10 years. The various leases terminate between March 2024 and April 2028. The City also pays additional expenses based on usage for the copiers, which is not included in the measurement of the lease liability as they are variable in nature. During the year, the City recorded \$15,363 in variable expenses based on copier usage. At June 30, 2023, the City recognized right-to-use assets of \$1,789,109 and a lease liability of \$1,246,083 related to those agreements. During the year, the City recorded \$483,672 in amortization expense and \$4,346 in interest expense. The City used discount rates ranging from 0.89% to 4.05% based on the US Treasury monthly average rate based on the term length as described above.

SBITAs

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses US Treasury monthly average rate at the beginning of the year based on the term length with an adjustment for the risk-free rate. The SBITA term includes the noncancellable period the City has the right to use the underlying IT Asset. Periods for which both the City and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term. SBITA payments included in the measurement of the liability are comprised of qualifying implementation costs (typically post-selection expenses excluding training) and post implementation annual subscription costs. The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported as right-to-use along with other capital assets. SBITA liabilities are reported with long-term debt on the statement of net position.

The City has entered into various SBITA agreements with initial terms ranging from 36 months to 5 years. The various SBITAs terminate between October 2024 and January 2026. At June 30, 2023, the City has recognized right-to-use IT subscription assets of \$1,338,693 and an IT Subscription liability of \$867,636 related to these agreements. During the fiscal year, the City recorded \$253,051 in amortization expense and \$337 in interest expense. The City used discount rates ranging from 3.65% to 4.77% based on the US Treasury monthly average rate based on the term length as described above.

Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities as of June 30, 2023, are as follows:

	Issue Date	Interest Rate	Final Maturity Date
Governmental Activities			
Governmental Long-Term Debt			
Revenue Bonds Payable			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A	12/19/2019	2.50-2.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Revenue Refunding Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Direct Placement Tax Allocation Bonds			
Supported by Special Assessments within the LID 3			
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2			
2016 Tax Increment Obligation Refunding Bonds (Redevelopment Agency)	10/1/2016	2.33%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2014 Subordinate Lien Tax Increment Revenue Refunding Bonds	8/14/2014	3.25%	6/1/2029
Less deferred amounts for issuance discounts			
Total governmental long-term debt			
Other Long-Term Liabilities			
Financial Incentive Agreement - Syufy			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Lease Liabilities			
IT Subscription Liabilities			
Claims Liabilities			
Total other governmental long-term liabilities			
Total governmental debt and long-term liabilities			

For governmental activities, compensated absences and sick leave conversion payables are liquidated by those funds with salaries and related benefits; resulting in the majority of these obligations being liquidated by the General Fund. Claims liabilities are liquidated by the respective Internal Service Fund to which the claim relates (see Note 14). The above schedule has been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. See Note 19.

Authorized	Balance July 1, 2022, as Restated	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
\$ 79,905,000	\$ 61,485,000	\$ -	\$ 17,330,000	\$ 44,155,000	\$ 8,360,000
<u>7,330,000</u>	<u>3,838,000</u>	<u>-</u>	<u>918,000</u>	<u>2,920,000</u>	<u>944,000</u>
<u>87,235,000</u>	<u>65,323,000</u>	<u>-</u>	<u>18,248,000</u>	<u>47,075,000</u>	<u>9,304,000</u>
13,498,290	4,878,039	-	781,063	4,096,976	802,961
9,660,000	5,299,000	-	831,000	4,468,000	854,000
<u>7,285,000</u>	<u>3,990,000</u>	<u>-</u>	<u>460,000</u>	<u>3,530,000</u>	<u>470,000</u>
30,443,290	14,167,039	-	2,072,063	12,094,976	2,126,961
<u>-</u>	<u>1,597</u>	<u>-</u>	<u>495</u>	<u>1,102</u>	<u>-</u>
<u>30,443,290</u>	<u>14,165,442</u>	<u>-</u>	<u>2,071,568</u>	<u>12,093,874</u>	<u>2,126,961</u>
<u>117,678,290</u>	<u>79,488,442</u>	<u>-</u>	<u>20,319,568</u>	<u>59,168,874</u>	<u>11,430,961</u>
-	200,000	-	100,000	100,000	100,000
-	15,372,687	4,727,654	4,126,065	15,974,276	3,993,731
-	4,467,253	1,146,160	946,398	4,667,015	733,528
-	1,512,050	248,373	557,842	1,202,581	532,448
-	62,273	1,276,420	471,057	867,636	442,425
-	10,658,480	16,122,266	15,962,570	10,818,176	3,459,728
<u>-</u>	<u>32,272,743</u>	<u>23,520,873</u>	<u>22,163,932</u>	<u>33,629,684</u>	<u>9,261,860</u>
<u>\$ 117,678,290</u>	<u>\$ 111,761,185</u>	<u>\$ 23,520,873</u>	<u>\$ 42,483,500</u>	<u>\$ 92,798,558</u>	<u>\$ 20,692,821</u>

	Issue Date	Interest Rate	Final Maturity Date
Business-type Activities			
Business-type Long-Term Debt			
Private Placement Bond and Note from Direct Borrowing 2016 Sewer Refunding Bond	9/1/2016	1.25%	7/1/2029
Note Payable to City of Reno - TMWRF Expansion Refunding	12/1/2016	1.61%	7/1/2025
Total business-type long-term debt			
Other Long-Term Liabilities			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Lease Liabilities			
Total business-type other long-term liabilities			
Total business-type long-term liabilities			
Total long-term liabilities			

City of Sparks
Notes to the Financial Statements
June 30, 2023

Authorized	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
\$ 27,099,691	\$ 10,396,880	\$ -	\$ 2,474,604	\$ 7,922,276	\$ 2,232,040
<u>5,998,790</u>	<u>1,910,080</u>	<u>-</u>	<u>813,863</u>	<u>1,096,217</u>	<u>837,111</u>
<u>33,098,481</u>	<u>12,306,960</u>	<u>-</u>	<u>3,288,467</u>	<u>9,018,493</u>	<u>3,069,151</u>
	-	2,247,805	575,272	739,031	2,084,046
	-	187,236	247,086	73,810	360,512
	-	10,204	42,341	9,043	43,502
	<u>-</u>	<u>2,445,245</u>	<u>864,699</u>	<u>821,884</u>	<u>2,488,060</u>
<u>33,098,481</u>	<u>14,752,205</u>	<u>864,699</u>	<u>4,110,351</u>	<u>11,506,553</u>	<u>3,660,340</u>
<u>\$ 150,776,771</u>	<u>\$ 126,513,390</u>	<u>\$ 24,385,572</u>	<u>\$ 46,593,851</u>	<u>\$ 104,305,111</u>	<u>\$ 24,353,161</u>

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds, notes, financial incentive agreements, leases, and subscriptions outstanding at June 30, 2023 are as follows:

Year Ending June 30	Governmental Activities									
	IT Subscriptions		Leases		Revenue Bonds		Direct Placement Tax Allocation Bonds		Financial Incentive and Interlocal Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 442,425	\$ 15,990	\$ 532,448	\$ 25,401	\$ 9,304,000	\$ 1,283,591	\$ 2,126,961	\$ 360,332	\$ 100,000	\$ -
2025	404,943	28,824	507,318	38,552	9,703,000	1,045,421	2,196,302	293,867	-	-
2026	20,268	-	62,147	5,229	10,138,000	775,280	2,251,241	225,262	-	-
2027	-	-	57,797	2,939	9,555,000	493,075	2,320,004	154,864	-	-
2028	-	-	42,871	804	8,375,000	230,313	2,200,468	85,705	-	-
2029-2033	-	-	-	-	-	-	1,000,000	32,490	-	-
Total	\$ 867,636	\$ 44,814	\$ 1,202,581	\$ 72,925	\$ 47,075,000	\$ 3,827,680	\$ 12,094,976	\$ 1,152,520	\$ 100,000	\$ -

Year Ending June 30	Business-Type Activities*			
	Leases		Private Placement Bond and Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2024	\$ 8,158	\$ 1,561	\$ 3,069,151	\$ 84,747
2025	8,744	1,241	2,194,809	53,630
2026	9,294	897	1,602,575	31,248
2027	9,157	534	938,126	16,628
2028	8,149	153	475,521	10,725
2029-2032	-	-	738,311	4,657
Total	\$ 43,502	\$ 4,386	\$ 9,018,493	\$ 201,635

*Full accrual basis of accounting.

Compliance

For the fiscal year ending June 30, 2023, the City's outstanding debt obligations were within the limitations established by the Nevada Revised Statutes, and the City was in compliance with all covenants, limitations and restrictions as outlined within existing bond indentures and agreements. The statutory debt limit is 20% of assessed value of all taxable property in the City of Sparks, as set forth in City Charter Article VII, Section 7.010. For the fiscal year ended June 30, 2023, the legal debt margin is \$711,275,141.

Financial Agreements

In February 2017, the City of Sparks entered into a Financial Incentive Agreement with Syufy Enterprise to provide \$1,500,000 of room tax revenues held in the Victorian Square Room Tax Capital Projects Fund for the renovation and re-opening of the Victorian Square cinema property. The agreement was extended in October 2017 to provide for performance by September 2018. Per the agreement, the City of Sparks provided \$1,000,000 upon opening the cinema to the public and \$100,000 per year for five years. During fiscal year 2023, a payment of \$100,000 was made and \$100,000 of the \$1,500,000 commitment remains outstanding.

Redemption Options, Default Impacts, and Pledged Revenues

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

Governmental activities

The City issued the *Consolidated Tax Revenue Refunding Bonds, Series 2014* during fiscal year 2013-2014. Proceeds from the bonds were used to extinguish the principal owed on the *Consolidated Tax Revenue Bonds, Series 2007*. On or after May 21, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the bonds. The total principal and interest remaining to be paid on the bonds is \$3,102,279 payable through fiscal year 2026. During fiscal year 2023 principal and interest paid for the bonds totaled \$1,036,594 and pledged revenues totaled \$5,639,303.

In fiscal year 2020, the City issued Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A, Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series B (Tax-Exempt), and Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series C (Taxable), (2019 AB&C Bonds) to refund the existing Senior Sales Tax Anticipation Revenue Bonds, Series A, and Subordinate Sales Tax Anticipation Revenue Bonds, Series A that were issued in 2008 (2008 Bonds). The proceeds of the 2008 Bonds were used to acquire, improve, and equip certain real and personal properties at the Legends at Sparks Marina. The City may prepay the bonds prior to their maturity date at a redemption price equal to the principal and accrued interest without paying a premium. The City has pledged 75% of the State Sales & Use Taxes (less a State collection fee), the Local School Support Sales & Use Taxes, and the City-County Relief Taxes, that are collected in the Tourism Improvement District, for the repayment of the bonds. In fiscal year 2021, the Subordinate Sales Tax Anticipation Revenue Bonds, Series C (Taxable) were repaid. In fiscal year 2022, the Subordinate Sales Tax Anticipation Revenue Bonds, Series B (Taxable) were repaid. Sales tax revenues collected after the Sales Tax Pledge Termination Date of June 30, 2028 will not be available to pay debt service on the 2019 A&B Bonds, even if debt service on the 2019 A&B Bonds are delinquent at that time. The bonds are secured and payable solely from pledged revenues and the City has no obligation to pay the debt from any other source. Nonpayment of principal and interest due to insufficient pledged Net Sales Tax Revenues is not considered a default under the indenture. There are no acceleration clauses upon default, however, the Trustee may pursue legal remedies to enforce payment from pledged revenues. The total principal and interest remaining to be paid on the bonds is \$47,800,400 payable through fiscal year 2028. During fiscal year 2023, principal and interest due on the bonds totaled \$18,914,738, which included a \$9,330,000 turbo payment to pay off the 2019 Series B bonds. Pledged revenues totaled \$17,132,626 at June 30, 2023.

The Redevelopment Agency of the City of Sparks issued the *Tax Increment Revenue Refunding Bonds, Series 2016* (2016 Bonds) during fiscal year 2016-2017, and the *Subordinate Lien Tax Increment Refunding Bonds, Series 2014* (2014 Bonds) during fiscal year 2014-2015. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The City may prepay the 2016 Bonds prior to their maturity by paying a redemption price equal to the principal and accrued interest plus the following premiums: 3% through May 31, 2020, 2% through May 31, 2022, and 1% through May 31, 2023, with no premium after May 31, 2023. After June 1, 2024, the City may prepay the 2014 Bonds by paying the redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the 2016 Bonds interest will accrue at the default rate of 5.33% and the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. If the City defaults on the 2014 Bonds, interest will accrue at the default rate of 6.249%. There are no payment acceleration clauses should the City default on either of the bond agreements. The bonds are a special, limited obligation of the Redevelopment Agency and are payable solely from incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. The total principal and interest remaining to be paid on the bonds is \$8,762,151, payable through fiscal year 2029. During fiscal year 2023, principal and interest paid for the two bonds totaled \$1,544,102 and pledged revenues totaled \$5,646,804.

Special Assessment Debt

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

During fiscal year 2016-2017, the City issued *Local Improvement District No. 3 Limited Obligation, Series 2016* bonds (2016 LID Bonds). Proceeds from the 2016 LID Bonds were used to extinguish the principal owed on the *Local Improvement District No. 3, Series 2008* (2008 Bonds) in an amount of \$13,440,000. Proceeds from the 2008 Bonds were used to provide financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. On or after September 1, 2026, at the option of the City, the bonds may be prepaid at a redemption price equal to the principal and accrued interest without paying a premium. If property owners prepay their assessment at least 61 days prior to payment due date, the City is mandated to redeem bonds of equal value on the upcoming payment date. If the City defaults on the bond agreement the Trustee may start a foreclosure action, begin litigation, and appoint receivers to represent the best interest of the bond holders. There are no payment acceleration clauses should the City default on the bonds. The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay the bonds. The bonds are intended to be paid solely from assessment revenues and are payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$4,485,344. During fiscal year 2023, principal and interest paid for the bonds totaled \$952,935 and pledged revenues totaled \$774,467.

Business-type activities

Through the Nevada State Revolving Fund, the City issued the *General Obligation Sewer Refunding Bonds, Series 2016* during fiscal year 2016-2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The City may prepay the bonds prior to their maturity date with the approval of the Nevada State Treasurer at a redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the bonds a penalty of one-tenth of one percent of the defaulted payment will be due for each day of nonpayment beyond the 10-day grace period. There are no payment acceleration clauses should the City default on the bond agreement. The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay the sewer utility general obligation bonds through fiscal year 2030. The total principal and interest remaining to be paid on the bonds is \$8,164,866. During fiscal year 2023, principal and interest paid for the bonds totaled \$2,596,885. Net pledged revenues totaled \$24,534,386.

Note 10 - Stabilization Arrangements

In June 2011, 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. Each year during the budget process Council reaffirms this policy. At June 30, 2023, the Stabilization Special Revenue Fund has a committed fund balance of \$1,569,391.

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

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

Note 11 - Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

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

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

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

For the fiscal years ended June 30, 2023, the statutory employer-pay contribution (EPC) rate was 29.75% for Regular members and 44.00% for Police/Fire. For the fiscal year ended June 30, 2022, the statutory EPC rate was 29.75% for Regular members and 44.00% for Police/Fire.

The City's contributions were \$16,624,326 for the year ended June 30, 2023. Of this amount, \$8,312,163 was classified as Employer contributions and \$8,312,163 was classified as Member contributions.

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Real Estate	6%	6.65%
Private Equity	6%	6.65%

As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability - At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability of \$127,345,514. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.70532 percent, which was a decrease of 0.01340 percent from its proportion measured as of June 30, 2021.

Pension Liability Discount Rate Sensitivity - The following presents the net pension liability of the City as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 195,517,022	\$ 127,345,514	\$ 71,093,791

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

Actuarial Assumptions - The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.5%
Investment Rate of Return/ Discount Rate	7.25%, including inflation
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10% depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for healthy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30%

for males and 5% for females. For ages before age 35 through 45, the rates were smoothed between the above tables.

Mortality rates for disabled regular members based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females. Mortality rates for disabled police/fire members were based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 30% for males and 10% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Mortality rates for pre-retirement police/fire members were based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

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

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. 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, 2022, 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, 2022.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City’s proportionate share of PERS net pension liability, for the year ended June 30, 2023, the City recognized pension expense of \$12,946,282. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,275,546	\$ 82,829
Changes of assumptions or other inputs	16,146,517	-
Net difference between projected and actual earnings on pension plan investments	1,533,568	-
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	5,925,076	1,019,570
City contributions subsequent to the measurement date	8,312,163	-
	\$ 48,192,870	\$ 1,102,399

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$8,312,163 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

<u>Year Ending June 30, 2023</u>	
2024	\$ 6,451,146
2025	6,195,900
2026	5,571,283
2027	18,184,746
2028	2,375,233

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at June 30, 2022 is 5.70 years.

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

Note 12 - Contingent Liabilities

There are lawsuits pending against the City of Sparks. The financial impact of remaining actions is not determinable at June 30, 2023, 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, 2023 is \$4,322,397.

Note 13 - Commitments

As of June 30, 2023, the City entered into an interlocal agreement with Washoe County to help fund the construction and infrastructure of the Washoe County P25 Radio System, a regional emergency response system. On September 16, 2020 Washoe County issued debt in the amount of \$9,135,000 related to the project. The amount allocated to Sparks was estimated to be \$1,382,780 payable over fifteen years and is subject to change annually based on the participation and usage levels of other regional partners. As of June 30, 2023 the City has a remaining estimated amount of \$1,082,758

Significant commitments include the encumbrances outstanding in the Street Cut, Parks and Recreation Project Fund, Road Fund and Redevelopment Agency Area No. 2 Revolving Fund, which have been included in the appropriate classifications, are shown below.

	Encumbrances
Street Cut	\$ 543,007
Parks and Recreation Project Fund	780,000
Road Fund	2,324,954
Redevelopment Agency No. 2 Revolving Fund	1,840,762
	\$ 5,488,723

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, 2023			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,286,337	\$ 13,344,294	\$ (13,071,228)	\$ 1,559,403
Municipal Self-Insurance Fund	15,096	895,820	(910,916)	-
Workers' Compensation Fund	9,357,047	1,882,152	(1,980,426)	9,258,773
	<u>\$ 10,658,480</u>	<u>\$ 16,122,266</u>	<u>\$ (15,962,570)</u>	<u>\$ 10,818,176</u>
	Fiscal Year Ended June 30, 2022			
Group Insurance Self-Insurance Fund	\$ 1,070,921	\$ 11,435,175	\$ (11,219,759)	\$ 1,286,337
Municipal Self-Insurance Fund	6,000	525,630	(516,534)	15,096
Workers' Compensation Fund	10,775,088	595,737	(2,013,778)	9,357,047
	<u>\$ 11,852,009</u>	<u>\$ 12,556,542</u>	<u>\$ (13,750,071)</u>	<u>\$ 10,658,480</u>

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

Group Insurance Self-Insurance – This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of \$325,000 per occurrence are covered by excess insurance.

Workers' Compensation Insurance – The City is self-insured for individual worker's compensation claims up to \$3,000,000 for City police and firefighters and \$1,500,000 for all other City employees, per occurrence. Claims in excess of this limit are covered by excess insurance up to State statutory limits. This fund charges the City's insured funds an annual premium per employee, which may vary by employee type.

Municipal Self-Insurance – The City is self-insured for property and liability claims in amounts from \$10,000 to \$500,000 for each occurrence (depending on the type of claim or damage), after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

Note 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, 2023, the City paid \$1,020,208 in health insurance premiums on behalf of 135 retirees who opted for the conversion of their accumulated sick leave.

Post-employment Benefits Other than Pensions (OPEB)

Plan Descriptions - The City of Sparks contributes to the Sparks Medical and Dental Benefit Plan (Sparks Plan), a single-employer defined benefit healthcare plan administered by Hometown Health, and to a plan administered by the Nevada Public

Employees' Benefits Program (NPEBP) which is treated as a single-employer defined benefit plan for financial reporting purposes.

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 and are administered by a ten member governing board appointed by the governor.

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

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

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

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2023 by the City to NPEBP range from \$4.16 to \$1,150.15. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters and fire chief officers who retired after July 1, 2005 receive a subsidy equal to 60% of retiree and dependent health insurance premiums up to age 65, and 50% of retiree premiums after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 credit towards health insurance premiums for each year of service. These subsidies range from \$30.00 to \$1,441.62 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City.

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

A summary of the premium rates for the Sparks plan, as of June 30, 2023, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 896.24	\$ 1,652.66	\$ 1,574.08	\$ 2,353.39
Retiree, No Medicare	896.24	1,652.66	1,574.08	2,353.39
Spouse, with Medicare	726.14	1,482.56	-	2,183.29
Retiree, Medicare	726.14	1,312.46	1,403.98	2,013.19
Spouse, No Medicare	896.24	1,482.56	-	2,183.29

At June 30, 2023, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	150	83	233
Active employees	451	-	451
	<u>601</u>	<u>83</u>	<u>684</u>

Total OPEB Liability - The City's total OPEB liability of \$38,567,308, of which \$34,007,588 is related to the Sparks Plan and \$4,559,720 is related to NPEBP, was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2022 for both plans was based on the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.70%	2.70%
Salary increases, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service
Discount rate	4.13%	4.13%
Healthcare cost trend rate	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076	6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076
Retiree share of benefit costs	Range from \$170.11 to \$2,357.29	Range from \$0.00 to \$1,332.65

The discount rate was based on the S&P Municipal Bond 20-year High Grade Index.

Mortality rates for employees were based on the Pub-2010 Headcount-Weighted employee (Public Safety for police and fire and General for all others) projected fully-generationally using MP-2021, and for retirees were based on the Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021.

The demographic and payroll growth actuarial assumptions used in the July 1, 2022 valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2022, which was first adopted in the June 30, 2021 valuation.

Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2022	\$ 35,196,694	\$ 5,975,693	\$ 41,172,387
Changes for the year:			
Service Costs	1,473,338	-	1,473,338
Interest	1,278,977	207,556	1,486,533
Differences between expected and actual experience	(385,808)	(1,299,324)	(1,685,132)
Changes in assumptions or other inputs	(2,464,631)	(97,201)	(2,561,832)
Benefit payments	(1,090,982)	(227,004)	(1,317,986)
Net changes	(1,189,106)	(1,415,973)	(2,605,079)
Balance at June 30, 2023	\$ 34,007,588	\$ 4,559,720	\$ 38,567,308

Significant changes of assumptions and other inputs since the measurement date of June 30, 2023 are noted below:

- Mortality improvement scale has been updated from MP-2020 to using MP-2021. This change caused an increase in liability.
- Health care trend rates which are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model have been updated from the 2020 to 2022 version, with an initial rate of 6.75% for 2022 decreasing gradually to an ultimate rate of 4.14% in 2076. This change caused an increase in liability.
- The salary scale, withdrawals, and retirements assumptions have been updated to reflect the updated assumptions used by the Public Employees' Retirement System of Nevada actuarial valuation as of June 30, 2022. Those changes caused a increase in liability.
- The discount rate changed from 3.54% to 4.13%

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, calculated using a discount rate of 4.13%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Sparks Plan	\$ 39,403,077	\$ 34,007,588	\$ 29,668,815
NPEBP	5,283,144	4,559,720	3,977,980
Total OPEB Liability	\$ 44,686,221	\$ 38,567,308	\$ 33,646,795

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates of 6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 3.14% by 2076)	Healthcare Cost Trend Rates (6.75% decreasing to 4.14% by 2076)	1% Increase (7.75% decreasing to 5.14% by 2076)
Sparks Plan	\$ 28,892,463	\$ 34,007,588	\$ 40,537,591
NPEBP	3,873,887	4,559,720	5,435,259
Total OPEB Liability	<u>\$ 32,766,350</u>	<u>\$ 38,567,308</u>	<u>\$ 45,972,850</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2023 the City recognized an OPEB expense (income) of \$2,946,837, of which \$2,976,253 is related to the Sparks Plan and (\$29,416) is related to NPEBP. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ 180,956	\$ 4,688,249
Differences between changes of economic and demographic assumptions or of other inputs	9,186,524	8,886,407
NPEBP		
Differences between expected and actual experience	35,637	2,097,636
Differences between changes of economic and demographic assumptions or of other inputs	999,458	908,021
Total	<u>\$ 10,402,575</u>	<u>\$ 16,580,313</u>

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

<u>Year ended June 30</u>	<u>Sparks Plan</u>	<u>NPEBP</u>
2024	\$ 223,938	\$ (236,972)
2025	167,208	(249,017)
2026	54,738	(203,256)
2027	(709,734)	(373,533)
2028	(1,793,513)	(366,613)
Thereafter	(2,149,813)	(541,171)

Note 16 - Tax Abatements

Consolidated sales taxes collected in Nevada are partially allocated to local governments in accordance with the distribution formulas established by Nevada Revised Statutes (NRS). The State of Nevada has entered into various tax abatement agreements which have reduced fiscal year 2023 intergovernmental revenues of the City by \$3,125,212.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 7,422
Data Centers Abatement (NRS 360.754)	2,853,356
Local Sales and Use Tax Abatement*	224,522
Renewable Energy Abatement (NRS 701A.370)	39,912
	3,125,212
	3,125,212

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

Note 17 - Capital Facilities Fund

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$263,524 on the following:

Maint. Admin Restroom Remodel	\$ 3,800
Maint. Garage Lean-to Building	19,134
Citywide Re-Keying/Security Infrastructure	11,937
Police Dept. Records Remodel	50,822
Maint. Admin Restroom Remodel	112,516
Fire Station 1 - Heat Pump & Future HVAC System	6,720
Police Dept. Carpet Replacement at 1st Floor	55,963
Police Dept. Gate Security System	800
Deer Pool Boiler & Water Heater Replacement	1,510
Fire Station 4 - Front Garage Door Replacement	322
	263,524
	263,524

Note 18 - Subsequent Events

On October 4, 2023, the City issued \$15,000,000 of General Obligation (Limited Tax) Fire Station Bonds (Additionally Secured by Pledged Revenue), Series 2023 for the purpose of financing fire protection and/or building projects for the City. The coupon rate ranges between 4.5% and 5.0% and the true interest rate on the bonds is 4.086% and the maturity date is May 1, 2043.

Note 19 - GASB Statement No. 96 Implementation

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This Statement increases the usefulness of governments financial statements by defining SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. It established a model for subscription accounting based on the foundational principle that SBITAs are financing the right-to-use an underlying IT subscription asset. Under this Statement, a government generally should recognize a right-to-use IT subscription asset—an intangible asset—and a corresponding subscription liability, thereby enhancing the relevance and consistency of information about governments' subscription activities.

Comparative totals have not been updated for the implementation due to the immaterial impact. The impact for the adoption of GASB Statement No. 96 is as follows:

	Governmental Activities	Business-Type Activities	Total
Recognition of right-to-use lease equipment	\$ 1,373,170	\$ -	\$ 1,373,170
Recognition of lease liability	(1,373,170)	-	(1,373,170)
Recognition of right-to-use IT subscription asset	62,273	-	62,273
Recognition of IT subscription liability	(62,273)	-	(62,273)
Effect on Net Position at July 1, 2022	\$ -	\$ -	\$ -

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Required Supplementary Information

	2023		2022		2021	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability						
Service Cost	\$ 1,473,338	\$ -	\$ 2,196,932	\$ -	\$ 1,605,582	\$ -
Interest	1,278,977	207,556	998,650	161,690	811,824	169,161
Differences between expected and actual experience	(385,808)	(1,299,324)	(2,524,520)	(440,066)	(1,288,824)	(565,766)
Changes of assumptions or other inputs	(2,464,631)	(97,201)	(8,973,141)	(1,096,304)	8,875,217	517,350
Benefit payments	(1,090,982)	(227,004)	(1,070,496)	(269,068)	(1,120,103)	(309,525)
Net change in total OPEB liability	(1,189,106)	(1,415,973)	(9,372,575)	(1,643,748)	8,883,696	(188,780)
Total OPEB liability-beginning	35,196,694	5,975,693	44,569,269	7,619,441	35,685,573	7,808,221
Total OPEB liability-ending	\$ 34,007,588	\$ 4,559,720	\$ 35,196,694	\$ 5,975,693	\$ 44,569,269	\$ 7,619,441
Covered-employee payroll	55,644,073	-	51,297,619	-	46,353,419	-
Total OPEB liability as a percentage of covered-employee payroll	61.12 %	-	68.61 %	-	96.15 %	-

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

Notes to Schedule:

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

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

Changes of assumptions: The Sparks Plan and the NPEBP changes in actuarial assumptions are noted in italics:

	2023	2022	2021
Discount rate	4.13%	3.54%	2.16%
Payroll growth	<i>Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service</i>	Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service	Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service
Healthcare cost trend rate	<i>6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076</i>	<i>0.00% for 2021 followed by 5.40% decreasing to an ultimate rate of 4.04% by 2075</i>	<i>5.7% for 2020 to 2021, decreasing to an ultimate rate of 4.04% by 2075</i>
Mortality Table - Employee's	<i>Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020	<i>Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020</i>
Mortality Table - Retiree's	<i>Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>	Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020	<i>Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2020</i>

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

2020		2019		2018	
Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
\$ 1,134,315	\$ -	\$ 784,223	\$ -	\$ 785,174	\$ -
1,045,020	230,094	1,077,848	269,030	1,019,654	274,311
(1,091,105)	28,399	(3,752,815)	(993,729)	-	-
6,442,521	1,163,476	4,415,457	646,898	539,508	114,654
(958,760)	(335,380)	(947,571)	(301,682)	(598,390)	(291,307)
6,571,991	1,086,589	1,577,142	(379,483)	1,745,946	97,658
29,113,582	6,721,632	27,536,440	7,101,115	25,790,494	7,003,457
<u>\$ 35,685,573</u>	<u>\$ 7,808,221</u>	<u>\$ 29,113,582</u>	<u>\$ 6,721,632</u>	<u>\$ 27,536,440</u>	<u>\$ 7,101,115</u>
44,517,475	-	42,302,486	-	40,116,014	-
80.16 %	-	68.82 %	-	68.64 %	-

2020	2019	2018
2.21%	3.51%	3.87%
Ranges from 4.25% to 9.15% for regular employees and from 4.55% to 13.9% for Police and Fire, based on years of service	<i>Ranges from 4.25% to 9.15% for regular employees & from 4.55% to 13.9% for Police and Fire, based on years of service</i>	4.5%
<i>Initial rate of 1.5% followed by 5.4% declining gradually to an ultimate rate of 3.94% by 2075</i>	<i>5.4% declining gradually to an ultimate rate of 3.94% by 2075</i>	5.9% declining gradually over 60 years to an ultimate rate of 3.94%
RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016	<i>RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016</i>	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females , and set forward 1 year for all Police
RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries	<i>RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries</i>	RP-2000 Combined Healthy Mortality Tables, projected to 2014 with Scale AA, set back 1 year for regular females , and set forward 1 year for all Police

	2022	2021	2020
City's portion of the net pension liability	0.70532 %	0.71872 %	0.65699 %
City's proportionate share of the net pension liability	\$ 127,345,514	\$ 65,542,565	\$ 91,507,090
City's covered payroll	\$ 41,921,546	\$ 41,214,127	\$ 37,976,678
City's proportional share of the net pension liability as a percentage of its covered payroll	303.77 %	159.03 %	240.96 %
Plan fiduciary net position as a percentage of the total pension liability	75.12 %	86.50 %	77.00 %

* 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

Notes to Schedule:

	2022	2021	2020
Inflation rate	2.50 %	2.50 %	2.75 %
Payroll growth	3.50 %	3.50 %	5.00 %
Investment rate of return	7.25 %	7.25 %	7.50 %
Productivity pay increases	0.50 %	0.50 %	0.50 %
Projected salary increases			
Regular**	4.20% to 9.10%	4.20% to 9.10%	4.25% to 9.15%
Police/Fire**	4.60% to 14.50%	4.60% to 14.50%	4.55% to 13.90%
Consumer price index	2.50 %	2.50 %	2.75 %
Mortality rate			
Healthy***	Pub-2010 General and Safety Retiree and Employee	Pub-2010 General and Safety Retiree and Employee	Headcount-Weighted RP-2014 Healthy
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee
Future mortality improvement	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	6 years

** Depending on service. Rates include inflation and productivity increases.

***Amount-Weighted Above-Median

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

2019	2018	2017	2016	2015	2014
0.65591 %	0.65035 %	0.65133 %	0.63750 %	0.66963 %	0.68240 %
\$ 89,439,220	\$ 88,692,434	\$ 86,625,696	\$ 87,624,211	\$ 77,407,621	\$ 71,650,806
\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326	\$ 31,931,910
247.06 %	257.21 %	248.77 %	266.84 %	244.40 %	224.39 %
76.50 %	75.20 %	74.40 %	72.20 %	75.10 %	76.30 %

2019	2018	2017	2016	2015	2014
2.75 %	2.75 %	2.75 %	3.50 %	3.50 %	3.50 %
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
7.50 %	7.50 %	7.50 %	8.00 %	8.00 %	8.00 %
0.50 %	0.50 %	0.50 %	0.75 %	0.75 %	0.75 %
4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%
4.55% to 13.90%	4.55% to 13.90%	4.55% to 13.90%	5.25% to 14.50%	5.25% to 14.50%	5.25% to 14.50%
2.75 %	2.75 %	2.75 %	3.50 %	3.50 %	3.50 %

Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	N/A	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table
Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	N/A	N/A	N/A
Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	Headcount-Weighted RP-2014 Employee	N/A	N/A	N/A
6 years	6 years	6 years	N/A	N/A	N/A

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 8,312,163	\$ 7,692,091	\$ 7,359,447
Contributions in relation to the statutorily required contribution	8,312,163	7,692,091	7,359,447
Contribution deficiency (excess)	-	-	-
City's covered payroll	\$ 45,318,948	\$ 41,921,546	\$ 41,214,127
Contributions as a percentage of covered payroll	18.34 %	18.35 %	17.86 %

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	6,729,996	\$ 6,194,100	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048	\$ 5,168,048
	6,729,996	6,194,100	5,901,799	5,718,019	5,405,048	5,168,048
	-	-	-	-	-	-
\$	37,976,678	\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
	17.72 %	17.11 %	17.12 %	16.42 %	16.46 %	16.32 %

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Supplementary Information

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City of Sparks
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Assets				
Cash and investments	\$ 10,185,175	\$ 1,648,982	\$ 55,502,184	\$ 67,336,341
Accounts receivable, net	184,653	-	1,360,406	1,545,059
Due from other governments	561,965	-	942,119	1,504,084
Notes receivable, net	806,294	-	-	806,294
Restricted cash and investments	-	728,500	-	728,500
Total assets	<u>\$ 11,738,087</u>	<u>\$ 2,377,482</u>	<u>\$ 57,804,709</u>	<u>\$ 71,920,278</u>
Liabilities				
Accounts payable	\$ 424,280	\$ 4,138	\$ 475,222	\$ 903,640
Accrued liabilities	139,974	-	53,875	193,849
Contracts payable	237,945	-	1,750,723	1,988,668
Contract retentions payable	92,260	-	270,921	363,181
Refundable deposits	450	-	1,000	1,450
Unearned revenues	471,364	-	-	471,364
Due to other funds	20,648	-	-	20,648
Due to other governments	48,449	-	44,142	92,591
Total liabilities	<u>1,435,370</u>	<u>4,138</u>	<u>2,595,883</u>	<u>4,035,391</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	806,294	-	-	806,294
Unavailable revenue - property taxes and other	-	-	95,488	95,488
Unavailable revenue - other	58,557	-	-	58,557
Total deferred inflows of resources	<u>864,851</u>	<u>-</u>	<u>95,488</u>	<u>960,339</u>
Fund Balances				
Restricted for				
Grants and donations	145,747	-	-	145,747
Promotion of special events	147,502	-	-	147,502
Various judicial uses	317,492	-	-	317,492
Municipal facilities construction	218,332	-	-	218,332
Court fee collection programs	373,897	-	-	373,897
Developer agreements	4,888,781	-	499,291	5,388,072
Debt service reserve	-	2,262,999	-	2,262,999
Parks and recreation	249,049	-	7,792,360	8,041,409
Street improvements & rehabilitation	-	-	5,795,229	5,795,229
Capital projects	-	-	747,484	747,484
Improvements to Victorian Square	-	-	6,817,585	6,817,585
Committed for				
Economic development	49,203	-	-	49,203
Parks and recreation	482,875	-	-	482,875
Road surface repairs	995,597	-	-	995,597
Economic Stabilization	1,569,391	-	-	1,569,391
Improvements to 5 Ridges development	-	110,345	-	110,345
Assigned for				
Specific capital projects	-	-	5,499,582	5,499,582
Next year's budget deficit	-	-	38,303	38,303
Other capital projects	-	-	27,923,504	27,923,504
Total fund balances	<u>9,437,866</u>	<u>2,373,344</u>	<u>55,113,338</u>	<u>66,924,548</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 11,738,087</u>	<u>\$ 2,377,482</u>	<u>\$ 57,804,709</u>	<u>\$ 71,920,278</u>

City of Sparks
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
NonMajor Governmental Funds
Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 1,544,101	\$ 10,560,198	\$ 12,300,299
Licenses and permits	1,824,700	-	5,483,367	7,308,067
Intergovernmental revenues	2,340,823	-	4,310,347	6,651,170
Charges for services	2,075,923	-	156,945	2,232,868
Fines and forfeits	-	-	3,000	3,000
Miscellaneous	275,564	60,539	1,787,831	2,123,934
Total revenues	<u>6,713,010</u>	<u>1,604,640</u>	<u>22,301,688</u>	<u>30,619,338</u>
Expenditures				
Current				
General government	-	-	731,206	731,206
Judicial	157,889	-	-	157,889
Public safety	-	-	375,452	375,452
Public works	484,681	-	3,724,963	4,209,644
Culture and recreation	4,921,067	-	1,009,587	5,930,654
Community support	717,948	-	473,649	1,191,597
Total current expenditures	<u>6,281,585</u>	<u>-</u>	<u>6,314,857</u>	<u>12,596,442</u>
Capital outlay				
General government	-	-	366,106	366,106
Public safety	53,000	-	753,564	806,564
Public works	-	-	802,006	802,006
Culture and recreation	178,525	-	1,725,814	1,904,339
Community support	1,724,212	-	3,616,039	5,340,251
Total capital outlay	<u>1,955,737</u>	<u>-</u>	<u>7,263,529</u>	<u>9,219,266</u>
Debt service				
Principal	-	1,291,000	-	1,291,000
Interest	-	253,102	-	253,102
Fiscal charges and other	-	43,065	-	43,065
Total debt service	<u>-</u>	<u>1,587,167</u>	<u>-</u>	<u>1,587,167</u>
Total expenditures	<u>8,237,322</u>	<u>1,587,167</u>	<u>13,578,386</u>	<u>23,402,875</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,524,312)</u>	<u>17,473</u>	<u>8,723,302</u>	<u>7,216,463</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	1,325,901	1,325,901
Transfers				
Transfers in	2,700,000	-	10,004,636	12,704,636
Transfers out	(245,127)	-	(6,330,843)	(6,575,970)
Total other financing sources (uses)	<u>2,454,873</u>	<u>-</u>	<u>4,999,694</u>	<u>7,454,567</u>
Net Change in Fund Balances	930,561	17,473	13,722,996	14,671,030
Fund Balances, Beginning of Year	<u>8,507,305</u>	<u>2,355,871</u>	<u>41,390,342</u>	<u>52,253,518</u>
Fund Balances, End of Year	<u>\$ 9,437,866</u>	<u>\$ 2,373,344</u>	<u>\$ 55,113,338</u>	<u>\$ 66,924,548</u>

Nonmajor Special Revenue Funds

Community Development Block Grant Fund

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

Community Development Entitlement Grant Fund

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

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 collected in the Impact Fee Service Area No. 1.

Stabilization Fund

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

Landscape Maintenance Fund

To account for resources restricted for landscape maintenance fees for Promontory, Mesa Meadows, and Triple Crown subdivisions.

	Community Development Block Grant	Community Development Entitlement Grant	Tourism and Marketing
Assets			
Cash and investments	\$ 145,747	\$ -	\$ 343,502
Accounts receivable, net	-	-	-
Due from other governments	-	561,965	-
Notes receivable, net	806,294	-	-
Total assets	<u>\$ 952,041</u>	<u>\$ 561,965</u>	<u>\$ 343,502</u>
Liabilities			
Accounts payable	\$ -	\$ 240,717	\$ -
Accrued liabilities	-	-	-
Contracts payable	-	216,930	-
Contract retentions payable	-	83,334	-
Refundable deposits	-	-	-
Unearned revenues	-	-	196,000
Due to other funds	-	20,648	-
Due to other governments	-	336	-
Total liabilities	<u>-</u>	<u>561,965</u>	<u>196,000</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	806,294	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	<u>806,294</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Grants and donations	145,747	-	-
Promotion of special events	-	-	147,502
Various judicial uses	-	-	-
Municipal facilities construction	-	-	-
Court fee collection programs	-	-	-
Developer agreements	-	-	-
Parks and recreation	-	-	-
Committed for			
Economic development	-	-	-
Parks and recreation	-	-	-
Road surface repairs	-	-	-
Economic Stabilization	-	-	-
Total fund balances	<u>145,747</u>	<u>-</u>	<u>147,502</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 952,041</u>	<u>\$ 561,965</u>	<u>\$ 343,502</u>

City of Sparks
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2023

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ 1,127,884	\$ 909,721	\$ 912,405	\$ 4,909,496	\$ 1,569,391	\$ 267,029	\$ 10,185,175
28,577	-	153,595	-	-	2,481	184,653
-	-	-	-	-	-	561,965
-	-	-	-	-	-	806,294
<u>\$ 1,156,461</u>	<u>\$ 909,721</u>	<u>\$ 1,066,000</u>	<u>\$ 4,909,496</u>	<u>\$ 1,569,391</u>	<u>\$ 269,510</u>	<u>\$ 11,738,087</u>
\$ 163,058	\$ -	\$ -	\$ 44	\$ -	\$ 20,461	\$ 424,280
138,487	-	1,487	-	-	-	139,974
-	-	9,270	11,745	-	-	237,945
-	-	-	8,926	-	-	92,260
450	-	-	-	-	-	450
275,364	-	-	-	-	-	471,364
-	-	-	-	-	-	20,648
47,024	-	1,089	-	-	-	48,449
<u>624,383</u>	<u>-</u>	<u>11,846</u>	<u>20,715</u>	<u>-</u>	<u>20,461</u>	<u>1,435,370</u>
-	-	-	-	-	-	806,294
-	-	58,557	-	-	-	58,557
-	-	58,557	-	-	-	864,851
-	-	-	-	-	-	145,747
-	-	-	-	-	-	147,502
-	317,492	-	-	-	-	317,492
-	218,332	-	-	-	-	218,332
-	373,897	-	-	-	-	373,897
-	-	-	4,888,781	-	-	4,888,781
-	-	-	-	-	249,049	249,049
49,203	-	-	-	-	-	49,203
482,875	-	-	-	-	-	482,875
-	-	995,597	-	-	-	995,597
-	-	-	-	1,569,391	-	1,569,391
<u>532,078</u>	<u>909,721</u>	<u>995,597</u>	<u>4,888,781</u>	<u>1,569,391</u>	<u>249,049</u>	<u>9,437,866</u>
<u>\$ 1,156,461</u>	<u>\$ 909,721</u>	<u>\$ 1,066,000</u>	<u>\$ 4,909,496</u>	<u>\$ 1,569,391</u>	<u>\$ 269,510</u>	<u>\$ 11,738,087</u>

	Community Development Block Grant	Community Development Entitlement Grant	Tourism and Marketing
Revenues			
Taxes	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-
Intergovernmental revenues	-	2,203,985	-
Charges for services	20,000	-	-
Miscellaneous	-	-	8,599
Total revenues	<u>20,000</u>	<u>2,203,985</u>	<u>204,599</u>
Expenditures			
Current			
Judicial	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	479,773	238,175
Total current	<u>-</u>	<u>479,773</u>	<u>238,175</u>
Capital outlay			
Public safety	-	-	-
Culture and recreation	-	-	-
Community support	-	1,724,212	-
Total expenditures	<u>-</u>	<u>2,203,985</u>	<u>238,175</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20,000</u>	<u>-</u>	<u>(33,576)</u>
Other Financing Sources (Uses)			
Transfers			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	20,000	-	(33,576)
Fund Balances, Beginning of Year	<u>125,747</u>	<u>-</u>	<u>181,078</u>
Fund Balances, End of Year	<u>\$ 145,747</u>	<u>\$ -</u>	<u>\$ 147,502</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
26,427	-	399,095	1,149,178	250,000	-	1,824,700
-	136,838	-	-	-	-	2,340,823
1,975,330	-	-	-	-	80,593	2,075,923
-	-	34,751	168,696	55,505	8,013	275,564
<u>2,001,757</u>	<u>136,838</u>	<u>433,846</u>	<u>1,317,874</u>	<u>305,505</u>	<u>88,606</u>	<u>6,713,010</u>
-	157,889	-	-	-	-	157,889
-	-	484,681	-	-	-	484,681
4,741,542	-	-	6,764	-	172,761	4,921,067
-	-	-	-	-	-	717,948
<u>4,741,542</u>	<u>157,889</u>	<u>484,681</u>	<u>6,764</u>	<u>-</u>	<u>172,761</u>	<u>6,281,585</u>
-	-	-	53,000	-	-	53,000
-	-	-	178,525	-	-	178,525
-	-	-	-	-	-	1,724,212
<u>4,741,542</u>	<u>157,889</u>	<u>484,681</u>	<u>238,289</u>	<u>-</u>	<u>172,761</u>	<u>8,237,322</u>
<u>(2,739,785)</u>	<u>(21,051)</u>	<u>(50,835)</u>	<u>1,079,585</u>	<u>305,505</u>	<u>(84,155)</u>	<u>(1,524,312)</u>
2,550,000	-	-	-	-	150,000	2,700,000
(3,901)	-	-	(241,226)	-	-	(245,127)
<u>2,546,099</u>	<u>-</u>	<u>-</u>	<u>(241,226)</u>	<u>-</u>	<u>150,000</u>	<u>2,454,873</u>
(193,686)	(21,051)	(50,835)	838,359	305,505	65,845	930,561
725,764	930,772	1,046,432	4,050,422	1,263,886	183,204	8,507,305
<u>\$ 532,078</u>	<u>\$ 909,721</u>	<u>\$ 995,597</u>	<u>\$ 4,888,781</u>	<u>\$ 1,569,391</u>	<u>\$ 249,049</u>	<u>\$ 9,437,866</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-Housing Rehab loan reimbursements	\$ 145,748	\$ 20,000	\$ (125,748)	\$ 84,253
Expenditures				
Community support				
Services and supplies	145,748	-	145,748	-
Net Change in Fund Balances	-	20,000	20,000	84,253
Fund Balances, Beginning of Year	53,485	125,747	72,262	41,494
Fund Balances, End of Year	\$ 53,485	\$ 145,747	\$ 92,262	\$ 125,747

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Entitlement Grant
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Department of Housing and Urban Development	\$ 3,234,909	\$ 2,203,984	\$ (1,030,925)	\$ 63,948
Expenditures				
Community support				
Salaries and wages	116,525	107,862	8,663	35,785
Employee benefits	25,228	51,059	(25,831)	16,469
Services and supplies	1,263,403	320,851	942,552	11,694
Capital outlay	1,829,753	1,724,212	105,541	-
Total expenditures	3,234,909	2,203,984	1,030,925	63,948
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	146,181	-	(146,181)	-
Fund Balances, End of Year	\$ 146,181	\$ -	\$ (146,181)	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tourism and Marketing
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income	87	8,599	8,512	554
Total revenues	<u>196,087</u>	<u>204,599</u>	<u>8,512</u>	<u>196,554</u>
Expenditures				
Community support				
Services and supplies	<u>260,000</u>	<u>238,175</u>	<u>21,825</u>	<u>206,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(63,913)</u>	<u>(33,576)</u>	<u>(13,313)</u>	<u>(9,646)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,250)</u>
Net Change in Fund Balances	(63,913)	(33,576)	43,650	(126,896)
Fund Balances, Beginning of Year	<u>178,661</u>	<u>181,078</u>	<u>2,417</u>	<u>307,974</u>
Fund Balances, End of Year	<u>\$ 114,748</u>	<u>\$ 147,502</u>	<u>\$ 46,067</u>	<u>\$ 181,078</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks & Recreation Program
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 21,000	\$ 26,427	\$ 5,427	\$ 30,685
Charges for services				
Recreation program fees	1,766,100	1,561,165	(204,935)	1,622,374
Other	336,400	414,165	77,765	305,081
Miscellaneous				
Other	-	-	-	2,265
Total revenues	<u>2,123,500</u>	<u>2,001,757</u>	<u>(121,743)</u>	<u>1,960,405</u>
Expenditures				
Culture and recreation				
Salaries and wages	3,162,312	2,931,200	231,112	2,256,500
Employee benefits	672,086	757,555	(85,469)	623,527
Services and supplies	1,112,629	1,052,787	59,842	818,844
Total expenditures	<u>4,947,027</u>	<u>4,741,542</u>	<u>205,485</u>	<u>3,698,871</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,823,527)</u>	<u>(2,739,785)</u>	<u>83,742</u>	<u>(1,738,466)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,350,000	2,550,000	200,000	1,917,250
Transfers out	-	(3,901)	(3,901)	-
Total other financing sources (uses)	<u>2,350,000</u>	<u>2,546,099</u>	<u>196,099</u>	<u>1,917,250</u>
Net Change in Fund Balances	(473,527)	(193,686)	279,841	178,784
Fund Balances, Beginning of Year	<u>662,256</u>	<u>725,764</u>	<u>63,508</u>	<u>546,980</u>
Fund Balances, End of Year	<u>\$ 188,729</u>	<u>\$ 532,078</u>	<u>\$ 343,349</u>	<u>\$ 725,764</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Court Administrative Assessment
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 24,500	\$ 30,853	\$ 6,353	\$ 29,039
Court collection fees	100,000	63,825	(36,175)	76,957
Court facility administrative assessments	35,000	42,160	7,160	39,344
Total revenues	<u>159,500</u>	<u>136,838</u>	<u>(22,662)</u>	<u>145,340</u>
Expenditures				
Judicial				
Salaries and wages	10,000	19,299	(9,299)	-
Services and supplies	774,638	138,590	636,048	262,533
Total expenditures	<u>784,638</u>	<u>157,889</u>	<u>626,749</u>	<u>262,533</u>
Net Change in Fund Balances	(625,138)	(21,051)	604,087	(117,193)
Fund Balances, Beginning of Year	<u>800,128</u>	<u>930,772</u>	<u>130,644</u>	<u>1,047,965</u>
Fund Balances, End of Year	<u>\$ 174,990</u>	<u>\$ 909,721</u>	<u>\$ 734,731</u>	<u>\$ 930,772</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Cut
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cuts	\$ 300,000	\$ 399,095	\$ 99,095	\$ 224,929
Miscellaneous				
Investment income (loss)	234	34,751	34,517	1,847
Total revenues	<u>300,234</u>	<u>433,846</u>	<u>133,612</u>	<u>226,776</u>
Expenditures				
Public works				
Salaries and wages	39,500	41,205	(1,705)	39,629
Employee benefits	21,800	21,704	96	20,638
Services and supplies	1,072,373	421,772	650,601	91,656
Total expenditures	<u>1,133,673</u>	<u>484,681</u>	<u>648,992</u>	<u>151,923</u>
Net Change in Fund Balances	(833,439)	(50,835)	782,604	74,853
Fund Balances, Beginning of Year	<u>879,938</u>	<u>1,046,432</u>	<u>166,494</u>	<u>971,579</u>
Fund Balances, End of Year	<u>\$ 46,499</u>	<u>\$ 995,597</u>	<u>\$ 949,098</u>	<u>\$ 1,046,432</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Impact Fee Service Area No. 1
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 165,000	\$ 115,470	\$ (49,530)	\$ 244,421
Public facility fees	170,000	355,881	185,881	300,933
Park fees	225,000	442,138	217,138	495,576
Sanitary sewer fees	125,000	235,689	110,689	218,725
Miscellaneous				
Investment income (loss)	-	168,696	168,696	(33,884)
Total revenues	<u>685,000</u>	<u>1,317,874</u>	<u>632,874</u>	<u>1,225,771</u>
Expenditures				
Public safety				
Services and supplies	-	-	-	4,331
Capital outlay	750,000	53,000	697,000	-
Total public safety	<u>750,000</u>	<u>53,000</u>	<u>697,000</u>	<u>4,331</u>
Culture and recreation				
Services and supplies	14,306	6,764	7,542	14,511
Capital outlay	437,940	178,525	259,415	182,284
Total culture and recreation	<u>452,246</u>	<u>185,289</u>	<u>266,957</u>	<u>196,795</u>
Total expenditures	<u>1,202,246</u>	<u>238,289</u>	<u>963,957</u>	<u>201,126</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(517,246)</u>	<u>1,079,585</u>	<u>1,596,831</u>	<u>1,024,645</u>
Other Financing Sources (Uses)				
Transfers				
Transfers out	<u>(125,000)</u>	<u>(241,226)</u>	<u>(116,226)</u>	<u>(217,312)</u>
Net Change in Fund Balances	(642,246)	838,359	1,480,605	807,333
Fund Balances, Beginning of Year	<u>3,094,791</u>	<u>4,050,422</u>	<u>955,631</u>	<u>3,243,089</u>
Fund Balances, End of Year	<u>\$ 2,452,545</u>	<u>\$ 4,888,781</u>	<u>\$ 2,436,236</u>	<u>\$ 4,050,422</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Stabilization
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Business licenses and permits	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Miscellaneous				
Investment income	306	55,505	55,199	1,683
Total revenues	250,306	305,505	55,199	251,683
Fund Balances, Beginning of Year	1,262,509	1,263,886	1,377	1,012,203
Fund Balances, End of Year	\$ 1,512,815	\$ 1,569,391	\$ 56,576	\$ 1,263,886

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Landscape Maintenance Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Recreation program fees	\$ 80,621	\$ 80,593	\$ (28)	\$ 80,620
Miscellaneous				
Investment income (loss)	40	8,013	7,973	237
Total revenues	<u>80,661</u>	<u>88,606</u>	<u>7,945</u>	<u>80,857</u>
Expenditures				
Culture and recreation				
Services and supplies	<u>325,190</u>	<u>172,761</u>	<u>152,429</u>	<u>179,170</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(244,529)</u>	<u>(84,155)</u>	<u>160,374</u>	<u>(98,313)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>107,800</u>
Net Change in Fund Balances	(94,529)	65,845	160,374	9,487
Fund Balances, Beginning of Year	<u>231,796</u>	<u>183,204</u>	<u>(48,592)</u>	<u>173,717</u>
Fund Balances, End of Year	<u>\$ 137,267</u>	<u>\$ 249,049</u>	<u>\$ 111,782</u>	<u>\$ 183,204</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:

- Consolidated Tax Refunding Revenue Bonds, Series 2014

Consolidated taxes are used to service the debt.

- Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A

Sales taxes are used to service the debt.

- 2016 Limited Obligation Improvement Refunding Bond

Special assessments are used to service the debt.

Nonmajor Debt Service Funds

Redevelopment Agency Area No. 1 Tax Revenue Fund

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

- 2010 Tax Increment Refunding Revenue Bonds

Ad valorem taxes and governmental services taxes are used to service the debt. Agency Area No.1 expired on June 30, 2023.

Redevelopment Agency Area No. 2 Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

SID No. 1 Debt Service Fund

To accumulate monies to account for issuing special assessment bonds to finance onsite and offsite infrastructure improvements required to develop the 5 Ridges project.

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Obligation Debt Service
Year Ended June 30, 2023
(with Comparative Actual Amounts for Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 959,581	\$ 774,467	\$ (185,114)	\$ 878,508
Intergovernmental revenues				
Dedicated sales tax - improvement districts	15,600,000	17,132,626	1,532,626	16,727,219
Miscellaneous				
Investment income (loss)	1,315	593,578	592,263	4,369
Total revenues	<u>16,560,896</u>	<u>18,500,671</u>	<u>1,939,775</u>	<u>17,610,096</u>
Expenditures				
Debt service				
Principal	9,699,063	20,056,439	(10,357,376)	15,469,689
Interest	1,947,829	1,879,499	68,330	2,331,708
Fiscal charges and other	2,850	4,009	(1,159)	2,849
Total expenditures	<u>11,649,742</u>	<u>21,939,947</u>	<u>10,290,205</u>	<u>17,804,246</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,911,154</u>	<u>(3,439,276)</u>	<u>(8,350,430)</u>	<u>(194,150)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,875,779	2,907,450	1,031,671	1,038,157
Transfers out	(2,000)	(1,470)	530	(1,534)
Total other financing sources (uses)	<u>1,873,779</u>	<u>2,905,980</u>	<u>1,032,201</u>	<u>1,036,623</u>
Net Change in Fund Balances	6,784,933	(533,296)	(7,318,229)	842,473
Fund Balances, Beginning of Year	<u>18,487,052</u>	<u>19,459,736</u>	<u>972,684</u>	<u>18,617,263</u>
Fund Balances, End of Year	<u>\$ 25,271,985</u>	<u>\$ 18,926,440</u>	<u>\$ (6,345,545)</u>	<u>\$ 19,459,736</u>

City of Sparks
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2023

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Assets				
Cash and investments	\$ -	\$ 1,534,499	\$ 114,483	\$ 1,648,982
Restricted assets				
Cash and investments	-	728,500	-	728,500
Total assets	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 114,483</u>	<u>\$ 2,377,482</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 4,138	\$ 4,138
Fund Balances				
Restricted for				
Debt service reserve	-	2,262,999	-	2,262,999
Committed for				
Improvements to 5 Ridges development	-	-	110,345	110,345
Total fund balances	<u>-</u>	<u>2,262,999</u>	<u>110,345</u>	<u>2,373,344</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 114,483</u>	<u>\$ 2,377,482</u>

City of Sparks
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Debt Service Funds
Year Ended June 30, 2023

	Redevelopment Agency Area No. 1 Tax Revenue Fund	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Revenues				
Taxes	\$ -	\$ 1,544,101	\$ -	\$ 1,544,101
Miscellaneous	-	60,539	-	60,539
Total revenues	<u>-</u>	<u>1,604,640</u>	<u>-</u>	<u>1,604,640</u>
Expenditures				
Debt service				
Principal	-	1,291,000	-	1,291,000
Interest	-	253,102	-	253,102
Fiscal charges and other	-	3,410	39,655	43,065
Total expenditures	<u>-</u>	<u>1,547,512</u>	<u>39,655</u>	<u>1,587,167</u>
Net Change in Fund Balances	-	57,128	(39,655)	17,473
Fund Balance, Beginning of Year	<u>-</u>	<u>2,205,871</u>	<u>150,000</u>	<u>2,355,871</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 2,262,999</u>	<u>\$ 110,345</u>	<u>\$ 2,373,344</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 1 Tax Revenue Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Intergovernmental revenues				
Motor vehicle privilege tax	\$ -	\$ -	\$ -	\$ 147,977
Miscellaneous				
Investment income (loss)	-	-	-	320
Total revenues	-	-	-	148,297
Expenditures				
Debt service				
Principal	-	-	-	2,075,000
Interest	-	-	-	103,750
Fiscal charges and other	-	-	-	1,100
Total expenditures	-	-	-	2,179,850
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(2,031,553)
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(794,412)
Net Change in Fund Balances	-	-	-	(2,825,965)
Fund Balances, Beginning of Year	-	-	-	2,825,965
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 2 Debt Service Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,544,101	\$ 1,544,101	\$ -	\$ 1,500,000
Miscellaneous				
Investment income (loss)	1,260	60,539	59,279	(1,454)
Total revenues	<u>1,545,361</u>	<u>1,604,640</u>	<u>59,279</u>	<u>1,498,546</u>
Expenditures				
Debt service				
Principal	1,291,000	1,291,000	-	1,259,000
Interest	253,102	253,102	-	286,526
Fiscal charges and other	2,200	3,410	(1,210)	2,100
Total expenditures	<u>1,546,302</u>	<u>1,547,512</u>	<u>(1,210)</u>	<u>1,547,626</u>
Net Change in Fund Balances	(941)	57,128	58,069	(49,080)
Fund Balances, Beginning of Year	<u>2,208,485</u>	<u>2,205,871</u>	<u>(2,614)</u>	<u>2,254,951</u>
Fund Balances, End of Year	<u>\$ 2,207,544</u>	<u>\$ 2,262,999</u>	<u>\$ 55,455</u>	<u>\$ 2,205,871</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
SID No. 1 Debt Service Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Other	\$ -	\$ -	\$ -	\$ 150,000
Expenditures				
Fiscal charges and other	76,797	39,655	37,142	-
Net Change in Fund Balances	(76,797)	(39,655)	37,142	150,000
Fund Balance, Beginning of Year	150,000	150,000	-	-
Fund Balances, End of Year	\$ 73,203	\$ 110,345	\$ 37,142	\$ 150,000

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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, franchise fees and regional road impact 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.

Park and Recreation Project Fund

To provide for specific park and recreation purposes. Financing is provided by franchise fees.

Local Improvement District 3 Fund

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

Redevelopment Agency Area No. 1 Revolving Fund

To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Area No. 1. Financing is provided by tax supported bonds. Agency Area No.1 expired on June 30, 2023.

Redevelopment Agency Area No. 2 Revolving Fund

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

Victorian Square Room Tax Fund

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

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Assets					
Cash and investments	\$ 1,248,368	\$ 1,024,443	\$ 3,381,906	\$ 5,096,313	\$ 8,945,854
Accounts receivable, net	-	-	-	962,427	9
Due from other governments	-	-	-	486,664	-
Total assets	<u>\$ 1,248,368</u>	<u>\$ 1,024,443</u>	<u>\$ 3,381,906</u>	<u>\$ 6,545,404</u>	<u>\$ 8,945,863</u>
Liabilities					
Accounts payable	\$ 675	\$ 4,832	\$ -	\$ 400,047	\$ 23,313
Accrued liabilities	-	-	-	41,080	-
Contracts payable	26,152	82,830	2,255	255,764	171,377
Contract retentions payable	7,341	10,319	-	20,109	14,941
Refundable deposits	-	-	-	-	-
Due to other governments	-	-	-	33,175	-
Total liabilities	<u>34,168</u>	<u>97,981</u>	<u>2,255</u>	<u>750,175</u>	<u>209,631</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes and other	-	-	-	-	-
Fund Balances					
Restricted for					
Developer agreements	-	-	-	-	-
Parks and recreation	1,214,200	926,462	3,379,651	-	-
Street improvements & rehabilitation	-	-	-	5,795,229	-
Capital projects	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	1,830,988
Next year's budget deficit	-	-	-	-	-
Other capital projects	-	-	-	-	6,905,244
Total fund balances	<u>1,214,200</u>	<u>926,462</u>	<u>3,379,651</u>	<u>5,795,229</u>	<u>8,736,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,248,368</u>	<u>\$ 1,024,443</u>	<u>\$ 3,381,906</u>	<u>\$ 6,545,404</u>	<u>\$ 8,945,863</u>

City of Sparks
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2023

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ 753,175	\$ 5,729,302	\$ 499,347	\$ -	\$ 22,158,061	\$ 6,665,415	\$ 55,502,184
-	396,720	-	-	1,250	-	1,360,406
19,227	-	-	-	280,648	155,580	942,119
<u>\$ 772,402</u>	<u>\$ 6,126,022</u>	<u>\$ 499,347</u>	<u>\$ -</u>	<u>\$ 22,439,959</u>	<u>\$ 6,820,995</u>	<u>\$ 57,804,709</u>
\$ 150	\$ 25,638	\$ 56	\$ -	\$ 18,741	\$ 1,770	\$ 475,222
-	12,047	-	-	748	-	53,875
19,332	76,140	-	-	1,116,873	-	1,750,723
5,436	60,242	-	-	150,893	1,640	270,921
-	1,000	-	-	-	-	1,000
-	10,314	-	-	653	-	44,142
<u>24,918</u>	<u>185,381</u>	<u>56</u>	<u>-</u>	<u>1,287,908</u>	<u>3,410</u>	<u>2,595,883</u>
-	-	-	-	95,488	-	95,488
-	-	499,291	-	-	-	499,291
-	2,272,047	-	-	-	-	7,792,360
-	-	-	-	-	-	5,795,229
747,484	-	-	-	-	-	747,484
-	-	-	-	-	6,817,585	6,817,585
-	3,668,594	-	-	-	-	5,499,582
-	-	-	-	38,303	-	38,303
-	-	-	-	21,018,260	-	27,923,504
<u>747,484</u>	<u>5,940,641</u>	<u>499,291</u>	<u>-</u>	<u>21,056,563</u>	<u>6,817,585</u>	<u>55,113,338</u>
<u>\$ 772,402</u>	<u>\$ 6,126,022</u>	<u>\$ 499,347</u>	<u>\$ -</u>	<u>\$ 22,439,959</u>	<u>\$ 6,820,995</u>	<u>\$ 57,804,709</u>

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund	Capital Projects
Revenues					
Taxes	\$ 79,841	\$ 46,720	\$ 898,175	\$ -	\$ -
Licenses and permits	-	-	-	3,848,018	-
Intergovernmental revenues	-	-	-	3,832,781	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	49,608	8,684	54,863	134,090	289,490
Total revenues	129,449	55,404	953,038	7,814,889	289,490
Expenditures					
Current					
General government	-	-	-	-	708,921
Public safety	-	-	-	-	284,291
Public works	-	-	-	3,699,589	25,374
Culture and recreation	84,331	81,762	56,718	-	19,289
Community support	-	-	-	-	-
Total current	84,331	81,762	56,718	3,699,589	1,037,875
Capital outlay					
General government	-	-	-	-	241,004
Public safety	-	-	-	-	730,098
Public works	-	-	-	484,725	317,281
Culture and recreation	258,314	124,623	4,515	-	38,374
Community support	-	-	-	-	-
Total capital outlay	258,314	124,623	4,515	484,725	1,326,757
Total expenditures	342,645	206,385	61,233	4,184,314	2,364,632
Excess (Deficiency) of Revenues Over Expenditures	(213,196)	(150,981)	891,805	3,630,575	(2,075,142)
Other Financing Sources (Uses)					
Sale of assets	-	-	-	-	-
Transfers					
Transfers in	-	-	-	-	4,121,180
Transfers out	-	-	-	-	(111,763)
Total other financing sources (uses)	-	-	-	-	4,009,417
Net Change in Fund Balances	(213,196)	(150,981)	891,805	3,630,575	1,934,275
Fund Balances, Beginning of Year	1,427,396	1,077,443	2,487,846	2,164,654	6,801,957
Fund Balances, End of Year	\$ 1,214,200	\$ 926,462	\$ 3,379,651	\$ 5,795,229	\$ 8,736,232

City of Sparks
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Capital Projects Funds
 Year Ended June 30, 2023

Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ -	\$ -	\$ -	\$ 3,914,223	\$ 4,102,703	\$ 1,518,536	\$ 10,560,198
-	1,635,349	-	-	-	-	5,483,367
299,994	-	-	177,572	-	-	4,310,347
-	156,945	-	-	-	-	156,945
-	-	-	-	3,000	-	3,000
31,668	203,994	13,930	350,517	566,839	84,148	1,787,831
<u>331,662</u>	<u>1,996,288</u>	<u>13,930</u>	<u>4,442,312</u>	<u>4,672,542</u>	<u>1,602,684</u>	<u>22,301,688</u>
22,285	-	-	-	-	-	731,206
91,161	-	-	-	-	-	375,452
-	-	-	-	-	-	3,724,963
-	767,487	-	-	-	-	1,009,587
-	-	592	209,186	55,055	208,816	473,649
<u>113,446</u>	<u>767,487</u>	<u>592</u>	<u>209,186</u>	<u>55,055</u>	<u>208,816</u>	<u>6,314,857</u>
125,102	-	-	-	-	-	366,106
23,466	-	-	-	-	-	753,564
-	-	-	-	-	-	802,006
1,510	1,298,478	-	-	-	-	1,725,814
-	-	-	3,218,915	81,369	315,755	3,616,039
<u>150,078</u>	<u>1,298,478</u>	<u>-</u>	<u>3,218,915</u>	<u>81,369</u>	<u>315,755</u>	<u>7,263,529</u>
263,524	2,065,965	592	3,428,101	136,424	524,571	13,578,386
<u>68,138</u>	<u>(69,677)</u>	<u>13,338</u>	<u>1,014,211</u>	<u>4,536,118</u>	<u>1,078,113</u>	<u>8,723,302</u>
-	-	-	1,325,901	-	-	1,325,901
-	800,000	1,470	-	5,081,986	-	10,004,636
-	-	-	(6,219,080)	-	-	(6,330,843)
<u>-</u>	<u>800,000</u>	<u>1,470</u>	<u>(4,893,179)</u>	<u>5,081,986</u>	<u>-</u>	<u>4,999,694</u>
68,138	730,323	14,808	(3,878,968)	9,618,104	1,078,113	13,722,996
679,346	5,210,318	484,483	3,878,968	11,438,459	5,739,472	41,390,342
<u>\$ 747,484</u>	<u>\$ 5,940,641</u>	<u>\$ 499,291</u>	<u>\$ -</u>	<u>\$ 21,056,563</u>	<u>\$ 6,817,585</u>	<u>\$ 55,113,338</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 1
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 47,000	\$ 79,841	\$ 32,841	\$ 133,670
Miscellaneous				
Investment income (loss)	4,400	48,908	44,508	(13,499)
Other	-	700	700	755
Total revenues	<u>51,400</u>	<u>129,449</u>	<u>78,049</u>	<u>120,926</u>
Expenditures				
Culture and recreation				
Services and supplies	122,421	84,331	38,090	11,995
Capital outlay	926,911	258,314	668,597	3,700
Total expenditures	<u>1,049,332</u>	<u>342,645</u>	<u>706,687</u>	<u>15,695</u>
Net Change in Fund Balances	(997,932)	(213,196)	784,736	105,231
Fund Balances, Beginning of Year	<u>1,416,725</u>	<u>1,427,396</u>	<u>10,671</u>	<u>1,322,165</u>
Fund Balances, End of Year	<u>\$ 418,793</u>	<u>\$ 1,214,200</u>	<u>\$ 795,407</u>	<u>\$ 1,427,396</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 2
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 109,000	\$ 46,720	\$ (62,280)	\$ 62,060
Miscellaneous				
Investment income (loss)	2,448	8,419	5,971	(15,137)
Other	-	265	265	375
Total revenues	<u>111,448</u>	<u>55,404</u>	<u>(56,044)</u>	<u>47,298</u>
Expenditures				
Culture and recreation				
Services and supplies	105,095	81,762	23,333	93,144
Capital outlay	475,642	124,623	351,019	3,000
Total expenditures	<u>580,737</u>	<u>206,385</u>	<u>374,352</u>	<u>96,144</u>
Net Change in Fund Balances	(469,289)	(150,981)	318,308	(48,846)
Fund Balances, Beginning of Year	<u>1,050,083</u>	<u>1,077,443</u>	<u>27,360</u>	<u>1,126,289</u>
Fund Balances, End of Year	<u>\$ 580,794</u>	<u>\$ 926,462</u>	<u>\$ 345,668</u>	<u>\$ 1,077,443</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation & Parks District 3
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 371,700	\$ 898,175	\$ 526,475	\$ 698,000
Miscellaneous				
Investment income (loss)	2,490	54,613	52,123	(32,170)
Other	-	250	250	375
Total revenues	<u>374,190</u>	<u>953,038</u>	<u>578,848</u>	<u>666,205</u>
Expenditures				
Culture and recreation				
Services and supplies	74,842	56,718	18,124	20,101
Capital outlay	593,987	4,515	589,472	318,450
Total expenditures	<u>668,829</u>	<u>61,233</u>	<u>607,596</u>	<u>338,551</u>
Net Change in Fund Balances	(294,639)	891,805	1,186,444	327,654
Fund Balances, Beginning of Year	<u>2,041,180</u>	<u>2,487,846</u>	<u>446,666</u>	<u>2,160,192</u>
Fund Balances, End of Year	<u>\$ 1,746,541</u>	<u>\$ 3,379,651</u>	<u>\$ 1,633,110</u>	<u>\$ 2,487,846</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 757,000	\$ 760,646	\$ 3,646	\$ 765,854
Electric franchise fees	1,642,000	2,069,402	427,402	1,680,038
Gas franchise fees	535,000	1,017,970	482,970	624,569
Intergovernmental revenues				
State shared revenues				
Motor vehicle fuel tax	2,755,000	2,974,777	219,777	2,520,705
Other local government shared revenues	1,000,000	858,004	(141,996)	2,121,649
Miscellaneous				
Investment income (loss)	376	124,090	123,714	5,543
Other	-	10,000	10,000	10,000
Total revenues	<u>6,689,376</u>	<u>7,814,889</u>	<u>1,125,513</u>	<u>7,728,358</u>
Expenditures				
Public works				
Salaries and wages	1,380,010	1,114,899	265,111	1,129,589
Employee benefits	896,534	603,026	293,508	638,710
Services and supplies	3,033,104	1,981,664	1,051,440	3,536,232
Capital outlay	2,861,480	484,725	2,376,755	1,780,308
Total expenditures	<u>8,171,128</u>	<u>4,184,314</u>	<u>3,986,814</u>	<u>7,084,839</u>
Net Change in Fund Balances	(1,481,752)	3,630,575	5,112,327	643,519
Fund Balances, Beginning of Year	<u>1,616,731</u>	<u>2,164,654</u>	<u>547,923</u>	<u>1,521,135</u>
Fund Balances, End of Year	<u>\$ 134,979</u>	<u>\$ 5,795,229</u>	<u>\$ 5,660,250</u>	<u>\$ 2,164,654</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 25,000	\$ 289,490	\$ 264,490	\$ (73,074)
Other	-	-	-	2,132
Total revenues	<u>25,000</u>	<u>289,490</u>	<u>264,490</u>	<u>(70,942)</u>
Expenditures				
General government				
Services and supplies	2,294,062	708,921	1,585,141	786,652
Capital outlay	1,454,175	241,004	1,213,171	153,652
Total general government	<u>3,748,237</u>	<u>949,925</u>	<u>2,798,312</u>	<u>940,304</u>
Public safety				
Services and supplies	518,226	284,291	233,935	387,228
Capital outlay	2,811,383	730,098	2,081,285	477,130
Total public safety	<u>3,329,609</u>	<u>1,014,389</u>	<u>2,315,220</u>	<u>864,358</u>
Public works				
Services and supplies	28,316	25,374	2,942	56,732
Capital outlay	402,233	317,281	84,952	8,230
Total public works	<u>430,549</u>	<u>342,655</u>	<u>87,894</u>	<u>64,962</u>
Culture and recreation				
Services and supplies	54,139	19,289	34,850	6,246
Capital outlay	150,000	38,374	111,626	18,692
Total culture and recreation	<u>204,139</u>	<u>57,663</u>	<u>146,476</u>	<u>24,938</u>
Total expenditures	<u>7,712,534</u>	<u>2,364,632</u>	<u>5,347,902</u>	<u>1,894,562</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,687,534)	(2,075,142)	5,612,392	(1,965,504)
Other Financing Sources (Uses)				
Transfers				
Transfers in	4,159,980	4,121,180	(38,800)	5,753,580
Transfers out	-	(111,763)	(111,763)	-
Net Change in Fund Balances	(3,527,554)	1,934,275	5,461,829	3,788,076
Fund Balances, Beginning of Year	<u>5,724,208</u>	<u>6,801,957</u>	<u>1,077,749</u>	<u>3,013,881</u>
Fund Balances, End of Year	<u>\$ 2,196,654</u>	<u>\$ 8,736,232</u>	<u>\$ 6,539,578</u>	<u>\$ 6,801,957</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Facilities
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 255,000	\$ 299,994	\$ 44,994	\$ 264,259
Miscellaneous				
Investment income (loss)	4,872	31,668	26,796	(17,992)
Total revenues	<u>259,872</u>	<u>331,662</u>	<u>71,790</u>	<u>246,267</u>
Expenditures				
General government				
Services and supplies	69,495	22,285	47,210	27,971
Capital outlay	186,109	125,102	61,007	162,549
Total general government	<u>255,604</u>	<u>147,387</u>	<u>108,217</u>	<u>190,520</u>
Public safety				
Services and supplies	116,020	91,161	24,859	26,105
Capital outlay	208,320	23,466	184,854	8,760
Total public safety	<u>324,340</u>	<u>114,627</u>	<u>209,713</u>	<u>34,865</u>
Culture and recreation				
Services and supplies	109,346	-	109,346	854
Capital outlay	177,146	1,510	175,636	1,950
Total culture and recreation	<u>286,492</u>	<u>1,510</u>	<u>284,982</u>	<u>2,804</u>
Total expenditures	<u>866,436</u>	<u>263,524</u>	<u>602,912</u>	<u>228,189</u>
Net Change in Fund Balances	(606,564)	68,138	674,702	18,078
Fund Balances, Beginning of Year	<u>670,228</u>	<u>679,346</u>	<u>9,118</u>	<u>661,268</u>
Fund Balances, End of Year	<u>\$ 63,664</u>	<u>\$ 747,484</u>	<u>\$ 683,820</u>	<u>\$ 679,346</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park & Recreation Project
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 100,000	\$ 91,663	\$ (8,337)	\$ 49,998
Electric franchise fees	740,000	1,034,701	294,701	840,019
Gas franchise fees	263,000	508,985	245,985	312,284
Park fees	48,000	-	(48,000)	46,076
Charges for services				
Other	127,000	156,945	29,945	168,495
Miscellaneous				
Investment income (loss)	16,767	203,994	187,227	(56,164)
Total revenues	<u>1,294,767</u>	<u>1,996,288</u>	<u>701,521</u>	<u>1,360,708</u>
Expenditures				
Culture and recreation				
Salaries and wages	467,145	340,594	126,551	312,416
Employee benefits	262,160	177,340	84,820	159,748
Services and supplies	435,881	249,553	186,328	223,072
Capital outlay	3,172,791	1,298,478	1,874,313	676,747
Total expenditures	<u>4,337,977</u>	<u>2,065,965</u>	<u>2,272,012</u>	<u>1,371,983</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,043,210)	(69,677)	2,973,533	(11,275)
Other Financing Sources (Uses)				
Transfers				
Transfers in	800,000	800,000	-	800,000
Net Change in Fund Balances	(2,243,210)	730,323	2,973,533	788,725
Fund Balances, Beginning of Year	4,678,973	5,210,318	531,345	4,421,593
Fund Balances, End of Year	<u>\$ 2,435,763</u>	<u>\$ 5,940,641</u>	<u>\$ 3,504,878</u>	<u>\$ 5,210,318</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Improvement District 3
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income (loss)	\$ 25	\$ 13,930	\$ 13,905	\$ 94
Expenditures				
Community support				
Services and supplies	446,000	592	445,408	1,483
Excess (Deficiency) of Revenues Over Expenditures	(445,975)	13,338	459,313	(1,389)
Other Financing Sources (Uses)				
Transfers				
Transfers in	2,000	1,470	(530)	1,534
Net Change in Fund Balances	(443,975)	14,808	458,783	145
Fund Balances, Beginning of Year	484,164	484,483	319	484,338
Fund Balances, End of Year	\$ 40,189	\$ 499,291	\$ 459,102	\$ 484,483

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Area No. 1 Revolving
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 3,974,000	\$ 3,914,223	\$ (59,777)	\$ 3,811,784
Motor vehicle privilege tax	177,572	177,572	-	29,595
Miscellaneous				
Investment income (loss)	545	239,103	238,558	6,973
Rents and royalties	15,000	8,750	(6,250)	15,000
Other	-	102,664	102,664	83
Total revenues	<u>4,167,117</u>	<u>4,442,312</u>	<u>275,195</u>	<u>3,863,435</u>
Expenditures				
Community support				
Salaries and wages	20,000	25,272	(5,272)	18,808
Employee benefits	9,458	10,294	(836)	8,756
Services and supplies	148,223	173,620	(25,397)	137,789
Capital outlay	5,045,521	3,218,915	1,826,606	1,521,436
Total expenditures	<u>5,223,202</u>	<u>3,428,101</u>	<u>1,795,101</u>	<u>1,686,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,056,085)</u>	<u>1,014,211</u>	<u>2,070,296</u>	<u>2,176,646</u>
Other Financing Sources (Uses)				
Sale of assets	-	1,325,901	1,325,901	-
Transfers				
Transfers in	-	-	-	794,412
Transfers out	(1,137,094)	(6,219,080)	(5,081,986)	(298,358)
Total other financing sources (uses)	<u>(1,137,094)</u>	<u>(4,893,179)</u>	<u>(3,756,085)</u>	<u>496,054</u>
Net Change in Fund Balances	(2,193,179)	(3,878,968)	(1,685,789)	2,672,700
Fund Balances, Beginning of Year	<u>2,193,179</u>	<u>3,878,968</u>	<u>1,685,789</u>	<u>1,206,268</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,878,968</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Area No. 2 Revolving
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 3,825,000	\$ 4,102,703	\$ 277,703	\$ 3,696,840
Fines and forfeits				
Forfeits - Other	-	3,000	3,000	3,000
Miscellaneous				
Investment income (loss)	30,000	566,839	536,839	(102,259)
Total revenues	<u>3,855,000</u>	<u>4,672,542</u>	<u>817,542</u>	<u>3,597,581</u>
Expenditures				
Community support				
Services and supplies	116,508	55,055	61,453	79,325
Capital outlay	35,000	81,369	(46,369)	416,123
Total expenditures	<u>151,508</u>	<u>136,424</u>	<u>15,084</u>	<u>495,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,703,492</u>	<u>4,536,118</u>	<u>832,626</u>	<u>3,102,133</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	5,081,986	5,081,986	-
Net Change in Fund Balances	3,703,492	9,618,104	5,914,612	3,102,133
Fund Balances, Beginning of Year	<u>11,409,993</u>	<u>11,438,459</u>	<u>28,466</u>	<u>8,336,326</u>
Fund Balances, End of Year	<u>\$ 15,113,485</u>	<u>\$ 21,056,563</u>	<u>\$ 5,943,078</u>	<u>\$ 11,438,459</u>

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Victorian Square Room Tax
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 1,300,000	\$ 1,518,536	\$ 218,536	\$ 1,497,998
Miscellaneous				
Investment income (loss)	75,000	84,148	9,148	(131,181)
Total revenues	<u>1,375,000</u>	<u>1,602,684</u>	<u>227,684</u>	<u>1,366,817</u>
Expenditures				
Community support				
Services and supplies	415,858	208,816	207,042	260,254
Capital outlay	428,674	315,755	112,919	741,310
Total expenditures	<u>844,532</u>	<u>524,571</u>	<u>319,961</u>	<u>1,001,564</u>
Excess (Deficiency) of Revenues Over Expenditures	530,468	1,078,113	547,645	365,253
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	100,000
Net Change in Fund Balances	530,468	1,078,113	547,645	465,253
Fund Balances, Beginning of Year	5,484,444	5,739,472	255,028	5,274,219
Fund Balances, End of Year	<u>\$ 6,014,912</u>	<u>\$ 6,817,585</u>	<u>\$ 802,673</u>	<u>\$ 5,739,472</u>

Major Enterprise Funds

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.

Development Services Fund

To account for the issuance of building permits and other fees designated to finance building and development of the City.

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Sewer Operations
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Sanitary sewer fees	\$ 175,000	\$ 142,828	\$ (32,172)	\$ 169,645
Charges for services				
Sewer charges	31,873,273	33,681,173	1,807,900	31,843,031
Miscellaneous	55,000	232,107	177,107	60,575
Total operating revenues	<u>32,103,273</u>	<u>34,056,108</u>	<u>1,952,835</u>	<u>32,073,251</u>
Operating Expenses				
Salaries and wages	4,611,277	3,955,809	655,468	3,935,090
Employee benefits	2,779,434	2,641,520	137,914	1,652,985
Services and supplies	18,518,786	13,698,445	4,820,341	13,206,855
Depreciation	9,198,282	7,056,457	2,141,825	6,877,534
Net loss from Truckee Meadows Water Reclamation Facility	-	2,479,765	(2,479,765)	2,220,150
Total operating expenses	<u>35,107,779</u>	<u>29,831,996</u>	<u>5,275,783</u>	<u>27,892,614</u>
Operating Income (Loss)	<u>(3,004,506)</u>	<u>4,224,112</u>	<u>7,228,618</u>	<u>4,180,637</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	203,500	1,515,436	1,311,936	(1,194,995)
Interest Expense	(149,781)	(128,150)	21,631	(172,394)
Miscellaneous/Other	-	327	327	(144)
Sale of assets	-	(947,540)	(947,540)	-
Total non-operating revenues (expenses)	<u>53,719</u>	<u>440,073</u>	<u>386,354</u>	<u>(1,367,533)</u>
Income Before Capital Contributions and Transfers	<u>(2,950,787)</u>	<u>4,664,185</u>	<u>7,614,972</u>	<u>2,813,104</u>
Capital Contributions				
Sewer connection fees	12,258,000	11,006,597	(1,251,403)	10,154,755
Sewer lines and storm drains	-	1,625,366	1,625,366	5,120,991
Total capital contributions	<u>12,258,000</u>	<u>12,631,963</u>	<u>373,963</u>	<u>15,275,746</u>
Transfers				
Transfers in	125,000	241,226	116,226	217,312
Transfers out	(3,996)	(4,297)	(301)	(342,494)
Total transfers	<u>121,004</u>	<u>236,929</u>	<u>115,925</u>	<u>(125,182)</u>
Change in Net Position	<u>\$ 9,428,217</u>	<u>17,533,077</u>	<u>\$ 8,104,860</u>	<u>\$ 17,963,668</u>
Net Position, Beginning of Year		<u>282,784,739</u>		
Net Position, End of Year		<u>\$ 300,317,816</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Development Services
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 2,395,270	\$ 2,349,721	\$ (45,549)	\$ 2,794,436
Other	75,000	35,262	(39,738)	60,871
Charges for services				
Building and planning fees	1,783,256	1,599,627	(183,629)	2,394,453
Engineering fees	979,630	424,422	(555,208)	913,635
Miscellaneous	-	-	-	587
Total operating revenues	<u>5,233,156</u>	<u>4,409,032</u>	<u>(824,124)</u>	<u>6,163,982</u>
Operating Expenses				
Salaries and wages	2,907,780	2,496,383	411,397	2,292,664
Employee benefits	1,668,955	1,461,882	207,073	928,362
Services and supplies	3,091,931	2,106,395	985,536	2,184,627
Depreciation	51,814	19,572	32,242	9,322
Total operating expenses	<u>7,720,480</u>	<u>6,084,232</u>	<u>1,636,248</u>	<u>5,414,975</u>
Operating Income (Loss)	<u>(2,487,324)</u>	<u>(1,675,200)</u>	<u>812,124</u>	<u>749,007</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	66,619	65,554	(1,065)	(116,765)
Miscellaneous/Other	225	392	167	1,272
Sale of assets	-	-	-	(24,167)
Total non-operating revenues (expenses)	<u>66,844</u>	<u>65,946</u>	<u>(898)</u>	<u>(139,660)</u>
Income (Loss) Before Transfers	<u>(2,420,480)</u>	<u>(1,609,254)</u>	<u>811,226</u>	<u>609,347</u>
Transfers				
Transfers out	<u>(23,976)</u>	<u>(23,976)</u>	<u>-</u>	<u>(24,012)</u>
Change in Net Position	<u>\$ (2,444,456)</u>	<u>(1,633,230)</u>	<u>\$ 811,226</u>	<u>\$ 585,335</u>
Net Position, Beginning of Year		<u>4,905,727</u>		
Net Position, End of Year		<u>\$ 3,272,497</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	\$ 9,286,883	\$ 8,244,196	\$ 2,496,104
Accounts receivable, net	647	157,246	10,569
Due from other governments	-	-	-
Deposits	-	9,072	10,000
Inventory of supplies	424,428	-	-
Total current assets	<u>9,711,958</u>	<u>8,410,514</u>	<u>2,516,673</u>
Noncurrent assets			
Capital Assets:			
Construction in progress	1,560,531	-	-
Buildings	475,005	-	-
Site improvements	245,445	-	-
Machinery and equipment	33,355,113	-	-
Less accumulated depreciation	(24,194,415)	-	-
Total noncurrent assets	<u>11,441,679</u>	<u>-</u>	<u>-</u>
Total assets	<u>21,153,637</u>	<u>8,410,514</u>	<u>2,516,673</u>
Deferred outflows of resources			
Deferred outflows related to pension	625,516	-	-
Deferred outflows related to OPEB	52,944	-	-
Total deferred outflows of resources	<u>678,460</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>21,832,097</u>	<u>8,410,514</u>	<u>2,516,673</u>
Liabilities			
Current liabilities			
Accounts payable	90,324	-	-
Accrued liabilities	29,071	-	-
Due to other governments	25,046	-	9,935
Contracts payable	190,583	-	-
Compensated absences payable (current maturities)	96,235	-	-
Sick leave conversion payable (current maturities)	21,978	-	-
Claims liabilities (current maturities)	-	1,559,403	1,900,325
Total current liabilities	<u>453,237</u>	<u>1,559,403</u>	<u>1,910,260</u>
Noncurrent liabilities			
Compensated absences payable (net of current maturities)	303,505	-	-
Total OPEB liability	165,786	-	-
Sick leave conversion payable (net of current maturities)	105,200	-	-
Claims liabilities (net of current maturities)	-	-	7,358,448
Net pension liability	1,481,125	-	-
Total noncurrent liabilities	<u>2,055,616</u>	<u>-</u>	<u>7,358,448</u>
Total liabilities	<u>2,508,853</u>	<u>1,559,403</u>	<u>9,268,708</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	63,578	-	-
Deferred inflows related to OPEB	53,961	-	-
Total deferred inflows of resources	<u>117,539</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,626,392</u>	<u>1,559,403</u>	<u>9,268,708</u>
Net Position			
Net investment in capital assets	11,441,678	-	-
Restricted for claims	-	6,851,111	-
Unrestricted	7,764,027	-	(6,752,035)
Total Net Position	<u>\$ 19,205,705</u>	<u>\$ 6,851,111</u>	<u>\$ (6,752,035)</u>

Municipal Self- Insurance	Total
\$ 1,619,687	\$ 21,646,870
-	168,462
147,430	147,430
-	19,072
-	424,428
<u>1,767,117</u>	<u>22,406,262</u>
-	1,560,531
-	475,005
-	245,445
-	33,355,113
-	(24,194,415)
-	<u>11,441,679</u>
<u>1,767,117</u>	<u>33,847,941</u>
-	625,516
-	52,944
-	<u>678,460</u>
<u>1,767,117</u>	<u>34,526,401</u>
87,763	178,087
-	29,071
-	34,981
2,004	192,587
-	96,235
-	21,978
-	<u>3,459,728</u>
<u>89,767</u>	<u>4,012,667</u>
-	303,505
-	165,786
-	105,200
-	7,358,448
-	<u>1,481,125</u>
-	<u>9,414,064</u>
<u>89,767</u>	<u>13,426,731</u>
-	63,578
-	53,961
-	<u>117,539</u>
<u>89,767</u>	<u>13,544,270</u>
-	11,441,678
1,677,350	8,528,461
-	<u>1,011,992</u>
<u>\$ 1,677,350</u>	<u>\$ 20,982,131</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 6,353,110	\$ 12,606,800	\$ 2,583,859
Miscellaneous	4,567	218,955	-
Total operating revenues	<u>6,357,677</u>	<u>12,825,755</u>	<u>2,583,859</u>
Operating Expenses			
Salaries and wages	913,594	-	-
Employee benefits	455,854	-	-
Services and supplies	2,386,901	14,506,055	2,463,852
Depreciation	1,937,367	-	-
Total operating expenses	<u>5,693,716</u>	<u>14,506,055</u>	<u>2,463,852</u>
Operating Income (Loss)	<u>663,961</u>	<u>(1,680,300)</u>	<u>120,007</u>
Nonoperating Revenues (Expenditures)			
Investment income (loss)	253,171	361,691	130,413
Miscellaneous/Other	950	-	-
Sale of assets	(15,601)	-	-
Total nonoperating revenues (expenditures)	<u>238,520</u>	<u>361,691</u>	<u>130,413</u>
Income (Loss) Before Capital Contributions and Transfers	<u>902,481</u>	<u>(1,318,609)</u>	<u>250,420</u>
Capital Contributions			
Vehicles	<u>72,536</u>	<u>-</u>	<u>-</u>
Transfers			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	975,017	(1,318,609)	250,420
Net position, Beginning of year	<u>18,230,688</u>	<u>8,169,720</u>	<u>(7,002,455)</u>
Net position, End of Year	<u>\$ 19,205,705</u>	<u>\$ 6,851,111</u>	<u>\$ (6,752,035)</u>

City of Sparks
 Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
 Year Ended June 30, 2023

Municipal Self- Insurance	Total Internal Service Funds
\$ 2,235,679	\$ 23,779,448
55,258	278,780
2,290,937	24,058,228
-	913,594
-	455,854
2,096,243	21,453,051
-	1,937,367
2,096,243	24,759,866
194,694	(701,638)
29,890	775,165
-	950
-	(15,601)
29,890	760,514
224,584	58,876
-	72,536
250,000	250,000
(11,853)	(11,853)
462,731	369,559
1,214,619	20,612,572
\$ 1,677,350	\$ 20,982,131

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Operating activities		
Cash received from customers and users	\$ 9,514	\$ 2,259,308
Cash received from interfund services provided	6,353,110	10,347,249
Cash received from reimbursements of insurance claims	-	218,955
Cash paid to employees	(1,093,080)	(1)
Cash paid to suppliers	(2,425,718)	(14,776,091)
Net cash from (used for) operating activities	<u>2,843,826</u>	<u>(1,950,580)</u>
Noncapital financing activities		
Transfers in	-	-
Transfers out	-	-
Net cash from (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Capital and related financing activities		
Acquisition of capital assets	(2,031,236)	-
Investing activities		
Investment income (loss)	<u>253,171</u>	<u>361,691</u>
Net change in cash and cash equivalents	1,065,761	(1,588,889)
Cash and cash equivalents, Beginning of Year	<u>8,221,122</u>	<u>9,833,085</u>
Cash and cash equivalents, End of Year	<u>\$ 9,286,883</u>	<u>\$ 8,244,196</u>

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 2,583,859	\$ (5,632)	\$ 4,847,049
-	2,235,679	18,936,038
-	-	218,955
-	-	(1,093,081)
<u>(2,566,463)</u>	<u>(2,046,254)</u>	<u>(21,814,526)</u>
<u>17,396</u>	<u>183,793</u>	<u>1,094,435</u>
-	250,000	250,000
-	<u>(11,853)</u>	<u>(11,853)</u>
-	<u>238,147</u>	<u>238,147</u>
-	-	<u>(2,031,236)</u>
<u>130,413</u>	<u>29,890</u>	<u>775,165</u>
147,809	451,830	76,511
<u>2,348,295</u>	<u>1,167,857</u>	<u>21,570,359</u>
<u>\$ 2,496,104</u>	<u>\$ 1,619,687</u>	<u>\$ 21,646,870</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities:		
Operating income (loss)	\$ 663,961	\$ (1,680,300)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	1,937,367	-
Miscellaneous cash receipts	950	-
Changes in		
Accounts receivable	3,997	(243)
Due from other governments	-	-
Inventory of supplies	(45,837)	-
Pension related amounts	59,077	-
OPEB related amounts	4,321	-
Accounts payable	(20,444)	(543,103)
Accrued liabilities	7,922	-
Contracts payable	27,622	-
Due to other governments	(159)	-
Compensated absences	104,821	-
Sick leave conversion payable	100,228	-
Claims liabilities	-	273,066
Total adjustments	<u>2,179,865</u>	<u>(270,280)</u>
Net cash from (used for) operating activities	<u>\$ 2,843,826</u>	<u>\$ (1,950,580)</u>
Noncash investing and capital and related financing activities		
Contributions of capital assets from other funds	<u>\$ 72,536</u>	<u>\$ -</u>

City of Sparks
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 120,007	\$ 194,694	\$ (701,638)
-	-	1,937,367
-	-	950
-	-	3,754
-	(60,890)	(60,890)
-	-	(45,837)
-	-	59,077
-	-	4,321
(14,272)	63,081	(514,738)
-	-	7,922
-	2,004	29,626
9,935	-	9,776
-	-	104,821
-	-	100,228
(98,274)	(15,096)	159,696
(102,611)	(10,901)	1,796,073
<u>\$ 17,396</u>	<u>\$ 183,793</u>	<u>\$ 1,094,435</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,536</u>

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Motor Vehicle Maintenance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 4,924,511	\$ 5,566,492	\$ 641,981	\$ 5,160,308
Fuel	650,000	786,618	136,618	769,475
Miscellaneous	-	4,567	4,567	6,591
Total operating revenues	<u>5,574,511</u>	<u>6,357,677</u>	<u>783,166</u>	<u>5,936,374</u>
Operating Expenses				
Salaries and wages	863,767	913,594	(49,827)	651,463
Employee benefits	538,869	455,854	83,015	275,216
Services and supplies	2,394,012	2,386,901	7,111	1,987,200
Depreciation	2,475,394	1,937,367	538,027	1,944,548
Total operating expenses	<u>6,272,042</u>	<u>5,693,716</u>	<u>578,326</u>	<u>4,858,427</u>
Operating Income (Loss)	<u>(697,531)</u>	<u>663,961</u>	<u>1,361,492</u>	<u>1,077,947</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	17,700	253,171	235,471	(58,056)
Miscellaneous/Other	-	950	950	-
Sale of assets	-	(15,601)	(15,601)	25,445
Total non-operating revenues (expenses)	<u>17,700</u>	<u>238,520</u>	<u>220,820</u>	<u>(32,611)</u>
Income before Capital Contributions and Transfers	<u>(679,831)</u>	<u>902,481</u>	<u>1,582,312</u>	<u>1,045,336</u>
Capital Contributions				
Vehicles	-	72,536	72,536	121,038
Transfers				
Transfers in	-	-	-	402,564
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>402,564</u>
Change in Net Position	<u>\$ (1,679,831)</u>	<u>975,017</u>	<u>\$ 2,654,848</u>	<u>\$ 1,568,938</u>
Net Position, Beginning of Year		<u>18,230,688</u>		
Net Position, End of Year		<u>\$ 19,205,705</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Group Insurance Self-Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 12,650,000	\$ 12,606,800	\$ (43,200)	\$ 11,983,786
Miscellaneous				
Reimbursement from insurance claims	300,000	218,955	(81,045)	207,128
Total operating revenues	<u>12,950,000</u>	<u>12,825,755</u>	<u>(124,245)</u>	<u>12,190,914</u>
Operating Expenses				
Services and supplies	<u>14,919,253</u>	<u>14,506,055</u>	<u>413,198</u>	<u>12,593,277</u>
Operating Income (Loss)	(1,969,253)	(1,680,300)	288,953	(402,363)
Non-operating Revenues (Expenses)				
Investment income (loss)	<u>34,710</u>	<u>361,691</u>	<u>326,981</u>	<u>(122,724)</u>
Change in Net Position	<u>\$ (1,934,543)</u>	<u>(1,318,609)</u>	<u>\$ 615,934</u>	<u>\$ (525,087)</u>
Net Position, Beginning of Year		<u>8,169,720</u>		
Net Position, End of Year		<u>\$ 6,851,111</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Workers' Compensation Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Contributions and reimbursements	\$ 2,430,000	\$ 2,583,859	\$ 153,859	\$ 2,518,201
Miscellaneous				
Reimbursement from insurance claims	-	-	-	2,103
Total operating revenues	<u>2,430,000</u>	<u>2,583,859</u>	<u>153,859</u>	<u>2,520,304</u>
Operating Expenses				
Services and supplies	<u>3,329,331</u>	<u>2,463,852</u>	<u>865,479</u>	<u>1,142,345</u>
Operating Income (Loss)	(899,331)	120,007	1,019,338	1,377,959
Non-operating Revenues (Expenses)				
Investment income (loss)	<u>17,000</u>	<u>130,413</u>	<u>113,413</u>	<u>(58,536)</u>
Change in Net Position	<u>\$ (882,331)</u>	250,420	<u>\$ 1,132,751</u>	<u>\$ 1,319,423</u>
Net Position, Beginning of Year		<u>(7,002,455)</u>		
Net Position, End of Year		<u>\$ (6,752,035)</u>		

City of Sparks
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Municipal Self-Insurance
Year Ended June 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 2,235,679	\$ 2,235,679	\$ -	\$ 2,085,100
Miscellaneous				
Reimbursement from insurance claims	100,000	55,258	(44,742)	99,725
Total operating revenues	<u>2,335,679</u>	<u>2,290,937</u>	<u>(44,742)</u>	<u>2,184,825</u>
Operating Expenses				
Services and supplies	<u>2,498,243</u>	<u>2,096,243</u>	<u>402,000</u>	<u>1,513,323</u>
Operating Income (Loss)	<u>(162,564)</u>	<u>194,694</u>	<u>357,258</u>	<u>671,502</u>
Non-operating Revenues (Expenses)				
Investment income (loss)	85	29,890	29,805	1,508
Income (loss) before Transfers	<u>(162,479)</u>	<u>224,584</u>	<u>387,063</u>	<u>673,010</u>
Transfers				
Transfers in	250,000	250,000	-	250,000
Transfers out	<u>-</u>	<u>(11,853)</u>	<u>(11,853)</u>	<u>-</u>
Change in Net Position	<u>\$ 87,521</u>	462,731	<u>\$ 375,210</u>	<u>\$ 923,010</u>
Net Position, Beginning of Year		<u>1,214,619</u>		
Net Position, End of Year		<u>\$ 1,677,350</u>		

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Custodial Funds

Truckee Meadows Water Reclamation Facility Investment Pool

To account for cash and investments held for the Truckee Meadows Water Reclamation Facility.

Sick Leave Retirement Fund

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

Postemployment Medical Benefits Fund

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

Police Evidence Account

To account for cash held until case settlement.

City of Sparks
Combining Statement of Fiduciary Net Position - Custodial Funds
June 30, 2023

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Police Evidence Fund	Total Custodial Funds
Assets					
Cash and investments	\$ 1,741,930	\$ 6,941	\$ 59,878	\$ 46,869	\$ 1,855,618
Net Position					
Restricted for:					
Individuals, organizations and other governments	<u>1,741,930</u>	<u>6,941</u>	<u>59,878</u>	<u>46,869</u>	<u>1,855,618</u>
Total liabilities and net position	<u>\$ 1,741,930</u>	<u>\$ 6,941</u>	<u>\$ 59,878</u>	<u>\$ 46,869</u>	<u>\$ 1,855,618</u>

City of Sparks
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds
Year Ended June 30, 2023

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Police Evidence Fund	Total Custodial Funds
Additions:					
Contributions					
Dependent co-pay contributions	\$ -	\$ -	\$ 248,026	\$ -	\$ 248,026
Joint Venture owner contributions	23,776,521	-	-	-	23,776,521
Police Evidence Additions	-	-	-	63,475	63,475
Total contributions	23,776,521	-	248,026	63,475	24,088,022
Other income					
Interest, dividends, and other	101,753	-	2,810	14	104,577
Receipts from TMWRF sales and services	973,412	-	-	-	973,412
Total other income	1,075,165	-	2,810	14	1,077,989
Total additions	24,851,686	-	250,836	63,489	25,166,011
Deductions:					
Medical, dental, and life insurance - retirees	-	2,196	297,989	-	300,185
Disbursements for operating costs of joint venture	23,929,710	-	-	-	23,929,710
Disbursements for capital costs of joint venture	493,884	-	-	-	493,884
Police Evidence Deductions	-	-	-	63,977	63,977
Total deductions	24,423,594	2,196	297,989	63,977	24,787,756
Change in Net Position	428,092	(2,196)	(47,153)	(488)	378,255
Net position, beginning of year	1,313,838	9,137	107,031	47,357	1,477,363
Net position, end of year	\$ 1,741,930	\$ 6,941	\$ 59,878	\$ 46,869	\$ 1,855,618

Flat Fixed Fees

Business license revenue adjusted base at June 30, 2022 (Base Year) \$ 1,020,619

Adjustment to Base

Percentage increase in population of the local government 4.13 %

Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated (West urban Size B/C -50,000 to 1,500,000, non seasonally adjusted) 6.20 % 10.33 %

105,430

Adjusted base at June 30, 2023 1,126,049

Actual Revenue 782,900

Amount under allowable amount (343,149)

Fee Calculated on a Percentage of Gross Revenue

Base Revenue at June 30, 2022 6,089,247

Percentage change in CPI 1.062 %

Adjusted base at June 30, 2023 6,466,780

Actual Revenue 6,514,776

Actual amount over allowable amount \$ 47,996

This part of the City of Sparks’ annual comprehensive 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 #
<p>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.</p>	1.1-1.4
<p>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.</p>	2.1-2.4
<p>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.</p>	3.1-3.4
<p>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.</p>	4.1-4.2
<p>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.</p>	5.1-5.3

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Net investment in capital assets	\$ 447,044,071	\$ 436,205,357	\$ 413,601,581	\$ 401,168,954
Restricted	63,682,960	55,145,614	51,775,060	44,717,383
Unrestricted	<u>(122,972,149)</u>	<u>(144,921,593)</u>	<u>(175,977,167)</u>	<u>(204,210,323)</u>
Total Governmental Activities	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>	<u>\$ 289,399,474</u>	<u>\$ 241,676,014</u>
Business-Type Activities				
Net investment in capital assets	\$ 175,175,155	\$ 174,042,473	\$ 167,767,880	\$ 151,475,847
Unrestricted	<u>129,994,210</u>	<u>115,020,279</u>	<u>102,184,328</u>	<u>99,284,144</u>
Total business-type activities net position	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>	<u>\$ 269,952,208</u>	<u>\$ 250,759,991</u>
Primary government				
Net investment in capital assets	\$ 622,219,226	\$ 610,247,830	\$ 581,369,461	\$ 552,644,801
Restricted	63,682,960	55,145,614	51,775,060	44,717,383
Unrestricted	<u>7,022,061</u>	<u>(29,901,314)</u>	<u>(73,792,839)</u>	<u>(104,926,179)</u>
Total primary government	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>	<u>\$ 559,351,682</u>	<u>\$ 492,436,005</u>

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 392,011,088	\$ 363,842,341	\$ 377,956,278	\$ 364,071,812	\$ 349,494,836	\$ 333,680,025
40,809,634	38,126,693	36,694,210	35,374,824	35,589,211	41,194,330
<u>(203,877,196)</u>	<u>(212,691,309)</u>	<u>(136,693,294)</u>	<u>(163,874,191)</u>	<u>(162,908,270)</u>	<u>(113,144,667)</u>
<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>	<u>\$ 222,175,777</u>	<u>\$ 261,729,688</u>
\$ 147,778,186	\$ 137,394,248	\$ 136,405,793	\$ 133,052,926	\$ 132,378,854	\$ 124,836,498
91,502,404	82,041,562	67,633,391	61,224,746	52,757,466	62,226,339
<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>	<u>\$ 185,136,320</u>	<u>\$ 187,062,837</u>
\$ 539,789,274	\$ 501,236,589	\$ 514,362,071	\$ 497,124,738	\$ 481,873,690	\$ 458,516,523
40,809,634	38,126,693	36,694,210	35,374,824	35,589,211	41,194,330
<u>(112,374,792)</u>	<u>(130,649,747)</u>	<u>(69,059,903)</u>	<u>(102,649,445)</u>	<u>(110,150,804)</u>	<u>(50,918,328)</u>
<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>	<u>\$ 407,312,097</u>	<u>\$ 448,792,525</u>

	2023	2022	2021	2020
Expenses				
Governmental Activities				
General government	\$ 21,278,140	\$ 22,795,502	\$ 21,773,154	\$ 15,441,627
Judicial	3,229,643	2,770,337	2,991,334	2,795,918
Public safety	69,348,520	54,693,488	57,875,859	55,440,833
Public works	13,077,255	13,221,651	12,992,663	11,950,915
Culture and recreation	13,284,068	10,951,486	9,941,535	10,422,820
Community support	3,897,337	2,697,499	5,409,239	5,645,107
Interest and fiscal charges	2,651,779	2,873,824	3,523,685	6,545,310
Total governmental activities	126,766,742	110,003,787	114,507,469	108,242,530
Business-type Activities				
Sewer	30,665,606	27,568,958	25,858,663	26,977,731
Development services	6,119,547	5,373,651	5,297,017	5,190,503
Total business-type activities expenses	36,785,153	32,942,609	31,155,680	32,168,234
Total primary government expenses	\$ 163,551,895	\$ 142,946,396	\$ 145,663,149	\$ 140,410,764
Program Revenues				
Governmental Activities				
Charges for services				
General Government	\$ 23,193,253	\$ 20,436,521	\$ 18,975,277	\$ 18,789,975
Judicial	677,242	688,804	662,624	724,787
Public Safety	1,726,591	1,858,640	1,955,162	796,259
Public Work	4,452,515	3,498,115	3,452,679	3,203,990
Sanitation	235,689	218,725	181,329	94,195
Culture, recreation, and community support	5,514,989	4,957,917	4,026,966	4,127,420
Operating grants and contributions	13,306,670	8,040,284	22,245,844	1,493,963
Capital grants, interest, and contributions	9,222,106	25,234,453	14,863,768	7,793,920
Total governmental activities program revenues	58,329,055	64,933,459	66,363,649	37,024,509
Business-type Activities				
Charge for Sewer services	33,824,004	32,012,676	29,365,070	27,840,612
Charge for Development services	4,408,639	6,163,395	5,290,666	5,782,060
Operating grants, interest, and contributions	-	-	-	-
Capital grants, interest, and contributions	12,632,354	15,275,746	16,297,112	8,713,716
Total business-type activities program revenues	50,864,997	53,451,817	50,952,848	42,336,388
Total primary government program revenue	109,194,052	118,385,276	117,316,497	79,360,897
Net (Expense)/Revenue				
Governmental Activities	(68,437,687)	(45,070,328)	(48,143,820)	(71,218,021)
Business-type Activities	14,079,844	20,509,208	19,797,168	10,168,154
Total primary government net expense	\$ (54,357,843)	\$ (24,561,120)	\$ (28,346,652)	\$ (61,049,867)

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

	2019	2018	2017	2016	2015	2014
\$	13,973,087	\$ 13,621,461	\$ 13,628,107	\$ 17,259,801	\$ 12,531,485	\$ 10,756,417
	2,675,432	2,462,689	2,351,052	2,085,243	2,119,937	2,213,707
	50,137,012	45,421,001	44,774,035	41,989,882	39,489,038	44,473,405
	10,831,434	9,069,840	9,177,840	8,564,996	6,300,571	13,107,396
	10,712,073	10,788,462	10,092,377	10,163,718	9,829,803	10,230,616
	3,152,349	2,025,939	3,298,425	2,577,879	1,384,932	1,949,757
	7,987,116	10,352,937	10,501,091	9,827,453	11,187,762	10,748,859
	<u>99,468,503</u>	<u>93,742,329</u>	<u>93,822,927</u>	<u>92,468,972</u>	<u>82,843,528</u>	<u>93,480,157</u>
	24,957,376	24,247,795	22,922,462	23,863,114	22,442,881	24,153,084
	4,916,464	4,429,416	3,784,497	2,871,068	1,991,181	1,624,933
	<u>29,873,840</u>	<u>28,677,211</u>	<u>26,706,959</u>	<u>26,734,182</u>	<u>24,434,062</u>	<u>25,778,017</u>
\$	<u>129,342,343</u>	<u>122,419,540</u>	<u>120,529,886</u>	<u>119,203,154</u>	<u>107,277,590</u>	<u>119,258,174</u>
\$	18,467,769	\$ 17,303,881	\$ 14,401,815	\$ 14,374,893	\$ 13,190,273	\$ 12,019,773
	849,504	884,023	858,488	940,585	959,730	988,053
	828,841	961,350	570,336	718,541	972,957	960,766
	3,163,804	2,033,918	2,725,585	3,124,194	3,246,022	3,040,582
	117,145	254,414	81,760	112,103	89,864	37,520
	5,335,121	6,722,371	4,927,851	4,703,917	4,520,065	4,446,327
	1,777,839	1,404,104	1,725,985	1,534,679	1,234,890	1,867,496
	28,115,646	4,620,380	41,463,235	14,611,760	23,015,112	56,827,683
	<u>58,655,669</u>	<u>34,184,441</u>	<u>66,755,055</u>	<u>40,120,672</u>	<u>47,228,913</u>	<u>80,188,200</u>
	26,129,683	25,421,540	24,000,811	22,858,463	21,956,804	21,209,352
	5,426,563	5,683,897	4,713,487	4,153,119	3,266,871	2,317,542
	-	-	13,729	-	-	-
	<u>16,120,587</u>	<u>14,538,770</u>	<u>7,648,854</u>	<u>6,490,750</u>	<u>5,509,920</u>	<u>7,746,694</u>
	<u>47,676,833</u>	<u>45,644,207</u>	<u>36,376,881</u>	<u>33,502,332</u>	<u>30,733,595</u>	<u>31,273,588</u>
	<u>106,332,502</u>	<u>79,828,648</u>	<u>103,131,936</u>	<u>73,623,004</u>	<u>77,962,508</u>	<u>111,461,788</u>
	(40,812,834)	(59,557,888)	(27,067,872)	(52,348,300)	(35,614,615)	(13,291,957)
	17,802,993	16,966,996	9,669,922	6,768,150	6,299,533	5,495,571
\$	<u>(23,009,841)</u>	<u>(42,590,892)</u>	<u>(17,397,950)</u>	<u>(45,580,150)</u>	<u>(29,315,082)</u>	<u>(7,796,386)</u>

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem taxes	\$ 40,034,040	\$ 37,105,637	\$ 34,873,144	\$ 32,559,240
Special assessments - taxes	149,202	178,512	148,830	324,269
Unrestricted intergovernmental - consolidated taxes	37,595,351	38,026,225	34,501,113	29,030,989
Other taxes	25,389,575	24,622,655	23,615,309	19,536,433
Unrestricted investment income (loss)	4,354,195	(706,656)	43,842	1,350,566
Other	2,453,781	2,724,665	2,026,954	868,239
Transfers	(212,953)	149,194	499,349	280,773
Total governmental activities	109,763,191	102,100,232	95,708,541	83,950,509
Business-type Activities				
Unrestricted investment income	1,580,990	(1,311,760)	(184,969)	1,510,252
Other	232,826	62,290	79,367	81,768
Transfers	212,953	(149,194)	(499,349)	(280,773)
Total business-type activities	2,026,769	(1,398,664)	(604,951)	1,311,247
Total primary government	111,789,960	100,701,568	95,103,590	85,261,756
Change in Net Position				
Governmental Activities	\$ 41,325,504	\$ 57,029,904	\$ 47,564,721	\$ 12,732,488
Business-Type Activities	16,106,613	19,110,544	19,192,217	11,479,401
Total primary government change in net position	\$ 57,432,117	\$ 76,140,448	\$ 66,756,938	\$ 24,211,889

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

	2019	2018	2017	2016	2015	2014
\$	29,945,770	\$ 27,562,058	\$ 26,361,970	\$ 25,735,620	\$ 24,206,813	\$ 23,423,624
	361,665	342,080	889,479	1,197,930	1,082,636	1,188,135
	27,846,670	26,549,389	23,195,337	22,695,286	20,916,103	19,356,294
	19,930,341	18,804,468	17,167,022	16,199,616	15,418,511	14,282,782
	1,868,169	393,507	243,579	506,173	254,882	378,347
	508,633	(582,679)	1,625,010	215,107	584,991	778,449
	21,281	(228,473)	(25,941)	53,047	714,946	342,882
	<u>80,482,529</u>	<u>72,840,350</u>	<u>69,456,456</u>	<u>66,602,779</u>	<u>63,178,882</u>	<u>59,750,513</u>
	1,983,132	69,182	(39,993)	493,674	246,574	454,632
	79,936	92,497	105,642	126,503	154,962	126,653
	(21,281)	228,473	25,941	(53,047)	(714,946)	(342,882)
	<u>2,041,787</u>	<u>390,152</u>	<u>91,590</u>	<u>567,130</u>	<u>(313,410)</u>	<u>238,403</u>
	<u>82,524,316</u>	<u>73,230,502</u>	<u>69,548,046</u>	<u>67,169,909</u>	<u>62,865,472</u>	<u>59,988,916</u>
\$	39,669,695	\$ 13,282,462	\$ 42,388,584	\$ 14,254,479	\$ 27,564,267	\$ 46,458,556
	19,844,780	17,357,148	9,761,512	7,335,280	5,986,123	5,733,974
	<u>59,514,475</u>	<u>30,639,610</u>	<u>52,150,096</u>	<u>21,589,759</u>	<u>33,550,390</u>	<u>52,192,530</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	1,466,538	1,647,241	10,540,145	510,439
Unassigned	<u>22,088,445</u>	<u>17,400,201</u>	<u>9,967,747</u>	<u>6,350,345</u>
Total general fund ⁽¹⁾	<u>\$ 23,554,983</u>	<u>\$ 19,047,442</u>	<u>\$ 20,507,892</u>	<u>\$ 6,860,784</u>
All Other Governmental Funds				
Restricted	50,377,301	43,169,345	43,208,385	36,488,361
Committed	3,207,411	3,186,082	2,530,762	1,707,029
Assigned	<u>33,461,389</u>	<u>25,721,072</u>	<u>15,323,590</u>	<u>10,551,920</u>
Total all other governmental funds ⁽¹⁾	<u>\$ 87,046,101</u>	<u>\$ 72,076,499</u>	<u>\$ 61,062,737</u>	<u>\$ 48,747,310</u>

Notes:

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

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

2019	2017	2017	2016	2015	2014
\$ -	\$ -	\$ -	\$ -	333	\$ -
119,485	955,058	332,086	2,345,634	2,499,431	1,101,885
<u>8,237,017</u>	<u>5,860,155</u>	<u>2,381,986</u>	<u>3,661,772</u>	<u>3,946,852</u>	<u>3,762,386</u>
<u>\$ 8,356,502</u>	<u>\$ 6,815,213</u>	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</u>	<u>\$ 6,446,616</u>	<u>\$ 4,864,271</u>
36,560,228	33,709,418	32,696,433	36,862,093	35,767,128	41,650,718
1,942,449	1,240,812	913,386	1,073,424	798,424	1,163,684
<u>10,072,007</u>	<u>7,777,144</u>	<u>6,407,484</u>	<u>3,429,725</u>	<u>3,993,693</u>	<u>3,443,911</u>
<u>\$ 48,574,684</u>	<u>\$ 42,727,374</u>	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</u>	<u>\$ 40,559,245</u>	<u>\$ 46,258,313</u>

	2023	2022	2021	2020
Revenues				
Taxes	\$ 43,185,530	\$ 40,354,999	\$ 39,360,225	\$ 35,176,088
Licenses and permits	25,730,539	22,297,813	20,602,169	19,910,793
Intergovernmental revenues	77,434,341	72,189,993	81,512,068	50,188,454
Charges for services	5,903,560	6,677,002	5,724,750	4,969,720
Fines and forfeits	563,717	554,510	505,488	586,214
Miscellaneous	4,247,387	(110,209)	801,043	1,807,644
Total revenues	157,065,074	141,964,108	148,505,743	112,638,913
Expenditures				
General government*	18,092,173	21,931,829	20,343,444	14,477,331
Judicial	2,950,083	2,835,578	2,760,164	2,547,670
Public safety	63,793,055	59,958,021	55,380,118	50,827,457
Public works	7,211,820	7,690,354	6,880,625	5,787,155
Culture and recreation	10,016,216	8,365,601	7,125,492	7,565,828
Community support	3,239,653	2,332,202	5,033,426	6,190,832
Capital/Nonoperating	11,693,578	7,223,549	4,460,840	7,441,242
Debt service				
Principal	21,347,439	18,877,230	16,696,235	14,124,988
Interest	2,132,601	2,724,356	3,313,836	5,558,055
Advance Refunding Escrow	-	-	-	-
Other				
Fiscal charges and other	47,074	6,049	6,050	3,200
Refunding bond issuance costs	-	-	-	1,066,498
Total expenditures	140,523,692	131,944,769	122,000,230	115,590,256
Excess (Deficiency) of Revenues over Expenditures	16,541,382	10,019,339	26,505,513	(2,951,343)
Other Financing Sources (Uses)				
Sale of assets	1,862,068	-	-	-
Refunding bonds issued	-	-	-	96,609,347
Payments to refunded bond escrow agent	-	-	-	(93,513,935)
Leases	248,373	37,341	-	-
IT Subscriptions	1,276,420	-	-	-
Discount on bonds issued	-	-	-	-
Transfers in	24,153,706	15,842,719	21,466,426	8,781,547
Transfers out	(24,604,806)	(16,346,089)	(22,168,142)	(10,248,706)
Total other financing sources (uses)	2,935,761	(466,029)	(701,716)	1,628,253
Net Change in Fund Balances	\$ 19,477,143	\$ 9,553,310	\$ 25,803,797	\$ (1,323,090)
Debt service as a percentage of noncapital expenditures	18.2 %	17.3 %	17.0 %	18.2 %

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

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

	2019	2018	2017	2016	2015	2014
\$	33,018,266	\$ 35,540,176	\$ 29,734,198	\$ 28,969,948	\$ 27,564,923	\$ 32,673,904
	20,025,849	18,919,475	15,476,836	15,892,828	15,806,282	14,636,255
	50,827,309	45,242,085	41,886,672	40,724,097	38,096,816	36,101,825
	6,050,050	5,852,395	5,713,677	5,186,023	5,107,022	5,460,416
	584,391	703,704	622,678	663,882	653,313	662,907
	1,752,147	770,509	597,537	846,889	435,736	950,298
	<u>112,258,012</u>	<u>107,028,344</u>	<u>94,031,598</u>	<u>92,283,667</u>	<u>87,664,092</u>	<u>90,485,605</u>
	12,839,338	12,773,774	13,009,722	10,979,858	10,113,421	10,013,248
	2,538,257	2,347,610	2,272,818	1,998,477	2,097,670	1,931,962
	47,535,551	43,983,575	43,333,646	41,066,025	39,716,955	38,156,786
	4,872,701	4,734,652	4,709,480	4,827,742	4,774,668	4,539,922
	7,781,638	7,559,359	7,534,030	7,258,973	6,820,522	6,797,156
	2,289,008	1,235,472	994,435	1,802,744	901,936	1,117,381
	7,617,099	4,268,653	6,726,641	5,918,626	5,082,673	4,077,064
	11,476,169	13,644,519	7,852,000	7,398,000	13,797,000	13,825,000
	7,673,052	9,423,142	10,165,272	10,920,981	11,208,334	12,003,482
	-	-	2,899,967	-	-	-
	6,238	18,153	23,336	4,366	211,815	150,057
	-	-	217,757	-	-	-
	<u>104,629,051</u>	<u>99,988,909</u>	<u>99,739,104</u>	<u>92,175,792</u>	<u>94,724,994</u>	<u>92,612,058</u>
	<u>7,628,961</u>	<u>7,039,435</u>	<u>(5,707,506)</u>	<u>107,875</u>	<u>(7,060,902)</u>	<u>(2,126,453)</u>
	-	250	1,096,000	934,000	2,150,000	100,000
	-	-	23,158,290	-	7,285,000	7,330,000
	-	-	(23,124,790)	-	(7,132,187)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(8,500)	-	-	-
	5,255,809	2,939,738	7,099,724	6,542,487	5,749,856	6,207,065
	(5,496,173)	(3,168,211)	(7,154,491)	(7,217,575)	(5,108,490)	(5,864,183)
	<u>(240,364)</u>	<u>(228,223)</u>	<u>1,066,233</u>	<u>258,912</u>	<u>2,944,179</u>	<u>7,772,882</u>
\$	<u>7,388,597</u>	<u>\$ 6,811,212</u>	<u>\$ (4,641,273)</u>	<u>\$ 366,787</u>	<u>\$ (4,116,723)</u>	<u>\$ 5,646,429</u>
	<u>19.7 %</u>	<u>24.1 %</u>	<u>22.5 %</u>	<u>21.2 %</u>	<u>27.9 %</u>	<u>29.2 %</u>

Real Property Assessed Value

Fiscal Year ended June 30,	Residential	Commercial	Industrial	Other
2023	\$ 3,399,740,561	\$ 748,472,933	\$ 540,031,064	\$ 374,950,979
2022	2,750,064,747	623,065,838	454,450,308	278,128,435
2021	2,451,376,798	565,369,753	425,197,042	261,393,031
2020	2,378,635,244	574,305,361	432,462,837	250,417,320
2019	2,229,900,160	529,486,683	406,704,885	222,190,719
2018	1,963,226,530	488,494,248	384,454,122	187,065,467
2017	1,871,245,807	469,525,894	373,049,844	157,678,335
2016	1,787,356,662	492,590,272	352,196,393	149,465,713
2015	1,632,926,539	491,969,082	346,266,412	139,011,067
2014	1,424,938,902	490,827,042	344,402,528	139,546,740

Source: Washoe County Assessor

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

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

Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
\$ 6,221,852	\$ 257,006,898	\$ 3,595,987,087	10,274,248,820	35.00 %	0.9598
6,099,855	214,915,593	3,524,585,790	10,070,245,114	35.00 %	0.9598
5,980,250	191,327,689	3,330,057,738	9,514,450,680	35.00 %	0.9598
5,862,990	194,266,121	3,155,373,495	9,015,352,843	35.00 %	0.9598
5,748,029	183,618,052	2,839,231,639	8,112,090,397	35.00 %	0.9598
5,635,323	152,542,043	2,777,401,409	7,935,432,597	35.00 %	0.9598
5,524,826	157,699,419	2,644,465,360	7,555,615,314	35.00 %	0.9598
5,416,496	156,718,781	2,469,924,856	7,056,928,160	35.00 %	0.9598
5,310,290	158,289,982	2,236,803,070	6,390,865,914	35.00 %	0.9598
5,206,167	158,470,881	2,015,997,058	5,759,991,594	35.00 %	0.9161

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City of Sparks Direct Rate				
Operating Rate	0.7523	0.7109	0.7109	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	<u>0.0970</u>	<u>0.1384</u>	<u>0.1384</u>	<u>0.1384</u>
Total City of Sparks Direct Rate	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>	<u>0.9598</u>
Overlapping Rates				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
State of Nevada	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total Overlapping Rates	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>
Total City of Sparks Property Tax Rate	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>	<u>3.6600</u>
Redevelopment Agency of the City of Sparks	<u>3.1961</u>	<u>3.1891</u>	<u>3.1848</u>	<u>3.1808</u>

Source: Nevada Department of Taxation

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

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

2019	2018	2017	2016	2015	2014
0.7109	0.7109	0.7109	0.7109	0.7109	0.6672
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1384	0.1384
0.9598	0.9598	0.9598	0.9598	0.9598	0.9161
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7002	2.7002	2.7002	2.7002	2.7002	2.7002
3.6600	3.6600	3.6600	3.6600	3.6600	3.6163
3.1778	3.2085	3.2085	3.2085	3.1940	3.1238

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

Taxpayer	2023			2014		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Smooth Bourbon LLC	\$ 43,894,408	1	1.22%	\$ -	-	-%
RED Sparks SPE LLC	38,766,964	2	1.08%	-	-	-%
Northland Lumina LLC	20,298,497	3	0.56%	-	-	-%
Prime Park Vista LLC	18,408,017	4	0.51%	-	-	-%
BL Road LLC	17,557,891	5	0.49%	-	-	-%
Toll NV Limited Partnership	17,430,619	6	0.48%	-	-	-%
LMC Apex Property Owner LLC	16,978,649	7	0.47%	-	-	-%
Oakmont Properties-Azure Owner LLC	16,648,262	8	0.46%	-	-	-%
Sparks Marina JV LLC	16,637,388	9	0.46%	-	-	-%
Green Leaf Waterstone LLC	15,778,632	10	0.44%	-	-	-%
BRE/Reno Property LLC	-	-	-%	27,509,802	1	1.36%
RRE/PAC Nevada LLC	-	-	-%	20,949,382	2	1.04%
Northwestern Mutual Life Insurance Co.	-	-	-%	17,502,482	3	0.87%
Prime Park Vista LLC	-	-	-%	14,420,213	4	0.72%
Inland American Sparks Crossing	-	-	-%	12,907,226	5	0.64%
Sparks Family Hospital Inc	-	-	-%	11,863,516	6	0.59%
CHP Sparks NV Owner LLC	-	-	-%	10,625,428	7	0.53%
US INST Real Est Equities LP	-	-	-%	10,334,960	8	0.51%
Pioneer Meadows Apartments LLC	-	-	-%	10,029,821	9	0.50%
Waterstone Village LLC	-	-	-%	9,390,815	9	0.47%
Total, Ten Largest Taxpayers	222,399,327		6.18%	145,533,645		7.22%
Total, Other Taxpayers	3,373,587,760		93.82%	1,870,463,413		92.78%
Total Assessed Valuations	<u>\$ 3,595,987,087</u>		<u>100.00%</u>	<u>\$ 2,015,997,058</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
Schedule 2.4 – Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Current Year			Total Collections to Date		
	Taxes Levied	Tax Collections	Percentage of Taxes Levied	Delinquent Tax Collections	Tax Collections	Percent of Taxes Levied
2023	\$ 36,159,075	\$ 36,036,669	99.66	\$ -	\$ 36,036,669	99.66%
2022	33,567,257	33,488,421	99.77	57,819	33,546,240	99.94%
2021	31,490,892	31,380,240	99.65	109,595	31,489,835	100.00%
2020	29,230,408	29,146,606	99.71	83,802	29,230,408	100.00%
2019	26,972,304	26,892,344	99.70	79,960	26,972,304	100.00%
2018	24,822,400	24,741,565	99.67	80,835	24,822,400	100.00%
2017	23,816,110	23,725,954	99.62	90,156	23,816,110	100.00%
2016	23,092,284	23,012,450	99.65	79,834	23,092,284	100.00%
2015	22,185,805	22,076,170	99.51	109,635	22,185,805	100.00%
2014	22,220,370	21,302,629	95.87	917,741	22,220,370	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								
	General Obligation		Redevelopment		Total General Bonded Debt	Available to Repay General Bonded Debt	Net General Bonded Debt	Percentage of Actual Property Value ⁽¹⁾	Per Capita ⁽²⁾
	Bonds	Notes	Bonds	Notes					
2023	\$ -	\$ -	\$ 12,093,874	\$ -	\$ 12,093,874	\$ 5,884,293	\$ 6,209,581	0.06%	\$ 112.51
2022	-	-	14,165,442	-	14,165,442	6,089,739	8,075,703	0.08%	137.22
2021	-	-	18,257,042	-	18,257,042	8,974,508	9,282,534	0.10%	178.04
2020	-	-	22,188,460	-	22,188,460	8,223,083	13,965,377	0.15%	221.57
2019	-	-	28,146,901	-	28,146,901	8,504,258	19,642,643	0.24%	290.39
2018	-	-	31,969,961	-	31,969,961	7,940,231	24,029,730	0.30%	333.97
2017	-	-	40,340,988	-	40,340,988	19,752,855	20,588,133	0.27%	431.08
2016	1,035,000	-	43,497,856	-	44,532,856	18,910,066	25,622,790	0.36%	481.98
2015	2,025,000	-	46,722,399	-	48,747,399	17,298,588	31,448,811	0.49%	532.46
2014	2,975,000	-	55,592,348	-	58,567,348	22,921,066	35,646,282	0.62%	649.20

1) See Schedule 2.1 for estimated actual property value.

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

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

Other Governmental Activities Debt			Business Type Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
Revenue Bonds	IT Subscriptions	Leases	Sewer Utility Bonds	Sewer Utility Notes	Leases			
\$ 47,075,000	\$ 867,636	\$ 1,202,581	\$ 7,922,276	\$ 1,096,217	\$ 43,502	\$ 70,301,199	0.20%	\$ 654.03
65,323,000	-	138,880	10,396,880	1,910,080	10,204	91,944,486	0.29%	890.68
80,031,847	-	-	13,264,871	2,701,341	-	114,255,101	0.38%	1,114.22
92,793,284	-	-	28,088,741	3,470,629	-	146,541,114	0.52%	1,463.36
96,320,024	-	-	33,141,506	4,218,271	-	161,826,702	0.63%	1,669.56
103,776,530	-	-	38,082,582	4,945,551	-	178,774,624	0.79%	1,867.60
108,853,102	-	-	42,928,969	5,652,641	-	197,775,700	0.92%	2,113.42
112,162,608	-	-	46,817,980	6,356,605	-	209,870,049	1.10%	2,271.42
115,117,114	-	171,670	32,329,748	7,057,710	-	203,423,641	1.07%	2,221.97
117,730,620	-	744,875	35,923,567	7,739,883	-	220,706,294	1.16%	2,446.47

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City of Sparks
Schedule 3.2 – General Obligation Direct and Overlapping Debt
Year Ended June 30, 2023 (Unaudited)

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Presently Self-Supporting Debt Outstanding</u>	<u>Percentage Applicable⁽¹⁾</u>	<u>Applicable Net Debt</u>
Direct				
City of Sparks ⁽²⁾				
Governmental activity				
Leases	\$ 1,202,581	\$ 1,202,581	100.00%	\$ 1,202,581
Subscriptions	867,636	867,636	100.00%	867,636
Revenue bonds	47,075,000	47,075,000	100.00%	47,075,000
Tax allocation bonds & notes	<u>12,093,874</u>	<u>12,093,874</u>	100.00%	<u>12,093,874</u>
 Total direct debt	 <u>61,239,091</u>	 <u>61,239,091</u>		 <u>61,239,091</u>
 Overlapping				
Washoe County School District	1,111,981	-	14.05%	156,233
Washoe County	97,293	29,325,000	14.05%	13,670
State of Nevada	<u>1,132,610,000</u>	<u>241,519,000</u>	2.41%	<u>27,295,901</u>
 Total overlapping	 <u>1,133,819,274</u>	 <u>270,844,000</u>		 <u>27,465,804</u>
 Total general obligation direct and overlapping	 <u>\$1,195,058,365</u>	 <u>\$ 332,083,091</u>		 <u>\$ 88,704,895</u>

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

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

²⁾ Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2023

Assessed value of taxable property, including redevelopment	<u>\$ 3,595,987,087</u>
Debt limit - (20% of total assessed value)	\$ 719,197,417
Debt Applicable to Limit	
Business-type Activities GO Debt	<u>7,922,276</u>
Total Net Debt Subject to Limitation	<u>7,922,276</u>
Legal debt margin	<u>\$ 711,275,141</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 719,197,417	\$ 704,917,158	\$ 666,011,548	\$ 684,286,244
Total net debt subject to limitation	<u>7,922,276</u>	<u>10,396,880</u>	<u>13,264,871</u>	<u>28,088,741</u>
Available General Obligation Debt Limit	<u>\$ 711,275,141</u>	<u>\$ 694,520,278</u>	<u>\$ 652,746,677</u>	<u>\$ 656,197,503</u>
Total Net Debt Subject to limitation as a Percentage of Debt Limit	<u>1.1 %</u>	<u>1.5 %</u>	<u>2.0 %</u>	<u>4.1 %</u>

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

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

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 613,381,910	\$ 595,228,536	\$ 564,422,667	\$ 493,984,971	\$ 479,349,402	\$ 434,121,479
<u>33,141,506</u>	<u>37,566,649</u>	<u>42,145,498</u>	<u>47,852,980</u>	<u>41,412,458</u>	<u>46,638,450</u>
<u>\$ 580,240,404</u>	<u>\$ 557,661,887</u>	<u>\$ 522,277,169</u>	<u>\$ 446,131,991</u>	<u>\$ 437,936,944</u>	<u>\$ 387,483,029</u>
<u>5.4 %</u>	<u>6.3 %</u>	<u>7.5 %</u>	<u>9.7 %</u>	<u>8.6 %</u>	<u>10.7 %</u>

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

Fiscal Year Ended June 30,	Pledged Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Sewer Utility Bonds ⁽³⁾							
2023	\$ 44,832,942	\$ 20,298,556	\$ 24,534,386	\$ 2,474,603	\$ 122,282	\$ 2,596,885	9.4
2022	42,167,453	18,804,111	23,363,342	2,867,990	156,079	3,024,069	7.7
2021	41,841,047	17,182,755	24,658,292	3,048,015	175,404	3,223,419	7.6
2020	34,560,930	17,565,466	16,995,464	3,195,453	213,970	3,409,423	5.0
2019	33,304,181	15,295,633	18,008,548	3,103,311	253,623	3,356,934	5.4
2018	36,224,774	14,598,519	21,626,255	3,013,849	292,133	3,305,982	6.5
2017	29,281,895	14,052,528	15,229,367	3,056,723	816,603	3,873,326	3.9
2016	27,458,269	14,382,880	13,075,389	3,521,768	907,329	4,429,097	3.0
2015	25,717,679	13,434,169	12,283,510	3,593,820	964,405	4,558,225	2.7
2014	23,371,365	14,341,132	9,030,233	3,484,079	1,075,889	4,559,968	2.0

- 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.

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Fiscal Year Ended June 30,	Population ⁽¹⁾	City Area Square Miles ⁽⁶⁾	Total Personal Income ⁽³⁾	Per Capita Personal Income ⁽³⁾
2023	107,489	36.60	\$ 35,568,402,000	\$ 71,489
2022	103,230	36.60	31,801,292,000	66,075
2021	102,543	36.55	30,121,290,000	63,328
2020	100,140	36.50	28,016,338,000	59,639
2019	96,928	35.81	25,556,498,000	55,487
2018	95,726	35.81	22,724,381,000	49,653
2017	93,581	35.81	21,428,813,000	47,526
2016	92,396	35.81	19,165,475,745	43,805
2015	91,551	35.81	19,089,119,268	43,311
2014	90,214	35.81	19,013,067,000	42,823

Sources:

- 1) Nevada Department of Taxation. The US Census 2020 population data was not available until after publication and thus not included in our estimate.
- 2) City of Sparks, Management Services Department.
- 3) U.S. Department of Commerce, Bureau of Economic Analysis, 2017, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA.
- 4) State of Nevada Department of Employment, Training and Rehabilitation for Reno/Sparks Metropolitan area (nevadaworkforce.com).
- 5) Washoe County School District, enrollment for 2018 is estimated. Official counts are not available at time of publication.
- 6) City of Sparks, Community Services Department

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

<u>Unemployment Rate⁽⁴⁾</u>	<u>Public School Enrollment⁽⁵⁾</u>	<u>Business Licenses Issued⁽²⁾</u>	<u>Total Construction Permits⁽⁶⁾</u>	<u>Total Construction Value⁽⁶⁾</u>
4.5	19,968	7,592	4,890	241,583,709
3.3	19,982	7,215	4,789	352,541,584
4.7	18,832	10,015	4,616	314,139,458
11.4	18,890	8,249	4,103	401,232,440
3.2	18,813	8,123	3,935	325,105,877
3.5	18,503	7,378	3,935	344,557,136
4.1	18,780	7,372	3,636	259,406,469
5.2	18,058	6,966	3,712	232,467,828
6.4	17,927	7,053	3,581	175,692,045
7.8	17,737	6,529	2,579	125,653,129

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

Employer	March, 2023			2014		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Tesla Gigafactory	5000-9999	1	2.83%			-%
Sparks Nugget, Inc.	1000-1499	2	0.47%	1000-1499	1	0.60%
United Parcel Service	1000-1499	3	0.47%	900-990	2	0.46%
City of Sparks	500-999	4	0.28%	600-699	3	0.31%
Western Village	500-999	5	0.28%	400-499	5	0.22%
Q&D Construction	500-999	6	0.28%			-%
Northern Nevada Medical Center	500-999	7	0.14%	400-499	4	0.22%
Rail City	250-499	8	0.14%	300-399	8	0.17%
Wal-mart Superstore	250-499	9	0.14%	300-399	7	0.17%
Western Nevada Supply	250-499	10	0.14%			-%
Henry Schein Inc	-		-%	400-499	6	0.22%
Sanmar Corporation	-		-%	300-399	9	0.17%
Public and Behavioral Health	-		-%	200-299	10	0.12%
Total Reno/Sparks Metropolitan Area Covered Employment	<u>265,146</u>			<u>206,700</u>		

Source: Top Employers are provided to the Nevada Department of Employment, Training, and Rehabilitation from Info Group USA, City of Sparks and United Parcel were confirmed independently. Info Group reports are produced twice each year January-June 1st half, July-December 2nd half.

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

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General government	68.7	64.7	61.7	62.2
Judicial	16.0	16.0	16.0	16.0
Public safety	299.0	288.0	280.0	269.0
Public works	21.6	21.6	21.6	22.5
Culture and recreation	93.4	93.4	93.4	95.2
Community support	1.2	1.2	1.2	1.2
Sewer - Business Type	111.9	111.9	110.9	108.9
Development services - Business Type	<u>35.5</u>	<u>35.5</u>	<u>33.5</u>	<u>33.3</u>
Total	<u><u>647.3</u></u>	<u><u>632.3</u></u>	<u><u>618.3</u></u>	<u><u>608.3</u></u>

Source: City of Sparks Financial Services Department, Budget Document

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

2019	2018	2017	2016	2015	2014
59.5	58.5	58.6	59.7	56.5	55.0
15.5	15.5	15.5	17.0	15.5	15.5
254.5	250.5	250.3	245.3	241.0	243.0
23.0	21.5	21.0	21.5	42.7	52.5
96.8	89.0	93.0	91.0	53.0	82.0
1.2	1.0	0.1	0.0	0.0	0.0
102.1	100.0	95.2	93.6	91.0	77.0
33.8	31.0	29.3	23.9	18.5	18.0
<u>586.4</u>	<u>567.0</u>	<u>563.0</u>	<u>552.0</u>	<u>518.2</u>	<u>543.0</u>

Function/Program	2023	2022	2021	2020
General Government				
Business licenses issued ⁽³⁾	7,592	7,215	7,957	8,249
Judicial ⁽¹⁾				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,522	1,633	1,643	1,974
Traffic and parking violations	4,898	4,037	5,044	3,455
Public Safety				
Police ⁽⁵⁾				
Number of sworn personnel	127	127	124	118
Number of cases	12,641	13,617	11,221	11,208
Calls for service	93,150	91,438	81,720	92,136
Fire ⁽⁶⁾				
Number of firefighters	76	79	75	77
Emergency responses	15,556	14,934	13,603	12,608
Average response time (minutes)	4.1	4.1	4.5	5.5
Public Works ⁽²⁾				
Labor hours for graffiti removal	438	248	549	1,134
Pounds of material used for filling potholes	86,109	14,995	12,383	79,000
Tons of sand used during snow removal	1,269	2,753	448	258
Pounds of material used for pavement crack sealing	78,045	91,641	99,381	127,839
Street sweeper operator miles	4,300	6,042	7,810	6,311
Culture and Recreation ⁽⁷⁾				
Adult softball league number of participants	4,900	5,250	2,394	3,246
Before and after school program enrollment	619	1,387	1,088	1,749
Community "Fun Run" number of participants	1,475	1,407	426	1,279
Utilities				
Sewer residential accounts ⁽³⁾	36,396	35,658	32,046	31,596
Sewer commercial accounts ⁽³⁾	2,082	2,076	1,837	1,830
Treatment Plant Flows (millions of gallons) ⁽⁴⁾	11,575.0	10,555.0	10,484.0	10,926.0
Development Services ⁽²⁾				
Building permits issued	4,890	4,789	4,616	4,103

Sources:

- 1) Uniform System for Judicial Records, Nevada Administrative Office of the Courts (AOC), Planning and Analysis Division, Annual Report of the Nevada Judiciary
- 2) City of Sparks Community Services Department
- 3) City of Sparks Management Services Department
- 4) Truckee Meadows Water Reclamation Facility
- 5) City of Sparks Police Department
- 6) City of Sparks Fire Department (note FY18, FY19 the Sparks Fire Department reported enroute arrival time for all priority 1 calls)
- 7) City of Sparks Parks and Recreation Department

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

2019	2018	2017	2016	2015	2014
8,123	7,378	7,694	6,966	7,053	6,529
1,975	1,802	1,731	1,778	1,999	1,923
3,906	3,679	4,140	4,366	4,635	5,158
112	112	112	110	108	108
11,984	11,565	12,283	11,815	12,656	11,850
84,676	82,386	78,604	80,345	79,176	76,962
86	87	87	86	86	87
12,029	12,685	13,724	12,882	11,163	10,055
4.2	3.9	3.8	3.7	3.5	3.5
1,623	1,675	1,565	1,623	2,180	2,427
91,485	32,183	12,789	13,365	15,211	16,254
670	664	279	428	145	350
117,105	270,743	298,160	205,705	57,756	283,600
5,933	8,014	8,238	8,872	10,190	9,509
83,352	85,096	85,812	71,211	67,692	82,840
1,801	17,194	15,937	15,933	15,319	15,265
1,502	1,634	1,720	1,054	2,330	2,303
31,143	30,697	29,494	29,647	28,956	28,643
1,817	1,814	1,816	1,813	1,803	1,790
11,516.8	10,633.4	10,918.7	9,879.0	9,787.0	9,706.0
3,890	3,935	3,636	3,712	3,581	2,579

Function/Program	2023	2022	2021	2020
General Government				
City owned facilities ⁽¹⁾	48	48	48	48
Number of networked computers ⁽⁵⁾	998	640	550	450
Public Safety				
Police ⁽²⁾				
Marked police vehicles	64	58	53	54
Police motorcycles	6	5	4	6
Fire ⁽³⁾				
Fire stations	5	5	5	5
Fire engines	19	19	19	19
Public Works ⁽¹⁾				
Paved streets (miles)	744.3	774.3	774.3	734.1
Culture and Recreation ⁽⁴⁾				
Parks	51	51	50	50
Acreage of parks - developed	619.3	619.3	617.7	617.7
Acreage of parks - undeveloped	596.4	596.4	598.0	598.0
Swimming pools - outdoors	1	1	1	1
Swimming pools - indoors	2	2	2	2
Athletic Fields - lighted	26	26	26	26
Athletic Fields - unlighted	28	28	28	28
Tennis courts - lighted	10	12	12	12
Tennis courts - unlighted	3	3	3	3
Pickleball courts - lighted	8	-	-	-
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	3	3	3
Rodeo arenas	1	1	1	1
Sand volleyball courts	6	6	6	6
Utilities ⁽¹⁾				
Sewer lines (miles)	397.1	393.7	382.0	374.0
Storm drains (miles)	302.0	299.1	287.0	271.0

Sources:

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

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

2019	2018	2017	2016	2015	2014
48	48	48	48	48	48
450	450	425	460	408	352
49	62	56	45	30	30
6	6	10	6	5	5
5	5	5	5	5	5
19	17	17	17	17	17
734.1	734.1	734.1	734.1	656.0	656.0
50	50	50	52	56	56
617.7	617.7	618.6	616.0	591.0	591.0
598.0	598.0	579.2	582.4	616.0	616.0
1	1	1	1	1	1
2	2	2	2	2	2
26	26	26	26	26	26
28	28	28	28	28	28
12	12	12	12	12	12
3	3	3	3	3	3
-	-	-	-	-	-
1	1	1	1	1	1
34	34	34	34	34	34
3	3	3	3	3	3
-	-	-	-	-	-
12	12	12	12	7	8
373.2	372.6	359.8	357.5	356.1	395.0
268.7	268.5	259.8	254.7	253.7	250.0

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Compliance Section

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**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 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 (*Government Auditing Standards*), 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 (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing 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’s internal control.

Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control 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 or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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'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'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 29, 2023



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

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Sparks, Nevada’s (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. 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.

Qualified Opinion on CDBG – Entitlement Grants Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CDBG – Entitlement Grants Cluster for the year ended June 30, 2023.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on CDBG – Entitlement Grants Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Assistance Listing No. 14.218 CDBG – Entitlement Grants Cluster as described in item 2023-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Handwritten signature of Eide Bailly LLP in cursive script.

Reno, Nevada
November 29, 2023



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, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the City failed to comply with the specific requirements of Nevada Revised Statutes cited below other than the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

Expenditures were monitored during the current year to avoid over-expenditures in accordance with NRS, except for those items disclosed in Note 2 to the financial statements.

Prior Year Recommendations

See the Summary Schedule of Prior Year Audit Findings under separate cover.

Current Year Recommendations

Our current year recommendations are included in the Schedule of Findings and Questioned Costs.

Nevada Revised Statute 354.6115

A fund was created in accordance with Nevada Revised Statute 354.6115, "Fund to stabilize operations of local government and mitigate effects of natural disaster". Funds deposited and/or accumulated in the Stabilization Special Revenue Fund for budget stabilization can only be used if the conditions described in Note 10 are present.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 29, 2023

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City of Sparks
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Awards				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grant	14.218	B-22-MC-32-0004	\$ 446,368	\$ 37,866
Community Development Block Grants/Entitlement Grant	14.218	B-21-MC-32-0004	516,795	-
Community Development Block Grants/Entitlement Grant	14.218	B-20-MC-32-0004	464,390	-
Community Development Block Grant/ Entitlement Grant	14.218	B-19-MC-32-0004	222,133	-
Community Development Block Grant/ Entitlement Grant	14.218	B-18-MC-32-0004	121,976	-
Community Development Block Grant/ Entitlement Grant	14.218	B-17-MC-32-0004	118,454	-
Community Development Block Grant/ Entitlement Grant	14.218	B-16-MC-32-0004	72,833	-
COVID-19 Community Development Block Grant Entitlement Grant	14.218	B-20-MW-32-0004	319	319
Total CDBG - Entitlement Grants Cluster			1,963,268	38,185
Pass-through from State of Nevada				
COVID-19: Community Development Block Grant Program	14.228	CDBG-CVR2 20/PS/36	309,367	-
Total U.S. Department of Housing and Urban Development			2,272,635	38,185
<u>U.S. Department of Justice</u>				
Direct Awards				
Equitable Sharing Program	16.922	NV0160200	25,678	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-21-GG-03562-UHPX	69,036	-
Passed Through the City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01710-JAGX	3,919	-
Total U.S. Department of Justice			98,633	-
<u>U.S. Department of Transportation</u>				
Passed Through the State of Nevada				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	JF-2022-SPD-00007	12,829	-
State and Community Highway Safety	20.600	JF-2021-SPD-00007	598	-
Total Highway Safety Cluster			13,427	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2022-SPD-00007	2,287	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2021-SPD-00007	7,636	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			9,923	-
Total U.S. Department of Transportation			23,350	-
<u>U.S. Department of the Treasury</u>				
Direct Awards				
Equitable Sharing Program	21.016	Unknown	6,983	-
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	9,791,632	960,013
Research & Development Cluster:				
Passed Through Washoe County				
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	228,104	228,104
Passed Through The City of Reno				
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	248,489	248,489
Total Research and Development Cluster			476,593	476,593
U.S. Department of the Treasury Total			10,275,208	1,436,606

City of Sparks
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Inter Tribal Council of Nevada, Inc. CCDF Cluster				
Child Care and Development Block Grant	93.575	Unknown	\$ 435,510	\$ -
Total U.S. Department of Health and Human Services			435,510	-
<u>Executive Office of the President</u>				
Passed Through Las Vegas Metropolitan Police Department High Intensity Drug Trafficking Areas Program				
	95.001	G14NV0001A	8,803	-
Total Executive Office of the President			8,803	-
<u>U.S. Department of Homeland Security</u>				
Direct Awards				
Assistance to Firefighters Grant	97.044	EMW-2020-FG-12937	24,963	-
Total U.S. Department of Homeland Security			24,963	-
Total Expenditures of Federal Awards			\$ 13,139,102	\$ 1,474,791

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

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

Note B - Significant Accounting Policies

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

Note C - ARPA Sub-Awards From The City To Washoe County CARES Campus and Nevada Higher Learning System (UNR)

Coronavirus State & Local Fiscal Recovery Funds sub-award payments from the City of Sparks to Washoe County for \$704,408 and to the Nevada System of Higher Learning (UNR) for \$61,723 (Research and Development Cluster) were recorded in the Sparks Grants and Donations Fund during the year ended June 30, 2022 on an accrual basis; however, they were not included in the year ended June 30, 2022 schedule as payment was not made during the year. They are both included in the year ended June 30, 2023 Schedule.

Note D - ARPA Sub-Awards From The City To Nevada Higher Learning System (UNR)

Coronavirus State & Local Fiscal Recovery Funds sub-award payments from the City of Sparks to the Nevada System of Higher Learning (UNR) for \$73,498 were recorded in the Sparks Grants and Donations Fund during the year ended June 30, 2023 on an accrual basis; however, they were not included in the June 30, 2023 Schedule as payment was not made during the year.

Note E - CDBG Sub-Awards From The City To Eddy House, Food Bank of Northern Nevada, and Silver State Fair Housing

Community Development Block Grant Fund sub-award payments from the City of Sparks to the Eddy House for \$6,641, Food Bank of Northern Nevada for \$231,252, and Silver State Fair Housing for \$2,825 were recorded in the Community Development Block Grant Fund during the year ended June 30, 2023 on an accrual basis; however, they were not included in the June 30, 2023 Schedule as payment was not made during the year.

Section I – Summary of Auditor’s Results Financial

Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes

Type of auditor’s report issued on compliance for major programs:

Unmodified for the Coronavirus State and Local Fiscal Recovery Funds and qualified for the CDBG - Entitlement Grants Cluster

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	Yes
---	-----

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
CDBG – Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grant	14.218
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings:

**2023-001: Opioid Settlement
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Strong communication channels that allow for the monitoring of legal settlements is a key component of internal control to ensure they are recorded in accordance with U.S. GAAP.

Condition: Opioid settlement receivables were not originally recorded.

Cause: The City of Sparks (the City) did not have adequate internal controls to monitor the State of Nevada opioid legal settlements to ensure they were appropriately recorded.

Effect: Prior to adjustment, receivables reported in the General Fund (and Governmental Activities) were understated by \$900,893.

Recommendation: We recommend the City enhance internal controls to monitor the State of Nevada opioid legal settlements to ensure they are appropriately recorded.

Views of Responsible Officials: The City of Sparks agrees with this finding.

Section III – Findings and Questioned Costs for Federal Awards:

**2023-002: U.S. Department of Housing and Urban Development CDBG –
 Entitlement Grants Cluster:
 Community Development Block Grants/Entitlement Grant, Assistance Listing #14.218**

**Reporting
 Material Weakness in Internal Control over Compliance and Material Noncompliance**

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

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000.

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The City of Sparks did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

Questioned Costs: None

Context/Sampling: The entire population of one subaward, entered into during the year was subject to FFATA reporting requirements and selected for testing. The quantity and subaward obligation errors were noted as follows:

	<u>Subawards</u>	<u>Obligations</u>
Total Tested	1	\$231,252
Not Reported	1	\$231,252
Not Timely	1	\$231,252
Obligation Incorrect	1	\$231,252
Missing Key Elements	1	\$231,252

Repeat Finding from Prior Year: No

Recommendation: We recommend the City implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

Views of Responsible Officials: The City of Sparks agrees with this finding.

**2023-003: U.S. Department of the Treasury
COVID-19: Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing #21.027**

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

Grant Award Number: Affects all grant awards included under Assistance Listing 21.027 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

The City of Sparks (the City) must submit quarterly *Project and Expenditure Reports* that contain costs incurred during the covered period. Critical information includes, in part:

- Obligations and Expenditures
 - Current period obligation
 - Cumulative obligation
 - Current period expenditure
 - Cumulative expenditure

Condition: Current obligation information was not reported in accordance with governing requirements.

Cause: The City of Sparks did not have adequate internal controls to ensure Project and Expenditure Reports were prepared in accordance with governing requirements.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two out of a population of four *Project and Expenditure Reports* submitted during the year was selected for testing. The City reported current obligations for the amount the City recognized as a payable, rather than the obligations (i.e., contracts) that were entered into during the reporting period.

The impact is as follows:

Period Ended December 31, 2022

	<u>Originally Reported</u>	<u>Actual</u>
ShotSpotter:		
Current Period Obligation	\$290,000	\$850,000
Wastewater Surveillance:		
Current Period Obligation	\$102,098	\$-

Period Ended March 31, 2023

	<u>Originally Reported</u>	<u>Actual</u>
ShotSpotter:		
Current Period Obligation	\$290,000	\$-
Wastewater Surveillance:		
Current Period Obligation	\$223,149	\$-

Prior Year: Yes – repeat finding 2022-003.

Recommendation: We recommend the City enhance internal controls to ensure *Project and Expenditure Reports* are prepared in accordance with governing requirements.

Views of Responsible Officials: The City of Sparks agrees with this finding.