WASHOE COUNTY

Integrity Communication Service

www.washoecounty.us

STAFF REPORT

BOARD MEETING DATE: February 12, 2019

DATE: Tuesday, February 12, 2019

TO: Board of County Commissioners

FROM: Nancy Parent, Washoe County Clerk
784-7287, nparent@washoecounty.us

THROUGH: Nancy Parent, Washoe County Clerk

SUBJECT: Acknowledge the communications and reports received by the Clerk on behalf of the Board of County Commissioners.

SUMMARY

This matter is brought to the Board's attention to publicly set forth on the record various communications and reports received by the Clerk on behalf of the Board of County Commissioners.

Washoe County Strategic Objective supported by this item:
Regional and Community Leadership

PREVIOUS ACTION

None.

BACKGROUND

None.

FISCAL IMPACT

None.

RECOMMENDATION

Acknowledge the communications and reports received by the Clerk on behalf of the Board of County Commissioners.

POSSIBLE MOTION

"Move to acknowledge of the communications and reports received by the Clerk on behalf of the Board of County Commissioners.

AGENDA ITEM # _____

COMMUNICATIONS AND REPORTS
February 12, 2019

The following communications and reports were received, duly noted, and ordered placed on file with the Clerk:

COMMUNICATIONS:

A. Letter from the Department of Conservation and Natural Resources Division of Water Resources to Washoe County, dated November 15, 2018, requesting the County remit a fee of $480 plus $1.25 per acre-foot of storage capacity to the State Engineer for the North Spanish Springs Flood Sediment Basin, Nevada Safety of Dams permit number J-579, NV10653.

B. Letter from the Department of Conservation and Natural Resources Division of Water Resources to Washoe County, dated November 15, 2018, requesting the County remit a fee of $480 plus $1.25 per acre-foot of storage capacity to the State Engineer for the North Spanish Springs Flood Detention Facility, Nevada Safety of Dams permit number J-580, NV10654.

C. Letter from the Department of Conservation and Natural Resources Division of Water Resources to the Washoe County Commissioners, dated November 29, 2018, requesting the Board levy a special assessment in the amount of $4,000 for assessment against each water user, for distribution of the waters of the Warm Springs/Winnemucca Creek Distribution.

D. Letter from the Department of Conservation and Natural Resources Division of Water Resources to Washoe County, dated January 4, 2019, notifying the County of a 30 day final notice for certificate 3349 (permit 12502) and stating the certificate was in danger of being declared forfeited.

E. Letter from the Department of Conservation and Natural Resources Division of Water Resources to the Washoe County Commissioners, dated January 4, 2019, requesting the Board levy a special assessment in the amount of $2,134.76 on all taxable property within the confines of the Hualapai Flat Groundwater Basin for Fiscal Year July 1, 2019 to June 30, 2020.

F. Letter from the Department of Conservation and Natural Resources Division of Water Resources to the Washoe County Commissioners, dated January 4, 2019, requesting the Board levy a special assessment in the amount of $68.91 on all taxable property within the confines of the Black Rock Desert Groundwater Basin for Fiscal Year July 1, 2019 to June 30, 2020.

G. Letter from the Department of Conservation and Natural Resources Division of Water Resources to the Washoe County Commissioners, dated January 4, 2019,

requesting the Board levy a special assessment in the amount of $1,371.22 on all taxable property within the confines of the Honey Lake Valley Groundwater Basin for Fiscal Year July 1, 2019 to June 30, 2020.

H. Second notice letter from the Department of Conservation and Natural Resources Division of Water Resources to Washoe County, dated January 8, 2019, requesting the County remit a fee of $480 plus $1.25 per acre-foot of storage capacity to the State Engineer for the North Spanish Springs Flood Sediment Basin, Nevada Safety of Dams permit number J-579, NV10653.

I. Second notice letter from the Department of Conservation and Natural Resources Division of Water Resources to Washoe County, dated January 8, 2019, requesting the County remit a fee of $480 plus $1.25 per acre-foot of storage capacity to the State Engineer for the North Spanish Springs Flood Detention Facility, Nevada Safety of Dams permit number J-580, NV10654.

J. Letter from the Department of Conservation and Natural Resources Division of Water Resources to the Washoe County Commissioners, dated January 16, 2019, requesting the Board levy a special assessment in the amount of $4,217.83 on all taxable property within the confines of the San Emidio Desert Groundwater Basin for Fiscal Year July 1, 2019 to June 30, 2020.

K. Email from Director of Finance at Incline Village General Improvement District (IVGID) Gerald W. Eick, dated January 14, 2019, requesting page 49 of the IVGID Comprehensive Annual Financial Report be replaced.

L. Letter from the Office of the Washoe County Treasurer to the Washoe County Commissioners, dated January 17, 2019, stating the Washoe County Parks Trust Account was closed on January 17, 2019.

QUARTERLY STATEMENTS:

A. Office of the Washoe County Clerk, Quarterly Financial Statement for 2nd Quarter FY 2018-2019 ending December 31, 2018.

B. Office of the Washoe County Clerk of the Court, Quarterly Financial Statement ending December 2018.

ANNUAL STATEMENTS:

A. Carson-Truckee Water Conservancy District, Financial Statements, June 30, 2018.

B. Truckee Meadows Water Reclamation Facility, Financial Statements, June 30, 2018.

C. Washoe County Water Conservation District, Financial Statements, Required Supplementary Information and Other Supplemental Information, June 30, 2018 and 2017.

D. City of Sparks, Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018.

E. City of Reno, Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018.

F. Truckee Meadows Water Authority, Comprehensive Annual Financial Report for years ended June 30, 2018 and 2017.

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

November 15, 2018
Corrected Letter

Washoe County
P.O. Box 11130
Reno, NV 89520

Re: Annual dam storage fee, J-579

Ladies and Gentlemen:

Pursuant to Nevada Revised Statute (NRS) §533.435, the State Engineer shall collect an annual dam storage fee for all flood control detention basins. The fee is calculated as $480.00 plus $1.25 per acre-foot of storage capacity.

Our records show that Washoe County is the owner of:
North Spanish Springs Flood Sediment Basin, Nevada Safety of Dams permit number J-579, NV10653.

This dam has an authorized capacity of 108 acre-feet. Therefore, the storage fee for Fiscal Year 2019, (July 1, 2018 through June 30, 2019) is $615.00. Please remit this fee payable to the Nevada Division of Water Resources by December 31, 2018.

If your annual dam storage fee is in excess of $10,000.00 singly or in aggregate, we must receive payment by electronic transfer pursuant to NRS §353.1467. Please see the enclosed information on electronic transfers.

Thank you for your cooperation. If you have any questions, please visit our website at water.nv.gov or feel free to call Chris Thorson, P.E. at (775) 684-2800.

Sincerely,

Jason King, P.E.
State Engineer

EW/sg
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

Hasler
01/02/2019
US POSTAGE $000.40[8]

FIRST-CLASS MAIL
AUTO

ZIP 89701
011E12651137

Washoe County
1001 E 9th Street
Reno, NV 89512

LADJSAB 89512

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
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901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

November 15, 2018
Corrected Letter

Washoe County
P.O. Box 11130
Reno, NV 89520

Re: Annual dam storage fee, J-580

Ladies and Gentlemen:

Pursuant to Nevada Revised Statute (NRS) §533.435, the State Engineer shall collect an annual dam storage fee for all flood control detention basins. The fee is calculated as $480.00 plus $1.25 per acre-foot of storage capacity.

Our records show that Washoe County is the owner of:
North Spanish Springs Flood Detention Facility, Nevada Safety of Dams permit number J-580, NV10654.

This dam has an authorized capacity of 435 acre-feet. Therefore, the storage fee for Fiscal Year 2019, (July 1, 2018 through June 30, 2019) is $1,023.75. Please remit this fee payable to the Nevada Division of Water Resources by December 31, 2018.

If your annual dam storage fee is in excess of $10,000.00 singly or in aggregate, we must receive payment by electronic transfer pursuant to NRS §353.1467. Please see the enclosed information on electronic transfers.

Thank you for your cooperation. If you have any questions, please visit our website at water.nv.gov or feel free to call Chris Thorson, P.E. at (775) 684-2800.

Sincerely,

Jason King, P.E.
State Engineer

EW/sg
Enclosure

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

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DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

November 29, 2018

Washoe County Commissioners
P.O. Box 11130
Reno, NV 89520-0027
Certified Mail: 9214 7969 0099 9790 1624 9045 21

RE: Warm Springs/Winnemucca Creek

Ladies and Gentlemen:

In accordance with the provisions of NRS §§ 533.280, 533.285 and 533.290, we respectfully submit the budget for the Fiscal Year July 1, 2019, to June 30, 2020. The assessment against each water user, which must be based upon the proportion which the water right of that water user bears to the aggregate water rights in the stream system, for the distribution of the waters of the Warm Springs/Winnemucca Creek Distribution as decreed and as prorated to those claimants within Washoe County and itemized on the accompanying list.

The amount of $4,000.00 will be required for the payment of necessary expenses incurred for supervision over distribution of the decreed water and include, but not limited to salaries of the water commissioners, special studies, water measurements, crop inventories, field investigations, associated data collection and management.

According to the Warm Springs Creek Decree, the Marshall Ranch is entitled to 43.48% of the waters, Buckhorn Land and Livestock is entitled to 37.22% of the waters and WSR Land, LLC is entitled to 19.30%. A spreadsheet of ownership and assessment is attached.

Sincerely,

P.E.

Jason King, P.E
State Engineer

JK/aa
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

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9214 7969 0099 9790 1624 9045 21

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11/29/2018
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ZIP 89701

Managers

Washoe County Commissioners
P.O. Box 11130
Reno, NV 89520

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DEC 24 2018
WASHOE COUNTY
COMMUNITY DEVELOPMENT

DEC 2018
RECEIVED
Office of Wa
County Manager

WASH130 895204335-1C10 009 12/12/18
RETURN TO SENDER
:WASHOE COUNTY
1001 E 9TH ST
RENO NV 89512-2845

RETURN TO SENDER

FWD

Jason King, P.E., State Engineer
Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Dear Mr. King:

I hereby certify that the State Engineer's budget for payment of necessary expenses for the supervision and distribution of the Warm Springs/Winnemucca Creek Decree for the Fiscal Year July 1, 2019, to June 30, 2020, in the amount of Four Thousand Dollars ($4,000.00), has been received by WASHOE COUNTY in accordance with the provisions of NRS §§ 533.280, 533.285 and 533.290.

The assessment rate necessary to support the proposed budget was acted upon by the COUNTY COMMISSION OF WASHOE COUNTY on the _____ day of _____, 20___, and the amount contained therein was certified to the ASSESSOR OF WASHOE COUNTY.

Respectfully submitted,

_____
COUNTY CLERK

HYDROGRAPHIC BASIN #084

Warm Springs Valley/Winnemucca Creek

Washoe County

Acre-Feet Subject to Assessment	Decreed
Charge Per Acre-Foot	$0.00
Excess Due to $1.00 Minimum Charge and Rounding	$0.00
Total Amount Assessed	**$4,000.00**

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	PROOF	USE	ACRE-FEET	Percentage	CHARGE	TOTALS
Marshall Ranch **625 Onyo Way** **Sparks, NV 89441**	076-690-42	Marshall Ranch	V02737 V02738 V02739	DEC DEC DEC	688.20	43.48%	$1,739.12	$1,739.12
Buckhorn Land and Livestock **8600 Technology Way, Suite 110** **Reno, NV 89521**	079-220-48	Buckhorn Land and Livestock	V02844	DEC	589.18	37.22%	$1,488.89	$1,488.89
WSR Land, LLC **8600 Technology Way, Suite 110** **Reno, NV 89521**	079-200-59	WSR Land, LLC	V02844	DEC	305.49	19.30%	$771.99	$771.99

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

30 DAY FINAL NOTICE — January 4, 2019 — 30 DAY FINAL NOTICE

Washoe County
1001 E. Ninth Street
Reno, NV 89520
Certified Mail: 9214 7969 0099 9790 1625 4150 88

RE: 30 Day Final Notice for Certificate **3349** (Permit **12502**)

To Whom It May Concern:

Our records indicate that you have not filed the required proof(s) and your certificate is in danger of being declared forfeited. An Application for an Extension of Time to Prevent a Forfeiture or Proof of Resumption along with the appropriate filing fee(s) with which to file the required proof(s) is/are required and filed with the State Engineer with thirty (30) days of the date of this final certified notice.

Per NRS § 534.090, if the Owner of the water right, within 30 days after the date of such final notice, fails to file the required proof of resumption of beneficial use or an application for an extension of time to prevent forfeiture, the State Engineer shall declare the right, or the portion of the right not returned to beneficial use, forfeited.

Please be advised that the permittee is responsible for notifying the State Engineer's Office of any address change. Furthermore, when multiple address are used by the applicant or agent, the required legal notices will be sent to the latest address of record and not to earlier addresses unless proper written notification from the applicant or agent directs otherwise.

If there are any questions regarding this notice, please contact our office at (775) 684-2800.

sl
cc: Jim Martin

Schedule of Fees:
Fee for filing Extension of Time to Prevent forfeiture - $120/permit
Fee for filing Proof of Resumption of Beneficial Use - $360/permit

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

CERTIFIED MAIL™

9214 7969 0099 9790 1625 4150 88

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Washoe County
1001 E. Ninth Street
Reno, NV 89520

JAN 2019
RECEIVED
Office of Washoe
County Manager

BSS128265 CC37

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
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901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 4, 2019

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512
CERTIFIED MAIL: 9214 7969 0099 9790 1625 4328 70

Ladies and Gentlemen:

Pursuant to the provisions of NRS § 534.040(2), it is respectfully requested that you levy a special assessment on all taxable property within the confines of the Hualapai Flat Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020. The levy must be charged against each water user who has a permit to appropriate water or a perfected water right, and the charge against each water user must be based upon the proportion which their water right bears to the aggregate water rights in the subject hydrographic basin, as officially designated on August 29, 2003.

The amount of $2,134.76 will be required for the payment of necessary expenses for supervision over the groundwater basin to include, but not limited to water level measurements, crop/pumpage inventories, field investigations, aquifer tests, well driller inspections, intent to drill card and well log review, associated data collection and management.

We are enclosing a certificate to be signed and returned indicating that the assessment rate necessary to support the proposed budget has been acted on by the County Commissioners and the amount certified to the Assessor.

Sincerely,

P.E.

Jason King, P.E.
State Engineer

JK/aa
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™

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ZIP 89701
011E12650766

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512

Jason King, P.E., State Engineer
Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Dear Mr. King:

I hereby certify that the State Engineer's budget for payment of necessary expenses for the supervision over the waters of the Hualapai Flat Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020, in the amount of Two Thousand One Hundred Thirty Four Dollars and Seventy Six Cents ($2,134.76), has been received by WASHOE COUNTY in accordance with the provisions of NRS § 534.040.

The assessment rate necessary to support the proposed budget was acted upon by the COUNTY COMMISSION OF WASHOE COUNTY on the _____ day of _____, 20__, and the amount contained therein was certified to the ASSESSOR OF WASHOE COUNTY.

Respectfully submitted,

_____
COUNTY CLERK

HYDROGRAPHIC BASIN # 24

Hualapai Flat

Washoe County

Acre-Feet Subject to Assessment	21,314.91
Charge Per Acre-Foot	$0.10
Excess Due to $1.00 Minimum Charge and Rounding	$3.27
Total Amount Assessed	**$2,134.76**

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION QTR	QTR	SECTION	TWP	RGE	PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
Blackstone Realty Investors, LLC 2295 South Hiawassee Rd, suite 207 Orlando, FL 32835	066-080-35	Blackstone Realty Investors, LLC	066-080-31	SE	NW	36	36N	23E	68938	QM	4.48	$1.00	$1,718.94
			066-080-35	NE	SW	36	36N	23E	68939	STK	2.49	$1.00	
			066-030-38	NE	SE	1	35N	23E	68977	IRR	496.00	$49.60	
			066-030-54	NW	NW	19	35N	24E	66704	IRR	1857.60	$185.76	
				NW	NE	24	35N	23E	66705	IRR			
				NW	NW	19	35N	24E	66706	IRR			
				NW	NE	24	35N	23E	66707	IRR			
				SE	SW	19	35N	24E	74405	IRR			
				SW	SE	24	35N	23E	66800	IRR	1886.40	$188.64	
				SW	SE	24	35N	23E	66802	IRR			
				SE	SW	19	35N	24E	66803	IRR			
				NW	NW	25	35N	23E	66801	IRR	1747.60	$174.76	
				NW	NW	30	35N	24E	66804	IRR			
				NW	NW	25	35N	23E	66805	IRR			
			066-030-55	NW	NE	11	35N	23E	23494	IRR	1280.00	$128.00	
				NW	SW	7	35N	24E	71875	IRR			
			066-030-56	NW	SE	13	35N	23E	18763	IRD	1243.60	$124.36	
				NW	SE	13	35N	23E	19579	IRD			
				SE	NE	13	35N	23E	23168	IRR	1280.00	$128.00	
				NE	NW	12	35N	23E	24645	IRD	636.00	$63.60	
		Blackstone Realty Investors, LLC	066-030-56	SW	SE	12	35N	23E	25599	IRR	1220.00	$122.00	
				NW	SW	7	35N	24E	71876	IRR			
				SW	NW	13	35N	23E	62249	IRR	1200.00	$120.00	
				NW	NW	12	35N	23E	66597	IRR	4322.19	$432.22	
				LT06		1	35N	23E	66598	IRR			
				NE	NW	36	36N	23E	66599	IRR			
				NE	SE	1	35N	23E	66600	IRR			
				LT06		1	35N	23E	66601	IRR			
				SE	SW	36	36N	23E	66602	IRR			
				SE	SW	36	36N	23E	74404	IRR			
				NW	NW	12	35N	23E	86608	IRR			
				NE	SE	1	35N	23E	86609	IRR			

HYDROGRAPHIC BASIN # 24

Hualapai Flat

Washoe County

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION					PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
				QTR	QTR	SECTION	TWP	RGE					
Burning Man Project 660 Alabama Street, 4th floor San Francisco, CA 94110	071-211-08	Burning Man Project	071-211-05	NW	NW	13	34N	23E	V09094	STK	65.16	$6.52	$26.08
			071-211-08	NE	SE	14	34N	23E	V09095	STK	65.16	$6.52	
			071-211-12	NE	SW	25	34N	23E	V09096	STK	65.16	$6.52	
			071-371-16	NW	SW	25	34N	23E	V09097	STK	65.16	$6.52	
Bright-Holland Corporation 8600 Technology Way, Wuite 110 Reno, NV 89521	071-332-06	Bright Holland Co	071-332-06	NW	NW	11	34N	23E	86224	COM	4.48	$1.00	$2.00
				SW	NE	26	34N	23E	86225	COM	1.54	$1.00	
High Rock Holding, LLC c/o Northern Nevada Renewable Resources 8060 Double R Blvd Reno, NV 89511	066-080-24	High Rock Holding, LLC	066-080-24	SE	SW	28	36N	23E	23235	IRR	649.24	$64.92	$64.92
				NW	NE	33	36N	23E	38910	IRR			
Jackson Family LP P. O. Box 214 Gerlach, NV 89412	066-030-20	Jackson Family Ltd Ptsp	066-030-20	SW	NE	25	35N	23E	18725	IRR	603.30	$60.33	$63.72
				SW	NE	25	35N	23E	84986	STK	33.90	$3.39	
Robert Parlasca 100 Circle Dr. Reno, NV 89509	011-293-29	BLM	No APN	SW	NW	25	35N	23E	V06830	STK	28.97	$2.90	$2.90
Sonterra Development Co, LLC c/o Mountain View Associates, LLC 5525 Kietzke Lane, Suite 102 Reno, NV 89511	040-972-20	Michael B. Stewart	066-030-53	SE	NE	23	35N	23E	18951	IRD	1280.00	$128.00	$255.20
				NW	NE	26	35N	23E	22659	IRD			
				SE	NE	23	35N	23E	22657	IRD	640.00	$64.00	
				NW	SE	26	35N	23E	22658	IRD	632.00	$63.20	
Washoe County Comptroller's Office P. O. Box 11130 Reno, NV 89520	unsecure	Black Rock City, LLC	066-030-23	NW	NW	36	35N	23E	69519	COM	4.48	$1.00	$1.00

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 4, 2019

Washoe County Commissioners
P. O. Box 11130
Reno, NV 89520
CERTIFIED MAIL: 9214 7969 0099 9790 1625 3131 17

Ladies and Gentlemen:

Pursuant to the provisions of NRS § 534.040(2), it is respectfully requested that you levy a special assessment on all taxable property within the confines of the Black Rock Desert Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020. The levy must be charged against each water user who has a permit to appropriate water or a perfected water right, and the charge against each water user must be based upon the proportion which their water right bears to the aggregate water rights in the subject hydrographic basin, as officially designated on September 5, 2013.

The amount of $ 68.91 will be required for the payment of necessary expenses for supervision over the groundwater basin to include, but not limited to water level measurements, crop/pumpage inventories, field investigations, aquifer tests, well driller inspections, intent to drill card and well log review, associated data collection and management.

We are enclosing a certificate to be signed and returned indicating that the assessment rate necessary to support the proposed budget has been acted on by the County Commissioners and the amount certified to the Assessor.

Sincerely,

P.E.

Jason King, P.E.
State Engineer

JK/aa
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

CERTIFIED MAIL™

9214 7969 0099 9790 1625 3131 17

Hasler
01/04/2019
FIRST-CLASS MAIL
US POSTAGE $006.67⁰
ZIP 89701
011E12651137

Washoe County Commissioners
P. O. Box 11130
Reno, NV 89520

JAN 2019
RECEIVED
Office of Washoe
County Manager

Jason King, P.E., State Engineer
Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Dear Mr. King:

I hereby certify that the State Engineer's budget for payment of necessary expenses for the supervision over the waters of the Black Rock Desert Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020, in the amount of Sixty Eight Dollars and Ninety One Cents ($68.91), has been received by WASHOE COUNTY in accordance with the provisions of NRS § 534.040.

The assessment rate necessary to support the proposed budget was acted upon by the COUNTY COMMISSION OF WASHOE COUNTY on the _____ day of _____, 20__, and the amount contained therein was certified to the ASSESSOR OF WASHOE COUNTY.

Respectfully submitted,

_____
COUNTY CLERK

HYDROGRAPHIC BASIN # 28

Black Rock Desert

Washoe County

Acre-Feet Subject to Assessment	459.43
Charge Per Acre-Foot	$0.15
Excess Due to $1.00 Minimum Charge and Rounding	$0.00
Total Amount Assessed	**$68.91**

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION					PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
				QTR	QTR	SECTION	TWP	RGE					
Mott, Jola Guisasola **P.O. Box 193** **Gerlach, NV 89412**	071-180-29	Mott, Jola Guisasola	071-180-29	NW	SE	26	33N	23E	21115	IRR	139.43	$20.91	$20.91
Bright Holland Corporation **8600Technology Way, suite 110** **Reno, NV 89521**	071-350-02	Bright Holland Co	071-350-05	SE	NW	26	33N	23E	75230	IRR	320.00	$48.00	$48.00

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 4, 2019

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512
CERTIFIED MAIL: 9214 7969 0099 9790 1625 4335 87

Ladies and Gentlemen:

Pursuant to the provisions of NRS § 534.040(2), it is respectfully requested that you levy a special assessment on all taxable property within the confines of the Honey Lake Valley Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020. The levy must be charged against each water user who has a permit to appropriate water or a perfected water right, and the charge against each water user must be based upon the proportion which their water right bears to the aggregate water rights in the subject hydrographic basin, as officially designated on January 15, 1985.

The amount of $1,371.22 will be required for the payment of necessary expenses for supervision over the groundwater basin to include, but not limited to water level measurements, crop/pumpage inventories, field investigations, aquifer tests, well driller inspections, intent to drill card and well log review, associated data collection and management.

We are enclosing a certificate to be signed and returned indicating that the assessment rate necessary to support the proposed budget has been acted on by the County Commissioners and the amount certified to the Assessor.

Sincerely,

P.E.

Jason King, P.E.
State Engineer

JK/aa
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™

9214 7969 0099 9790 1625 4335 87

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512

Hasler FIRST-CLASS MAIL
01/04/2019
US POSTAGE $006.67⁰

ZIP 89701
011E12650766

JAN 2019
RECEIVED
Office of Washoe
County Manager

Jason King, P.E., State Engineer
Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Dear Mr. King:

I hereby certify that the State Engineer's budget for payment of necessary expenses for the supervision over the waters of the Honey Lake Valley Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020, in the amount of One Thousand Three Hundred Seventy One Dollars and Twenty Two Cents ($1,371.22), has been received by WASHOE COUNTY in accordance with the provisions of NRS § 534.040.

The assessment rate necessary to support the proposed budget was acted upon by the COUNTY COMMISSION OF WASHOE COUNTY on the _____ day of _____, 20__, and the amount contained therein was certified to the ASSESSOR OF WASHOE COUNTY.

Respectfully submitted,

_____
COUNTY CLERK

HYDROGRAPHIC BASIN #097

Honey Lake Valley
Washoe County

Acre-Feet Subject to Assessment	13,682.67
Charge Per Acre-Foot	$0.10
Excess Due to $1.00 Minimum Charge and Rounding	$2.95
Total Amount Assessed	**$1,371.22**

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION QTR	QTR	SECTION	TWP	RGE	PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
Espil Sheep Co. **c/o Espil, Brent & Vicki** **P.O. Box 150** **Gerlach, NV 89412**	074-270-02	BLM	074-211-17	SE	SE	13	27N	18E	49659	STK	0.05	$1.00	$1.00
Fish Springs Ranch LLC **3480 GS Richards Blvd, Suite 101** **Carson City, NV 89703-8442**	074-070-74	Fish Springs Ranch LLC	074-040-56	NE	SW	25	26N	18E	78966	STK	11.20	$1.12	$6.22
			074-070-74	NW	NW	29	26N	19E	78967	STK			
			074-070-28	SE	SE	30	26N	19E	78968	STK			
			074-412-19	NW	SW	10	26N	19E	78969	STK			
			074-242-06	NW	SW	14	27N	19E	21363	STK	6.81	$1.00	
			074-211-17	SE	SE	13	27N	18E	49659	STK	0.21	$1.00	
			074-390-20	SE	NE	25	27N	19E	70392	STK	3.40	$1.00	
			074-070-74	SW	SW	20	26N	19E	80101	QM	10.10	$1.01	
			074-070-74	SW	SW	20	26N	19E	80102	QM	10.90	$1.09	
McDonough, James J., Jr. **7583 Water View Way** **Reno, NV 89511**	074-390-09	Mcdonough, James J Jr & Andrea I	074-390-09	NW	SE	22	27N	19E	45633	IRR	640.00	$64.00	$64.00

Fiscal Year 2019-2020

HYDROGRAPHIC BASIN #097

Honey Lake Valley
Washoe County

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION					PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
				QTR	QTR	SECTION	TWP	RGE					
TMWA c/o Natural Resources Attn: Elizabeth Crook P.O. Box 30013 Reno, NV 89520-3013	Unsecured	Fish Springs Ranch	074-040-56	NE	SW	25	26N	18E	53419	MUN	13,000.00	$1,300.00	$1,300.00
			074-070-28	SE	SE	30	26N	19E	53423	MUN			
			074-070-28	SE	SE	30	26N	19E	53424	MUN			
			074-412-18	NW	SW	10	26N	19E	53433	MUN			
			074-412-18	NW	SW	10	26N	19E	54134	MUN			
			074-040-59	NW	SE	26	26N	18E	54138	MUN			
			074-070-74	NW	NW	29	26N	19E	74685	MUN			
			074-412-45	NW	NE	16	26N	19E	74686	MUN			
			074-412-18	NE	SW	10	26N	19E	74687	MUN			
			074-040-15	SE	NE	25	26N	18E	78118	MUN			
			074-040-15	SE	NE	25	26N	18E	78119	MUN			
			074-040-15	SE	NE	25	26N	18E	78120	MUN			
			074-040-15	SE	NE	25	26N	18E	78121	MUN			
			074-040-15	SE	NE	25	26N	18E	78122	MUN			
			074-040-15	SE	NE	25	26N	18E	78123	MUN			
			074-040-15	SE	NE	25	26N	18E	78124	MUN			
			074-070-28	SE	SE	30	26N	19E	78125	MUN			
			074-070-74	NW	NW	29	26N	19E	78126	MUN			
			074-070-74	NW	NW	29	26N	19E	78127	MUN			
			074-412-45	NW	NE	16	26N	19E	78128	MUN			
			074-412-45	NW	NE	16	26N	19E	78129	MUN			
			074-412-18	NW	SW	10	26N	19E	78130	MUN			
			074-412-18	NW	SW	10	26N	19E	78131	MUN			
			074-412-18	NW	SW	10	26N	19E	78132	MUN			
			074-412-18	NW	SW	10	26N	19E	78133	MUN			
			074-412-18	NE	SW	10	26N	19E	78134	MUN			
			074-412-18	NE	SW	10	26N	19E	78135	MUN			
BLM		BLM	074-211-17	SE	SE	13	27N	18E	49659	STK	0.38	Billed Seperately	

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 8, 2019

Washoe County
1001 E. Ninth Street
Reno, NV 89512
Certified Mail: 9214796900999790162548088 8

Re: **SECOND NOTICE** annual dam storage fee, J-579

Dear Sir or Madame:

On November 8, 2018, you were notified by mail that a fee of $615.00 was due to this office by December 31, 2018. Our records indicate that Washoe County is the owner of North Spanish Springs Flood Sediment Basin, permit number J-579. Pursuant to NRS 533.435, the State Engineer shall collect an annual dam storage fee for all floodwater detention dams in the amount of $480.00 plus $1.25 per acre-foot of storage capacity. North Spanish Springs Flood Sediment Basin has a flood capacity of 108 acre-feet.

Therefore, please remit the annual storage fee of $615.00 by March 1, 2019. Failure to remit the statutory fee may result in administrative or legal action to recover the debt.

If your annual dam storage fee is in excess of $10,000.00 singly or in aggregate, we must receive payment by electronic transfer pursuant to NRS §353.1467. Please see the attached information on electronic transfers.

Thank you for your cooperation. If you have any questions, please feel free to call Erin Warnock at (775)684-2890.

Sincerely,

Jason King, P.E.
State Engineer

EW/sg
Enclosure

BRIAN SANDOVAL
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

February 2, 2018

Please Note: Pursuant to NRS 353 all payments of money owed to a state agency for taxes, interest, penalties or any other obligations that, in the aggregate, amount to $10,000 or more must be made by electronic transfer such as an ACH Payment or a wire transfer. See below for the electronic transfer information:

NAME:	**State of Nevada Treasurer**
BANK:	**Wells Fargo Bank**
ADDRESS:	**530 Las Vegas Blvd. S., 2nd Floor Las Vegas, NV 89101**
ROUTING & TRANSIT #:	**121000248 (for both ACH and Wires)**
ACCOUNT #:	**4000101030**

The ACH or Wire Transfer description must include Water Resources agency number, which is 705, and include the information that identifies what the payment is for, i.e., permit, water right application, extension of time or dam application.

Prior to making the transaction, please notify this office (Katie Baldwin (775) 684-2863) so we can advise the State Treasurer's office of the incoming funds for credit to the proper account. If you need more information or have any questions, please contact:

Katie Bradley, Management Analyst III
State of Nevada, Division of Water Resources
Phone: 775-684-2863
Fax: 775-684-2811
e-mail: kbradley@water.nv.gov

STATE OF NEVADA

BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 8, 2019

Washoe County
1001 E. Ninth Street
Reno, NV 89512
Certified Mail: 9214796900999790162548088 8

Re: **SECOND NOTICE** annual dam storage fee, J-580

Dear Sir or Madame:

On November 8, 2018, you were notified by mail that a fee of $1,023.75 was due to this office by December 31, 2018. Our records indicate that Washoe County is the owner of North Spanish Springs Flood Detention Facility, permit number J-580. Pursuant to NRS 533.435, the State Engineer shall collect an annual dam storage fee for all floodwater detention dams in the amount of $480.00 plus $1.25 per acre-foot of storage capacity. North Spanish Springs Flood Detention Facility has a flood capacity of 435 acre-feet.

Therefore, please remit the annual storage fee of $1,023.75 by March 1, 2019. Failure to remit the statutory fee may result in administrative or legal action to recover the debt.

If your annual dam storage fee is in excess of $10,000.00 singly or in aggregate, we must receive payment by electronic transfer pursuant to NRS §353.1467. Please see the attached information on electronic transfers.

Thank you for your cooperation. If you have any questions, please feel free to call Erin Warnock at (775)684-2890.

Sincerely,

Jason King, P.E.
State Engineer

EW/sg
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™

9214 7969 0099 9790 1625 4808 88

Washoe County
1001 E. Ninth Street
Reno, NV 89512

Hasler
01/09/2019
US POSTAGE

FIRST-CLASS MAIL
$06.67⁰

ZIP 89701
011D12602121

8851282845 0097

STEVE SISOLAK
Governor

STATE OF NEVADA

BRADLEY CROWELL
Director

TIM WILSON, P.E.
Acting State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES
901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
http://water.nv.gov

January 16, 2019

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512
CERTIFIED MAIL: 9214 7969 0099 9790 1625 6263 47

Ladies and Gentlemen:

Pursuant to the provisions of NRS § 534.040(2), it is respectfully requested that you levy a special assessment on all taxable property within the confines of the San Emidio Desert Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020. The levy must be charged against each water user who has a permit to appropriate water or a perfected water right, and the charge against each water user must be based upon the proportion which their water right bears to the aggregate water rights in the subject hydrographic basin, as officially designated on May 28, 1980.

The amount of $4,217.83 will be required for the payment of necessary expenses for supervision over the groundwater basin to include, but not limited to water level measurements, crop/pumpage inventories, field investigations, aquifer tests, well driller inspections, intent to drill card and well log review, associated data collection and management.

We are enclosing a certificate to be signed and returned indicating that the assessment rate necessary to support the proposed budget has been acted on by the County Commissioners and the amount certified to the Assessor.

Sincerely,

Tim Wilson, P.E.

Tim Wilson, P.E.
Acting State Engineer

TW/aa
Enclosure

4171
STATE OF NEVADA
DIVISION OF WATER RESOURCES
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Return Service Requested

CERTIFIED MAIL™

9214 7969 0099 9790 1625 6263 47

Washoe County Commissioners
1001 E. Ninth Street
Reno, NV 89512

Hasler
01/16/2019
US POSTAGE
FIRST-CLASS MA
$06.67⁰
ZIP 8970
011D12602121

JAN 2019
RECEIVED
Office of Washoe
County Manager

8851282845 C097

Tim Wilson, P.E., Acting State Engineer
Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, Nevada 89701

Dear Mr. Wilson:

I hereby certify that the State Engineer's budget for payment of necessary expenses for the supervision over the waters of the San Emidio Desert Groundwater Basin for the Fiscal Year July 1, 2019, to June 30, 2020, in the amount of Four Thousand Two Hundred Seventeen Dollars and Eighty Three Cents ($4,217.83), has been received by WASHOE COUNTY in accordance with the provisions of NRS § 534.040.

The assessment rate necessary to support the proposed budget was acted upon by the COUNTY COMMISSION OF WASHOE COUNTY on the _____ day of _____, 20__, and the amount contained therein was certified to the ASSESSOR OF WASHOE COUNTY.

Respectfully submitted,

_____
COUNTY CLERK

BASIN ASSESSMENT SUMMARY

HYDROGRAPHIC BASIN # 22

San Emidio Desert
Washoe County

Acre-Feet Subject to Assessment	10,544.55
Charge Per Acre-Foot	$0.40
Excess Due to $1.00 Minimum Charge and Rounding	$0.01
Total Amount Assessed	**$4,217.83**

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION QTR	QTR	SECTION	TWP	RGE	PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
Alex D & Anne K Zawacki, Dusty Youren, and Leeta Miller P.O. Box 754 Crane, OR 97732	071-020-01	BLM	071-030-06	SW	NW	36	29N	22E	44836	STK	10.50	$4.20	$5.99
		BLM	071-030-06	NE	NW	34	29N	23E	54248	STK	4.48	$1.79	
Sonterra Development Co, c/oGranite Investment Group, 250 Chism Street Reno, NV 89503	071-060-05	Granite Investment	071-060-05	SE	SE	25	30N	22E	28087	IRR	4126.00	$1,650.40	$1,886.40
				NW	SE	13	30N	22E	28088	IRR			
				NW	SE	13	30N	22E	29143	IRR			
			071-060-06	SW	SE	24	30N	22E	30898	IRR			
				SW	SE	24	30N	22E	74725	IRR			
				SW	SE	24	30N	22E	74726	IRR			
				SE	SE	25	30N	22E	74727	IRR			
				SE	SE	25	30N	22E	74728	IRR			
				SE	SE	25	30N	22E	74729	IRR			
			071-060-06	NW	SE	13	30N	22E	74730	IRR			
				NW	SE	13	30N	22E	74731	IRR			
				NW	SE	13	30N	22E	74732	IRR			
				SE	SE	25	30N	22E	74733	IRR			
			071-060-06	SW	SE	24	30N	22E	74734	IRR			
				SE	SE	25	30N	22E	74735	IRR			
				SE	SE	25	30N	22E	74736	IRR			
				SE	SE	25	30N	22E	79881	IRR			
		Granite Investment	071-060-08	NW	SE	1	30N	22E	26963	IRR	194.00	$77.60	
				NW	SE	1	30N	22E	68755	IRR	276.00	$110.40	
				NW	SE	1	30N	22E	70991	IRR	34.00	$13.60	
		Granite Investment	071-060-19	SE	NW	25	30N	22E	64133	QM	86.00	$34.40	
				NE	NW	25	30N	22E	64134	QM			

BASIN ASSESSMENT SUMMARY

HYDROGRAPHIC BASIN # 22

San Emidio Desert
Washoe County

NDWR OWNER OF RECORD	BILLING APN	POD PARCEL OWNER	POD APN	POD DESCRIPTION QTR	QTR	SECTION	TWP	RGE	PERMIT	USE	ACRE-FEET	CHARGE	TOTALS
U.S. Geothermal, Inc. c/o USG Nevada LLC 390 East Parkcenter Blvd Suite 250 Boise, ID 83706	071-070-19	U. S. Geothermal, Inc.	071-070-19	SE	NE	36	30N	22E	66946	IND	5.00	$2.00	$1,824.88
				SE	NE	36	30N	22E	68756	IND	361.99	$144.80	
				SE	NE	36	30N	22E	69320	IND	361.99	$144.80	
				SE	NE	36	30N	22E	79899	IND	575.20	$230.08	
				SE	NE	36	30N	22E	79900	IND			
		U. S. Geothermal, Inc.	071-070-19	NE	SE	16	29N	23E	63702	COM	3258.00	$1,303.20	
				NE	SE	16	29N	23E	66088	PWR			
				NE	SE	16	29N	23E	67162	PWR			
United States Gypsum Attn: Thompson Reuters Pts 550 W. Adams Street Chicago, IL 60661	unsecured	Empire Mining Co LLC	071-120-01	SW	SE	11	31N	23E	17998	MM	1108.21	$443.28	$443.28
				NE	NE	14	31N	23E	19985	MM			
				NW	SW	13	31N	23E	62302	OTH			
				NE	NE	14	31N	23E	76211	MM			
Empire Mining Co LLC PO Box 157 Gerlach, NV 89412	071-120-01	Empire Mining Co LLC	071-120-01	NE	NE	14	31N	23E	25768	IND	143.18	$57.27	$57.27
BLM		BLM	071-030-06	SW	NW	36	29N	22E	44836	STK	10.50	Billed Seperately	

Gassaway, Doni

From: Sonderfan, Derek
Sent: Monday, January 14, 2019 9:37 AM
To: Gassaway, Doni
Subject: FW: Updated page 49 for IVGID
Attachments: 2018-CAFReport_FINAL-1-8-19 Page 49.pdf

To add to C&Rs. Since it's just C&Rs, I'd just swap out the page, no need to print this email too.

CAFR included in C&R's 1/08/19

Derek Sonderfan
Supervisor, Board Records and Minutes
Washoe County Clerk's Office
dsonderfan@washoecounty.us | Office: 775.784.7275
1001 East 9th Street, Reno, NV 89512

From: Eick, Gerald W. [mailto:gwe@ivgid.org]
Sent: Monday, January 14, 2019 9:29 AM
To: Eick, Gerald W.
Subject: Updated page 49 for IVGID

Please note the new page 49, the old version had inappropriate dates. No financial values have changed.

Gerald W. Eick, CPA CGMA
Director of Finance
Incline Village General Improvement District
893 Southwood Blvd.
Incline Village, NV 89451
P: 775-832-1365
F: 775-832-1122
M: 775-220-7413
gwe@ivgid.org
http://ivgid.org

8. LONG-TERM DEBT

All of the District's Long Term Bonds are collateralized by a pledge of revenues derived and to be derived from the operation of either the Utility, Community Services or Beach venues, after deduction there from of the amount necessary to pay all operating and maintenance charges as required by applicable bond agreements. The District is also required to maintain rates sufficient to pay all maintenance, depreciation, replacement, betterment, and interest charges.

Outstanding Long-Term Debt as of June 30, 2018

Governmental Activities:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Current Portion
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	$1,848,000	$350,000
Total Recreation Revenue Supported Debt					**$1,848,000**	**$350,000**
Business Type Activities:						
Utility						
State of Nevada						
Sewer C32-0204	10/28/02	01/01/23	3.144%	$1,720,380	$ 590,633	$ 110,875
Water IVGID-1	09/09/04	07/01/25	3.082%	1,687,282	755,855	91,048
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	1,482,764	168,270
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	2,289,352	139,485
Total Utility Revenue Supported Debt					$5,118,604	**$ 509,678**
Total Debt – All Activities					**$6,966,604**	**$859,678**

Long-Term bonded debt activity for the year

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
General Obligation	$7,107,102	$ -	$1,486,986	$5,620,116	$657,755
Revenue	1,542,263	-	195,775	1,346,488	201,923
Total	8,649,365	-	1,682,761	6,966,604	$859,678
Bond discounts	(8,649)	-	(1,666)	(6,983)	
Bond Premiums	14,997	-	14,997	-	
Long-term Debt, net	$8,655,713	$ -	$1,696,092	$6,959,621	

OFFICE OF THE WASHOE COUNTY TREASURER

Tammi Davis, Treasurer

1001 E 9TH St – D140
P O Box 30039
Reno NV 89520-3039

January 17, 2019

BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA

RE: WASHOE COUNTY PARKS TRUST ACCOUNT

Honorable Commissioners:

The Board of County Commissions on September 16, 1980, upon recommendation of Gene Sullivan, Director of the Department of Parks and Recreation, on motion by Commissioner Brown, seconded by Commissioner Stoess, which motion duly carried, Chairman Farr ordered that the Parks Department be authorized to establish a trust account for the purpose of issuing checks requiring two signatures to refund key and cleaning deposits.

Process improvements have been made which automated manual processes associated with the collection of park reservation fees and deposits. The process to refund customer deposits has also been improved. The funds can now be accounted for separately in the County's financial system which eliminates the need for a separate bank account.

On January 4, 2019, the funds in the amount of $1,490.00 were deposited into the Washoe County's main bank account and accounted for in the Washoe County Community Services account 240131-111200. The Washoe County Parks Trust Bank account was officially closed on January 17, 2019.

Respectfully,

Brenda Mathers

Brenda Mathers, Chief Deputy Treasurer

CC: Ben Hutchins, Community Services Department
Samantha Pierce, Internal Auditor

COUNTY CLERK'S QUARTERLY FINANCIAL STATEMENT
STATE OF NEVADA, COUNTY OF WASHOE

2ND QUARTER FY 2018/2019
OCTOBER 1ST – DECEMBER 31ST

Nancy Parent, County Clerk, in compliance with NRS 19.090, and being first duly sworn, and under penalty of perjury, deposes and says that the following is a full and correct statement of all fees, percentages or compensation received in my official capacity during the preceding three months:

COUNTY FEES COLLECTED	
Fee Type	**Quarterly Total**
COUNTY GENERAL FUND FEES	
Clerk Marriage Fees	$ 33,432.00
Clerk Solemnization Fees	$ 11,620.00
Fictitious Firm Name Fees	$ 17,500.00
Notary Fees	$ 3,555.00
Power of Attorney Fees	$ -
Affidavit of Correction Fees	$ 125.00
Certificate of Search	$ 60.00
Copy and Certification Fees	$ 13,100.00
Recorder Marriage Fees	$ 15,920.00
Officiant Fees	$ 1,550.00
CLERK TECHNOLOGY FUND	$ 1,185.00
OVER/SHORT ADJUSTMENTS*	$ -
TOTAL COUNTY FEES COLLECTED	**$ 98,047.00**

*OVER/SHORT ADJUSTMENTS NOT PART OF TOTAL COUNTY FEES COLLECTED

STATE FEES COLLECTED	
Fee Type	**Quarterly Total**
Domestic Violence Fees - Marriage	$ 39,800.00
Domestic Violence Fees - Ceremony	$ 830.00
State Marriage Fees	$ 6,368.00
TOTAL STATE FEES COLLECTED	**$ 46,998.00**

TOTAL OF ALL FEES COLLECTED	**$ 145,045.00**

Nancy L. Parent

NANCY PARENT
Washoe County Clerk

Subscribed and sworn to before me
this 8 day of January, 2019

Catherine Smith

Deputy Clerk

CLERK OF THE COURT

QUARTERLY FINANCIAL STATEMENT

STATE OF NEVADA, COUNTY OF WASHOE

Quarter Ending DECEMBER 2018

Jacqueline Bryant,Clerk of the Court, in compliance with NRS 19.090,and being first duly sworn, and under penalty of perjury, deposes and says that the following is a full and correct statement of all fees, percentages or compensation received in my official capacity during the preceding three months:

Clerk of the Court	Law Library Fund	$	14,175.00
	Additional Divorce Filing Fee	$	360.00
	*County General Fund	$	394,986.50
	State Civil Fee	$	49,968.00
	Legal Aid Filing Fee	$	58,692.00
	TOTAL		$518,181.50

Jacqueline Bryant
District Court Administrator/Clerk of Court

* Included in County General Fund are the following fees: balance of civil action, certified copies of all miscellaneous.

CASH REGISTER READOUT	
T.R. Rec.No. (Doc. No)	

UNIT ID. CLERK - JUDICIAL
Date: January 03, 2018

FOR AUDIT AND CONTROL PURPOSES PLEASE INDICATE THE REASON FOR THIS COLLECTION.
(Attach any additional document if this would help to clarify the collection.)

DISTRICT COURT FEES COLLECTED FOR 2ND QTR 18/19

ACCOUNTS TO BE CREDITED								
CR/GF/OP	ACCOUNT DESCRIPTION	ACCOUNTING CODE NUMBERS ORDER	COST CENTER	ACCOUNT	AMOUNT			
OP	Legal Aid (Washoe Legal Services) (01)		990023	441007	30,886.00	legalaid	$	58,692.00
OP	Legal Aid (Elderly Indigent) Sr. Center (02)		250411	460720	10,476.00			
OP	State Civil (03)		990019	441022	29,600.00	state civil	$	49,966.00
GF	Law Library (04)		123100	460222	14,172.00	law library	$	14,175.00
GF	Clerk Fees (05,6,7)		120101	460210	80,610.50	general	$	394,036.50
CR	DC Technology SB108 (06)	20038	120105	460210	1,440.00			
OP	Legal Aid (Washoe Legal Services) (08)		990023	441078	17,330.00			
GF	Additional Divorce Answer Fee (09)		120231	460220	360.00	add'l div	$	360.00
GF	Mediation (10)		120331	471205	6,650.00			
OP	Neighborhood Justice Center (10J)		270710	460225	6,650.00			
GF	Arbitration (11)		120111	471215	6,650.00	TOTAL:	$	518,181.50
OP	Displaced Homemakers (12)		990019	441021	11,385.00			
GF	Divorce Training (13)		120231	460223	1,930.00			
GF	Family Mediation Fee (14)		120331	471210	6,450.00			
GF	CD Recording/Record on CD (15,17)		120311	485300	5,475.00			
OP	Vital Statistics (State of NV) (18)		990019	441004	3,860.00			
OP	State of NV (OAC/Tech) (19)		990019	441020	3,333.00			
OP	State of NV (OAC/Judges) (20)		990019	441019	1,240.00			
CR	Court Expansion Fees AB65 (21)	20326		460211	189,954.00			
CR	Court Security Fees AB65 (22)	20335		460213	25,810.00			
CR	Mtn to Modify Div SB388	20408		460214	4,170.00			
CR	Opp Mtn to Mod Div SB388	20409		460215	870.00			
GF	eFile Subscription		120106	460212	45,889.00			
GF	Attorney ID Badge Fee		120101	485320	225.00			
GF	Attorney ID Badge Fee PW		160100	485100	-			
GF	Law Library Fine/Fee		123100	485100	3.00			
OP	Foreclosure Mediation State (34)		990019	460221	650.00			
GF	Foreclosure Mediator (35)	20444		460220	2,200.00			
GF	Over/Short (Filing Office)		120231	711300	3.00			

Credit Card WM:
Fee Bank Total:
Currency:

TOTAL: $ -

TOTAL $ 518,181.50

Prepared By: H. Potts

ACCEPTED BY: TAMMI DAVIS
Washoe County Treasurer

Rev 05/07

		Quarterly Total
Legal Aid (WLS)	01	$30,886.00
Legal Aid Sr. Center	02	$10,476.00
State Civil	03	$29,600.00
Law Library	04	$14,172.00
Clerk Fees	05,6,7	$80,610.50
DC Technology SB106	06	$1,440.00
Legal Aid (WLS)	08	$17,330.00
Add'l Divorce Answer	09	$360.00
Mediation	10	$6,650.00
Neighborhood Justice	10J	$6,650.00
Arbitration	11	$6,650.00
Displaced Homemakers	12	$11,385.00
Divorce Training	13	$1,930.00
Family Mediation Fee	14	$6,450.00
Video Tapes	15,17	$5,475.00
Vital Statistics	18	$3,860.00
State of NV AOC/Tech	19	$3,333.00
State of NV AOC/Judge	20	$1,240.00
Court Expansion Fees AB65	21	$199,964.00
Court Security Fee AB65	22	$25,810.00
Mtn to Mod Div SB388	22JP	$4,170.00
Opp Mtn to Mod Div SB388	22OP	$870.00
eFile Subscription	30	$45,889.00
Attorney ID Badge Fee	31	$225.00
Attorney ID Badge Fee PW	32	$0.00
Law Library Fine	33	$3.00
Foreclosure State	34	$550.00
Foreclosure Mediator	35	$2,200.00
Over/Short Filing Office		$ 3.00
		$518,181.50

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
JUNE 30, 2018

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BARNARD VOGLER & CO.
Certified Public Accountants

100 West Liberty St.
Suite 1100
Reno, NV 89501

775.786.6141
775.323.6211
bvcocpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Carson-Truckee Water Conservancy District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Carson-Truckee Water Conservancy District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Carson-Truckee Water Conservancy District as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 12, 2018 on our consideration of Carson-Truckee Water Conservancy District'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carson-Truckee Water Conservancy District's internal control over financial reporting and compliance.

Bernard Vogler & Co

Reno, Nevada
November 12, 2018

Our discussion and analysis of the Carson-Truckee Water Conservancy District (the District), a water conservancy district established under the State of Nevada Revised Statute (NRS) 541 financial performance provides an overview of the District's financial activity for the fiscal year ended June 30, 2018. It should be read in conjunction with the financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

The District funded $90,472 in grants to various entities to cover work on the Truckee and Carson Rivers. The District is continuing the grant program for noxious weed abatement work within the Carson River. The work being done with Dayton Valley Conservation District and Storey County is seeing progress on eradicating the noxious weeds from our water ways.

Channel maintenance	$ 77,161
Weed abatement	5,840
Nevada stream gauging program	7,471
	$ 90,472

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements show the general government function of the District, which is principally supported by taxes. All governmental activities of the District are included in the general government function since the District is a single-purpose entity.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the District falls into the governmental funds category.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The District adopts an annual appropriated budget for its fund. Budgetary comparison information has been provided for that fund to demonstrate compliance with the budget. The governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 9 and 10 of this report.

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. The notes to the financial statements can be found on pages 12-19 of this report.

Condensed Statement of Net Position

The Statement of Net Positon shows all of the assets and liabilities of the District and is presented on the accrual basis. The total net position is $1,188,853. Total net position increased by $110,531 this fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2018	2017	Change	Percentage
Current assets	$ 1,188,964	$ 1,078,353	$ 110,611	10.2%
Current liabilities	111	31	80	258.0%
Net Position Unrestricted	1,188,853	1,078,322	110,531	10.0%
Total liabilities net position	$ 1,188,964	$ 1,078,353	$ 110,611	10.2%

Condensed Statement of Activities

The Statement of Activities shows all of the expenses and revenues of the District and is also presented on the accrual basis. During the current year, the distributions to our grant benefactors were down from last year by $4,990. The main increase in revenues for the general fund during the current year was related to an increase in consolidated taxes received by the District.

	2018	2017	Change	Percentage
Revenue				
General revenue	$ 334,674	$ 311,538	$ 23,136	7.43%
Federal grants	21,439	- -	21,439	0.00%
Investment revenue	1,814	1,086	728	67.04%
Other income	800	- -	800	0.00%
Total revenues	358,727	312,624	46,103	14.75%
Expenses				
General Expenses	248,196	239,068	9,128	3.82%
Change in Net Position	$ 110,531	$ 73,556	$ 36,975	50.27%

Balance Sheet – General Fund

This statement on page 9 shows the assets, liabilities and fund balance for the District's primary fund – The General Fund.

Statement of Revenue, Expenditures and Changes in Fund Balance – General Fund

This statement on page 10 shows the revenue and expenditures for the District operating accounts – The General Fund.

Capital Assets

The District's capital assets amounted to $15,693 with accumulated depreciation of $15,693, leaving no net book value. Capital assets include equipment and a website. See Note 3 to the financial statements for further information

Description of Current and Expected Conditions

Presently, the Board of Directors of the District is not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the District in the near future.

Significant Budget Variations

The District's significant General Fund budget variations for fiscal year 2018 were as follows:

	Final Budget	Actual	Variance	Percentage
Revenue				
AB 104, fair share	$ 4,633	$ 38,443	$ 33,810	87.95%
Consolidated tax	285,301	296,231	10,930	3.83%
Federal grants	- -	21,439	21,439	0.00%
Expenditures				
Consulting	10,000	9,325	675	7.24%
Director fees and expenses	12,170	6,526	5,644	(46.38%)
Engineering	60,000	70,661	(10,661)	(17.77%)
Grant expenses	131,414	90,472	40,942	31.15%

AB 104, Fair Share – This revenue is always budgeted for conservatively.

Consolidated Tax – This revenue varies from year to year as it is based on five taxes collected locally.

Federal Grants – Grant revenue was received from FEMA for reimbursement of debris removal during the significant flooding in 2017.

Consulting services – This expenditure was budgeted for using the estimated amount of hours that it would require for the consultant. In the current year, not as many hours were needed as estimated.

Director fees and expenses – The District budgeted for more expenses related to directors than what was actually necessary for the current year.

Significant Budget Variations (continued)

Engineering services – This account is subject to change as the amount of Engineering for projects fluctuates from year to year depending on what projects are in progress. Significant flooding in 2017 led to more projects for the District that were not budgeted.

Grant expense – The main reason for the variance is because the grants are not paid until the work is done, and also it is unknown how many grants will be needed during the year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those who have an interest in this District's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to 1005 Terminal Way., Suite 150, Reno, NV 89502.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash	$ 698,162
Investments	425,323
Prepaid expenses	3,417
Due from other governments	
Fair share receivable	8,203
Consolidated tax	53,109
Deposit	750
Total assets	1,188,964
LIABILITIES	
Accounts payable	111
NET POSITION	
Unrestricted	1,188,853
Total net position	$ 1,188,853

See accompanying notes

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES			
General Government	$ 248,196	$ 21,439	$ (226,757)
Total governmental activities	$ 248,196	$ 21,439	(226,757)
General revenues:			
Consolidated tax			296,231
Fair share			38,443
Investment income (loss)			1,814
Miscellaneous			800
Total general revenues			337,288
Change in net position			110,531
NET POSITION, beginning of year			1,078,322
NET POSITION, end of year			$ 1,188,853

See accompanying notes

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND
JUNE 30, 2018

ASSETS		
Cash		$ 698,162
Investments		425,323
Prepaid expenses		3,417
Due from other governments		
Fair share receivable		8,203
Consolidated tax		53,109
Deposit		750
Total assets		$ 1,188,964
LIABILITIES		
Accounts payable		$ 111
FUND BALANCES		
Nonspendable		3,417
Unassigned		1,185,436
Total fund balance		1,188,853
Total liabilities and fund balance		$ 1,188,964

RECONCILIATION TO THE STATEMENT OF NET POSITION:

Total fund balances - general fund		$ 1,188,853
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the general fund.		
These assets consist of:		
Equipment	4,559	
Website	11,134	
Less accumulated depreciation	(15,693)	
		-
Net position of governmental activities		$ 1,188,853

See accompanying notes

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES		
Intergovernmental		$ 334,674
Federal grant		21,439
Interest		1,814
Miscellaneous		800
Total revenues		358,727
EXPENDITURES		
General government		248,196
Net change in fund balance		110,531
FUND BALANCE, beginning of year		1,078,322
FUND BALANCE, end of year		$1,188,853
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balance - general fund		$ 110,531
The general fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current year depreciation	-	
		-
Change in net position for governmental activities		$ 110,531

See accompanying notes

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUE			
Intergovernmental			
Consolidated tax	$ 285,301	$ 296,231	$ 10,930
AB104, fair share revenue	4,633	38,443	33,810
Federal grant	-	21,439	21,439
Total intergovernmental	289,934	356,113	66,179
Miscellaneous			
Interest	1,000	1,814	814
Other	1,000	800	(200)
Total miscellaneous	2,000	2,614	614
Total revenue	291,934	358,727	66,793
EXPENDITURES			
Employee benefits and payroll taxes	2,400	1,663	737
Services and supplies			
Accounting and audit	9,000	9,000	-
Advertising	750	205	545
Bank fees	100	23	77
Consulting	10,000	9,325	675
Contract services	41,100	41,000	100
Directors' fees and expense	12,170	6,526	5,644
Dues and subscriptions	-	200	(200)
Engineering services	60,000	70,661	(10,661)
Grant expense	131,414	90,472	40,942
Insurance	4,500	2,824	1,676
Legal services	6,000	4,300	1,700
Miscellaneous	1,000	-	1,000
Office expense	2,000	1,997	3
Rent	10,000	8,830	1,170
Telephone	1,500	1,170	330
Total expenditures	291,934	248,196	43,738
Net change in fund balance	-	110,531	110,531
FUND BALANCE, beginning of year	1,139,745	1,078,322	(61,423)
FUND BALANCE, end of year	$ 1,139,745	$ 1,188,853	$ 49,108

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carson-Truckee Water Conservancy District (the District) was formed in 1958 for the purpose of contracting with the United States Department of the Interior and distributing water to users within its boundaries. The District is geographically located in six Nevada counties: Washoe, Storey, Carson City, Churchill, Douglas and Lyon.

The financial statements have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The financial statements present the financial position, results of operations, changes in fund balance, and change in net position of the fund under the direct jurisdiction of the Board of Directors of the District. The District is not considered a component unit of any other governmental entity nor are there any other governmental units, which could be considered component units of the District

Basis of Presentation and Accounting

GASB Statement Number 34 mandates government-wide financial statements of net position and activities, which are presented on the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain capital assets be recorded at cost less accumulated depreciation. GASB Statement Number 54 establishes criteria for classifying governmental fund balances into specifically defined classifications.

The District's basic financial statement includes both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's one major fund, the General Fund). The District's General Fund is classified as governmental activities.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District reports one major governmental fund, the General Fund, which is the District's general operating fund and is used to account for all financial resources.

The District maintains its accounting records for the governmental fund using the current financial resources measurement focus and the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenue available if it is collected within 60 days after year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting. Below is a summary of revenue recognition policies for all major revenue sources:

Type of Revenue	Accrued When Measurable and Available	Recognized When Received	Accrued When Earned
Consolidated tax	X		
Fair share revenue	X		
Interest			X
Miscellaneous		X	

Cash and Investments

Cash balances from the General Fund are invested as permitted by law. Pursuant to NRS 541.140, the District may invest in Treasury notes or bonds of the United States or any state, county or municipal corporation. The District may also invest in the Local Government Investment Pool (LGIP). The District's investment in the LGIP is equal to its original investment plus monthly allocations of interest income and realized/unrealized gains and losses, which is the same as the value of the pool shares.

Concentrations of Credit Risk

The District maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Inventory of Consumable Supplies

Management of the District has elected to consider expenditures for supplies held for consumption as charges against appropriations at the time of purchase. Any inventory of such supplies at year end is immaterial and, accordingly, is not recognized as an asset in these financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of $800 or more are reported at historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The cost of maintenance and repairs is charged to income as incurred. When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives of 5-10 years for office equipment and three years for the website.

Use of 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classification

There are three types of net position in the statements of net position:

- *Net investment in capital assets* - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets. There was no investment in capital assets at June 30, 2018.
- *Restricted net position* - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. There was no restricted net position at June 30, 2018.
- *Unrestricted net position* - consists of all other net positions that do not meet the definition of the above two components and are available for the District's general use.

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

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), establishes criteria for classifying governmental fund balances into specifically defined classification. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. GASB 54 requires the District to classify and report amounts in the appropriate fund balance classification. The District's accounting policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

Under GASB 54, fund balances are required to be reported according to the following classifications:

Non-spendable Fund Balance. Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact such as a trust that must be retained in perpetuity.

Restricted Fund Balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. There was no restricted fund balance at June 30, 2018.

Committed Fund Balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the state legislature – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the state legislature removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. There was no committed fund balance at June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classification (continued)

Assigned Fund Balance. This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds that are not classified as non-spendable and are neither restricted nor committed. There was no assigned fund balance at June 30, 2018.

Unassigned Fund Balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The District's policy is to first apply expenditures against assigned fund balances and then to unassigned balances. On an annual basis assigned fund balances are determined based upon available resources. There were no assigned fund balances at June 30, 2018.

The District's Board of Directors has adopted, via resolution passed by the Board of Directors, a policy regarding the fund balance in the General Fund. This policy calls for a minimum unassigned General fund balance equivalent to $350,000 for use in emergency situations or when required spending exceeds current year funding.

Budget and Budgetary Accounting

The District adheres to the Local Government Budget Act Incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data that is reflected in these financial statements:

- On or before April 15, the Board of Directors files a tentative budget with the Nevada Department of Taxation for all funds.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing the Board of Directors 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 Board of Directors. The final budget must then be forwarded to the Nevada Tax Commission for the final hearings and approval.
- Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at year-end.

The budget reflected in the financial statement has not been amended from the original final amounts in accordance with State statutes.

In accordance with State statute, actual expenditures generally may not exceed appropriations of the general governmental function of the General Fund.

NOTE 2 - CASH AND INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset. 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 District does not have any investments that are measured using Level 1, Level 2, or Level 3 inputs.

The District's cash and investments, including the recurring fair value measurement of investments, are as follows at June 30, 2018:

	Carrying Amount
Total Investments	
State of Nevada LGIP	$ 425,323
Total Cash	698,162
Total cash and investments	$ 1,123,485

The District is a voluntary participant in the State of Nevada LGIP, which has regulatory oversight from the Board of Finance of the State of Nevada. The District's investment in the LGIP is equal to its original investments plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The District's investment in the LGIP is reported at fair value. Fair value is determined on a daily basis. NRS 355.170 sets forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Interest Rate Risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The LGIP is an unrated external investment pool and as noted above, the District does not have a formal investment policy that specifies minimum acceptable credit ratings beyond those specified in the statute.

Custodial Credit Risk – Deposits – the risk that in the event of a bank failure, the District's deposits may not be returned. Of bank balances totaling $707,386, $253,396 was covered by the FDIC at June 30, 2018.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities				
Capital assets being depreciated	$ 15,693	$ - -	$ - -	$ 15,693
Less accumulated depreciation	15,693	- -	- -	15,693
Total capital assets being depreciated, net	$ - -	$ - -	$ - -	$ - -

Depreciation expense of $0 was charged to the general government function for the year ended June 30, 2018.

NOTE 4 - RISK MANAGEMENT

The District, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Pool (the Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide coverage for its members for up to $10,000,000 per insured event with the $10,000,000 annual aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to $300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

The District continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool (bonding). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 - OPERATING LEASE

The District, jointly with another District, entered into an office lease at 1005 Terminal Way commencing April 1, 2018 and running through March 31, 2023. From July 1, 2017 through March 31, 2018 the District was under a month to month lease at a different location. Rental expense under these leases was $8,830 for the year ended June 30, 2018.

The following schedule shows future obligations under this lease:

2019	$ 7,701
2020	8,377
2021	8,635
2022	8,893
2023	6,814
Total	$ 40,420

NOTE 6 - TAX ABATEMENT

The District's Consolidated Tax revenues were reduced by $15,249 under agreements entered into by the State of Nevada.

NOTE 7 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The District conformed to all significant statutory constraints on its financial administration during the fiscal year.

REPORT ON INTERNAL CONTROL AND COMPLIANCE

BARNARD VOGLER & CO.
Certified Public Accountants

100 West Liberty St.
Suite 1100
Reno, NV 89501

775.786.6141
775.323.6211
bvcocpas.com

INDEPENDENT AUDITORS' 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 Board of Directors
Carson-Truckee Water Conservancy District
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Carson-Truckee Water Conservancy District as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Carson-Truckee Water Conservancy District's basic financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as finding 2018-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Carson-Truckee Water Conservancy District's Response to Findings

The Carson-Truckee Water Conservancy District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Carson-Truckee Water Conservancy District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 Carson-Truckee Water Conservancy District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bernard Vogler & Co

Reno, Nevada
November 12, 2018

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-001

Material Weakness in Internal Control over Financial Reporting - Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principals (GAAP)

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements. Additionally, during the course of our engagement, we proposed material adjustments to recorded account balances.

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited or to adjust account balances at year end for accruals and receivables. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for a government the size of the District, the preparation of financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by District personnel. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, in a timely manner by the District's internal control. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Effect: Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by District personnel.

Cause: Due to a shortage of personnel with the ability to prepare full disclosure financial statements, the District has chosen to contract with Barnard Vogler and Co. to prepare its financial statements and related financial statement disclosures.

Recommendation: It is not recommended that the District engage the services of a second accounting firm to assist in preparing its governmental financial statements and related financial statement disclosures solely to avoid having a significant deficiency or material weakness as it is not assured that the benefit of engaging a second firm would outweigh the costs. The District's staff should monitor year end accruals and receivables to ensure that there are no material adjustments at year end.

View of Responsible Officials: Due to limited staff, the District has chosen to contract with Barnard Vogler and Co. to prepare its financial statements and related financial statement disclosures. The District is satisfied the most cost efficient approach is to outsource the financial statement preparation function. Therefore, the District will continue to contract with the external auditor to prepare the District's financial statements.

Financial Statements
June 30, 2018

Truckee Meadows Water Reclamation Facility

EideBailly®

eidebailly.com

City of Sparks
Finance

November 21, 2018
Eide Bailly LLP
5441 Kietzke Lane, Suite 150
Reno, NV 89511

Dear Dan:

This representation letter is provided in connection with your audit of the financial statements of Truckee Meadows Water Reclamation Facility (the Facility) as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the Facility in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 21, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 27, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- We are not aware of any known actual or possible litigation and claims that would need to be accounted for and disclosed in accordance with U.S. GAAP.
- All activities are properly classified.
- All components of net position (net investment in capital assets and unrestricted) are properly classified and, if applicable, approved.
- All revenues within the statement of revenues, expenses and changes in net position have been properly classified as operating or nonoperating revenues.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Facility has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Facility is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee, of which there were none.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

- The Facility has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- Investments are properly valued. The Facility has no derivative instruments.
- Provisions for uncollectible receivables are not considered necessary as amounts are considered collectible.
- The Facility's deposits and investments are invested by the City of Sparks; which have been properly classified as to risk and are properly disclosed.
- Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility, of which there was no impairment.
- Capital asset activity, particularly those related to construction in progress, have been evaluated by the City of Reno and the City of Sparks and both entities agree to the figures reported as additions, deletions, capitalizations, and the corresponding allocation of those amounts between the two entities.
- All operating and non-operating expenses incurred by the Facility, whether paid by the City of Reno or the City of Sparks, have been included in the financial statements of the Facility.
- We agree with the findings of specialists in evaluating the liability for postemployment benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- We believe that the actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We believe that the actuarial assumptions and methods, and allocations, used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- With respect to the schedule of revenues, expenses, and changes in net position – budget and actual accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the schedule of revenues, expenses, and changes in net position – budget and actual in accordance with accounting principles generally accepted in the United States of America.
  - We believe the schedule of revenues, expenses, and changes in net position – budget and actual, including its form and content, is fairly presented in accordance with GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We have disclosed to you the significant assumptions or interpretations underlying the measurement or presentation of the schedule of revenues, expenses, and changes in net position – budget and actual, and the basis for our assumptions and interpretations, which are reasonable and appropriate in the circumstances:
  - When the schedule of revenues, expenses, and changes in net position – budget and actual is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of revenues, expenses, and changes in net position – budget and actual no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

With respect to management's discussion and analysis, the schedule of changes in the other postemployment benefits liability and related ratios, the schedule of the Facility's share of net pension liability, and the schedule of the Facility's contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the management's discussion and analysis, the schedule of changes in the other postemployment benefits liability and related ratios, the schedule of the Facility's share of net pension liability, and the schedule of the Facility's contributions in accordance with U.S. GAAP.
- We believe the management's discussion and analysis, the schedule of changes in the other postemployment benefits liability and related ratios, the schedule of the Facility's share of net pension liability, and the schedule of the Facility's contributions, including its form and content, is measured and fairly presented in accordance with U.S GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We have disclosed to you the significant assumptions or interpretations underlying the measurement or presentation of the management's discussion and analysis, the schedule of changes in the other postemployment benefits liability and related ratios, the schedule of the Facility's share of net pension liability, and the schedule of the Facility's contributions, and the basis for our assumptions and interpretations, which are reasonable and appropriate in the circumstances.

In conjunction with Nevada Revised Statute 354.624(5)(a), we represent the following:

- The identified fund is being used expressly for the purposes for which it was created,
- The fund is administered in accordance with accounting principles generally accepted in the United States of America,
- The net position of the fund is reasonable and necessary to carry out the purpose of the fund at June 30, 2018 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues available for the fund are as noted in the financial statements,
- The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2018,
- The net position of the fund is as noted in the financial statements.

City of Sparks Financial Services Director
Name and Title

Chyd Sparks Sr Accountant
Name and Title

Truckee Meadows Water Reclamation Facility
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June 30, 2018

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Facility's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Truckee Meadows Water Reclamation Facility as of June 30, 2018, and the respective changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As discussed in Note 1 and 9 to the financial statements, the Facility has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinion is not modified with respect to this matter.

Corrections of Errors
As discussed in Note 9 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employee's Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources, net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, the schedule of changes in the total other postemployment benefits liability and related ratios on page 26, the schedule of the Facility's share of net pension liability on page 27, and the schedule of the Facility's contributions on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Facility's basic financial statements. The schedule of revenues, expenses, and changes in net position - budget and actual is presented for the purpose of additional analysis and is not a required part of the financial statements.

The schedule of revenues, expenses, and changes in net position - budget and actual 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. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position - budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018, on our consideration of the Facility'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 Facility'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 Facility's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
November 21, 2018

TRUCKEE MEADOWS WATER RECLAMATION FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Truckee Meadows Water Reclamation Facility (the Facility), we offer the readers of the Facility's financial statements this narrative overview and analysis of the financial activities of the Facility for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Facility exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017-2018 by $133,695,668 (net position). The negative unrestricted net position of $4,434,799 is reported as required by the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as mentioned later. Without the pension and other postemployment benefits reporting, there remains $2,531,679 of unrestricted net position that may be used to meet the Facility's ongoing obligations to creditors.

- As a result of current year activities, the Facility's net position decreased by $2,957,970, or 2.2 percent of beginning net position, primarily due to GASB Pension and OPEB reporting requirements and calculation.

- Long term liabilities of the Facility increased by $1,060,323, or 13.6 percent primarily related to changes in net OPEB liability.

- Operating Revenues increased by $1,633,567, or 8.7%, due to an increase in sewer plant reimbursements.

- Operating expenses, before depreciation and amortization, for the Facility increased by $1,672,195, or 8.9 percent, due to increases in professional services, utilities and chemicals.

- Capital Contributions decreased by $1,250,419, or 18.3%, largely due to more rehabilitation, maintenance and repair projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Facility's annual report. The Facility's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements, Required Supplementary Information and a Compliance Section.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Facility report information about the Facility using a single proprietary fund. Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Facility's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amount of investment in resources (assets), the obligations to the Facility's creditors (liabilities), and future period activity of pension related items (deferred inflow and deferred outflow). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Facility's operations over the past year, and can be used to determine whether the Facility has successfully recovered all of its costs through its reimbursements from the cities of Reno and Sparks, along with other fees and charges. The final statement is the Statement of Cash Flows, which is used to provide information about the Facility's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

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

NET POSITION

Net position may serve over time as a useful indicator of financial position. In the case of the Facility, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $133,695,668 at the close of the 2017-2018 fiscal year.

The vast majority of the Facility's net position reflects its investment in capital assets (wastewater facility, joint lines and equipment), net of accumulated depreciation and amortization. The Facility uses these capital assets to provide services; consequently, these assets are not available for future spending.

	2018	2017
Assets		
Current assets	$ 6,046,998	$ 6,123,040
Capital assets	138,134,467	139,439,773
Other noncurrent assets	0	41,653
Total assets	144,181,465	145,604,466
Deferred Outflows of Resources		
Deferred Outflow - OPEB	18,635	0
Deferred Outflow - Pension	1,146,153	1,970,789
Total assets and deferred outflows of resources	145,346,253	147,575,255
Liabilities		
Current liabilities	2,179,267	2,433,039
Noncurrent liabilities	8,856,993	7,796,670
Total liabilities	11,036,260	10,229,709
Deferred Inflows of Resources		
Deferred Inflow - Pension	614,325	691,908
Total liabilities and deferred inflows of resources	11,650,585	10,921,617
Net Position		
Net investment in capital assets	138,134,467	139,439,774
Unrestricted	(4,438,799)	(2,786,135)
Total Net Position	$ 133,695,668	$ 136,653,638

The Facility is reporting a negative unrestricted net position at the end of fiscal 2018 in the amount of $4,434,799. Reporting of a negative unrestricted net position is primarily due to the implementation in fiscal year 2015 of a new reporting standard issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the Facility to report a proportionate share (0.04690 percent) of the total Net Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS), administrator of the state's cost-sharing, multiple-employer defined benefit employees' retirement system. All agencies in Nevada that are members of the PERS system are required to report a share of the liability based on contributions made to PERS.

The net pension liability of the Facility is $6,237,137, a decrease of $93,952 from the prior year liability of $6,331,089. As a result of recording the decrease in the Facilities portion of net pension liability $93,952, a decrease in deferred pension inflows $77,583 and a decrease in deferred pension outflows $824,636, net position was decreased by $653,101. Without the unfunded pension reporting impact, there remains $2,531,679 of unrestricted net position that may be used to meet the Facility's ongoing obligations to creditors.

The Facility's net position decreased $2,957,970 compared to the amount reported in fiscal year 2016-2017. The decrease is mostly attributable to a prior period adjustment in pension and other post-employment benefits along with a decrease in capital contributions in relation to fixed assets.

CHANGE IN NET POSITION

	2018	2017
Operating Revenues		
Reimbursements and other	$ 20,457,083	$ 18,823,516
Operating Expenses		
Operating expenses before depreciation and amortization	20,437,499	18,765,304
Depreciation and amortization	6,763,899	6,720,929
Total operating expenses	27,201,398	25,486,233
Operating Loss	(6,744,315)	(6,662,717)
Nonoperating Revenues (Expenses) and Interest Income	(82,032)	(235,719)
Capital Contributions	5,566,678	6,817,097
Change in Net Position	(1,259,669)	(81,339)
Net Position July 1, as originally reported	136,653,638	136,734,977
Prior Period Adjustment	(1,698,301)	0
Net Position, Beginning of Year	134,955,337	136,734,977
Net Position, End of Year	$ 133,695,668	$ 136,653,638

Operating revenues would normally be equal to operating expenses (before depreciation and amortization) as a result of reimbursements provided to the Facility by the cities of Reno and Sparks. This has not been the case since fiscal year 2014-2015 due to the adjustment of pension expense in accordance with GASB statement No. 68 and for fiscal year 2017-2018 due to the adjustment of other postemployment benefits expense in accordance with GASB statement No. 75.

Operating expenses, before depreciation and amortization, for the Facility increased by $1,672,198, or 8.9 percent, primarily due to increases in professional services, utilities and chemicals.

CAPITAL ASSET ADMINISTRATION

The Facility's investment in capital assets as of June 30, 2018, amounts to $138,134,467 (net of accumulated depreciation and amortization). Detailed information about the Facility's capital assets can be found in Note 3 to the Facility's financial statements.

ECONOMIC FACTORS

Both the City of Reno and the City of Sparks conduct regular analysis of their user and connection fees so that they can ensure the sufficiency of these sources of revenue to operate the individual city's respective Sewer Enterprise Funds (each city's sanitary sewer, storm drain and effluent delivery infrastructure and related maintenance, operating and debt service costs), as well as for their respective share of the costs of the Truckee Meadows Water Reclamation Facility.

In 2004, the City of Reno was awarded a $46,523,000 bid for the construction of a Facility plant expansion from 40 million gallons per day to 46.48 million gallons per day. This expansion project was completed in fiscal year 2006-2007. The expansion, planned since 1995, was financed by the City of Reno using bond proceeds from a state revolving fund (Reno general obligation/revenue sewer bond). The cost of the expansion project is being shared by the City of Reno (73 percent) and the City of Sparks (27 percent) under an interlocal agreement by which the City of Sparks will provide its share via debt service payments to the City of Reno.

In 2014, the City's approved the Ameresco Project, a group of improvements at the Facility that will save operational costs by reducing energy or chemical use. The total project cost was $24.9 million and was substantially completed in the fiscal year 2018. The project has a guaranteed annual savings to the Facility of $1.1 million per year for fifteen years.

All of these factors and others were considered in preparing the Facility's budget for the upcoming 2018-2019 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Truckee Meadows Water Reclamation Facility's finances for all those with an interest in the Facility's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sparks, Financial Services Department, 431 Prater Way, Sparks, Nevada, 89431.

Truckee Meadows Water Reclamation Facility
Statement of Net Position
June 30, 2018

Assets	
Current Assets	
Cash and cash equivalents	$ 3,203,412
Accounts receivable	91,189
Due from City of Reno, operations	212,867
Supplies inventory	2,539,530
Total current assets	6,046,998
Noncurrent Assets	
Capital assets not being depreciated and amortized	9,186,955
Capital assets being depreciated and amortized, net	128,947,512
Total noncurrent assets	138,134,467
Total assets	144,181,465
Deferred Outflows of Resources	
Deferred outflows related to pension	1,146,153
Deferred outflows related to OPEB	18,635
Total deferred outflows of rescources	1,164,788
Total Assets and Deferred Outflow of Resources	145,346,253
Liabilities	
Current Liabilities	
Accounts payable	1,198,580
Accrued liabilities	365,187
Due to City of Sparks, operations	12,153
Compensated absences, current portion	540,039
Sick leave conversion payable, current portion	63,308
Total current liabilities	2,179,267
Noncurrent Liabilities	
Compensated absences	894,912
Sick leave conversion payable	441,140
Total OPEB liability	1,283,804
Net pension liability	6,237,137
Total noncurrent liabilities	8,856,993
Total liabilities	11,036,260
Deferred Inflows of Resources	
Deferred inflows related to pension	614,325
Total Liabilities and Deferred Inflows of Resources	11,650,585
Net Position	
Net investment in capital assets	138,134,467
Unrestricted	(4,438,799)
Total net position	$ 133,695,668

See Notes to Financial Statements

Truckee Meadows Water Reclamation Facility
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

Operating Revenues	
Reimbursement from City of Reno	$ 13,551,578
Reimbursement from City of Sparks	6,462,148
Other income	443,357
Total operating revenues	20,457,083
Operating Expenses	
Salaries and wages	4,589,329
Employee benefits	2,259,742
Services and supplies	13,588,428
Operating expenses before depreciation and amortization	20,437,499
Depreciation and amortization	6,763,899
Total operating expenses	27,201,398
Operating Loss	(6,744,315)
Nonoperating Revenues (Expenses)	
Investment income (loss)	26,053
Gain (loss) on disposal of assets	(108,085)
Total nonoperating revenues (expenses)	(82,032)
Loss before Capital Contributions	(6,826,347)
Capital Contributions	
Contributions from City of Reno	3,820,411
Contributions from City of Sparks	1,746,267
Total capital contributions	5,566,678
Change in Net Position	(1,259,669)
Net Position, Beginning of Year, as Originally Reported	136,653,638
Prior period adjustment	(1,698,301)
Net Position, Beginning of Year, as Restated	134,955,337
Net Position, End of Year	$ 133,695,668

See Notes to Financial Statements

Truckee Meadows Water Reclamation Facility
Statement of Cash Flows
Year Ended June 30, 2018

Operating Activities	
Reimbursement from City of Reno	$ 12,845,973
Reimbursement from City of Sparks	6,145,682
Cash received from other services	441,580
Cash payments for personnel costs	(6,733,522)
Cash payments for services and supplies	(13,160,756)
Net Cash used for Operating Activities	(461,043)
Capital and Related Financing Activities	
Acquisition of capital assets	(5,566,678)
Contributions of capital	5,566,678
Net Cash from Capital and Related Financing Activities	-
Investing Activities	
Investment income	26,053
Net Change in Cash and Cash Equivalents	(434,990)
Cash and Cash Equivalents, Beginning of Year	3,638,402
Cash and Cash Equivalents, End of Year	$ 3,203,412

See Notes to Financial Statements

Reconciliation of Operating Loss to Net Cash used for Operating Activities	
Operating loss	$ (6,744,315)
Adjustments to reconcile operating loss to net cash from (used for) operating activities:	
Depreciation and amortization	6,763,899
Pension expense	549,380
Pension contributions	(568,964)
Changes in	
Accounts receivable	(1,777)
Due from City of Reno, operations	(212,867)
Supplies inventory	(144,304)
Accounts payable	571,976
Accrued liabilities	20,810
Due to City of Reno, operations	(492,738)
Due to City of Sparks, operations	(316,466)
Compensated absences	(55,716)
Sick leave conversion payable	172,811
Total OPEB obligation	(2,772)
Total adjustments	6,283,272
Net Cash used for Operating Activities	$ (461,043)

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Truckee Meadows Water Reclamation Facility (Facility) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity

The cities of Reno and Sparks (Nevada municipal corporations) entered into an agreement to mutually construct, own, operate, maintain and use a wastewater treatment facility. The Joint Coordinating Committee (Committee) was created to advise the city councils of Reno and Sparks on matters relating to the Facility. The Committee consists of ten members: four selected by the City of Reno, four selected by the City of Sparks, one member selected by the Board of Commissioners of Washoe County, and one member selected by the Board of Directors of the Sun Valley Water and Sanitation District.

The Facility is a Joint Venture, which does not have the legal capacity to be an employer or to enter into contracts on its own; therefore, the City of Sparks has responsibility for administration and daily operation of the Facility including providing employees, while the City of Reno is responsible for construction related contracts of the Facility. The costs of operating and maintaining the Facility are allocated between the cities of Reno and Sparks in proportion to the volume of sewage entering the Facility from each city and the capital contributions are allocated between the cities based on capacity ownership in the Facility. The cities have agreed to reimburse all allocated costs, excluding depreciation and the change in the net pension obligation. The reimbursement of operating costs from each city is recorded as operating revenue of the Facility. The Facility is economically dependent upon the cities of Reno and Sparks.

Of the Facility's total capacity of 46.48 million gallons per day (MGD) at June 30, 2018, the City of Reno owned approximately 31.90 MGD, or 68.63%, and the City of Sparks owned approximately 14.58 MGD, or 31.37%.

Fund Accounting

Facility activities are accounted for in an Enterprise Fund (proprietary fund type). The accounts of the Facility are organized in one fund, with a set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses and capital contributions. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing or delivering goods in connection with a proprietary fund's principal ongoing operations. Non-operating revenues and expenses result from non-exchange transactions or ancillary services.

Basis of Accounting

The financial statements of the Facility are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

Budgets and Budgetary Accounting

The Facility's budget is included and presented with the budget documents submitted by the City of Sparks. As such, the Facility adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and Facility policy include the following major procedures to establish the budgetary data, which is reflected in these financial statements:

1. On or before April 15, a tentative budget for the Facility is submitted to the State of Nevada Department of Taxation along with the tentative budget for the City of Sparks for the fiscal year commencing the following July 1.
2. A public hearing on the tentative budget is held on the third Tuesday in May to obtain taxpayer comments. Beginning with the fiscal year 2017 budget, the Nevada Legislature changed this requirement so that the public hearing on the tentative budget may be held anytime between the third Tuesday in May and the end of May.
3. Prior to June 1, the Joint Coordinating Committee approves a final budget and that budget is submitted for adoption by the Sparks City Council. The final budget is then submitted to the Nevada Department of Taxation.
4. The City of Sparks Financial Services Director is authorized to transfer appropriations between accounts. Any revisions that alter total appropriations must be approved in advance by the Committee. Formal budgetary integration is employed as a management control device during the year.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Unencumbered appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.
6. In accordance with State statute, the sum of operating and non-operating expenses may not exceed budgeted appropriations.

The final budget reflected in the supplementary information has been amended from the original budget in accordance with State statute.

Cash and Investments

The Facility is a voluntary participant in the external investment pool maintained by the City of Sparks. As such, cash balances are combined and, to the extent practicable, invested as permitted by law in combination with other funds held by the City of Sparks. The Sparks City Council has overall responsibility for investment of City funds in accordance with Nevada Revised Statute 355.175. The City of Sparks Financial Services Director, under authority delegated by the Sparks City Council, is the primary investment official for the City.

The Facility's investment in the City of Sparks external investment pool is reported at fair value, which represents the Facility's original investment, plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

The City of Sparks Financial Services Director may only invest in securities as prescribed under NRS 355.170 and include certain "A" rated notes and bonds, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP).

Since all cash and investments of the Facility are pooled with the City of Sparks' and are available upon demand, they are considered to be cash equivalents.

Accounts Receivable

The Facility considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Supplies Inventory

Inventory of operating supplies is stated at the lower of cost or market. Cost is determined principally by the first-in, first-out method.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Facility 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. Depreciation and amortization are computed using the straight-line method over estimated useful lives, in years, of 15 for roads and streets, 5-20 for equipment, 30-40 for wastewater facility and joint lines, and 10 for intangibles.

Compensated Absences

The liability for vacation and sick leave is accrued as amounts are earned by employees to the extent it is likely that those benefits will be paid. The liability is calculated under the provisions of GASB Statement No. 16, Accounting for Compensated Absences.

Post-Employment Health Care

Upon retirement, qualified employees, through the City of Sparks, 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 a sick leave conversion payable on the Facility's financial statements. The Facility pays the retirees' group health insurance premiums until exhaustion of the respective retirees' balances.

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 Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position may report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources related to pension and OPEB are reported in the Statement of Net Position under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element represents acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to pension are reported in the Statement of Net Position under the accrual basis of accounting.

Equity Classifications

In the Statement of Net Position, equity is classified as net position and displayed as follows:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Facility has no debt outstanding at June 30, 2018.

Restricted Net Position – Consists of net position 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. The Facility does not have any restricted net position at June 30, 2018.

Unrestricted Net Position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standards on beginning net position is disclosed in Note 9 to the financial statements and the additional disclosures required by this standard are included in Note 8.

Note 2 - Compliance with Nevada Revised Statutes and Administrative Code

The Facility conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Capital Assets

Capital assets consist of the following at June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Completed Construction	Balance June 30, 2018
Capital assets, not being depreciated					
Land	$ 385,269	$ -	$ -	$ -	$ 385,269
Construction in progress	26,713,827	4,051,235	(108,085)	(21,855,291)	8,801,686
Total capital assets, not being depreciated	27,099,096	4,051,235	(108,085)	(21,855,291)	9,186,955
Capital assets being depreciated/amortized					
Wastewater facility and joint lines	187,938,039	1,399,973	-	21,763,333	211,101,345
Equipment	41,615,802	115,470	(6,500)	40,220	41,764,992
Roads and streets	1,402,140	-	-	-	1,402,140
Intangible assets	915,261	-	-	51,738	966,999
Total capital assets being depreciated/amortized	231,871,242	1,515,443	(6,500)	21,855,291	255,235,476
Accumulated depreciation and amortization					
Wastewater facility and joint lines	(99,537,289)	(4,934,820)	-	-	(104,472,109)
Equipment	(19,071,427)	(1,664,273)	6,500	-	(20,729,200)
Roads and streets	(712,062)	(52,712)	-	-	(764,774)
Intangible assets	(209,787)	(112,094)	-	-	(321,881)
Total accumulated depreciation/ amortization	(119,530,565)	(6,763,899)	6,500	-	(126,287,964)
Capital assets being depreciated/ amortized, net	112,340,677	(5,248,456)	-	21,855,291	128,947,512
Total capital assets, net	$ 139,439,773	$ (1,197,221)	$ (108,085)	$ -	$ 138,134,467

Ownership of the capital assets as of June 30, 2018 is as follows:

City of Reno	$ 95,866,665
City of Sparks	42,267,802
	$ 138,134,467

Note 4 - Noncurrent Liabilities

Changes in the Facility's compensated absences payable and sick leave conversion liability are presented below. For information on the Facility's total OPEB liability, see Note 8 and for the net pension liability, see Note 7.

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due in 2018-2019
Compensated absences	$ 1,490,667	$ 451,705	$ 507,421	$ 1,434,951	$ 540,039
Sick leave conversion	331,637	211,559	38,748	504,448	63,308
	$ 1,822,304	$ 663,264	$ 546,169	$ 1,939,399	$ 603,347

Note 5 - Net Position

At June 30, 2018 net position in the Facility is divided between the cities of Reno and Sparks as follows:

	City of Reno	City of Sparks	Total
Net investment in capital assets	$ 95,866,665	$ 42,267,802	$ 138,134,467
Unrestricted	(2,888,474)	(1,550,325)	(4,438,799)
	$ 92,978,191	$ 40,717,477	$ 133,695,668

Note 6 - Risk Management

The Facility, like all governmental entities, is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; and natural disasters. The owners of the Facility are responsible for group medical insurance and workers' compensation premiums payable to the City of Sparks for coverage of the employees provided by the City of Sparks to the Facility, in the City of Sparks self-funded insurance program. All other risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have been minimal in the past three years.

Note 7 - Defined Benefit Pension Plan

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

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

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

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

Vesting – Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

Members become fully vested as to benefits upon completion of five years of service.

Contributions – The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The Facility 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. For employees covered by the Employer-Pay provisions, average compensation is increased by half the total contributions made by the Facility and may not be less than it would have been if contributions had been made by the member and the employer separately.

In fiscal year 2017, the measurement date of net pension liability, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses classification of employer-paid contributions and requires certain contribution payments made by the employer to be classified as member contributions. As a result of implementing this statement, a prior period adjustment in the amount of $672,685 was made to reduce pension expense and deferred outflows related to contributions previously classified as employer contributions, as further described in Note 9.

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

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

For the fiscal years ended June 30, 2018 and 2017, the statutory employer-pay contribution (EPC) rate was 28.00% for Regular members.

The Facility's contributions were $1,137,928 for the year ended June 30, 2018. Of this amount, $568,964 was classified as Employer contributions and $568,964 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 the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2017:

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

As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability - At June 30, 2018, the Facility reported a liability for its proportionate share of the net pension liability of $6,237,137. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Facility's proportion of the net pension liability was based on the Facility's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2017, the Facility's proportion was 0.04690 percent, which was a decrease of 0.01338 from its proportion measured as of June 30, 2016.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the Facility as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	$ 9,428,810	$ 6,237,137	$ 3,586,403

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

Actuarial Assumptions – The Facility's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

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

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

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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, 2017, 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, 2017.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the Facility's proportionate share of PERS net pension liability, for the year ended June 30, 2018 the Facility recognized pension expense of $536,525 and recognized a prior period expense adjustment related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, in the amount of $672,685 as described further in Note 9. At June 30, 2018, the Facility 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	$ -	$ 414,009
Changes in assumptions or other inputs	525,367	-
Net difference between projected and actual earnings on pension plan investments	51,418	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	404	200,316
Facility contributions subsequent to the measurement date	568,964	-
	$ 1,146,153	$ 614,325

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of $568,964 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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:

Year Ending June 30,	
2019	$ (135,028)
2020	138,802
2021	37,058
2022	(162,526)
2023	52,242
Thereafter	32,316

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at July 1, 2017 is 6.39 years.

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

A summary of the monthly premium rates for the Sparks Plan, for the year ended June 30, 2018, is shown below:

	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	$ 812.89	$ 1,492.69	$ 1,422.20	$ 2,121.62
Retiree, no Medicare	808.82	1,487.80	1,417.30	2,116.76
Spouse, with Medicare	645.52	1,343.92	-	1,956.90
Retiree, Medicare	648.97	1,184.08	-	1,813.02
Spouse, no Medicare	805.37	1,327.95	-	1,956.90

At June 30, 2018, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	14	13	27
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-	-	-
Active employees	56	-	56
	70	13	83

Total OPEB Liability: The Facility's total OPEB liability of $1,283,804, of which $444,841 is related to the Sparks Plan and $838,963 is related to NPEBP, was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Actuarial valuation date	July 1, 2016	July 1, 2016
Actuarial funding method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	7.24 Years	7.24 Years
Asset valuation method	Market value	Market value
Inflation	3.00%	3.00%
Projected salary increases	4.5% Average, Including Inflation	4.5% Average, Including Inflation
Discount Rate	3.87%	3.87%
Healthcare cost trend rate*	5.90%	5.90%

*Declining gradually, to an ultimate rate of 3.9 percent by 2075.

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

Mortality rates were based on the RP-2000 Group Annuity Mortality Table with adjustments for mortality improvements.

The actuarial assumptions used in the July 1, 2016 valuation were based on the same demographic assumptions as developed and used for a the most recent NV PERS GASB 68 actuarial report which was based on an experience review developed in 2013 using data from the previous seven years.

	Sparks Plan	NPEBP	Totals
Balance at June 30, 2017, as restated	$ 427,161	$ 840,780	$ 1,267,941
Changes for the year:			
Service costs	9,774	-	9,774
Interest	16,756	32,662	49,418
Changes in assumptions or other inputs	7,658	13,964	21,622
Benefit payments	(16,508)	(48,443)	(64,951)
Net changes	17,680	(1,817)	15,863
Balance at June 30, 2018	$ 444,841	$ 838,963	$ 1,283,804

Changes of assumptions and other inputs reflect a change in the actuarial cost method, the amortization method and period, and a change in the discount rate, and the healthcare cost trend rate as shown in the section above entitled 'Actuarial assumptions and other inputs'.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Facility, calculated using a discount rate of 3.87%, as well as what the Facility's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Sparks Plan Total OPEB Liability	$ 519,797	$ 444,841	$ 382,954
NPEBP Total OPEB Liability	980,310	838,963	722,246
	$ 1,500,107	$ 1,283,804	$ 1,105,200

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Facility, calculated using healthcare cost trend rates of 5.9% decreasing to 3.9% by 2075, as well as what the Facility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.9% decreasing to 2.9%) or 1-percentage-point higher (6.9% decreasing to 4.9%) than the current healthcare cost trend rates:

	1% Decrease (4.9% decreasing to 2.9% by 2075)	Healthcare Cost Trend Rate (5.9% decreasing to 3.9% by 2075)	1% Increase (6.9% decreasing to 4.9% by 2075)
Sparks Plan Total OPEB Liability	$ 373,210	$ 444,841	$ 533,620
NPEBP Total OPEB Liability	703,868	838,963	1,006,399
	$ 1,077,078	$ 1,283,804	$ 1,540,019

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, after restating fiscal year 2017 OPEB Liability, the Facility recognized an OPEB expense of $62,179, of which $27,588 is related to the Sparks Plan and $34,591 is related to NPEBP. At June 30, 2018, the Facility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between changes of economic and demographic assumptions or of other inputs	$ 6,600	$ -
NPEBP		
Differences between changes of economic and demographic assumptions or of other inputs	12,035	-
	$ 18,635	$ -

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

Year Ending June 30	Sparks Plan	NPEBP
2019	$ 1,058	$ 1,929
2020	1,058	1,929
2021	1,058	1,929
2022	1,058	1,929
2023	1,058	1,929
Thereafter	1,310	2,390

Note 9 - Accounting Changes

Adoption of New Standard

As of July 1, 2017, the Facility adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard requires governments calculate and report the cost, obligations, and deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional footnote disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

Correction of an Error

During 2018, the Facility identified a misstatement in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee's Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, net pension-liability amounts at June 30, 2017.

Net position at June 30, 2017, as previously reported	$ 136,653,638
Adoption of New Standard	
Net OPEB asset at June 30, 2017	(41,653)
Net OPEB liability at June 30, 2017	283,978
Total OPEB liability at July 1, 2017	(1,267,941)
Correction of an Error	
Deferred outflows of resources related to pension plan contributions made during the year ended June 30, 2017	(672,685)
Net position at July 1, 2017, as restated	$ 134,955,337

Truckee Meadows Water Reclamation Facility

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

	2018	
Total OPEB Liability	Sparks Plan	NPEBP
Service cost	$ 9,774	$ -
Interest	16,756	32,662
Changes of benefit terms	7,658	13,964
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	-	-
Benefit payments	(16,508)	(48,443)
Net change in total OPEB liability	17,680	(1,817)
Total OPEB liability-beginning, as restated	427,161	840,780
Total OPEB liability-ending	$ 444,841	$ 838,963
Total Covered-employee payroll	$ 3,979,986	N/A
Total OPEB liability as a percentage of covered-employee payroll	11.18%	N/A

* 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. Changes of assumptions were related to changes between the valuation date of July 1, 2016 and the measurement date of June 30, 2018 as noted below:

	Valuation Date	Measurement Date
Actuarial cost method	Projected Unit Credit	Entry Age Normal
Amortization method	Level Dollar	Level Percent of Payroll
Remaining amortization period	30 years	7.24 years
Discount rate	4%, net of OPEB plan investment expense, including inflation	3.87%
Healthcare cost trend rate	5.9% declining gradually over 60 years. to an ultimate rate of 3.94%	

Truckee Meadows Water Reclamation Facility

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

	2017	2016	2015
Facility's portion of the net pension liability	0.04690%	0.06028%	0.06026%
Facility's proportionate share of the net pension liability	$ 6,237,137	$ 6,331,089	$ 5,364,431
Facility's covered payroll	$ 3,842,978	$ 3,669,488	$ 3,612,216
Facility's proportional share of the net pension liability as a percentage of its covered payroll	162.30%	172.53%	148.51%
Plan fiduciary net position as a percentage of the total pension liability	74.40%	72.20%	75.10%

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

Truckee Meadows Water Reclamation Facility

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

	2018	2017	2016
Statutorily required contribution	$ 568,964	$ 538,017	$ 511,062
Contributions in relation to the statutorily required contribution	$ 568,964	$ 538,017	$ 511,062
Contribution (deficiency) excess	$ -	$ -	$ -
Employer's covered payroll	$ 4,064,028	$ 3,842,978	$ 3,669,488
Contributions as a percentage of covered payroll	14.00%	14.00%	13.93%

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

Supplementary Information

Truckee Meadows Water Reclamation Facility

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Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual

Year Ended June 30, 2018

	Final Budget	Actual	Variance
Operating Revenues			
Reimbursement from City of Reno	$ 15,546,846	$ 13,551,578	$ (1,995,268)
Reimbursement from City of Sparks	8,463,292	6,462,148	(2,001,144)
Other income	404,023	443,357	39,334
Total operating revenues	24,414,161	20,457,083	(3,957,078)
Operating Expenses			
Salaries and wages	4,879,139	4,589,329	289,810
Employee benefits	2,474,789	2,259,742	215,047
Services and supplies	17,607,645	13,588,428	4,019,217
Total operating expenses before depreciation and amortization	24,961,573	20,437,499	4,524,074
Depreciation and amortization	7,000,001	6,763,899	236,102
Total operating expenses	31,961,574	27,201,398	4,760,176
Operating Loss	(7,547,413)	(6,744,315)	803,098
Nonoperating Revenues (Expenses)			
Investment income (loss)	40,000	26,053	(13,947)
Gain/(loss) on disposal of assets	-	(108,085)	(108,085)
Total nonoperating revenues (expenses)	58,000	(82,032)	(140,032)
Loss before Capital Contributions	(7,489,413)	(6,826,347)	663,066
Capital Contributions			
Contributions from City of Reno	6,776,495	3,820,411	(2,956,084)
Contributions from City of Sparks	3,097,459	1,746,267	(1,351,192)
Total capital contributions	9,873,954	5,566,678	(4,307,276)
Change in Net Position	$ 2,384,541	(1,259,669)	$ (3,644,210)
Net Position, Beginning of Year, as Originally Reported		136,653,638	
Prior period adjustment		(1,698,301)	
Net Assets, Beginning of Year, as Restated		134,955,337	
Net Position, End of Year		$ 133,695,668	

Compliance Section

Truckee Meadows Water Reclamation Facility

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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 Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Facility's basic financial statements, and have issued our report thereon dated November 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Facility's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Facility'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Facility'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 Facility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
November 21, 2018

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CPAs & BUSINESS ADVISORS

Auditor's Comments

To the Reno-Sparks Joint Coordinating Committee
Truckee Meadows Water Reclamation Facility
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2018, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Facility failed to comply with the specific requirements of Nevada Revised Statutes cited below. 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 Facility'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
The Facility conformed to all significant statutory constraints on its financial administration during the prior year.

Prior Year Recommendations
The finding noted for the year ended June 30, 2016 had been corrected.

Current Year Recommendations
Our current year recommendations are included in the Schedule of Findings and Responses.

Eide Bailly LLP

Reno, Nevada
November 21, 2018

WASHOE COUNTY WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION
AND
OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

WASHOE COUNTY WATER CONSERVATION DISTRICT
JUNE 30, 2018 AND 2017

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BARNARD VOGLER & CO.
Certified Public Accountants

100 West Liberty St.
Suite 1100
Reno, NV 89501

775.786.6141
775.323.6211
bvcocpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Washoe County Water Conservation District

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities of Washoe County Water Conservation District as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of Washoe County Water Conservation District as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages 3 through 5, 22 through 23, and 24 through 25, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washoe County Water Conservation District's basic financial statements. The supplemental information on pages 27 through 30 is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bernard Vogler & Co

Reno, Nevada
November 9, 2018

BVC

This section of the District's basic financial statements presents management's overview and analysis of the District's financial performance for the fiscal years ended June 30, 2018 and 2017. This section should be read in conjunction with the financial statements which follow this section.

This District's management's discussion and analysis, provides an overview of the District's financial activities for the fiscal years ended June 30, 2018 and 2017. All discussion of the net position and changes in net position will contain prior year data and comparisons of the current year to the prior year.

FINANCIAL HIGHLIGHTS

The District remained free of long-term debt during this period (not including the net pension liability which the District is required to report under Governmental Accounting Standards Board (GASB) No. 68).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event gives rise as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave and pension liabilities and deferrals).

The financial statements can be found following this discussion.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements. The notes to the financial statements can be found following the basic financial statements.

FINANCIAL ANALYSIS

For the year ended June 30, 2018, assets exceeded liabilities by $1,847,798.

FINANCIAL ANALYSIS (Continued)

SUMMARY STATEMENT OF NET POSITION

	2018	2017	Change	Percentage
Current assets	$ 1,562,998	$ 1,427,637	$ 135,361	9.49%
Capital assets, net	555,111	570,563	(15,452)	(2.71%)
Total assets	2,118,109	1,998,200	119,909	6.00%
Deferred outflows of resources	49,092	63,743	(14,651)	(22.99%)
Current liabilities	6,754	10,204	(3,450)	(33.81%)
Net pension liability	152,025	145,118	6,907	4.76%
Net OPEB liability	64,891	- -	64,891	100.00%
Total liabilities	223,670	155,322	68,348	44.01%
Deferred inflows of resources	95,733	114,616	(18,883)	(16.48%)
Net Position				
Net investment in capital assets	554,361	570,563	(16,202)	(2.84%)
Unrestricted	1,293,437	1,221,442	71,995	5.90%
Total net position	$ 1,847,798	$ 1,792,005	$ 55,793	3.12%

The District's net position increased by $55,793 in 2018, which is comprised of a $131,245 increase in net position from current year operations and a decrease of $61,515 from a prior period adjustment due to the implementation of GASB 75 to include the net OPEB liability. The following is a summary Statement of Revenue, Expenses and Changes in Net Position which shows how the increase in net position from operations occurred.

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	2018	2017	Change	Percentage
Operating Revenue	$ 373,482	$ 376,186	$(2,704)	(.72%)
Operating Expenses	249,215	248,382	833	.34%
Operating income (loss)	124,267	127,804	(3,537)	(2.77%)
Non-operating revenue	6,978	6,129	849	13.85%
Change in net position	$ 131,245	$ 133,933	$(2,688)	(2.01%)

REVENUES

Operating revenues were almost unchanged while non-operating revenue increased due to increased interest income on certificates of deposit.

OPERATING AND MAINTENANCE EXPENSES

Operating expenses are most directly affected by the operation and maintenance that has to be performed at Boca Reservoir. Operating expenses were relatively flat compared to the prior year with an increase in maintenance expenses for herbicide removal and house repairs compensated by a decrease in legal fees.

OPERATING AND MAINTENANCE EXPENSES (Continued)

The department described the major functional areas of the District and includes:

Operations – Responsible for the operation of Boca Reservoir, including dam tender and all expenses regarding his job and operations.

Maintenance – Responsible for any and all maintenance at Boca Reservoir, including spillway, valve house and dam tenders house.

Administration – All functions of the office staff, maintaining accurate assessment, financial information and director information.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2018 amounted to $554,361, including accumulated depreciation of $542,009. Capital assets consist of improvements to Boca Dam, caretaker house improvements, office equipment and field equipment. See Notes 1 and 3 for additional capital assets information.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District will watch our operations and maintenance expenses. The District has ongoing maintenance at Boca Dam; therefore, our expenses may increase next year. The Bureau of Reclamation has a Cost Analysis Study for a Safety of Dams Project which will occur in the next couple of years, thereby making our maintenance expenses increase sufficiently.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those who have an interest in this District's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to 1005 Terminal Way, Suite 150, Reno, NV 89502.

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017 (as restated)
ASSETS		
Current assets		
Cash and cash equivalents	$ 351,486	$ 209,854
Time certificates of deposit	1,160,915	1,155,101
Special assessments receivable	942	1,430
Other receivables	16,089	27,302
Prepaid expenses	33,566	33,950
Total current assets	1,562,998	1,427,637
Noncurrent assets		
Capital assets		
Improvements and equipment, being depreciated	1,096,370	1,087,580
Construction in progress	-	2,145
Less accumulated depreciation	(542,009)	(519,162)
Total capital assets	554,361	570,563
Deposit	750	-
Total noncurrent assets	555,111	570,563
Total assets	2,118,109	1,998,200
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in current fiscal year	10,503	10,211
Pension deferrals	38,589	39,595
Total deferred outflows of resources	49,092	49,806
LIABILITIES		
Current liabilities		
Accounts payable	2,298	6,349
Accrued payroll taxes	1,759	1,716
Accrued vacation benefits	2,697	2,139
Total current liabilities	6,754	10,204
Noncurrent liabilities		
Net pension liability	152,025	145,118
Net OPEB liability	64,891	-
Total noncurrent liabilities	216,916	145,118
Total liabilities	223,670	155,322
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	95,733	114,616
NET POSITION		
Net investment in capital assets	554,361	570,563
Unrestricted	1,293,437	1,207,505
Total net position	$ 1,847,798	$ 1,778,068

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017 (as restated)
OPERATING REVENUE		
Special assessments	$ 312,269	$ 318,893
Water storage fees	20,213	20,213
Administration fees	41,000	37,080
	373,482	376,186
OPERATING EXPENSES		
Administrative	133,187	135,055
Operating (net of reimbursement from Truckee Meadows Water Authority of $45,037 and $48,843 for 2018 and 2017, respectively)	78,123	93,239
Maintenance (net of reimbursement from Truckee Meadows Water Authority of $433 and $112 for 2018 and 2017, respectively)	15,058	2,245
Depreciation	22,847	22,637
	249,215	253,176
Operating income	124,267	123,010
NONOPERATING REVENUE		
Interest income	5,953	3,610
Grants	325	2,519
Other	700	-
Total nonoperating revenue	6,978	6,129
Increase in net position	131,245	129,139
NET POSITION, beginning of year, as previously reported	1,778,068	1,658,072
Pension Restatement	-	(9,143)
OPEB Restatement	(61,515)	-
NET POSITION, beginning of year, as restated	1,716,553	1,648,929
NET POSITION, end of year	$ 1,847,798	$ 1,778,068

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services	$ 385,183	$ 364,290
Cash payments for salaries and benefits	(120,573)	(113,624)
Cash payments for goods and services	(117,497)	(124,997)
Net cash flows provided by operating activities	147,113	125,669
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	325	2,519
Net cash flows provided by noncapital financing activities	325	2,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of asset	700	-
Acquisition of capital assets	(6,645)	(3,395)
Net cash flows used by capital and related financing activities	(5,945)	(3,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	5,953	3,610
Purchases of short-term investments in time certificates of deposit	(5,814)	(203,495)
Net cash flows provided (used) by investing activities	139	(199,885)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	141,632	(75,092)
CASH AND CASH EQUIVALENTS, beginning of year	209,854	284,946
CASH AND CASH EQUIVALENTS, end of year	$ 351,486	$ 209,854
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 124,267	$ 123,010
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	22,847	22,637
Net pension income	(11,262)	(9,496)
Changes in certain assets and liabilities		
(Increase) decrease in:		
Special assessments receivable	488	1,293
Other receivables	11,213	(13,189)
Prepaid insurance	384	496
Deposits	(750)	-
Increase (decrease) in:		
Accounts payable	(4,051)	(232)
Accrued payroll taxes	43	99
Accrued vacation benefits	558	1,051
OPEB liability	3,376	-
Net cash provided by operating activities	$ 147,113	$ 125,669

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washoe County Water Conservation District (District) was created and is regulated by the Nevada Revised Statutes, which also specify the authorized activities of the District. The District operates and maintains Boca Dam. In accordance with an agreement established in 1937, Truckee Meadows Water Authority reimburses the District for a portion of the costs of operating and maintaining Boca Dam in exchange for storage of up to 800 acre feet of water. Substantially all revenue received by the District is derived from sources located in Nevada.

The financial statements have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The District's financial statements are not included in the financial statements of Washoe County because the County does not exercise financial or administrative control over the District.

Basis of Presentation and Accounting

GASB Statement Number 34 mandates government-wide financial statements of net position, statements of revenue, expenses and changes in net position, and statements of cash flows.

The District is a single-enterprise proprietary fund and uses the accrual basis of accounting. Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprise and that a periodic determination of revenue earned, expenses incurred and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under this method, revenue is recorded when earned and expenses are recognized as soon as they result in liabilities for the benefits provided.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District is special assessments charged to residents in Washoe County. Operating expenses are for operating and maintenance expenses to maintain Boca Dam and administrative expenses to operate the District. Nonoperating revenue consists of interest income and grants. There were no nonoperating expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers time certificates of deposit with an original maturity of three months or less to be cash equivalents.

Investments

Nonnegotiable time certificates of deposits with an original maturity of three months or more are classified as investments. These investments are reported at amortized cost in accordance with GASB Statement Number 72 and therefore are exempt from fair value disclosures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The cost of maintenance and repairs is charged to income as incurred. When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful life as follows:

Improvements to Boca Dam	5 to 50 years
Caretaker house improvements	20 years
Office equipment	5 to 10 years
Field equipment	5 to 10 years
Snowmobile equipment	5 to 10 years

Special Assessments Receivable/Fees

Special assessments receivable are deemed fully collectible by management. Special assessment fees collected are used for the operation and maintenance of Boca Dam and for administration.

Other Receivables

Other receivables are deemed fully collectible by management and include amounts due from other government agencies.

Compensated Absences

It is the District's policy to permit employees to accumulate earned and unused vacation benefits up to 160 hours. All vacation pay is accrued when earned.

Use of 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.

Net Position Classification

There are three types of net position in the statements of net position:

- *Net investment in capital assets* - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.
- *Restricted net position* - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted net position* - consists of all other net positions that do not meet the definition of the above two components and are available for the District's general use.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classification (continued)

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

The District did not have a restricted net position as of June 30, 2018.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Nevada's Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. In the proprietary fund financial statements pension expense is recognized based on the district's share of the change in its proportionate share of the PERS net pension liability. A net pension liability is recorded based on the District's proportionate share of the PERS net pension liability. Deferred inflows and outflows of resources are recorded based on the District's proportionate share of the difference between projected and actual investment earnings on pension plan investments, changes in the proportion and difference between the District's contributions and proportionate share of contributions, and the difference between expected and actual experience. The effect of this reporting amounts to an increase of $198,666 in unrestricted net position.

NOTE 2 - CASH AND INVESTMENTS

Cash is maintained in interest-bearing checking accounts. Time certificates of deposit are recorded at cost, which approximates market value.

Each depository is insured by the Federal Deposit Insurance Corporation up to $250,000. Balances at June 30, 2018, classified by depository, follow:

	Carrying Amount
Cash	
Nevada State Bank	
Interest-bearing checking	$ 351,486
Time certificates of deposit	
Western Alliance Bank	635,075
Umpqua Bank	257,251
Nevada State Bank	268,589
	1,160,915
Total cash and investments	$ 1,512,401

NOTE 2 - CASH AND INVESTMENTS (Continued)

Following is a listing of cash and investments at June 30, 2018, indicating insurance on those deposits:

	Bank Balance
Cash	$ 359,225
Time certificates of deposit	1,160,915
	1,520,140
Insured (FDIC)	(750,000)
Total uninsured cash and investments	$ 770,140

By provisions of state statutes, the District is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand at any time.

NOTE 3 - CAPITAL ASSETS

Capital asset activity during 2018 was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Construction in progress	$ 2,145	$ - -	$ 2,145	$ - -
Capital assets being depreciated:				
Improvements to Boca Dam	$ 1,043,673	$ - -	$ - -	$ 1,043,673
Caretaker house improvements	37,801	8,790	- -	46,591
Office equipment	3,697	- -	- -	3,697
Field equipment	2,409	- -	- -	2,409
Total capital assets being depreciated	$ 1,087,580	$ 8,790	$ 2,145	$ 1,096,370
Accumulated depreciation:				
Improvements to Boca Dam	$ 486,265	$ 21,427	$ - -	$ 507,692
Caretaker house improvements	28,381	949	- -	29,330
Office equipment	3,107	221	- -	3,328
Field equipment	1,409	250	- -	1,659
Total accumulated depreciation	519,162	22,847	- -	542,009
	$ 570,563	$(14,057)	$ 2,145	$ 554,361

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description. The District is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The District has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110 but is required to report its share of the net pension liability under GASB 68.

Benefits Provided. Benefits, as required by the NRS, 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 the System 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 at 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 the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System 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/her life and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

Contributions. Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The District is enrolled in the employer-pay plan for PERS and is, therefore, required to contribute all amounts due under the plan. The District's contractually required contribution rate for the years ended June 30, 2018 and June 30, 2017 was 28% of annual payroll for employer-pay plans, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. However, under GASB 82, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions are to be classified as employee contributions. Total contributions to the pension plan from the District were $21,005 and $20,422 for the years ended June 30, 2018 and 2017, respectively. Of those required contribution amounts, the District received reimbursement from Truckee Meadows Water Authority amounting to $4,037 and $3,954 for the years ended June 30, 2018 and 2017, respectively.

NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of $152,025 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .00114 percent, which was an increase from its proportion measured as of June 30, 2016 of .00108 percent.

For the year ended June 30, 2018, the District recognized pension income of $714. At June 30, 2018, the District 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	$ -	$ 9,976
Changes of assumptions	10,085	-
Net difference between projected and actual earnings on pension plan investments	987	-
Changes in proportion and differences between the District contributions and proportionate share of contributions	27,517	85,757
District contributions subsequent to the measurement date	10,503	-
Total	$ 49,092	$ 95,733

The amount of $10,503 is reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date that are attributable to the 2018 fiscal year that will be recognized as a reduction of the net pension liability for the measurement date ended June 30, 2018. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

2019	$ (2,719)
2020	3,520
2021	909
2022	(2,478)
2023	1,282
2024	581
Thereafter	-

NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)

The following is the reconciliation of the June 30, 2018 net pension liability:

Net pension liability, beginning of year	$ 145,118
Difference between expected and actual experience	(259)
Difference between projected and actual investment earnings on pension plan investments	(12,504)
Changes of assumptions or other inputs	10,085
Employer contributions	(10,260)
Pension expense (income)	(714)
Changes in proportion	20,559
Net pension liability, end of year	$ 152,025

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Salary increases	Regular: 4.25% to 9.15% depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience review completed in 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 6.39 years.

The System's policies which determine the investment portfolio target asset allocation are established by the PERS' Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the system. The following was the PERS' Board's adopted policy target allocation as of June 30, 2017:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%
Total	100%	

NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position 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.

Sensitivity of the Districts proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 229,819	$ 152,025	$ 87,416

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report. That report may be obtained by calling 775-687-4200 or via the website at www.nvpers.org.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The District is a public employer participating in the Nevada Public Employees' Benefits Program (PEBP), an agent multiple-employer post-employment health care plan administered by the Public Employees' Benefit Program. PEBP provides health care coverage for certain persons who retired under the Public Employees Retirement System. Benefit provisions for PEBP are established pursuant to NRS 287.023 and are subject to amendment through legislation by the State of Nevada. The PEBP Master Plan Document may be obtained by writing to the Nevada Public Employees Medical Program of the State of Nevada, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701.

Benefits Provided. Retirees and former employees who accumulate fifteen years of service under PERS, entered PERS prior to September 1, 2008 and who retire while receiving health coverage under PEBP are eligible for PEBP coverage based on their years of covered employment under Nevada PERS. These retirees and former employees receive a subsidy that is shared on a pro-rata basis by the employers for which the retiree has worked and earned PERS service credit. Thus, the District may be obligated to subsidize health care premiums for former employees as well as those who retire directly from the District. The monthly subsidy is based on years of credited service under Nevada PERS, though the level differs for pre-Medicare and Medicare eligible retirees. The subsidy ends at the earlier of the retiree's death or the date he or she discontinues coverage.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions. Member contributions rates, or subsidy, is established by the Nevada Legislature. For the year ending June 30, 2018, $2,880 was contributed to the OPEB plan.

Actuarial assumptions. The total OPEB liability is based on an actuarial valuation as of June 30, 2018 using the following actuarial assumptions:

Funding Method:	Entry Age Normal Cost, closed group, level of percent of pay.
Discount Rate:	3.56% as of June 30, 2017 and 3.62% as of June 30, 2018, which are based on the Fidelity Municipal General Obligation AA 20 Year Bond Index.
Participants Valued:	Only current active employees and retired participants currently receiving or expected to qualify for benefit are valued. No future entrants are considered.
Salary Increase :	4.0% per year.
Assumed Wage Inflation:	3.0% per year.
General Inflation Rate:	2.75% per year.
Mortality:	Non-disabled life rates for retirees: Males and Females - headcount-weighted RP-2014 Health Annuitant Table set forward one year. Pre-retirement life rates for employees: Males and Females – headcount-weighted RP-2014 employee table.
Medicare Eligibility:	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.
Healthcare Trend:	The District's subsidy toward the cost of PEBP retiree coverage is assumed to increase from 2019-2023 between 5.00% to 6.00% for pre-Medicare and 4.5% for Medicare.

There are no OPEB plan investments and therefore there is no asset allocation or expected real rate of return on the plan investments.

Sensitivity of the District's OPEB Liability. The following presents the District's OPEB liability calculated using the discount rate of 3.62 percent, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB liability	$ 72,888	$ 64,891	$ 58,155

NOTE 6- OPERATING LEASE

The District, jointly with another District, entered into an office lease at 1005 Terminal Way commencing April 1, 2018 and running through March 31, 2023. From July 1, 2017 through March 31, 2018 the District was under a month to month lease at a different location. Rental expense under these leases was $7,955 for the year ended June 30, 2018.

The following schedule shows future obligations under this lease:

2019	$ 7,701
2020	8,377
2021	8,635
2022	8,893
2023	6,814
Total	$ 40,420

NOTE 7 - CONTINGENCIES

On May 17, 2018 the District entered into a contract with the Bureau of Reclamation (BOR) to complete modification work for the Boca Dam. The estimated cost to the District is $3,800,000 with total costs and interest not to exceed $6,000,000 which will be repaid over 50 years. Construction work is estimated to start in the spring of 2019 with an estimated completion date of November 2020. The first annual payment for the reimbursable costs shall become due on October 1 of the year following the year in which the modification work is declared substantially complete. No liability has been accrued as construction work has not been completed.

NOTE 8 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

Per the Nevada Revised Statutes Chapter 539.485 and 539.487, the District must post or publish in the newspaper its monthly claims and annual financial statements. The District's board passed a motion not to comply with this requirement.

Per the Nevada Revised Statues Chapter 539.480, the District cannot levy an assessment of more than $5 an acre. During the fiscal year it was discovered that the District has been assessing certain parcels of 1 acre at $10 an acre in violation of this statute. This was corrected for the 2018/2019 billings.

The District conformed to all other significant statutory constraints on the financial administration during the fiscal year.

NOTE 9 - PRIOR PERIOD RESTATEMENT

As of July 1, 2017, the District adopted GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* that clarified certain guidance related to payroll and contribution amounts included in the financial statements, disclosures, and required supplementary information. This statement requires payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions to be classified as employee contributions. PERS issued a restated actuarial report, subsequent to the date that the prior year financial statements were issued, clarifying deferred outflows of resources, pension related. Accordingly, the 2017 comparative balances reflect a restatement of net position as of July 1, 2016 for the cumulative effect of this change in addition to revised retirement expense balances for the fiscal 2017 year. The following table shows the changes to the applicable balances for the District:

NOTE 9 - PRIOR PERIOD RESTATEMENT (Continued)

	June 30, 2016 (as previously reported)	Adjustment	July 1, 2016 (as restated)
Deferred outflows of resources, pension related	$ 53,324	$(9,143)	$ 44,181
Unrestricted net position	$ 1,068,267	$(9,143)	$ 1,059,124
Total net position	$ 1,658,072	$(9,143)	$ 1,648,929

	June 30, 2017 (as previously reported)	Adjustment	July 1, 2017 (as restated)
Deferred outflows of resources, pension related	$ 63,743	$(13,937)	$ 49,806

	2017 (as previously reported)	Adjustment	2017 (as restated)
Operating expenditures	$ 132,118	$ 2,937	$ 135,055
Maintenance expenditures	$ 91,382	$ 1,857	$ 93,239

NOTE 10 - PRIOR PERIOD ADJUSTMENT AND ADOPTION OF NEW STANDARD

Effective for 2018, the District implemented GASB Statement Number 75. Implementation of this new accounting standard requires a prior period adjustment of beginning net position for the other postemployment benefit (OPEB) liability. Previously, the OPEB liability was not reported in the District's financial statements. GASB 75 requires an OPEB liability to be recognized for the present value of the projected post-employment benefit payments which will be available to current and former employees as determined by those employees' past periods of service, less the amount of the OPEB plan's fiduciary net position. A restatement was not made for the year ending June 30, 2017 as an actuarial valuation was not prepared for that period. This liability results in a prior period adjustment which decreases unrestricted and total net position by $61,515 at July 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00114%	0.00108%	0.00204%	0.00175%	0.00175%
District's proportionate share of the net pension liability (asset)	$ 152,025	$ 145,118	$ 233,406	$ 182,401	$ 230,143
District's covered-employee payroll	$ 73,280	$ 65,309	$ 122,094	$ 102,386	$ 92,660
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207%	222%	191%	178%	248%
Plan fiduciary net position as a percentage of the total pension liability	74.42%	72.20%	75.13%	76.31%	68.68%

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015	2014
Contractually required contribution	$ 10,503	$ 10,211	$ 9,143	$ 15,718	$ 13,182
Contributions in relation to the contractually required contribution	10,503	10,211	9,143	15,718	13,182
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	75,018	73,280	65,309	122,094	102,386
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	12.87%	12.87%

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
TOTAL OPEB LIABILITY	
Service Cost	$ 4,402
Interest	2,295
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(441)
Benefit payments	(2,880)
Net change in total OPEB liability	3,376
Total OPEB liability, beginning of year	61,515
Total OPEB liability, end of year	$ 64,891
PLAN FIDUCIARY NET POSITION	
Contributions - employer	$ 2,880
Net investment income	-
Benefit payments	(2,880)
Net change in plan fiduciary net position	-
Plan fiduciary net position, beginning of year	-
Plan fiduciary net position, end of year	$ -
Net OPEB liability	$ 64,891
District's covered-employee payroll	$ 46,125
District's OPEB liability as a percentage of covered-employee payroll	140.69%

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Contractually required contribution	$ 2,880
Contributions in relation to the contractually required contribution	2,880
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 46,125
Contributions as a percentage of covered-employee payroll	6.24%

See accompanying notes

OTHER SUPPLEMENTARY INFORMATION

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF RECEIVABLES
AS OF JUNE 30, 2018 AND 2017

Special Assessments Receivable

Special assessments consist of balances due on the following:

	2018	2017
2009-2010 roll	$ 40	$ 40
2010-2011 roll	40	40
2011-2012 roll	40	70
2012-2013 roll	40	70
2013-2014 roll	40	70
2014-2015 roll	40	130
2015-2016 roll	60	305
2016-2017 roll	119	705
2017-2018 roll	523	-
	$ 942	$ 1,430

Other Receivables

Other receivables consist of the following:

	2018	2017
Truckee Meadows Water Authority		
Share of operation and maintenance at Boca Dam		
- for the 4th quarter of the fiscal year	$ 13,089	$ 13,553
- for the 3rd quarter of the fiscal year	-	10,999
Bureau of Reclamation	3,000	2,750
	$ 16,089	$ 27,302

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017 (as restated)
Office salaries	$ 46,426	$ 45,752
Medicare and social security	2,868	2,995
Employee retirement	12,225	12,925
Group and industrial insurance	11,235	10,204
Fees		
Legal	6,007	6,002
Directors	3,920	3,360
Accounting	10,000	10,000
Engineer	22,778	29,066
Internet	3,000	-
Miscellaneous	306	323
Office insurance	1,984	1,835
Rent	7,955	9,834
Supplies	3,153	1,561
Telephone	1,330	1,198
	$ 133,187	$ 135,055

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017 (as restated)
Caretaker wages	$ 29,151	$ 28,579
Employee retirement	3,775	5,830
Group insurance	10,138	9,547
Workman's compensation	2,837	3,208
Fire and liability insurance	6,988	7,970
Gasoline	3,600	3,600
Garbage disposal	392	407
Electricity	6,949	7,385
Heating oil	1,532	1,371
Miscellaneous	186	1,133
Snowmobile	10	-
Snowplowing	3,000	2,750
Stream gauge monitoring program	8,646	8,100
Telephone	1,808	1,898
Alarm system	1,320	1,425
Temporary help	3,150	5,894
TROA - Legal	-	2,844
USBR Dam - Legal	36,711	47,295
Water rights fee	2,967	2,846
	123,160	142,082
Expenses reimbursed by Truckee Meadows Water Authority	(45,037)	(48,843)
	$ 78,123	$ 93,239

See accompanying notes

WASHOE COUNTY WATER CONSERVATION DISTRICT
SCHEDULES OF MAINTENANCE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
House repairs	$ 6,843	$ 3,759
Building repairs	100	-
Miscellaneous maintenance	193	1,536
Herbicide/brush removal	15,000	457
	22,136	5,752
House remodel capitalized	(6,645)	(2,145)
Camera system capitalized	-	(1,250)
Expenses reimbursed by Truckee Meadows Water Authority	(433)	(112)
Total maintenance expenses	$ 15,058	$ 2,245

See accompanying notes

City of Reno, Nevada
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended
June 30, 2018
BIGGEST LITTLE CITY IN THE WORLD
CITY OF
RENO

CITY OF RENO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

STATE OF NEVADA

PREPARED BY
FINANCE DEPARTMENT
DEBORAH LAUCHNER
FINANCE DIRECTOR

CITY OF RENO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF RENO

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CITY OF RENO

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INTRODUCTORY SECTION

December 7, 2018

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Reno, Nevada:

The Comprehensive Annual Financial Report for the City of Reno for the fiscal year ended June 30, 2018 is hereby submitted. State law requires that local governments provide an annual audit of its financial statements by independent certified public accountants in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Reno. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Reno has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Reno's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Reno's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Reno's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Reno for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Reno's financial statements for fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Reno was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and the two documents should be read in conjunction. The City of Reno's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Reno, Nevada, the largest community in Northern Nevada and the fourth largest city in the state, began as "Lake's Crossing" in 1859 at a toll bridge for pioneers crossing the Truckee River on their way to California. In 1868, the Central Pacific Railroad established a town site in the area as a new stop in the growing transcontinental railroad. The City was incorporated in 1903. It is located in the southern part of Washoe County, nestled in the Sierra Nevada Mountains 35 miles northeast of Lake Tahoe, in the area called the Truckee Meadows. The City was named after Civil War General Jesse Reno.

The City has a Council-Manager form of government with six Council members elected for staggered terms of four years. The Mayor is the chief elected official and formal representative of the City. Elected at large, the Mayor serves for a four-year term. The City Manager is selected by the Council and is the City's chief administrative official. The Manager is responsible for all City business.

The City provides the full range of municipal services as established by statute or the City's charter. These services include public safety (police, fire, and building inspection), public works, public improvements, planning and zoning, community development, parks and recreation, wastewater treatment, and general administrative services. In addition to general government activities, the City Council is financially accountable for the Redevelopment Agency of the City of Reno; therefore, the activities of the Agency are included in this report. The Housing Authority of the City of Reno is a related organization of the City of Reno but not a component unit because the City's accountability does not extend beyond the appointment of board members.

The City of Reno maintains budgetary controls to ensure compliance with legal provisions as part of the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. In April, the City Manager submits a tentative budget for the fiscal year to the City Council, the Nevada Department of Taxation, and the citizens of Reno. The Nevada Department of Taxation notifies the City Council as to whether the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes to the tentative budget are discussed, must be held by the governing body not sooner than the third Monday in May and not later than the last day in May. The City Council adopts the budget prior to June 1st and submits it to the Department of Taxation for final approval.

All revisions to the adopted budget are a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval. Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual budget. Budgetary control is exercised at the function level. Encumbered amounts lapse at year end. However, encumbrances generally are reapportioned as part of the following year's budget augmentation.

Local Economic Conditions

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

Reno and Washoe County have rebounded from the most recent global recession. In the Reno Sparks region, September's unemployment count stood at 3.4%, which is down from the September 2017 rate of 3.9%. Nevada had an unemployment rate of 4.5%, exceeding the national average by 0.4% in September 2018.

The median price of residential properties sold in Reno, NV increased during 2018. City of Reno home values have gone up 8.3% over the past year, with the current median home value at $360,300.

In fiscal year 2017/18, property taxes increased 4.7% and for fiscal year 2018/19, the City budgeted for property taxes to

increase four percent. The Washoe County Assessor anticipates property taxes will continue to rise, though at a modest pace, and the City will most likely be consistent with the Washoe County Assessor's assumption. Due to the formula in Nevada Revised Statutes, there is a cap on the increase allowed in property taxes except for taxes generated by new construction. For fiscal year 2018/19, the increase is estimated to be 2.6% for existing properties and the remainder due to growth.

After the recession and years of declines in consolidated tax (CTAX) revenues, the City continues to have steady increases in CTAX. Fiscal years 2010/11 through 2017/18 reflect those increases, from 1.20% in FY 2010/11 and the most recent being 9.0% in FY 2017/18. The City is hopeful this major revenue source has now stabilized and will not experience such sharp declines going forward. For fiscal year 2018/19, the City has budgeted a 4.5% increase over the prior fiscal year budgeted amount.

The State of Nevada, Washoe County and City of Reno continue to focus efforts in diversifying the economy. Calendar Year 2018 continued the recent trend of robust economic development within the Truckee Meadows region. Economic Development Authority of Western Nevada reported 13 new primary industry businesses locating within the City of Reno, with a total of 707 new jobs created, and 9 new corporate headquarters. In addition, unemployment rates are currently 3.9% - slightly lower than the "full employment" metric of 4%.

There continues to be major business expansions into the Reno area. Tesla Motors built a $5 billion gigafactory east of Reno. The factory employs approximately 3,000 people and is expected to expand to 6,500 employees. Switch, a company that owns and operates data centers throughout Nevada, has constructed a 7.2 million square foot facility on a 2,000 acre campus at the Tahoe Reno Industrial Center. This facility is considered the largest and most advanced data center in the world. With the addition of Tesla, Switch and Apple, as well as the significant increase in start-up and entrepreneurial activity in the region, the growth of technology companies continues to increase.

The State Business Tax Climate Index for 2018, which is published by the Tax Foundation, ranked Nevada as ninth in the nation for its business friendly tax climate down from sixth in 2017. The Reno Aces AAA baseball team, as well as the myriad of year round outdoor activities from alpine skiing to hiking to kayaking, still makes Reno an attractive location. The Reno-Sparks Convention & Visitors Authority is reporting an increase in room nights of 2.5% over the previous year, with total taxable room revenues being 3.7% above the prior year.

The area climate offers four distinct seasons with few extremes. Average temperatures range from winter lows in the 20's to summer highs in the 90's. Low humidity characterizes the high desert climate, making cold days seem not so cold and warm days not so hot. Cloudy days and rain are scarce with more than 300 days of sunshine each year and snow is a certainty, though it tends to melt by late afternoon in the valleys. All of this makes the area spectacular for enjoying the outdoors, including hunting, fishing, biking, hiking, skiing and many other activities.

Though economic recovery continues, City management continues to take a very aggressive stance on controlling expenses given uncertainty regarding future revenues. Since the work force reductions in 2009 which reduced the number of budgeted full-time equivalent positions (FTEs) by over 500, the City has been managing its employee growth and for FY 2018/19, has authorized 1,235 FTEs, with most of the recent job growth in Public Safety and Public Works. Restructuring has occurred at all levels in the organization to promote efficiencies in operations and service delivery, and additional opportunities are constantly being identified and analyzed. The City has instituted a Position Review Committee to review all vacancies prior to recruitment to determine if there are opportunities to restructure or provide the service differently.

Long-Term Financial Planning

With the continued effect of Indian gaming and other economic factors on gaming in northern Nevada, efforts to diversify Reno's economy by bringing new industries to the area continue to be an important goal. During the 2011 session, the Nevada State Legislature passed a state economic stimulus package. The Department of Economic Development was created under the Governor's Office to develop policies and procedures governing how municipal, county, and state entities can access those funds. The City continues to work with the Economic Development Authority of Western Nevada (EDAWN) to recruit companies with high paying jobs in targeted industries, such as renewable energy and technology, to the area. Nevada has no corporate or personal income tax, and is a right to work state which provides the opportunity for Reno to present itself as a desirable location for corporate headquarters, manufacturing, and logistics facilities in a number of high tech and service industries.

In order to position the City to successfully weather another long term economic downturn while capitalizing on opportunities that can be developed under the current conditions, staff continues developing a number of financial planning tools. In addition to the measures mentioned above, staff has developed a five-year financial forecast to be able to better project future resource needs and adjust operating programs to meet the available resources.

Furthermore, the City is collaborating with other local agencies on analyzing opportunities for shared service and consolidation, as well as creating a regional approach to economic development. Partner organizations include Washoe County, the City of Sparks, University of Nevada – Reno, EDAWN, the Reno Sparks Convention and Visitors Authority, the Regional Transportation Commission, Washoe County School District, and many others, both formally and informally. The community has a long history of successfully collaborating on regional approaches to issues, with over sixty services provided through joint agreements or as shared services.

Lastly, the management team has begun deploying different tactics designed to increase efficiency and effectiveness, including updated policies, process improvement initiatives and increased transparency.

Relevant Financial Policies

Rainy Day Reserves — In compliance with state law, the General Fund Financial Policy requires unreserved fund balance to be budgeted at 4% of prior year expenditures, which was included in the fiscal year 2017/18 budget. The City is in compliance with this requirement and has budgeted for an ending fund balance of 8% for fiscal year 2018/19. In fiscal year 2014/15, the City committed $2.1 million of consolidated tax revenues to begin funding a Stabilization Special Revenue Fund. The balance for fiscal year 2017/18 is approximately $2.2 million. The goal is to reach $18 million in stabilization reserves. The City recognizes the importance of these reserves, along with a conservative approach to spending, in giving the City a greater level of flexibility in responding to unforeseen revenue reductions. In addition, the City has funded a Contingency Account in the General Fund in the amount of $800,000 for fiscal year 2018/19, to further fund unavoidable circumstances.

OPEB Funding — The City's past practice of funding primarily pay as you go costs rather than the full annual other post employment benefit (OPEB) costs has resulted in continued growth in the City's net liability. However, the City does not have the resources at this time needed to fully fund the annual OPEB expense, including interest on the liability, but has created an OPEB trust so amounts may be put aside to fund this growing liability. Through the adoption of the Budget Guiding Principles, Council has begun a funding program through the allocation of a portion of excess property taxes to the OPEB trust. For the year ended June 30, 2018, the City transferred approximately $1 million to the trust.

Risk Management – The City has implemented a rigorous risk management program to help control its exposure to potential claims and thus reduce its costs. In 2014, Starr Companies conducted an independent and comprehensive review of the Risk Division of the City Attorney Office's claim handling, risk management, and loss control practices. Starr Companies specifically stated that it confirmed "Reno competently handles and aggressively litigates and resolves Reno's high exposure claims within Reno's $1,000,000 retained limit" and "Reno maintains a skilled and dedicated pro active internal claims staff and an internal legal defense team."

Major Initiatives

Most of the efforts during fiscal year 2017/18 continued to be focused on addressing the challenges of the unfunded liabilities and the massive revenue reductions experienced over the past several years through reductions in force, reallocation of resources, and the reorganization of City staff. Throughout the year, management and Finance staff spent a great deal of time ensuring that the City's finances met all applicable standards and corrective actions were taken to ensure that all funds were brought into alignment with Council policy, state law, governmental accounting standards, and GAAP. A great deal of attention continues to be focused on managing the City's debt portfolio given the weakness in certain pledged revenues. A key emphasis was on making changes that would support long term stability. The City was able to restructure the 2008 ReTRAC Bonds, thus eliminating the swap derivative instrument, letter of credit and associated fees, remarketing fees and the swap termination fee. This restructure is key to paying down this long term obligation.

Each year, the Reno City Council revisits Reno's purpose, vision and mission; from that, Council identifies priorities which establish the programs and services funded for current and future fiscal years. The City continues to build upon the Council initiative of re-visioning Reno, focusing on long term fiscal planning and performance management strategies to

determine what services our residents will need and want and obtain resources for those services.

ThinkReno is a process and a cultural change, which includes the City's Strategic Plan, representing a significant shift designed to make Reno the type of community its residents and visitors desire. The following Council Priorities for fiscal year 2018/19 address structural deficits that could hinder progress in carrying out these initiatives: identify new revenues; work with regional partners on interlocal revenue-sharing solutions; lobby for property tax restructuring; increase affordable housing; make progress on homelessness; implement a Homeless Master Plan; and implement the sewer plan and address sewer capacity.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Reno for its comprehensive annual financial report for the fiscal year ended June 30, 2017.

This was the 35th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors. We would like to express our appreciation to all persons who assisted and contributed to the preparation of this report. In closing, without the support and responsible leadership of the City Council of the City of Reno, preparation of this report would not have been possible.

Respectfully submitted,

Deborah Lauchner
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Reno

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

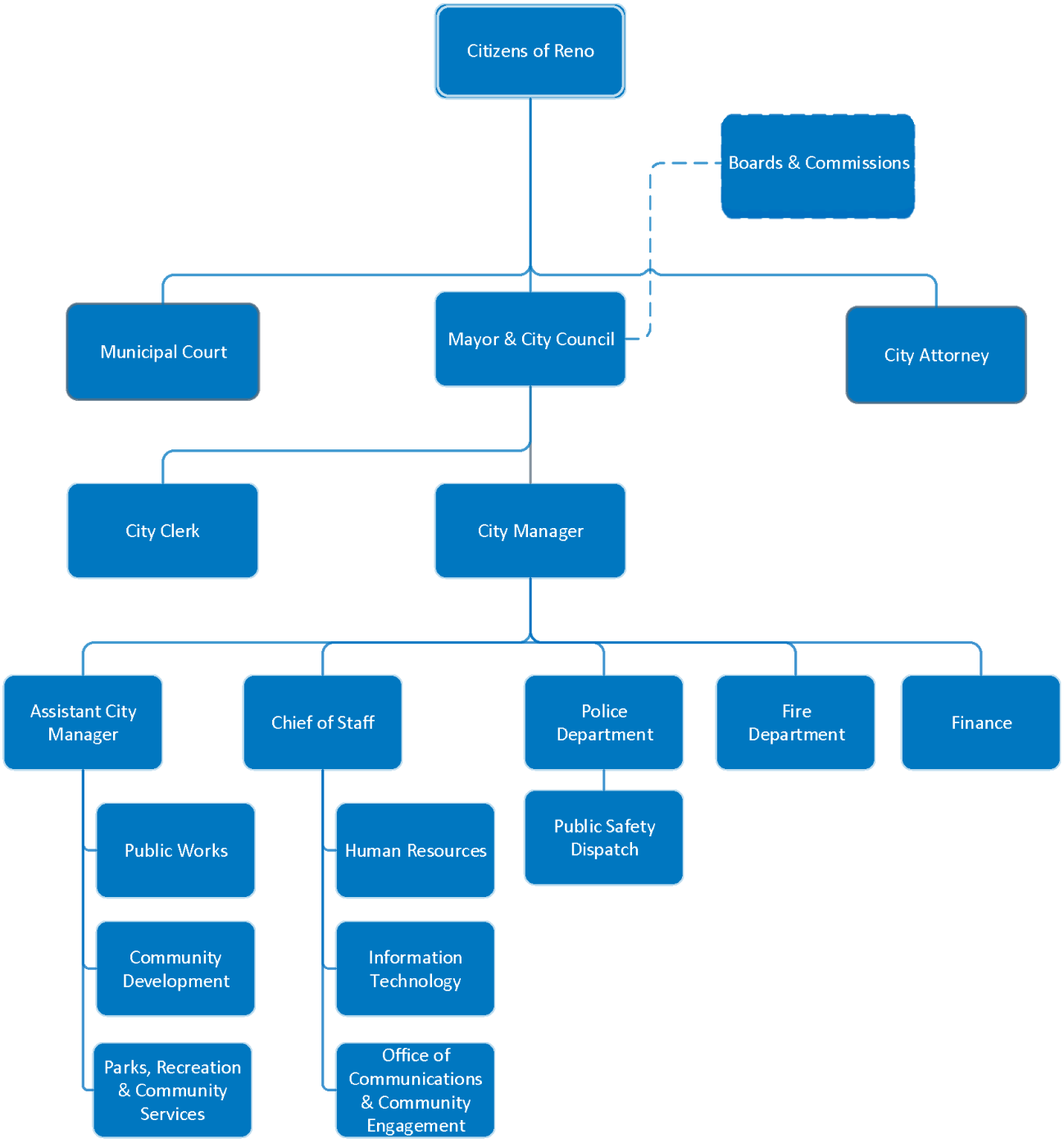
Christopher P. Morrill

Executive Director/CEO

CITY OF RENO

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2018



CITY OF RENO

CITY OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2018

CITY COUNCIL

Hillary Schieve, Mayor
Jenny Brekhus, Councilmember, Ward 1
Naomi Duerr, Councilmember, Ward 2
Oscar Delgado, Councilmember, Ward 3
Paul McKenzie, Councilmember, Ward 4
Neoma Jardon, Councilmember, Ward 5
David Bobzien, Councilmember, At Large

CITY MANAGER

Sabra Newby

OTHER ELECTED OFFICIALS

Karl Hall, City Attorney
Gene Drakulich, Judge, Dept. 1
Shelly O'Neill, Judge, Dept. 2
Dorothy Nash Holmes, Judge, Dept. 3
Tammy Riggs, Judge, Dept. 4

CITY CLERK

(Appointed by the City Council)

Ashley Turney

CITY MANAGEMENT

(Appointed by the City Manager)

William Thomas, Assistant City Managr
Jennifer Lances, Chief of Staff
Rebecca Flanders-Venis, Communications & Community Engagement Director
Vacant, Community Development Director
Deborah Lauchner, Finance Director
David Cochran, Fire Chief
Mandee Bowler, Human Resources Director
Rishman Khimji, Information Technology Director
Steve Tuttle, Municipal Court Administrator
Jason Soto, Police Chief
John Flansberg, Public Works Director
Andy Bass, Parks, Recreation & Community Services Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the City Council
City of Reno, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the City's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the basic financial statements to enable the design of 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, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding

progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 11-26 and 99-112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
December 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Reno (the City). The following document should be read in conjunction with the transmittal letter presented in the introductory section of this report to enhance the understanding of the financial information presented.

Financial Highlights

Summary of Selected Statement of Net Position Information

	Total Primary Government			
	2018	2017	Change	
Cash, cash equivalents and investments, unrestricted and restricted	$ 247,646,554	$ 203,320,124	$ 44,326,430	21.80 %
Truckee Meadows Water Reclamation Facility	92,979,554	95,025,805	(2,046,251)	(2.15)%
Capital assets, net	1,254,583,046	1,277,850,430	(23,267,384)	(1.82)%
Derivative instruments	6,572,741	36,531,181	(29,958,440)	(82.01)%
Bonds and notes payable, net of unamortized premiums and discounts	507,292,756	466,196,370	41,096,386	8.82 %
Net pension liability	248,083,384	238,524,485	9,558,899	4.01 %
Total net position	588,421,015	705,595,333	(117,174,318)	(16.61)%

The decrease in the City's net position was largely the result of implementing GASB Statement No. 75 related to the Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), as well as a prior year adjustment related to GASB Statement No. 82 that requires certain contribution payments made by the employer to be classified as member contributions.

The City's investment in the Truckee Meadows Water Reclamation Facility decreased due to new capital contributions being less than depreciation realized during the year, as well as to prior year adjustments related to implementation of GASB Statements No. 75 and No. 82.

The City undertook a major restructuring of the 2008A Bonds and 2008B Bonds related to the City's Transportation Rail Access Corridor (ReTRAC) project, which resulted in converting the 2008A bonds from variable to fixed rate, removing the swap derivative, and better aligning future debt service with anticipated revenues.

Bonds and notes payable, net of unamortized premiums and discounts, increased as a result of (1) paying off the swap termination fee on the 2008A ReTRAC Bonds and accrued interest on the 2008B Bonds as part of the issuance of the 2018 series of bonds; and (2) financing the purchase of body cameras for police officers as mandated by the Nevada Revised Statutes. Otherwise, the City is continuing its strategy of reducing outstanding debt, as well as refinancing existing debt where future interest savings can be generated or economic benefits will result.

The decrease in current liabilities is primarily due to the elimination of the $27.1 million swap derivative on the 2008A ReTRAC Bonds that was outstanding at the end of the prior fiscal year, which also resulted in the elimination of the deferred outflow related to the derivative. The increase in long-term liabilities, other than in bonds and notes payable, is due to recognizing the full actuarial liability for OPEB based on implementation of GASB Statement No. 75. Previously, the City only recognized the unfunded annual required contribution, which was almost half of the actuarial, accrued liability.

Deferred balances related to pensions also declined based on the updated valuation reports, which helped to offset the increase in deferred balances related to OPEB. In accordance with generally accepted accounting principles, the City records its proportionate share of PERS' unfunded liability and related amounts, even though Nevada Revised Statutes state that the City is not liable for such amounts.

(Continued)

Summary of Selected Statement of Activities Information

	Total Primary Government			
	2018	2017	Change	
Charges for services	$ 163,250,886	$ 157,357,866	$ 5,893,020	3.74 %
Property taxes	67,914,073	64,741,866	3,172,207	4.90 %
				%
Total expenses	387,850,935	339,048,141	48,802,794	14.39 %
Change in net position	(1,463,197)	19,046,112	(20,509,309)	(107.68)%

Property tax collections increased due to new construction and the continued rebounding of property values although growth in assessed values are limited by caps established in 2005 by Nevada's State Legislature. Increases in state sales tax revenues associated with increased consumer spending substantially accounts for the increase in intergovernmental consolidated taxes and supplemental city-county relief taxes. Revenues for various charges for services categories increased due to an improving economy and scheduled sewer service rate increases.

The increase in expenditures is due to increased depreciation expense and the disposal or donation of capital assets.

Financial Overview

The basic financial statements of the City are comprised of government-wide financial statements, fund financial statements, and notes to the basic financial statements. Additionally, supplemental information to the financial statements is contained in this report.

Government-wide Financial Statements

The government-wide financial statements are presented to provide readers with a broad overview of the City that is similar to that of the private sector.

The statement of net position presents information on all assets and liabilities for the City. The difference between the total assets and total liabilities is reported as "net position." Over time, increases and decreases in net position may serve as an indicator of improvement or deterioration of financial condition.

The statement of activities reflects the changes which have occurred during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes.

Governmental activities, which are supported primarily by taxes and intergovernmental revenues, are distinguished from activities that are intended to recover all or a significant portion of costs through user fees and charges, as is the case with business-type activities. The City's governmental activities include those associated with general government; judicial operations; public safety (police, fire and dispatch); public works; planning and community development; culture and recreation; and urban redevelopment. The business-type activities include sewer and building permit operations.

(Continued)

Fund Financial Statements

A fund is a legal and accounting entity with a self-balancing set of accounts to record activity involving assets and liabilities. The City, as with other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All funds of the City are divided into governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financial requirements.

The City maintains 22 separate governmental funds. Information is presented separately in the governmental balance sheet and statement of revenues, expenditures and changes in fund balance for the following three (3) funds because they qualify as major funds as defined by GASB Statement No. 34; the general fund, streets special revenue fund, and railroad debt service fund. Information for the remaining funds, which do not meet the definition of a major fund, is aggregated for reporting purposes.

A separate budget is prepared, annually, for each governmental fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison statement has been provided for each governmental fund to demonstrate budgetary compliance.

Proprietary Funds

The City maintains enterprise and internal service proprietary fund types. Enterprise funds are used to account for functions presented in the business-type section of the government-wide financial statements. Enterprise funds consist of sanitary sewer and building permit funds. Internal service funds are used to account for and allocate internal costs to the various City functions. The internal service funds include the motor vehicle, risk retention, self-funded medical plan, and self-funded workers compensation funds. The City's internal service fund functions primarily benefit governmental as opposed to business-type activities. Consequently, they have been included in governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City government. These funds are not reflected in the government-wide financial statements because the resources are not available to support the City's programs.

Notes to the Basic Financial Statements

Notes to the basic financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the government-wide and fund financial statements.

(Continued)

Other Information

Combining and individual fund statements and schedules are presented immediately following the notes to the basic financial statement section of this report.

Financial Statement Analysis

Government-wide Financial Statement Analysis

In order to enhance analysis and provide a means for evaluating the City's financial position, comparative summarized statements of net position information are presented in in the following table.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current, restricted and other	$ 202,529,106	$ 177,900,321	$ 202,244,071	$ 186,780,033	$ 404,773,177	$ 364,680,354
Capital	896,543,564	931,713,468	358,039,482	346,136,962	1,254,583,046	1,277,850,430
Total assets	1,099,072,670	1,109,613,789	560,283,553	532,916,995	1,659,356,223	1,642,530,784
Deferred outflows of resources	72,423,175	117,092,170	3,836,535	4,627,535	76,259,710	121,719,705
Liabilities						
Current	28,128,989	57,228,358	7,628,502	9,429,753	35,757,491	66,658,111
Long-term	1,005,987,136	885,773,883	80,192,521	78,958,617	1,086,179,657	964,732,500
Total liabilities	1,034,116,125	943,002,241	87,821,023	88,388,370	1,121,937,148	1,031,390,611
Deferred inflows of resources	23,356,455	25,263,927	1,901,315	2,000,618	25,257,770	27,264,545
Net position						
Net investment in capital assets	495,954,317	586,373,361	304,619,062	287,321,065	800,573,379	873,694,426
Restricted	84,631,336	69,911,871	15,117,358	11,426,497	99,748,694	81,338,368
Unrestricted	(466,562,388)	(397,845,441)	154,661,330	148,407,980	(311,901,058)	(249,437,461)
Total net position	$ 114,023,265	$ 258,439,791	$ 474,397,750	$ 447,155,542	$ 588,421,015	$ 705,595,333

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	Change		Change		Change	
Assets						
Current, restricted and other	$ 24,628,785	13.84 %	$ 15,464,038	8.28 %	$ 40,092,823	10.99 %
Capital	(35,169,904)	(3.77)%	11,902,520	3.44 %	(23,267,384)	(1.82)%
Total assets	(10,541,119)	(0.95)%	27,366,558	5.14 %	16,825,439	1.02 %
Deferred outflows of resources	(44,668,995)	(38.15)%	(791,000)	(17.09)%	(45,459,995)	(37.35)%
Liabilities						
Current	(29,099,369)	(50.85)%	(1,801,251)	(19.10)%	(30,900,620)	(46.36)%
Long-term	120,213,253	13.57 %	1,233,904	1.56 %	121,447,157	12.59 %
Total liabilities	91,113,884	9.66 %	(567,347)	(0.64)%	90,546,537	8.78 %
Deferred inflows of resources	(1,907,472)	(7.55)%	(99,303)	(4.96)%	(2,006,775)	(7.36)%
Net position						
Net investment in capital assets	(90,419,044)	(15.42)%	17,297,997	6.02 %	(73,121,047)	(8.37)%
Restricted	14,719,465	21.05 %	3,690,861	32.30 %	18,410,326	22.63 %
Unrestricted	(68,716,947)	17.27 %	6,253,350	4.21 %	(62,463,597)	25.04 %
Total net position	$ (144,416,526)	(55.88)%	$ 27,242,208	6.09 %	$ (117,174,318)	(16.61)%

Governmental Activities

The increase in current assets was primarily in unrestricted cash, cash equivalents and investments and relates to an improving economy and operating results. Capital assets decreased because depreciation and, to a lesser extent, retirements, exceeded capital expenditures for the year.

(Continued)

Deferred outflows of resources, deferred inflows of resources, and total liabilities changed largely due the matters previously cited herein. More specifically, the decrease in the derivative instruments liability and offsetting decrease in deferred outflows of resources relates not only to the restructuring of the ReTRAC bonds but to an increasing LIBOR yield curve associated with our weekly remarketed 2005A Capital Improvement Refunding Bonds. Deferred amounts related to pensions reflect a decline in subsequent contributions in accordance with implementation of GASB Statement No. 82. While there also was substantial reduction in the net difference between projected and actual investment earnings on pension plan investments, the reduction was offset by a change in assumptions for the pension fund.

The reduction in current liabilities due to the termination of the interest-rate swap derivative for the 2008A ReTRAC Bonds is more than offset by the recordation of the outstanding OPEB liability, which must now be reported on the statement of net position. However, due to two-tiering retiree benefits and other negotiated changes with various collective bargaining groups, the City's overall OPEB unfunded actuarial accrued liability has actually declined if compared to the result of the prior OPEB valuation.

The reduction in deferred inflows of resources related to pensions reflects the change in proportions and differences between employer contributions and proportionate share of contributions, which is partially offset by an increase in the difference between expected and actual experience. Detail on the composition of this amount can be found in Note 4 in the Notes to the Financial Statements section of this report.

Business-type Activities

Total assets for the City's business-type activities registered a 5.14% increase. The increase in current, restricted and other assets is due to an increase in cash and investments and a reduction in the note receivable between the City and the City of Sparks.

Net capital assets increased due to the number of sewer line and lift station rehabilitation projects in various stages of completion, which exceeded the effect of depreciation and asset disposals during the fiscal year. Other assets include a majority ownership interest in the Truckee Meadows Water Reclamation Facility (Facility).

Statement of Changes in Net Position

In order to enhance analysis and provide a means for evaluating the City's operating activities, comparative statement of changes in net position information is summarized in the following table.

(Continued)

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	$ 85,601,102	$ 82,952,588	$ 77,649,784	$ 74,405,278	$ 163,250,886	$ 157,357,866
Operating grants and contributions	8,577,398	6,239,951	2,107,002	2,014,816	10,684,400	8,254,767
Capital grants and contributions	27,242,197	25,213,159	15,084,733	12,722,105	42,326,930	37,935,264
General revenues						
Property taxes	67,914,073	64,741,866			67,914,073	64,741,866
Room taxes	11,251,668	10,122,000			11,251,668	10,122,000
Sales taxes restricted for debt service	11,839,077	10,759,268			11,839,077	10,759,268
Other sales taxes	940,212	344,552			940,212	344,552
Intergovernmental shared revenues, unrestricted	71,671,374	62,999,604			71,671,374	62,999,604
Investment income	2,142,261	1,737,946	775,338	289,186	2,917,599	2,027,132
Gain on disposal of capital assets	2,317,168	261,648			2,317,168	261,648
Miscellaneous	1,259,772	3,272,471	14,579	17,815	1,274,351	3,290,286
Total revenues	290,756,302	268,645,053	95,631,436	89,449,200	386,387,738	358,094,253
Expenses						
General government	41,281,443	41,978,398			41,281,443	41,978,398
Judicial	6,790,019	6,981,342			6,790,019	6,981,342
Public safety	140,378,971	125,044,791			140,378,971	125,044,791
Public works	54,783,301	53,569,580			54,783,301	53,569,580
Culture and recreation	15,812,351	15,900,003			15,812,351	15,900,003
Planning and community development	11,879,768	10,222,340			11,879,768	10,222,340
Urban development	14,091,779	3,298,662			14,091,779	3,298,662
Interest expense and fiscal charges	43,638,851	25,215,536			43,638,851	25,215,536
Sanitary sewer			51,557,336	48,310,736	51,557,336	48,310,736
Building permit			7,637,116	8,526,753	7,637,116	8,526,753
Total expenses	328,656,483	282,210,652	59,194,452	56,837,489	387,850,935	339,048,141
Change in net position before transfers	(37,900,181)	(13,565,599)	36,436,984	32,611,711	(1,463,197)	19,046,112
Transfers	846,396	153,406	(846,396)	(153,406)		
Change in net position	(37,053,785)	(13,412,193)	35,590,588	32,458,305	(1,463,197)	19,046,112
Net position, beginning of year, as adjusted	151,077,050	164,489,243	438,807,162	406,348,857	589,884,212	570,838,100
Net position, end of year	$ 114,023,265	$ 151,077,050	$ 474,397,750	$ 438,807,162	$ 588,421,015	$ 589,884,212

(Continued)

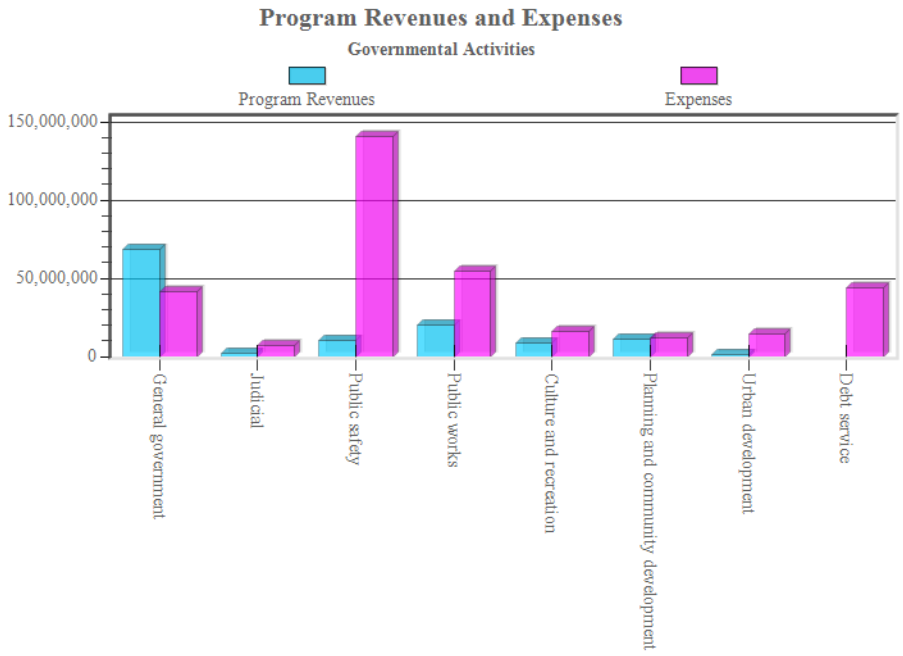
Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
		Change		Change		Change
Revenues						
Program revenues						
Charges for services	$ 2,648,514	3.19 %	$ 3,244,506	4.36 %	$ 5,893,020	3.74 %
Operating grants and contributions	2,337,447	37.46 %	92,186	4.58 %	2,429,633	29.43 %
Capital grants and contributions	2,029,038	8.05 %	2,362,628	18.57 %	4,391,666	11.58 %
General revenues						
Property taxes	3,172,207	4.90 %			3,172,207	4.90 %
Room taxes	1,129,668	11.16 %			1,129,668	11.16 %
Sales taxes restricted for debt service	1,079,809	10.04 %			1,079,809	10.04 %
Other sales taxes	595,660	172.88 %			595,660	172.88 %
Intergovernmental shared revenues, unrestricted	8,671,770	13.76 %			8,671,770	13.76 %
Investment income	404,315	23.26 %	486,152	168.11 %	890,467	43.93 %
Gain on disposal of capital assets	2,055,520	785.61 %			2,055,520	785.61 %
Miscellaneous	(2,012,699)	(61.50)%	(3,236)	(18.16)%	(2,015,935)	(61.27)%
Total revenues	22,111,249	8.23 %	6,182,236	6.91 %	28,293,485	7.90 %
Expenses						
General government	(696,955)	(1.66)%			(696,955)	(1.66)%
Judicial	(191,323)	(2.74)%			(191,323)	(2.74)%
Public safety	15,334,180	12.26 %			15,334,180	12.26 %
Public works	1,213,721	2.27 %			1,213,721	2.27 %
Culture and recreation	(87,652)	(0.55)%			(87,652)	(0.55)%
Planning and community development	1,657,428	16.21 %			1,657,428	16.21 %
Urban development	10,793,117	327.20 %			10,793,117	327.20 %
Interest expense and fiscal charges	18,423,315	73.06 %			18,423,315	73.06 %
Sanitary sewer			3,246,600	6.72 %	3,246,600	6.72 %
Building permit			(889,637)	(10.43)%	(889,637)	(10.43)%
Total expenses	46,445,831	16.46 %	2,356,963	4.15 %	48,802,794	14.39 %
Change in net position before transfers	(24,334,582)	179.38 %	3,825,273	11.73 %	(20,509,309)	(107.68)%
Transfers	692,990	451.74 %	(692,990)	451.74 %		
Change in net position	(23,641,592)	176.27 %	3,132,283	9.65 %	(20,509,309)	(107.68)%
Net position, beginning of year	(13,412,193)	(8.15)%	32,458,305	7.99 %	19,046,112	3.34 %
Net position, end of year	$ (37,053,785)	(24.53)%	$ 35,590,588	8.11 %	$ (1,463,197)	(0.25)%

Governmental Activities

Program revenues are those revenues that are derived directly from the program itself or from the City's taxpayers, citizenry and others. They reduce the net cost of the function to be financed from the City's general revenues, which include property and other taxes. The following chart compares the expenses for a particular program with the revenues generated by the program.

(Continued)



As indicated in the chart, expenses exceeded program revenues for all functions except general government. This indicates that services provided within those functions by the City are funded with tax dollars and other general revenues rather than from direct charges for those services. The gaps between expenses and program revenues for the public safety function and community development and support function are lessened due to the receipt of operating and capital grants from federal and state governments. The culture and recreation and judicial functions both generate a certain amount of charges for service that partially cover their operating expenses. Public works receives contributed capital from developers, which is classified as capital grants and contributions.

While the major source of debt payments for the depressed railway and downtown events center projects are sales taxes and/or room taxes levied by ordinances specifically for these projects, because they are taxes by nature, they are reported under general revenues rather than as program revenues. This also holds true for debt that is repaid from ad valorem taxes.

For governmental activities, charges for service continue to be the largest revenue contributor at 29.44%, followed by property taxes at 23.36%. Intergovernmental consolidated tax revenues were third, contributing 22.73% of all revenues for governmental activities.

The increase in operating grants and contributions related to additional grants for the Reno Police Department, the receipt of private grants related to the City Energy Project and the newly created downtown business improvement district, and increased contributions from Washoe County for the operation of the Community Assistance Center.

The increase in other sales tax revenues relates to one-time adjustment made by the State of Nevada related to the Freight House District Tax Increment District.

(Continued)

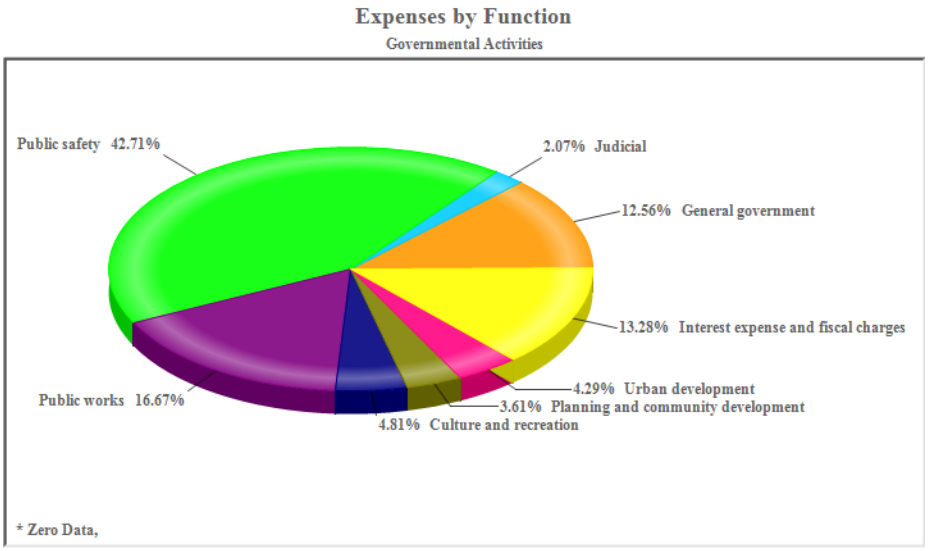
The change in public safety expenses is largely due to increased OPEB-related expense for police and fire, including an increase in salaries and related benefits due to the overfilling of six police officer positions for a period longer than anticipated, an increase in risk insurance premiums for police, and an increase in incurred but not reported claims related to the worker's compensation liability actuarial study for police officers and fire fighters.

The change in planning and community development expenses is primarily the result of funding affordable housing in the region, as well as providing additional deposit assistance to low-income citizens.

The change in urban redevelopment is primarily due to the finalization of the donation of the automobile museum building and land to its operator.

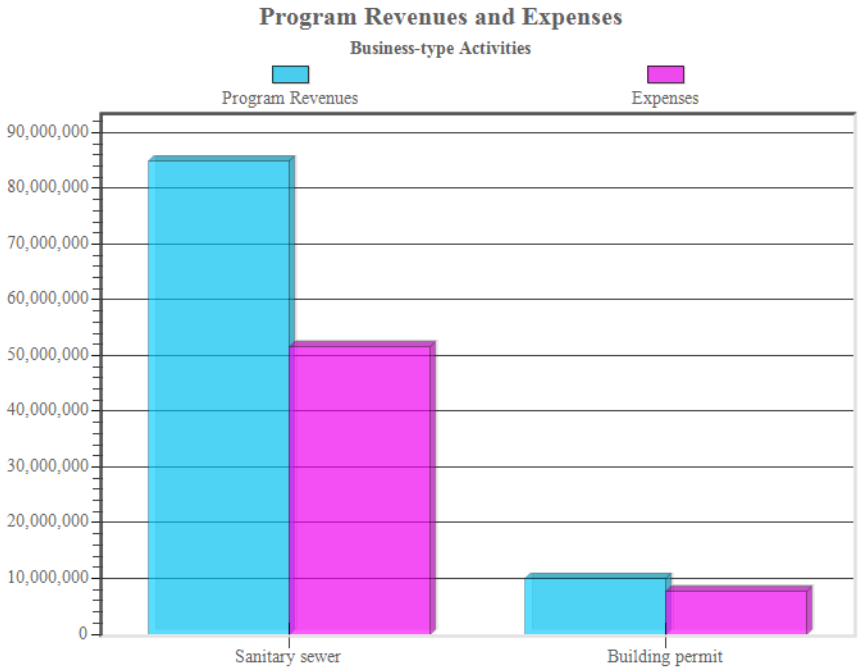
Interest expense and fiscal charges are up due to the payment of the interest rate swap termination, but are partially offset by lower interest payments due to debt reductions.

The following chart provides a comparison of expenses by function/program as a percentage of total expenses for all government activities. The public safety function (police, fire and dispatch) continue to pose the largest cost to the City. The public works function is second as infrastructure depreciation will continue to keep public works as one of the most costly functions.



Business-type Activities

Business-type activities include sanitary sewer and building permit operations. The following chart presents each activity's contribution to these totals.



For business-type activities, the City experienced an increase in sewer connection fees due to growth in housing starts, both in residential and multi-family. This growth has also spurred an increase in charges for service in the building permit function. The sanitary sewer function also received the last part of the funding through contributions for the Highland Ditch flood control project, a project which spanned the prior and current fiscal years. The City does not own the ditch but maintains it by agreement.

The sanitary sewer function continues to be self-supporting, with program revenues exceeding operating expenses. This allows the function to continue funding its capital needs without relying upon the issuance of debt.

The building permit function experienced a slight gain. Revenues came in over budget and actual revenues in FY 2018 exceeded FY 2017 actuals by 23.74%%. Expenses also came in under budget, with employee benefits experiencing a 29.25% decline due to the impact on pension expense allocated in compliance with GASB 68 in FY 2017.

(Continued)

Financial Analysis of the Government's Funds

The financial information presented thus far has focused on government wide statements prepared using the full accrual method of accounting. As previously discussed, the focus of fund accounting is to measure inflows and outflows of current resources. Since the focus in governmental fund accounting is on current resources, the governmental funds balance sheet does not reflect long-term assets and liabilities. In particular, the governmental funds unassigned fund balance is useful in measuring resources available for spending at fiscal year-end, and the proprietary fund unrestricted net position is an important measure of working capital for use in providing services to City residents.

Governmental Funds

Total Assets - Governmental Funds

	2018	2017	Change	
General Fund	$ 44,737,232	$ 35,049,692	$ 9,687,540	27.64 %
Streets Special Revenue Fund	27,272,924	26,230,404	1,042,520	3.97 %
Railroad Debt Service Fund	23,923,551	19,156,709	4,766,842	24.88 %
Non-major Governmental Funds	61,765,220	59,654,755	2,110,465	3.54 %

Total Liabilities - Governmental Funds

	2018	2017	Change	
General Fund	$ 12,865,423	$ 12,980,342	$ (114,919)	(0.89)%
Streets Special Revenue Fund	3,379,726	3,876,168	(496,442)	(12.81)%
Railroad Debt Service Fund	901,350	425,099	476,251	112.03 %
Non-major Governmental Funds	8,791,610	7,824,640	966,970	12.36 %

Total Fund Balance - Governmental Funds

	2018	2017	Change	
General Fund	$ 31,291,968	$ 21,042,477	$ 10,249,491	48.71 %
Streets Special Revenue Fund	23,688,245	22,211,861	1,476,384	6.65 %
Railroad Debt Service Fund	17,573,215	12,454,063	5,119,152	41.10 %
Non-major Governmental Funds	47,792,849	45,869,021	1,923,828	4.19 %

Total Revenues - Governmental Funds

	2018	2017	Change	
General Fund	$ 191,828,751	$ 176,072,360	$ 15,756,391	8.95 %
Streets Special Revenue Fund	25,772,033	24,593,546	1,178,487	4.79 %
Railroad Debt Service Fund	12,562,390	11,394,628	1,167,762	10.25 %
Non-major Governmental Funds	38,389,211	33,713,317	4,675,894	13.87 %

Total Expenditures - Governmental Funds

	2018	2017	Change	
General Fund	$ 181,191,305	$ 172,169,944	$ 9,021,361	5.24 %
Streets Special Revenue Fund	18,649,629	18,001,672	647,957	3.60 %
Railroad Debt Service Fund	245,520,317	17,460,958	228,059,359	1,306.11 %
Non-major Governmental Funds	46,578,878	42,810,691	3,768,187	8.80 %

Total Other Financing Sources (Uses) - Governmental Funds

	2018	2017	Change	
General Fund	$ (387,955)	$ (2,479,431)	$ 2,091,476	(84.35)%

(Continued)

Total Other Financing Sources (Uses) - Governmental Funds

	2018	2017	Change	
Streets Special Revenue Fund	(5,646,020)	(5,482,202)	(163,818)	2.99 %
Railroad Debt Service Fund	238,077,079	6,584,798	231,492,281	3,515.56 %
Non-major Governmental Funds	10,113,495	8,805,834	1,307,661	14.85 %

Of the above fund balances, $1.4 million is categorized as nonspendable, $56.7million as restricted, $35.5 million as assigned, and $26.3 million as unassigned.

Major Governmental Funds

The primary operating fund of the City is the general fund. At the end of the fiscal year presented, its unassigned fund balance was $28.6 million, an increase of 52.92% over the previous fiscal year. One of the City's goals is to maintain a reserve in the general fund between 7.00% and 8.30% of the prior fiscal year's total budget for operating expenditures. As of June 30, 2018, this calculation yielded an 18.18% reserve.

The streets special revenue fund utilizes property tax overrides, motor vehicle fuel taxes and water toll fees to maintain arterial and neighborhood streets, as well as to perform neighborhood street rehabilitation projects. Fund balance increased due to revenue growth particularly in motor vehicle fuel tax outpacing growth in capital outlay for street rehabilitation projects.

The railroad debt service fund is responsible for the payment of principal and interest on outstanding debt, as well as collection of special assessment receivables that will be used to meet the debt service requirements for special assessment district bonds outstanding. The change in fund balance is primarily due to growth in room tax and dedicated sales tax revenue and the net effect of the ReTRAC bond restructuring, which netted $4.4 million in resources due to the premiums on the 2018A and 2018B bonds issued.

Non-major Governmental Funds consist primarily of special revenue and capital projects funds. Significant activities include the HUD and State housing grant fund created for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of lower income; collecting room taxes dedicated to improving parks and recreation facilities and to promote tourism; the collection and expenditure of certain court collection and administrative fees to enhance judicial programs; and the maintenance of and repairs and improvements to City owned facilities.

Proprietary Funds

Total Assets - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 555,675,402	$ 530,761,001	$ 24,914,401	4.69 %
Building Permit Enterprise Fund	12,916,292	11,082,331	1,833,961	16.55 %
Internal Service Funds	44,643,953	37,832,364	6,811,589	18.00 %

Total Liabilities - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 77,209,263	$ 80,461,307	$ (3,252,044)	(4.04)%
Building Permit Enterprise Fund	10,611,760	7,927,063	2,684,697	33.87 %
Internal Service Funds	64,189,902	60,707,804	3,482,098	5.74 %

(Continued)

Total Net Position - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 479,741,281	$ 452,023,834	$ 27,717,447	6.13 %
Building Permit Enterprise Fund	2,964,610	4,058,045	(1,093,435)	(26.94)%
Internal Service Funds	(19,404,998)	(22,667,101)	3,262,103	(14.39)%

Total Operating Revenues - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 67,654,653	$ 66,329,876	$ 1,324,777	2.00 %
Building Permit Enterprise Fund	10,009,710	8,089,453	1,920,257	23.74 %
Internal Service Funds	47,000,551	47,149,486	(148,935)	(0.32)%

Total Operating Expenses - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 44,808,145	$ 42,194,516	$ 2,613,629	6.19 %
Building Permit Enterprise Fund	7,869,389	8,573,670	(704,281)	(8.21)%
Internal Service Funds	43,761,155	45,202,512	(1,441,357)	(3.19)%

Total Nonoperating Revenues (Expenses), Capital Contributions and Transfers - Proprietary Funds

	2018	2017	Change	
Sanitary Sewer Enterprise Fund	$ 9,890,973	$ 9,027,864	$ 863,109	9.56 %
Building Permit Enterprise Fund	94,590	(45,546)	140,136	(307.68)%
Internal Service Funds	854,922	986,529	(131,607)	(13.34)%

Major Proprietary Fund

The sanitary sewer fund accounts for sewer services provided to Reno's citizens and some residents of Washoe County. Unrestricted net position at the end of the fiscal year amounted to $154.7 million. The change in operating revenues was due to a 1.93% rate hike effective October 1, 2017, for residential customers and January 1, 2018, for commercial customers who are billed in arrears, as well as growth in sewer customers. Operating expenses increased 6.19%, with higher joint water treatment plant operating expenses being the primary cause.

The City contributed $8.9 million to the Truckee Meadows Reclamation Facility for capital improvements and its share of the joint venture's loss was $5.9 million made up primarily of depreciation expense and prior year adjustments related to implementation of GASB Statement No. 75 and an adjustment related to Statement No. 82.

The building permit fund now qualifies as a major proprietary fund due to the increase in the OPEB liability outstanding. Total assets increased due to a $2.0 million remodel of the City Hall's sixth floor for the permitting office. Operationally, the fund experienced growth in permit fees, and a decrease in employee benefits due to a smaller adjustment for GASB Statement No. 82 pension expense.

Budgetary Highlights for General Fund

Summary of Selected General Fund Budget to Actual Information

	Original Budget	Final Budget	Actual	Variance
Total Revenues	$ 177,918,936	$ 185,266,487	$ 191,828,751	$ 6,562,264
Total Expenditures	178,942,812	186,412,843	181,191,305	5,221,538
Total Fund Balance	12,145,025	19,033,597	31,291,968	12,258,371

(Continued)

The functions represent the legal level of budgetary control. Budgeted revenues increased primarily due to growth in consolidated taxes and AB 104 shared revenues, county gaming licenses, and charges for service, which collectively more than offset declines in franchise fees, business licensing fees, and fines and forfeitures. Budgeted expenditures increased in many functions due to scheduled salaries increases across the unrepresented and represented groups. The public safety function also received an increased budget related to the effect of having six, overfill police positions occupied for most of the fiscal year; an eleven-fold increase in risk insurance premiums, and the expenditure for body cameras as required by State law, which was financed by debt. Controlling services and supplies costs over most of the functions helped the general fund come in almost $5 million under budgeted expenditures.

The City continues to monitor general fund costs very closely and uses a zero based program budgeting methodology.

Capital Assets Activity

At June 30, 2018, the City had total capital assets net of depreciation and amortization of $1,254.6 million, net of accumulated depreciation and amortization of $1,092.5 million. This represents 1.82% decrease when compared to the prior year.

Major capital investment activities for fiscal year included:

$6.5 million in infrastructure, $5.8 million of which was either contributed by developers or annexed by the City;

$6.3 million in new construction in progress, with completion of $7.3 million of projects previously in construction in progress;

$38.1 million outstanding in construction in progress in sewer line and storm drain rehabilitation and lift station improvement/replacement projects; and $6.0 million in contributed sewer lines, storm drains, and other sewer improvements from developers.

Additional information on capital assets is presented in Note 3 in the Notes to the Financial Statements section of this report.

Long-term Debt Activity

Bonds and notes payable outstanding at June 30, 2018, totaled $453.6 million, net of premiums and discounts, a 13.74% increase when compared to the prior year. Debt for governmental activities represents 89.41% of total debt outstanding, with debt related to business type activities accounting for 10.59% of the total debt outstanding.

At June 30, 2018, the City had $99.2 million of general obligation debt outstanding that is subject to the legal debt limit of $1,086.4 million.

The City maintains an A1 rating from Moody’s and an A- rating from Standard and Poor’s for its general obligation bonds.

The Notes to the Financial Statements section (Note 3) of this report provides additional details related to new debt issued by the City during the fiscal year.

(Continued)

Known Economic Factors

For the first two months of fiscal year 2018/19, intergovernmental consolidated tax revenues have risen 5.12% over the first two months of fiscal year 2017/18. For June of 2018, statewide taxable sales were up 4.1% over June of 2017; however, in Washoe County, taxable sales increased 4.5% for the same period.

In June of 2018 the unemployment rate in the Reno-Sparks MSA was 3.5%, which is 1.2% lower than the state unemployment rate of 4.7% and lower than the national rate of 4.0%. The Reno MSA unemployment is slightly lower than the 4.0% for the same time period one year ago.

The annual job growth rate for the Reno metropolitan area between June 2017 and June 2018 was 3.7%, which is relatively unchanged from the 3.6% growth rate between June 2016 and June 2017.

Requests for Information

This financial report is designed to provide a general overview of the financial activity and condition of the City to all having such an interest in the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Reno Finance Department, One East First Street, P. O. Box 1900, Reno, Nevada, 89505.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RENO

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments, unrestricted	$ 146,688,791	$ 85,265,955	$ 231,954,746
Cash, cash equivalents and investments, restricted		15,691,808	15,691,808
Accounts receivable, net	7,554,887	9,725,225	17,280,112
Interest receivable	424,816	330,850	755,666
Taxes receivable	374,197		374,197
Special assessments receivable	11,853,063		11,853,063
Due from other governments	23,053,786	2,007,125	25,060,911
Notes receivable, net	1,001,612	4,219,230	5,220,842
Inventories	928,928	279,051	1,207,979
Prepaid items	1,299,676	53,414	1,353,090
Property held for resale	1,041,209		1,041,209
Truckee Meadows Water Reclamation Facility		92,979,554	92,979,554
Internal balances	8,308,141	(8,308,141)	
Capital assets, net of accumulated depreciation and amortization			
Construction in progress	6,430,401	46,481,700	52,912,101
Land	147,286,559	11,301,180	158,587,739
Water rights	1,125,000	1,812,114	2,937,114
Buildings and building improvements	156,782,021	7,622,639	164,404,660
Improvements other than buildings	270,928,033	290,470,417	561,398,450
Infrastructure	292,568,225		292,568,225
Machinery, equipment and software	18,892,709	351,432	19,244,141
Art and historical treasures	2,530,616		2,530,616
Total assets	1,099,072,670	560,283,553	1,659,356,223
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments, accumulated decrease in fair value	6,572,741		6,572,741
Unamortized deferred refunding charges	18,520,314	289,219	18,809,533
Unamortized amounts related to pensions	41,850,962	3,419,882	45,270,844
Unamortized amounts related to postemployment benefits other than pensions	5,479,158	127,434	5,606,592
Total deferred outflows of resources	72,423,175	3,836,535	76,259,710

(Continued)

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable and other accrued expenses	6,559,618	2,590,539	9,150,157
Accounts payable from restricted assets		55,144	55,144
Accrued salaries and benefits	7,161,188	315,799	7,476,987
Contracts payable	2,429,875	3,330,790	5,760,665
Contracts payable from restricted assets		904,649	904,649
Due to other governments	4,349,892	246,378	4,596,270
Deposits	1,055,675	185,203	1,240,878
Derivative instruments	6,572,741		6,572,741
Long-term liabilities, due within one year			
Bonds and notes payable	21,516,495	5,559,724	27,076,219
Compensated absences	13,319,174	972,980	14,292,154
Self-insurance liability	7,859,547		7,859,547
Interest payable	3,486,183	586,166	4,072,349
Long-term liabilities, due in more than one year			
Bonds and notes payable, net of unamortized premiums and discounts	432,066,623	48,149,914	480,216,537
Compensated absences	9,864,621	379,927	10,244,548
Self-insurance liability	53,842,338		53,842,338
Postemployment benefits other than pensions	218,667,372	5,777,727	224,445,099
Net pension liability	229,317,301	18,766,083	248,083,384
Interest payable	16,047,482		16,047,482
Total liabilities	1,034,116,125	87,821,023	1,121,937,148
DEFERRED INFLOWS OF RESOURCES			
Unamortized amounts related to pensions	23,347,049	1,901,315	25,248,364
Unamortized amounts related to postemployment benefits other than pensions	9,406		9,406
Total deferred inflows of resources	23,356,455	1,901,315	25,257,770
NET POSITION			
Net investment in capital assets	495,954,317	304,619,062	800,573,379
Restricted for			
Debt service	45,189,136		45,189,136
Capital improvement projects	12,814,415	15,117,358	27,931,773
Fire, police and other public safety programs	1,368,092		1,368,092
Cultural, community and development programs	2,200,396		2,200,396
Self-insurance liabilities	20,840,472		20,840,472
Other government programs	2,218,825		2,218,825
Unrestricted	(466,562,388)	154,661,330	(311,901,058)
Total net position	$ 114,023,265	$ 474,397,750	$ 588,421,015

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

FUNCTION/PROGRAM	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net Position: Governmental Activities	Net (Expenses) Revenues and Change in Net Position: Business-type Activities	Net (Expenses) Revenues and Change in Net Position: Total
Governmental activities							
General government	$ 41,281,443	$ 67,816,293	$ 484,132	$	$ 27,018,982	$	$ 27,018,982
Judicial	6,790,019	2,006,089	119,886		(4,664,044)		(4,664,044)
Public safety	140,378,971	5,003,219	1,834,697	3,363,843	(130,177,212)		(130,177,212)
Public works	54,783,301	4,168,069		15,670,118	(34,945,114)		(34,945,114)
Culture and recreation	15,812,351	4,416,785	483,036	3,747,411	(7,165,119)		(7,165,119)
Planning and community development	11,879,768	1,365,472	5,527,623	4,010,825	(975,848)		(975,848)
Urban development	14,091,779	825,175	128,024	450,000	(12,688,580)		(12,688,580)
Debt service							
Interest expense and fiscal charges	43,638,851				(43,638,851)		(43,638,851)
Total governmental activities	328,656,483	85,601,102	8,577,398	27,242,197	(207,235,786)		(207,235,786)
Business-type activities							
Sanitary sewer	51,557,336	67,640,096	2,106,678	15,084,733		33,274,171	33,274,171
Building permit	7,637,116	10,009,688	324			2,372,896	2,372,896
Total business-type activities	59,194,452	77,649,784	2,107,002	15,084,733		35,647,067	35,647,067
Total function/program	$ 387,850,935	$ 163,250,886	$ 10,684,400	$ 42,326,930	(207,235,786)	35,647,067	(171,588,719)
GENERAL REVENUES							
Property taxes					67,914,073		67,914,073
Room taxes					11,251,668		11,251,668
Sales taxes restricted for debt service					11,839,077		11,839,077
Other sales taxes					940,212		940,212
Intergovernmental shared revenues, unrestricted					71,671,374		71,671,374
Investment income					2,142,261	775,338	2,917,599
Gain on disposal of capital assets					2,317,168		2,317,168
Miscellaneous					1,259,772	14,579	1,274,351
Total general revenues					169,335,605	789,917	170,125,522

(Continued)

See notes to basic financial statements.

CITY OF RENO

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net Position: Governmental Activities	Net (Expenses) Revenues and Change in Net Position: Business-type Activities	Net (Expenses) Revenues and Change in Net Position: Total
Transfers					846,396	(846,396)	
CHANGE IN NET POSITION					(37,053,785)	35,590,588	(1,463,197)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					258,439,791	447,155,542	705,595,333
Adjustment					(107,362,741)	(8,348,380)	(115,711,121)
NET POSITION BEGINNING OF YEAR, AS ADJUSTED					151,077,050	438,807,162	589,884,212
NET POSITION, END OF YEAR					$ 114,023,265	$ 474,397,750	$ 588,421,015

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF RENO

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Special Revenue Funds: Streets	Debt Service Funds: Railroad	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 24,632,168	$ 24,272,746	$ 14,295,447	$ 48,496,806	$ 111,697,167
Accounts receivable	4,985,168	956,182	115,000	552,883	6,609,233
Interest receivable	93,206	90,693	7,690	118,678	310,267
Taxes receivable	282,163	88,111		3,923	374,197
Special assessments receivable	7,071		6,238,885	5,607,107	11,853,063
Due from other governments	13,778,276	1,371,523	2,734,348	4,875,495	22,759,642
Advances to other funds		123,785			123,785
Inventories	398,425	365,931			764,356
Prepaid items	560,755	3,953	532,181	67,507	1,164,396
Property held for sale				1,041,209	1,041,209
Notes receivable, net				1,001,612	1,001,612
Total assets	$ 44,737,232	$ 27,272,924	$ 23,923,551	$ 61,765,220	$ 157,698,927
LIABILITIES					
Accounts payable and other accrued liabilities	$ 2,353,222	$ 1,077,759	$ 496,780	$ 996,960	$ 4,924,721
Accrued salaries and benefits	6,976,160	140,545		12,642	7,129,347
Contracts payable	38,306	2,161,346		230,224	2,429,876
Due to other governments	2,536,295		401,169	1,412,428	4,349,892
Deposits	961,440	76	3,401	90,758	1,055,675
Advances from other funds				123,785	123,785
Interest payable				2,894,813	2,894,813
Debt obligations payable				3,030,000	3,030,000
Total liabilities	12,865,423	3,379,726	901,350	8,791,610	25,938,109

(Continued)

See notes to basic financial statements.

CITY OF RENO

GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2018

	General Fund	Special Revenue Funds: Streets	Debt Service Funds: Railroad	Non-major Governmental Funds	Total Governmental Funds
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	282,163	88,111		3,923	374,197
Unavailable revenue, special assessments	7,071		5,448,986	5,067,422	10,523,479
Unavailable revenue, other	290,607	116,842		109,416	516,865
Total deferred inflows of resources	579,841	204,953	5,448,986	5,180,761	11,414,541
Total liabilities and deferred inflows of resources	13,445,264	3,584,679	6,350,336	13,972,371	37,352,650
FUND BALANCES					
Nonspendable					
Inventories	398,425	365,931			764,356
Prepaid items	560,755	3,953	532,181	67,507	1,164,396
Long-term receivables				1,001,612	1,001,612
Restricted for					
Debt service			17,041,034	21,083,395	38,124,429
Capital improvement projects	54,762	169,798		12,517,853	12,742,413
Fire, police and other public safety programs	170,258			1,197,834	1,368,092
Cultural, community and development programs	166,833			2,033,563	2,200,396
Other government programs				2,218,825	2,218,825
Other government programs				921,687	921,687
Assigned to					
Capital improvement projects		23,148,563		6,838,746	29,987,309
Fire, police and other public safety programs	267,462			60,995	328,457
Cultural, community and development programs	132,782				132,782
Other government programs	974,418			2,257,744	3,232,162
Unassigned	28,566,273			(2,406,912)	26,159,361
Total fund balances	31,291,968	23,688,245	17,573,215	47,792,849	120,346,277
Total liabilities, deferred inflows of resources and fund balances	$ 44,737,232	$ 27,272,924	$ 23,923,551	$ 61,765,220	$ 157,698,927

See notes to basic financial statements.

CITY OF RENO

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

FUND BALANCES, GOVERNMENTAL FUNDS		$ 120,346,277
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	$ 1,793,529,432	
Less accumulated depreciation	(904,983,998)	
		888,545,434
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Derivative instruments, accumulated decrease in fair value	6,572,741	
		6,572,741
Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(439,540,150)	
Unamortized premiums and discounts	(11,012,968)	
Unamortized deferred refunding charges	18,520,314	
Compensated absences payable	(23,130,304)	
Postemployment benefits other than pensions	(218,078,617)	
Unamortized deferred outflows related to postemployment benefits other than pensions	5,466,172	
Unamortized deferred inflows related to postemployment benefits other than pensions	(9,406)	
Net pension liability	(227,735,943)	
Unamortized deferred outflows related to pensions	41,562,779	
Unamortized deferred inflows related to pensions	(23,186,831)	
		(877,144,954)
Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Interest payable	(16,638,851)	
Derivative instruments	(6,572,741)	
Other liabilities	(1,402,325)	
		(24,613,917)
Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:		
Unavailable revenue	11,414,541	
		11,414,541
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	(19,404,998)	
Internal service fund balance receivable from business-type activities from cumulative prior years' activity	8,926,337	
Internal service fund balance receivable from business-type activities from current year activity	(618,196)	
		(11,096,857)
NET POSITION, GOVERNMENTAL ACTIVITIES		$ 114,023,265

See notes to basic financial statements.

CITY OF RENO

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Funds: Streets	Debt Service Funds: Railroad	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 49,549,489	$ 15,535,317	$ 1,025,199	$ 16,253,319	$ 82,363,324
Business licenses, permits, franchise and other fees	46,551,125	2,975,176		215,528	49,741,829
Intergovernmental shared revenues	74,262,444	6,833,646	10,211,963	12,144,046	103,452,099
Charges for services	13,743,066	10,328		2,043,063	15,796,457
Fines and forfeitures	2,648,619	5,632	2,569	45,177	2,701,997
Special assessments	1,900,443		828,562	719,251	3,448,256
Miscellaneous	3,173,565	411,934	494,097	6,968,827	11,048,423
Total revenues	191,828,751	25,772,033	12,562,390	38,389,211	268,552,385
EXPENDITURES					
Current					
General government	21,419,538			1,148,918	22,568,456
Judicial	6,922,351			144,259	7,066,610
Public safety	123,391,963			490,886	123,882,849
Public works	5,771,838	13,766,860		1,134,093	20,672,791
Culture and recreation	9,780,958			932,820	10,713,778
Planning and community development	3,396,883			8,681,874	12,078,757
Urban redevelopment				917,804	917,804
Other	9,865,177				9,865,177
Total current	180,548,708	13,766,860		13,450,654	207,766,222
Capital outlay					
General government				165,443	165,443
Public safety	153,036			709,062	862,098
Public works		4,882,769		4,641,476	9,524,245
Culture and recreation	263,196			1,726,076	1,989,272
Planning and community development	34,306			816,813	851,119
Total capital outlay	450,538	4,882,769		8,058,870	13,392,177

(Continued)

See notes to basic financial statements.

CITY OF RENO

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Funds: Streets	Debt Service Funds: Railroad	Non-major Governmental Funds	Total Governmental Funds
Debt service					
Principal payments	188,325		3,300,000	16,020,190	19,508,515
Interest expense and fiscal charges	3,734		5,178,851	8,289,795	13,472,380
Payment to current bond refunding agent			233,654,262		233,654,262
Debt issuance costs			1,894,599		1,894,599
Administrative and other costs			1,492,605	759,369	2,251,974
Total debt service	192,059		245,520,317	25,069,354	270,781,730
Total expenditures	181,191,305	18,649,629	245,520,317	46,578,878	491,940,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,637,446	7,122,404	(232,957,927)	(8,189,667)	(223,387,744)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	1,765,105		230,730,310		232,495,415
Debt issuance premiums			7,346,769		7,346,769
Proceeds from capital asset disposal	1,896,069			306,346	2,202,415
Transfers in	1,752,107	924,230		13,838,171	16,514,508
Transfers out	(5,801,236)	(6,570,250)		(4,031,022)	(16,402,508)
Total other financing sources (uses)	(387,955)	(5,646,020)	238,077,079	10,113,495	242,156,599
CHANGE IN FUND BALANCE	10,249,491	1,476,384	5,119,152	1,923,828	18,768,855
FUND BALANCE, BEGINNING OF YEAR	21,042,477	22,211,861	12,454,063	45,869,021	101,577,422
FUND BALANCE, END OF YEAR	$ 31,291,968	$ 23,688,245	$ 17,573,215	$ 47,792,849	$ 120,346,277

See notes to basic financial statements.

CITY OF RENO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		$ 18,768,855
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 13,304,456	
Less current year depreciation	(46,478,117)	
Disposition of capital assets	(12,809,616)	
		(45,983,277)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable revenue	(1,993,349)	
Capital asset contributions	10,845,744	
		8,852,395
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued:		
Debt issuance proceeds	(232,495,415)	
Debt discounts	(7,346,769)	
Debt principal repayments	193,639,742	
		(46,202,442)
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:		
Change in postemployment benefits other than pensions	(7,894,416)	
Change in compensated absences payable	(600,351)	
Change in net pension liability	(190,198)	
Amortization of deferred refunding charges	(1,463,110)	
Amortization of debt premiums and discounts	376,504	
Change in accrued interest	34,589,742	
Change in provision for loss contingencies	(1,402,326)	
Other	618,717	
		24,034,562
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	4,094,318	
The internal service funds change in net position related to business-type activities	(618,196)	
		3,476,122
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		$ (37,053,785)

See notes to basic financial statements.

CITY OF RENO

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Business-type Activities				Governmental Activities
	Sanitary Sewer	Building Permit	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	$ 74,435,664	$ 10,830,291	$	$ 85,265,955	$ 34,991,624
Accounts receivable	9,725,225			9,725,225	945,654
Interest receivable	295,295	35,555		330,850	114,549
Due from other governments	2,007,125			2,007,125	294,144
Inventories	279,051			279,051	164,572
Prepaid items	52,913	501		53,414	135,280
Restricted assets					
Cash, cash equivalents and investments	15,691,808			15,691,808	
Total current assets	102,487,081	10,866,347		113,353,428	36,645,823
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Construction in progress	46,481,700			46,481,700	
Land	11,301,180			11,301,180	
Water rights	1,812,114			1,812,114	
Buildings and building improvements	5,626,136	1,996,503		7,622,639	
Improvements other than buildings	290,470,417			290,470,417	
Machinery, equipment and software	297,990	53,442		351,432	7,998,130
Total capital assets, net of accumulated depreciation and amortization	355,989,537	2,049,945		358,039,482	7,998,130
Other assets					
Due from other governments	4,219,230			4,219,230	
Truckee Meadows Water Reclamation Facility	92,979,554			92,979,554	
Total other assets	97,198,784			97,198,784	
Total noncurrent assets	453,188,321	2,049,945		455,238,266	7,998,130
Total assets	555,675,402	12,916,292		568,591,694	44,643,953
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized deferred refunding charges	289,219			289,219	
Unamortized amounts related to pensions	2,048,425	1,371,457		3,419,882	288,183
Unamortized amounts related to postemployment benefits other than pensions	76,339	51,095		127,434	12,986
Total deferred outflows of resources	2,413,983	1,422,552		3,836,535	301,169

(Continued)

See notes to basic financial statements.

CITY OF RENO

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

	Business-type Activities				Governmental Activities
	Sanitary Sewer	Building Permit	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	2,540,997	49,542		2,590,539	232,572
Other accrued liabilities payable from restricted assets	55,144			55,144	
Accrued salaries and benefits	194,052	121,747		315,799	31,841
Contracts payable	3,300,091	28,270		3,328,361	
Contracts payable from restricted assets	904,332			904,332	
Due to other governments	215,854	30,524		246,378	
Deposits	185,203			185,203	
Interest payable	588,808	104		588,912	
Debt obligations payable	5,559,724			5,559,724	
Compensated absences	650,961	322,019		972,980	53,491
Self-insurance liability					7,859,547
Total current liabilities	14,195,166	552,206		14,747,372	8,177,451
Noncurrent liabilities					
Debt obligations payable	48,149,914			48,149,914	
Compensated absences	162,631	217,296		379,927	
Postemployment benefits other than pensions	3,461,131	2,316,596		5,777,727	588,755
Self-insurance liability					53,842,338
Net pension liability	11,240,421	7,525,662		18,766,083	1,581,358
Total noncurrent liabilities	63,014,097	10,059,554		73,073,651	56,012,451
Total liabilities	77,209,263	10,611,760		87,821,023	64,189,902
DEFERRED INFLOWS OF RESOURCES					
Unamortized amounts related to pensions	1,138,841	762,474		1,901,315	160,218
NET POSITION					
Net investment in capital assets	302,569,117	2,049,945		304,619,062	7,998,130
Restricted					
Capital improvement projects	15,117,358			15,117,358	
Self-insurance liabilities					20,840,472
Unrestricted	162,054,806	914,665		162,969,471	(48,243,600)
Total net position	$ 479,741,281	$ 2,964,610	$	482,705,891	$ (19,404,998)
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				(8,308,141)	
Net position of business-type activities				$ 474,397,750	

See notes to basic financial statements.

CITY OF RENO

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities				Governmental Activities
	Sanitary Sewer	Building Permit	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 65,996,433	$ 10,003,548	$	$ 75,999,981	$ 45,611,399
Licenses and permits	320,179			320,179	
Fines and forfeitures	1,293,310	5,580		1,298,890	
Miscellaneous	44,731	582		45,313	1,389,152
Total operating revenues	67,654,653	10,009,710		77,664,363	47,000,551
OPERATING EXPENSES					
Salaries and wages	5,816,397	3,829,495		9,645,892	911,242
Employee benefits	2,424,004	1,825,873		4,249,877	290,035
Services and supplies	12,604,341	2,185,737		14,790,078	40,308,703
Joint sewer plant	13,551,578			13,551,578	
Depreciation and amortization	10,411,825	28,284		10,440,109	2,251,175
Total operating expenses	44,808,145	7,869,389		52,677,534	43,761,155
Operating income	22,846,508	2,140,321		24,986,829	3,239,396
NONOPERATING REVENUES (EXPENSES)					
State grants		324		324	
Other grants	2,106,678			2,106,678	
Investment income	681,072	94,266		775,338	335,283
Interest and fiscal charges	(1,240,382)			(1,240,382)	
Gain (loss) on capital asset disposition	(762,464)			(762,464)	143,056
Truckee Meadows Water Reclamation Facility	(5,866,664)			(5,866,664)	
Total nonoperating revenues (expenses)	(5,081,760)	94,590		(4,987,170)	478,339
Income (loss) before capital contributions and transfers	17,764,748	2,234,911		19,999,659	3,717,735
CAPITAL CONTRIBUTIONS					
Capital contributions	6,037,726			6,037,726	191,614
Federal grants					184,969
Sewer connection charges	9,047,007			9,047,007	
Total capital contributions	15,084,733			15,084,733	376,583
TRANSFERS					
Transfers out	(112,000)			(112,000)	
CHANGE IN NET POSITION	32,737,481	2,234,911		34,972,392	4,094,318
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	452,023,834	4,058,045			(22,667,101)
Adjustment	(5,020,034)	(3,328,346)			(832,215)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	447,003,800	729,699			(23,499,316)
NET POSITION, END OF YEAR	$ 479,741,281	$ 2,964,610	$		$ (19,404,998)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				618,196	
CHANGE IN NET POSITION, BUSINESS-TYPE ACTIVITIES				$ 35,590,588	

See notes to basic financial statements.

CITY OF RENO

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Building Permit	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 70,398,356	$ 10,009,128	$ 80,407,484	$ 46,001,887
Cash received from interfund services				100,000
Cash received from other sources	111,713	582	112,295	1,294,084
Cash payments for goods and services	(27,612,366)	(1,368,376)	(28,980,742)	(36,959,707)
Cash payments for employee services	(7,872,899)	(5,247,132)	(13,120,031)	(1,228,329)
Cash payments for interfund goods and services	(243,938)	(1,046,215)	(1,290,153)	(416,759)
Cash payments for interfund employee benefits	(1,125,937)	(579,285)	(1,705,222)	(175,137)
Net cash provided by operating activities	33,654,929	1,768,702	35,423,631	8,616,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(112,000)		(112,000)	
Cash received from grants	2,106,678	324	2,107,002	184,969
Net cash provided by (used in) noncapital financing activities	1,994,678	324	1,995,002	184,969
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(15,606,370)	(1,460,998)	(17,067,368)	(1,771,870)
Proceeds received from disposal of capital assets				56,453
Principal payments on debt	(5,405,920)		(5,405,920)	
Payments of interest and fiscal charges	(1,277,441)	(13)	(1,277,454)	
Connection charges	9,047,008		9,047,008	
Truckee Meadows Water Reclamation Facility	(3,820,413)		(3,820,413)	
Net cash used in capital financing activities	(17,063,136)	(1,461,011)	(18,524,147)	(1,715,417)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	708,678	95,930	804,608	345,857
Change in fair value of cash equivalent investments	(215,367)	(21,224)	(236,591)	(83,153)
Net cash provided by (used in) investing activities	493,311	74,706	568,017	262,704
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,079,782	382,721	19,462,503	7,348,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,047,690	10,447,570	81,495,260	27,643,329
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 90,127,472	$ 10,830,291	$ 100,957,763	$ 34,991,624

(Continued)

See notes to basic financial statements.

CITY OF RENO

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities			Governmental Activities
	Sanitary Sewer	Building Permit	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 22,846,508	$ 2,140,321	$ 24,986,829	$ 3,239,396
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	10,411,825	28,284	10,440,109	2,251,175
(Increase) decrease in operating assets				
Accounts receivable	2,727,291		2,727,291	490,487
Notes receivable	727,280		727,280	
Due from other governments	(660,296)		(660,296)	(95,068)
Inventories	(11,409)		(11,409)	(30,750)
Prepaid items	(6,170)	1,034	(5,136)	43,528
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	832,279	37,396	869,675	(629,689)
Accrued salaries and benefits	36,351	16,654	53,005	6,666
Contracts and retention payable	(1,093,380)	(279,165)	(1,372,545)	
Due to other governments	(1,421,708)	11,884	(1,409,824)	
Deposits	61,142		61,142	
Compensated absences	105,609	42,454	148,063	5,841
Self-insurance liability				3,549,151
Postemployment benefits other than pensions	3,127,995	2,111,566	5,239,561	532,638
Net pension liability	(4,028,388)	(2,341,726)	(6,370,114)	(747,336)
Total adjustments	10,808,421	(371,619)	10,436,802	5,376,643
Net cash provided by operating activities	$ 33,654,929	$ 1,768,702	$ 35,423,631	$ 8,616,039
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contribution of capital assets	$ 6,037,726	$	$ 6,037,726	$ 191,614

See notes to basic financial statements.

CITY OF RENO

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash, cash equivalents and investments	$	$ 8,536,120
Investment in RBIF Retirement System	7,753,129	
Interest receivable		8,406
Special assessments receivable		1,101,258
Due from other governments		13,064
Total assets	7,753,129	9,658,848
LIABILITIES		
Accounts payable and other accrued liabilities		33,404
Deposits		2,615,827
Due to developers, employees and others		7,009,617
Total liabilities		9,658,848
NET POSITION		
Assets held in trust for pension and other employee benefits	7,753,129	
TOTAL NET POSITION	$ 7,753,129	$

See notes to basic financial statements.

CITY OF RENO

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	OPEB Trust Fund
ADDITIONS	
Contributions	
Employer	$ 1,201,931
Plan members	52,726
Investment earnings	
Interest, dividends and other investment income	160,733
Net change in fair value of investment	375,732
Investment expense	(1,655)
Total additions	1,789,467
CHANGE IN NET POSITION	1,789,467
NET POSITION, BEGINNING OF YEAR	5,963,662
NET POSITION, END OF YEAR	$ 7,753,129

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Reno (the City) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity

The City was incorporated on March 16, 1903. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government administration; public safety (police, fire, dispatch and building inspection); public works; culture and recreation; planning and community development; urban development; and other services.

The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The City has determined that the Redevelopment Agency of the City of Reno (RACOR) should be presented as a blended component unit and presented in the City's financial statements because of the significance of its operational and financial relationship with the City. RACOR is governed by a separate board, which is comprised of the members of the City Council and is dependent upon the City's taxing authority.

In addition, City has determined that the OPEB Trust Fund should also be presented as a blended component unit, a fiduciary fund, and presented in the City's financial statements because of the significance of its financial relationship with the City. The OPEB Trust Fund is governed by a separate three-member board appointed and may be removed, with or without cause, by the City Council.

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. 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 user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities including general payment obligations, revenue bonds and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

(Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and include indirect expenses allocated to each function. 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 segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be 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 as follows:

A sixty-day availability period is used for revenue recognition for all revenues except grants and property (ad valorem) taxes.

A ninety-day availability period is used for revenue recognition for grants.

A thirty-day availability period is used for revenue recognition for property taxes. Anticipated refunds of property taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Sales taxes are considered available when in the hands of the intermediary collecting government.

(Continued)

All other revenue sources are considered to be available when cash is received.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes and county and state shared revenues.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and self-insurance liabilities, are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund - Accounts for all financial resources not accounted for in some other fund.

Streets Special Revenue Fund – Accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.

Railroad Debt Service Fund - Accounts for the accumulation of resources for payment of bonds issued for the purpose of constructing and expanding railroad grade and related beautification projects.

The City reports the following non-major governmental fund types:

Special Revenue Funds - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Projects Funds - Account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for goods and services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

Sanitary Sewer Fund - Accounts for the provision of sewer services and connection fee revenues restricted for capital projects.

Building Permit Fund - Accounts for resources provided by the issuance of building permit fees.

The City also reports the following other non-major proprietary fund type:

Internal Service Funds - Account for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position and a statement of changes in net position, report assets held in a trustee or agency capacity; and therefore, cannot be used to support the City's operational activities. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund types:

Agency Funds - Account for assets held by the City as an agent for individuals, private organizations, other governments or other funds including the collection and disbursement of special assessments and refundable performance and other deposits.

Employee Benefit Trust Fund - Accounts for assets held in an irrevocable trust fund, which are to be used for payment of postemployment benefits other than pensions. The assets are invested by the State of Nevada Retirement Benefit Investment Fund.

Assets and Liabilities

Cash, Cash Equivalents and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds participate in the City's cash and investment pool (the Pool). The Pool has the general characteristics of a demand deposit account in that the proprietary funds may effectively withdraw amounts from the Pool at any time. Accordingly, amounts invested in the Pool by proprietary funds are considered to be cash equivalents. Monies that are not required for immediate obligations are invested.

Investments are reported at fair value, regardless of the length of time remaining to maturity. The fair values of investments are determined using quotations obtained from independent published sources.

Receivables, Payables and Unearned Revenues

Property taxes receivable that are not expected to be collected within thirty days of year end are recognized as unearned revenue in the fund financial statements, rather than revenue since the asset is not available to satisfy current obligations. Unearned revenues also arise when the City receives resources before it has a legal claim to them such as when property taxes for the following tax year are received before year end. At June 30, 2018, notes receivable are shown net of an allowance for uncollectible amounts totaling $48,364,693.

Washoe County is responsible for the assessment, collection and subsequent distribution to the City of property taxes. Property tax rates are set in June of each year, and property tax bills are mailed out by August 1st of each year. They are due by the third Monday in August. If the property tax is greater than $100, installments may be made and are due by the third Monday in August and the first Mondays in October, January, and March.

(Continued)

Pursuant to NRS 361.483(7), the Washoe County Treasurer must assess a 4% penalty on any one installment that is delinquent, a 5% penalty on any two installments together with accumulated penalties that are delinquent, 6% on any three installments together with accumulated penalties that are delinquent and a 7% penalty together with accumulated penalties if all four installments are delinquent. In the event of nonpayment, Washoe County files a lien against the property on the first Monday in June. If delinquent taxes and penalties are not paid after two years from the date of the lien, the Washoe County Treasurer obtains a deed to the property and sells the property to satisfy the lien.

Inventories and Prepaid Items

Inventories in the governmental funds are valued at cost, which approximates market, using the first-in/first-out method. Inventories in proprietary funds are valued at the lower of cost (first-in/first-out method) or market.

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

In the governmental fund financial statements, inventories and prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

The ordinance levying a connection fee for tapping into the City's sewer lines restricts all monies received for the construction of and improvements to the sewer plant and sewer line system. Accordingly, a portion of the assets in the sanitary sewer enterprise fund have been restricted for that purpose.

Property Held for Resale

Property held for resale is reported in the governmental fund financial statements and in the governmental activities column on the government-wide financial statements. Property held for resale represents land held by RACOR for eventual resale and the proceeds from such sales must be used for future redevelopment projects.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of $10,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost, including capitalized interest incurred during the construction phase on debt-financed projects. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' useful lives are not capitalized.

(Continued)

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

	Years
Buildings and building improvements	10-50
Improvements other than buildings	10-100
Infrastructure	10-60
Machinery, equipment and software	2-20
Art and historical treasures	1-40

Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities on the statement of net position. Premiums and discounts, as well as debt issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method. Debt issuance costs are expensed in the period incurred.

In the governmental fund financial statements, premiums, discounts and debt issuance costs are recognized in the period they are paid or received. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from City service if not previously taken. Accumulated sick leave benefits are payable to terminated employees who have accumulated a set number of hours up to a specified maximum, depending on the particular employee association. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

Deferred Compensation Plan

In addition to the retirement plan disclosed in Note 4, the City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, which is available to all City employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City is required to, depending on the particular employee association, make matching contributions into the deferred compensation plan of up to 5% of an employee's salary.

The assets of this plan are held in trust outside the control of the City. Since the assets of this plan are not considered assets of the City and are not subject to the claims of the City's general creditors, this plan is not reported in the government-wide or fund financial statements.

(Continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the City's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the City's OPEB Plans. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms and investments are reported at estimated fair value.

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Agent Multiple-Employer Defined Benefit Pension Plan

The City uses the same basis used in the Judicial Retirement System of Nevada's (JRS) Annual Financial Report, for reporting its proportionate share of the JRS net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to JRS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by JRS when due and payable in accordance with the benefit terms. JRS's investments are reported at fair value.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide and proprietary funds statement of net position reports deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt to be amortized over the term of the new debt) and amounts related to pensions, including: 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds balance sheet reports unavailable property tax and special assessment revenues, which will be recognized as revenue in the period that the amounts become available. The government-wide and proprietary funds statement of net position reports amounts related to pensions, including: 1) the differences between expected and actual experience and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

(Continued)

Stabilization Arrangements

The stabilization fund was created in October 2014, by the City Council under Resolution No. 8015 for the purpose of stabilizing the City's operations and mitigating the effects of a natural disaster.

Resources for the stabilization fund include committed revenue from the general fund in an amount determined to be available for this purpose. The balance in the stabilization fund is limited to 10% of prior year general fund expenditures, excluding expenditure of federal funds. Cash, cash equivalents and investments, investment income, and fund balance in the stabilization fund may not revert to any other fund or be used as a surplus for any purpose other than specified in the foregoing paragraph.

Expenditures from this fund may only be made if the total actual revenue falls short of the total anticipated revenue in the general fund for the fiscal year in which the City uses that money; or to pay expenses incurred by the local government to mitigate the effects of a natural disaster.

Net Position

In the government-wide and proprietary fund financial statements, net position is reported as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position is reported as restricted when constraints placed on it are either 1) imposed by external parties (such as creditors, grantors, contributors or other governments), or 2) imposed by law through a constitutional provision or enabling legislation.

Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as follows:

Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action (resolution or ordinance as both are considered to be equally binding) of the City Council, which is the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City Council has set forth by resolution the manner of making fund balance assignments. Constraints imposed on the use of assigned fund balance mirror the requirements set forth in the applicable GASB statement for all funds except the General Fund. The City Manager was given authority under the same resolution to determine assigned fund balances in the General Fund. For governmental funds, other than the General Fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

(Continued)

Unassigned fund balance is the classification used by the General Fund for residual amounts not included in the four categories described above.

Prioritization and Use of Available Resources

When both restricted resources and other resources (i.e., committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

Interfund Activity

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Use of Estimates

Timely preparation of financial statements in conformity with GAAP requires management to make estimates that affect reported amounts. Significant estimates that may change materially in the next year include net pension liabilities, postemployment benefits other than pensions, and derivative instruments and related deferred outflows / inflows or resources. The useful lives of capital assets is also a significant estimate that may require revision in future periods.

Note 2. Stewardship and Accountability

Budgets and Budgetary Accounting

The City adopts annual budgets, in accordance with Nevada Revised Statutes (NRS) and the City's Charter, for all governmental and proprietary fund types, which are formally integrated and employed as a management control device. These budgets were amended for certain funds during the year. All budget augmentations made during the current year were as prescribed by law. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States and used by the City for financial reporting.

The City follows the following procedures to establish, modify, and control budgetary data:

Prior to April 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. These operating budgets include proposed expenditures and expenses and the means of financing them. Appropriations are required to be detailed by type (salaries and wages, employee benefits, services and supplies, or capital outlay) within a department, function, and fund.

The budget for all funds is filed as a tentative budget with the State of Nevada (the State or Nevada) Department of Taxation, and public hearings are conducted prior to the adoption of the budget to obtain taxpayer comment.

(Continued)

On or before June 1, the budget is legally adopted by a majority vote of the City Council members.

The NRS require budget controls to be exercised at the function level. The City Manager is authorized under the NRS to amend the budget by transferring appropriations within a function or program. Transfers between any function or program within a fund or transfers of appropriations between funds and the contingency account, may be authorized subject to subsequent approval by the City Council.

Revisions that alter the total appropriations of a function or fund must be approved in advance by the City Council in the form of a resolution. If the fund being augmented receives property tax revenue, notice is published in the local newspaper three working days in advance of the public meeting.

All unencumbered appropriations lapse at the fiscal year end.

The City cannot expend any money, incur any liability, or enter into any contract, which by its term involves the expenditure of money in excess of the amount appropriated for a given function, except for bond payments, short-term financing payments, and any other long-term contracts expressly authorized by law. In addition, net position in proprietary funds may not be a deficit.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, total expenditures/expenses exceeded appropriations for the following funds and/or functions, which are potential violations of NRS 354.626:

General Fund, Intergovernmental Function	$ (165,313)
Sanitary Sewer Fund, Non-operating Revenue (Expense)	(1,570,976)
Motor Vehicle Internal Service Fund	(68,920)

For the year ended June 30, 2018, total expenditures exceeded appropriations for the following funds and/or functions, which are exempt from the provisions of NRS 354.626:

City of Reno Debt Service Fund, Debt Service Function	$ (2,200,233)
ReTRAC Debt Service Fund, Debt Service Function	(235,964,639)
Self-funded Workers Compensation Internal Service Fund	(3,179,317)

These over expenditures were funded by available assets in excess of liabilities as represented by fund balance or net position in the respective funds.

(Continued)

Tax Abatements

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized, by type of agreement/program and the gross, accrual basis reduction of the City's taxes for the year ended June 30, 2018 aggregated as follows:

Agreement/program description – Nevada Revised Statutes 360.753 - Partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft
Amount abated during the year ended June 30, 2018 – $51,848
Specific tax being abated – Personal property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 360.754 - Partial abatement of certain taxes imposed on new or expanded data center
Amount abated during the year ended June 30, 2018 – $720,161
Specific tax being abated – Property taxes and/or sales and use taxes

Agreement/program description – Nevada Revised Statutes 374.357 - Abatement for eligible machinery or equipment used by certain new or expanded businesses
Amount abated during the year ended June 30, 2018 – $1,036,445
Specific tax being abated – Sales and use taxes

Agreement/program description – Nevada Revised Statutes 701A.370 - Partial abatement of certain taxes imposed on renewable energy facilities
Amount abated during the year ended June 30, 2018 – $949
Specific tax being abated – Property taxes and/or sales and use taxes

Prior Period Adjustment

Fund balance or net position as of July 1, 2017, has been retroactively adjusted as a result of implementing new accounting pronoucements as follows (Note 4 "Defined Benefit Pension Plans" and "Postemployment Benefits Othe Than Pensions (OPEB) and OPEB Trust Fund"):

	Sanitary Sewer Enterprise Fund	Building Permit Enterprise Fund	Internal Service Funds	Governmental Activities	Business-type Activities
Net position or fund balance, as previously reported	$ 452,023,834	$ 4,058,045	$ (22,667,101)	$ 258,439,791	$ 456,081,879
Adjustments					
GASB #75 (OPEB)	(4,098,662)	(2,743,307)	(697,202)	(88,478,765)	(6,841,969)
GASB #82 (Pensions)	(921,372)	(585,039)	(135,013)	(18,883,976)	(1,506,411)
Total adjustments	(5,020,034)	(3,328,346)	(832,215)	(107,362,741)	(8,348,380)
Net position or fund balance, as adjusted	$ 447,003,800	$ 729,699	$ (23,499,316)	$ 151,077,050	$ 447,733,499

Deficit Fund Balance or Net Position

At June 30, 2018, the Self-Funded Worker's Compensation Internal Service Fund had a net position deficit of $50,323,362. The deficit is expected to remain until such time as the State Legislature provides a solution to the heart/lung presumptive liability issue. The $2,406,912 negative fund balance in the City of Reno Debt Service Fund is due to insufficient pledged revenues for the 2007A & B Sales Tax Increment Revenue Bonds.

(Continued)

New Accounting Pronouncements (not yet adopted)

GASB Statement No. 90, Majority Equity Interests. This statement was issued in August 2018 and is effective for periods beginning after December 15, 2018. This statement addresses the reporting of a majority equity interest in a legally separate organization and requires that such majority equity interest be reported as an investment. Management has not yet completed its assessment of this statemnt.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement was issued in June 2018 and is effective for periods beginning after December 15, 2019. This statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that such interest costs be recognized as an expense in the period in which the cost is incurred. Management has not yet completed its assessment of this statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This statement was issued in March 2018 and is effective for periods beginning after June 15, 2018. This statement addresses the information to be disclosed related to debt, including direct borrowings and direct placements and clarifies which liabilities governments should include when disclosing information related to debt. Management has not yet completed its assessment of this statement.

In June 2017, the GASB issued Statement No. 87, Leases effective for financial statements for periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement also establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Management has not completed its assessment of this statement to determine whether it will have a material effect on the City's net position, results of operations, or cash flows.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities effective for financial statements for periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management has not completed its assessment of this statement to determine whether it will have a material effect on the City's net position, results of operations, or cash flows.

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations effective for financial statements for periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). Specifically, Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs; requires the measurement of an ARO be based on the best estimate of the current value of outlays expected to be incurred; requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually and to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays; and requires disclosure of information about the nature of the government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining life of the associated tangible capital assets. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

(Continued)

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements effective for financial statements for periods beginning after December 15, 2018. The objective of this statement is to address accounting and financial reporting for resources received pursuant to an irrevocable split-interest agreement. Management has completed its assessment of this statement and has determined that it will not have a material effect on the City's net position, results of operations, or cash flows.

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

At June 30, 2018, the City's cash, cash equivalents and investments (including restricted amounts) were as follows:

Pooled cash, cash equivalents and investments	
Cash in bank	$ 21,304,466
Cash equivalents	11,465,709
Investments	202,747,006
Total pooled cash, cash equivalents and investments	235,517,181
Non-pooled cash, cash equivalents and investments	
Cash on hand	22,850
Cash in bank	674,406
Cash equivalents	12,741,012
Investments	14,980,354
Total non-pooled cash, cash equivalents and investments	28,418,622
Total cash, cash equivalents and investments	$ 263,935,803

At June 30, 2018, total cash, cash equivalents and investments (including restricted amounts) were presented in the City's financial statements follows:

Governmental activities	$ 146,688,792
Business-type activities	100,957,762
Fiduciary funds	16,289,249
Total cash, cash equivalents and investments	$ 263,935,803

When investing monies, the City is required to comply with the Nevada Revised Statutes (NRS). City monies must be deposited with federally insured banks. The City is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable City investments, described above, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

At year end, the City's carrying amount of deposits for cash in bank was $21,978,700, and the bank balance was $27,583,123. As of June 30, 2018, the City's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized in accordance with the NRS as discussed in the following paragraph.

The City manages its custodial credit risk related to deposits by participating in the State's Pooled Collateral Program, which was created during the 2003 legislative session to monitor collateral maintained by depositories for local government agency deposits. This program provides for centralized processing and management of all pledging and maintenance of collateral by the State Treasurer's Office rather than each local agency and eliminates the need for the City to establish separate custodial agreements with each financial institution.

(Continued)

The City manages its custodial credit risk related to deposits by participating in the State's Pooled Collateral Program, which was created during the 2003 legislative session to monitor collateral maintained by depositories for local government agency deposits. This program provides for centralized processing and management of all pledging and maintenance of collateral by the State Treasurer's Office rather than each local agency and eliminates the need for the City to establish separate custodial agreements with each financial institution.

The City's authorized investment types, maximum maturities, portfolio concentration limits, and minimum credit ratings are as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating	
				Standard & Poor's	Moody's
Banker's acceptances	180 days	20%	5%	A-1	P-1
Commercial paper	270 days	20%	None	A-1	P-1
Money market mutual funds	None	None	None	AAA	Aaa
Negotiable certificates of deposit	None	None	None	N/A	N/A
Collateralized nonnegotiable certificates of deposit	None	None	None	N/A	N/A
Negotiable notes and medium-term obligations of local governments within the State of Nevada	5 years	None	None	N/A	N/A
Notes and Bonds issued by U.S. Corporations	5 years	20%	None	A	A-2
Repurchase agreements	90 days	None	10%	N/A	N/A
U.S. Treasury obligations	10 years	None	None	N/A	N/A
U.S. Agency securities					
Federal National Mortgage	10 years	None	None	N/A	N/A
Federal Agricultural Mortgage Corporation	10 years	None	None	N/A	N/A
Federal Farm Credit Bank	10 years	None	None	N/A	N/A
Federal Home Loan Bank	10 years	None	None	N/A	N/A
Federal Home Loan Mortgage Corporation	10 years	None	None	N/A	N/A
Government National Mortgage Association	10 years	None	None	N/A	N/A
Local government and trust investment pools	None	None	None	N/A	N/A

(Continued)

GASB Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy are as follows:

Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2. Inputs are other observable inputs.

Level 3. Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The estimated fair values of the City's U.S. Treasury obligations, commercial paper, notes, bonds and other obligations issued by U.S. Corporations are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of its U.S. Agency securities is based on matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs). The estimated fair value of the City's Local Government Investment Pool and Nevada RBIF Retirement System investments are based on the City's proportionate share of the value of the pooled investments (Level 3 inputs).

At June 30, 2018, the City had the following cash equivalents and investments:

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Pooled cash equivalents and investments						
U.S. Treasury obligations	0.875% to 1.625%	04/15/2019 to 07/31/2020	$ 99,200,000	$ 98,289,884	$ 97,879,316	1.11
Commercial paper	1.0%	10/22/2018	5,791,000	5,791,000	5,791,000	0.31
U.S. Agency securities						
Federal National Mortgage Association	1.0% to 2.50%	02/26/2019 to 01/05/2022	38,000,000	37,577,600	37,504,280	2.16
Federal Home Loan Bank	0.875% to 2.350%	08/10/2018 to 02/12/2021	43,000,000	42,932,405	42,624,860	1.10
Federal Home Loan Mortgage Corporation	1.0%	09/28/2018	9,000,000	9,005,400	8,977,950	0.25
Local Government Investment Pool	Variable	On demand		11,479,905	11,465,709	N/A
Notes, bonds and other obligations issued by U.S. Corporations	1.625% to 1.650%	12/05/2018 to 12/06/2018	10,000,000	10,122,700	9,969,600	0.43
Total pooled cash equivalents and investments			204,991,000	215,198,894	214,212,715	

(Continued)

	Interest Rate	Maturity	Par	Cost	Fair Value	Weighted Average Maturity (Years)
Non-pooled cash equivalents and investments						
Money market mutual funds	Variable	On demand	$	$ 19,968,238	$ 19,968,238	N/A
Nevada RBIF Retirement System Trust Units	Variable	On demand		7,753,129	7,753,129	N/A
Total non-pooled cash equivalents and investments				27,721,367	27,721,367	
Total cash equivalents and investments			$ 204,991,000	$ 242,920,261	$ 241,934,082	

* Certain U. S. Agency securities have call provisions, which, if exercised, would shorten the maturity of these investments.

The State of Nevada, Local Government Investment Pool is an external investment pool administered by the State Treasurer, with oversight provided by the Board of Finance. The fair value of the City's position in the pool is the same as the value of the pool shares.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. The City manages its exposure to declines in fair values by limiting its weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of their respective investment pool:

	Standard & Poor's	Moody's	Percentage of Investment Pool
Pooled investments			
U.S. Treasury Notes	*	*	45.70 %
Commercial paper	A1+	P1	2.70 %
U.S. Agency securities			
Federal National Mortgage Association	AA+	Aaa	17.51 %
Federal Home Loan Bank			19.90 %
Federal Home Loan Mortgage Corporation	AA+	Aaa	4.19 %
Local government investment pool	N/A	N/A	5.35 %
Notes, bonds and other obligations issued by U.S. Corporations			4.65 %
Total pooled investments			100.00 %
Non-pooled investments			
Money market mutual funds	AAA	Aaa	100.00 %
Total non-pooled investments			100.00 %

* The requirement to disclose credit ratings does not apply to debt securities of the United States government, or obligations of United States government agencies that are explicitly guaranteed by the United States government.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. The NRS helps protect against this potential loss by setting limits on the maximum percentage that can be invested in a single issuer.

(Continued)

Investments in any one issuer that represent 5% or more of total investments at June 30, 2018, were as follows:

	Percentage of Portfolio
U.S. Treasury obligations	40.46 %
Money market mutual funds	11.46 %
U.S. Agency securities	
Federal National Mortgage Association	15.50 %
Federal Home Loan Bank	17.62 %

Custodial credit risk related to investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City's investment pool and specific investments had no securities exposed to custodial credit risk.

Derivative Instruments

At June 30, 2018, the City owned one hedging derivative instrument with a reported fair value and change in fair value as follows:

		Change in Fair Value		Fair value at June 30, 2018	
	Notional	Classification	Dr (Cr) Amount	Classification	Dr (Cr) Amount
Derivative instrument # 1 (fixed interest rate swap)	$ 62,600,000	Deferral	$ 2,882,196	Derivatives	$ (6,572,741)
Objective – To hedge against changes in cash flows on the 2005A Series variable rate bonds					
Effective date – October 26, 2005					
Maturity date – June 1, 2032					
Pay fixed – 3.53%					
Receive – Lower of 1-month LIBOR or USD-LIBOR (greater of 67% of 1-month LIBOR or 56% of 1-month LIBOR + 44 basis points)					

The City paid off derivative instrument #2 as part of the refunding of the 2008A Senior Lien Sales Tax Refunding Bonds and issuance of the 2018 First Lien and Second Lien Sales Tax Refunding Bonds.

No payment was made by either the City or the counterparty at the inception of the swap and all payments under the swap began accruing as of the effective date of the swap.

The fair value is the market value determined by a consulting firm utilizing "mid-market" interest rates and/or securities prices (i.e., the mean between the bid and offer prices) available to the consultant from public and subscription sources believed to be reliable. Therefore, the fair value does not necessarily reflect the actual dollar amount that Goldman Sachs, as the counterparty to the derivative, would require to be paid to terminate the derivative instrument, nor does it reflect any transaction costs that might be incurred in effecting a termination, in whole or in part.

The synthetic instrument valuation method was used for Derivative Instrument #1. This instrument was considered effective; and therefore, its change in fair value was reported as a deferred outflow.

(Continued)

The remaining derivative instrument is considered a hybrid with a derivative instrument portion and a companion instrument portion related to an $87,600 borrowing for upfront fees paid by the counterparty. The valuation method used for the derivative instrument portion was the synthetic instrument method, and the derivative instrument was considered effective; therefore, its change in fair value was reported as a deferred outflow.

The City was not exposed to credit risk as the derivative instrument was reported as a net liability on the Statement of Net Position.

The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As LIBOR decreases, the City's net payment increases.

The City is exposed to basis risk because the payments received from the counterparty to the interest rate swap are based on rates or indexes other than the interest rates the City pays on its hedged, variable rate demand obligation bonds, which are remarketed on a daily basis. For the month of June 2018, the weighted average interest rate on the City's hedged 2005A variable-rate debt was 1.2952%, whereas the weighted average rate on the payment received from the counterparty was 1.60683%.

The City or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. Termination events include events stated in the swap agreements, as well as failure by the City or the counterparty to maintain certain credit ratings by S & P and Moody's.

As of June 30, 2018, aggregate debt service requirements of the City's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument is presented in the following table. The amounts were based on forward rates calculated using swap curves as of June 30, 2018. As these rates vary, interest payments on the variable-rate bonds and net receipts and payments on the hedging derivative instruments will vary.

For the Year Ended June 30,	Principal	Interest	Net Hedging Derivative	Total
2019	$ 2,525,000	$ 1,091,062	$ 1,036,013	$ 4,652,075
2020	2,725,000	1,176,728	859,844	4,761,572
2021	2,975,000	1,138,176	800,860	4,914,036
2022	3,225,000	1,055,798	776,804	5,057,602
2023	3,475,000	991,373	727,941	5,194,314
2024 - 2028	21,750,000	3,829,194	2,706,442	28,285,636
2029 - 2033	23,625,000	1,238,951	847,441	25,711,392
	$ 60,300,000	$ 10,521,282	$ 7,755,345	$ 78,576,627

(Continued)

Capital Assets

For the year ended June 30, 2018, capital asset activity was as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	$ 7,411,946	$ 12,273,551	$	$ (13,255,094)	$ 6,430,401
Land	153,182,550	1,447,703	(7,343,694)		147,286,559
Water rights	1,125,000				1,125,000
Total capital assets not being depreciated or amortized	161,719,496	13,721,254	(7,343,694)	(13,255,094)	154,841,960
Capital assets being depreciated or amortized					
Buildings and building improvements	236,577,364	2,377,081	(10,589,387)	5,752,317	234,117,375
Improvements other than buildings	370,219,932	59,762	(250,930)	3,443,056	373,471,821
Infrastructure	978,771,062	6,354,981	(408,310)	3,467,031	988,184,765
Machinery, equipment and software	67,347,463	3,279,452	(3,148,112)	592,690	68,071,493
Art and historical treasures	2,779,320	594,443	(25,500)		3,348,263
Total capital assets being depreciated or amortized	1,655,695,141	12,665,719	(14,422,239)	13,255,094	1,667,193,717
Accumulated depreciation and amortization					
Buildings and building improvements	(75,821,352)	(6,955,023)	5,441,021		(77,335,354)
Improvements other than buildings	(95,519,585)	(7,271,487)	247,284		(102,543,788)
Infrastructure	(665,609,381)	(30,415,469)	408,310		(695,616,540)
Machinery, equipment and software	(47,959,770)	(4,045,259)	2,826,245		(49,178,784)
Art and historical treasures	(791,081)	(42,057)	15,492		(817,647)
Total accumulated depreciation and amortization	(885,701,169)	(48,729,295)	8,938,352		(925,492,113)
Total capital assets being depreciated or amortized, net	769,993,972	(36,063,576)	(5,483,887)	13,255,094	741,701,604
Total governmental activities	$ 931,713,468	$ (22,342,322)	$ (12,827,581)	$	$ 896,543,564

* Includes transfers from and to proprietary funds, if any.

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Business-type activities					
Capital assets not being depreciated or amortized					
Construction in progress	$ 32,485,438	$ 16,149,789	$ (22,127)	$ (2,131,400)	$ 46,481,700
Land	11,301,180				11,301,180
Water rights	1,812,114				1,812,114
Total capital assets not being depreciated or amortized	45,598,732	16,149,789	(22,127)	(2,131,400)	59,594,994

(Continued)

	Balance July 1, 2017	Increases	Decreases	Transfers*	Balance June 30, 2018
Capital assets being depreciated or amortized					
Buildings and building improvements	$ 12,304,507	$	$	$ 2,021,775	$ 14,326,282
Improvements other than buildings	444,139,696	6,071,118		109,625	450,320,439
Machinery, equipment and software	1,272,962	171,917	(601,848)		843,031
Total capital assets being depreciated or amortized	457,717,165	6,243,035	(601,848)	2,131,400	465,489,752
Accumulated depreciation and amortization					
Buildings and building improvements	(6,411,818)	(291,825)			(6,703,643)
Improvements other than buildings	(149,727,556)	(10,122,466)			(159,850,022)
Machinery, equipment and software	(1,039,561)	(25,818)	573,780		(491,599)
Total accumulated depreciation and amortization	(157,178,935)	(10,440,109)	573,780		(167,045,264)
Total capital assets being depreciated or amortized, net	300,538,230	(4,197,074)	(28,068)	2,131,400	298,444,488
Total business-type activities	$ 346,136,962	$ 11,952,715	$ (50,195)	$	$ 358,039,482

* Includes transfers from and to governmental funds, if any.

For the year ended June 30, 2018, charges, by function, for depreciation expense were as follows:

Governmental activities	
General government	$ 1,557,525
Judicial	476,937
Public safety	2,719,083
Public works	34,771,694
Culture and recreation	5,484,288
Planning and community development	212,024
Urban development	1,255,064
Internal service fund depreciation expense is charged to specific functions based on asset usage	2,251,175
Total depreciation expense, governmental activities	$ 48,727,790
Business-type activities	
Sanitary sewer	$ 10,411,824
Building permit	28,285
Total depreciation expense, business-type activities	$ 10,440,109

Advances To and From Other Funds

At June 30, 2018, advances to and from other funds resulting from lending or borrowing transactions, were as follows:

	Receivable	Payable
Streets Special Revenue Fund	$ 123,785	$
Non-major Governmental Funds		123,785
	$ 123,785	$ 123,785

(Continued)

The purpose of the advances in the following schedule, which summarized the related annual debt service requirements, was to internally finance sidewalk, curb and gutter improvements owed to the streets special revenue fund for the 2013 SAD improvements.

For the Year Ended June 30,	2013 No. 1 Special Assessment Principal	Interest
2019	$ 17,706	$ 7,165
2020	18,784	6,087
2021	19,928	4,943
2022	21,142	3,730
2023	22,430	2,442
2024 - 2028	23,795	1,076
	$ 123,785	$ 25,443

Interfund Transfers

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization.

For the year ended June 30, 2018, non-capital asset related interfund transfers were as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Non-major Governmental Funds	$ 1,752,107
Streets Special Revenue Fund	General Fund	5,000
	Non-major Governmental Funds	919,230
Non-major Governmental Funds	General Fund	5,796,236
	Streets Special Revenue Fund	6,570,250
	Non-major Governmental Funds	1,359,685
	Sanitary Sewer Enterprise Fund	112,000
		$ 16,514,508

Long-term Liabilities

General Obligation Bonds, Tax Allocation Bonds and Notes Payable

The City issues general obligation bonds, tax allocation bonds and notes payable to finance the improvement, acquisition or construction of capital assets including, but not limited to, downtown redevelopment, street and other infrastructure rehabilitation, sewer plant expansion, homeless shelters, low-income housing and other building projects. These bonds and notes constitute general obligations of the City, and the full faith and credit of the City are pledged for the payment of principal and interest.

Pledged Revenue Bonds

The City issues revenue bonds to finance the improvement, acquisition or construction of capital assets including, but not limited to, the downtown events center and ballroom facilities, the new city hall building, multi-purpose bowling facility, infrastructure improvements and other building projects and has pledged specific revenues to repay these bonds.

(Continued)

Governmental activities

Pledged revenue – Up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 216,173,470
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 7,800,745
Total pledged revenue for the year ended June 30, 2018	$ 9,912,052
2005A Capital Improvement Revenue Refunding Bonds [1]	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds [1]	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds [1]	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds [2]	June 1, 2032

1. These bonds are also secured by court administrative assessments, which was the secondary bond repayment source for the fiscal year.
1. These bonds are also secured by room taxes, which was the primary bond repayment source for the fiscal year.
2. These bonds are also secured by room taxes, which was the primary bond repayment source for the fiscal year. Bonds were issued to refund the 2002 Capital Improvements Revenue Bonds.

Pledged revenue – 1% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Police Protection District

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 11,334,733
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 628,133
Total pledged revenue for the year ended June 30, 2018	$ 1,025,199
Revenue bond issued and revenue pledge maturity	
2006 Taxable Senior Lien Room Tax Revenue Refunding Bonds	June 1, 2036

Pledged revenue – 1% tax on the gross receipts received from the rental of transient lodging throughout Washoe County, its 1% tax on gross receipts received from the rental of transient lodging throughout Washoe County except in the Downtown Police Protection District (up to $1.5 million), and its 1.5% tax on the gross receipts received from the rental of transient lodging throughout the Downtown Improvement Area and a pledge of up to 15% of consolidated tax revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 216,173,470
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 7,800,745
Total pledged revenue for the year ended June 30, 2018	$ 7,308,361
Revenue bonds issued and revenue pledge maturity	
2005A Capital Improvement Revenue Refunding Bonds [1]	June 1, 2032
2005B Capital Improvement Revenue Refunding Bonds	June 1, 2040
2005C Capital Improvement Revenue Refunding Bonds	June 1, 2037
2013A Capital Improvement Revenue Refunding Bonds [2]	June 1, 2032

1. Includes payment of fees to the letter of credit provider.
2. Bonds were issued to refund the 2002 Capital Improvement Revenue Bonds.

Pledged revenue – Up to 75% of the sales tax increment generated in the Nevada Tourism District No. 2006-1 (Cabela's/Boomtown)

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 38,473,813
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 1,419,388
Total pledged revenue for the year ended June 30, 2018	$ 1,627,114
Revenue bonds issued and revenue pledge maturity	
2007A Sales Tax Increment Bonds [1]	June 29, 2027
2007B Sales Tax Increment Bonds [1]	June 29, 2027

1. There were insufficient revenues during the fiscal year to make scheduled debt service payments totaling $5,924,813.

(Continued)

Pledged revenue – A portion of the sales tax increment generated by the Summit Sierra Shopping Center, contingent upon meeting certain sales tax growth and qualifying store requirements

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 9,567,473
Revenue bonds issued and revenue pledge maturity	
2006 Sales Tax Subordinate Lien Bonds [1]	October 1, 2020

1. In fiscal year 2018, the conditions were not met so no debt service payments were made nor were any pledged revenues received by the City.

Pledged revenue – Up to 1/8 of 1% of sales tax revenues generated in Washoe County

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 648,226,765
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 7,982,849
Total pledged revenue for the year ended June 30, 2018	$ 10,211,963
Revenue bonds issued and revenue pledge maturity	
2008A Sr. Lien Sales Tax Revenue Refunding Bonds [1]	June 1, 2042
2008B Subordinate Lien Sales Tax Revenue Refunding Bonds [1]	June 1, 2051
2018A 1st Lien Sales Tax Revenue Refunding Bonds [1]	June 1, 2058
2018B 2nd Lien Sales Tax Revenue Refunding Bonds [1]	June 1, 2058
2018C 1st Subordinate Sales Tax Revenue Refunding Bonds [1]	June 1, 2047
2018C 1st Subordinate Sales Tax Revenue Refunding Bonds [1]	June 1, 2059

1. Includes payment of fees to the letter of credit provider.

Pledged revenue – Lease revenues

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 6,423,400
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 1,415,711
Total pledged revenue for the year ended June 30, 2018	$ 1,300,116
Revenue bonds issued and revenue pledge maturity	
2014 Taxable Lease Revenue Refunding Bond	July 1, 2024

Business-type activities

Pledged revenue – Future utility sewer customer revenues and connection fees

Total revenue bond principal and interest remaining to be paid at June 30, 2018	$ 65,852,003
Total revenue bond principal and interest paid during the year ended June 30, 2018	$ 6,724,059
Total pledged revenue for the year ended June 30, 2018	$ 44,382,555
Revenue bonds issued and revenue pledge maturity	
2010 Sewer General Obligation Refunding Bonds [1]	August 1, 2040
2016 Sewer General Obligation Refunding Bonds [1]	July 1, 2025

1. Intended to be repaid solely from utility customer net revenues although the bonds constitute direct and general obligations of the City, and the full faith and credit of the City is also pledged for the principal and interest payments.

Special Assessment Bonds

The City has issued special assessment bonds, the proceeds of which have been used to fund specific infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation, are not considered a general obligation of the City, and are considered special obligations payable solely from assessment levied in the Districts. However, in case of payment deficiencies, the bonds are further secured by the City's general fund, then by general property (ad valorem) taxes.

(Continued)

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Installment Purchase Agreements

The City entered into installment purchase agreements to finance solar panel installation, other clean energy conservation projects and parking meters. These agreements constitute general obligations of the City, and the full faith and credit of the City are pledged for the payment of principal and interest.

Outstanding long-term debt obligations at June 30, 2018, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2018
Governmental activities				
General obligations bonds				
2013A Capital Improvement Refunding Bonds	June 1, 2018 - June 1, 2032	4.00% - 5.00%	$ 36,115,000	$ 35,080,000
2013B Medium-Term Various Purpose Bonds	June 1, 2014 - June 1, 2023	2.00% - 5.00%	32,995,000	6,700,000
Total general obligations bonds			69,110,000	41,780,000
Tax allocation bonds				
2007A Tax Increment Senior Lien (Taxable)	June 1, 2018 - June 1, 2023	6.10%	4,000,000	3,375,000
2007B Tax Increment Senior Lien	June 1, 2019 - June 1, 2027	5.00%	4,000,000	4,000,000
2007C Tax Increment Subordinate Lien	June 1, 2019 - June 1, 2027	5.40%	12,690,000	12,690,000
2017 Tax Increment Refunding Bonds	June 29, 2019 - Jun 29, 2035	2.46%	655,000	655,000
Total tax allocation bonds			21,345,000	20,720,000
Revenue bonds				
2005A Capital Improvement Refunding Bonds	June 1, 2008 - June 1, 2032	Variable	73,450,000	60,300,000
2005B Capital Improvement Bonds	June 1, 2037 - June 1, 2040	5.42% - 5.48%	6,445,154	6,445,154
2005C Capital Improvement Bonds	June 1, 2033 - June 1, 2037	5.78%	9,192,402	9,192,402
2006C Taxable Room Tax Revenue Refunding Bonds	June 1, 2007 - June 1, 2036	5.91%	8,720,000	6,865,000

(Continued)

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2018
2006 Sales Tax Increment Subordinate Lien Bonds	October 1, 2020	N/A	$ 10,000,000	$ 9,567,473
2007A Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	4.00%	16,525,000	13,025,000
2007B Sales Tax Increment Bonds (Cabela's)	June 29, 2009 - June 29, 2027	6.50%	18,175,000	15,135,000
2014 Taxable Lease Refunding Bonds	June 1, 2014 - June 1, 2024	Variable	9,188,000	5,836,000
2018A 1st Senior Lien ReTRAC Refunding Bonds	June 1, 2019 - June 1, 2058	4.0%-5.0%	123,275,000	123,275,000
2018B 2nd Senior ReTRAC Refunding Bonds	June 1, 2019 - June 1, 2058	4.0%-5.0%	32,680,000	32,680,000
2018C 1st Subordinate Lien ReTRAC Refunding Bonds	July 1, 2019 - July 1, 2046	6.15%	58,659,820	58,659,820
2018D 2nd Subordinate ReTRAC Refunding Bonds	July 1, 2046 - July 1, 2058	6.75%	16,115,490	16,115,490
Total revenue bonds			382,425,866	357,096,339
Special assessment bonds				
1999 Special Assessment District No. 3	February 1, 2003 - February 1, 2022	4.50% - 5.60%	1,763,728	340,000
1999 Special Assessment District No. 2, Series 2016	June 1, 2017 - June 1, 2025	1.45% - 3.00%	6,640,000	5,190,000
2001 Stead Special Improvement District No. 2	June 1, 2004 - June 1, 2023	2.75% - 5.00%	2,470,000	230,000
2002 Special Improvement District No. 5	December 1, 2006 - December 1, 2025	5.70% - 7.25%	7,500,000	4,145,000
2008B NV Taxable Local Improvement	May 1, 2009 - May 1, 2026	7.01%	1,115,000	181,000
2010 Special Assessment District No. 2	November 1, 2012 - November 1, 2041	4.00%	939,800	829,930
Total special assessment bonds			20,428,528	10,915,930
Notes payable				
Washoe County (Accela)	January 31, 2016 - October 31, 2020	1.99	300,221	150,111
Axon (RPD Body Cameras)	July 1, 2018 - July 1, 2021	N/A	1,765,105	1,715,106
Total notes payable			2,065,326	1,865,217

(Continued)

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2018
Installment purchase agreements				
Clean Energy Renewable Installment Purchase Agreement	December 15, 2009 - December 15, 2023	1.00%	$ 2,340,000	$ 936,000
Qualified Energy Conservation Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2025	6.45%	2,261,000	1,228,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	June 1, 2012 - June 1, 2027	6.45%	10,860,000	7,983,000
IPS Group, Inc	March 1, 2014 - February 1, 2019		391,409	45,664
Total installment purchase agreements			15,852,409	10,192,664
Total governmental activities			511,227,129	442,570,150
Business-type activities				
General obligations bonds				
2010 Sewer (Limited Tax) Refunding Bonds	August 1, 2014 - August 1, 2040	2.00% - 4.125%	21,750,000	19,645,000
2016 Sewer General Refunding Bonds	January 1, 2017 - July 1, 2025	1.610%	41,245,638	34,005,099
Total general obligations bonds			62,995,638	53,650,099
Total business-type activities			62,995,638	53,650,099
Total long-term debt obligations			$ 574,222,767	$ 496,220,249

At June 30, 2018, annual debt service requirements to maturity were as follows:

For the Year Ended June 30,	Principal	Interest
Governmental activities		
General obligations bonds		
2019	$ 7,640,000	$ 2,037,713
2020	1,560,000	1,655,713
2021	1,715,000	1,577,713
2022	1,880,000	1,491,963
2023	2,050,000	1,397,963
2024 - 2028	12,665,000	5,340,713
2029 - 2033	14,270,000	1,825,863
Total general obligations bonds	41,780,000	15,327,641

(Continued)

For the Year Ended June 30,	Principal	Interest
Tax allocation bonds		
2019	$ 1,794,000	$ 1,107,248
2020	1,913,000	1,006,622
2021	2,019,000	900,033
2022	2,129,000	787,481
2023	2,251,000	668,718
2024 - 2028	10,302,000	1,413,281
2029 - 2033	218,000	26,556
2034 - 2038	94,000	2,915
Total tax allocation bonds	20,720,000	5,912,854
Revenue bonds		
2019	9,419,000	13,276,534
2020	7,102,000	10,623,848
2021	17,261,473	10,316,243
2022	8,320,000	9,982,767
2023	8,933,000	9,622,073
2024 - 2028	49,143,000	41,710,383
2029 - 2033	40,433,194	40,790,958
2034 - 2038	27,286,574	70,624,529
2039 - 2043	23,117,788	40,113,205
2044 - 2048	24,285,000	114,553,879
2049 - 2053	30,215,000	11,153,644
2054 - 2058	36,805,000	4,562,281
2059 - 2063	74,775,310	145,747,335
Total revenue bonds	357,096,339	523,077,679
Special assessment bonds		
2019	1,266,010	490,736
2020	1,306,870	438,306
2021	1,354,760	383,083
2022	1,406,690	324,898
2023	1,383,660	260,048
2024 - 2028	3,621,250	416,109
2029 - 2033	170,080	98,874
2034 - 2038	207,750	61,212
2039 - 2043	198,860	16,307
Total special assessment bonds	10,915,930	2,489,573
Notes payable		
2019	488,821	2,539
2020	488,821	1,344
2021	458,799	224
2022	428,776	
Total notes payable	1,865,217	4,107

(Continued)

For the Year Ended June 30,	Principal	Interest
Installment purchase agreements		
2019	$ 908,664	$ 603,470
2020	921,000	556,308
2021	983,000	505,406
2022	1,049,000	450,504
2023	1,118,000	391,346
2024 - 2028	5,213,000	857,346
Total installment purchase agreements	10,192,664	3,364,380
Total governmental activities	$ 442,570,150	$ 550,176,234
Business-type activities		
General obligation/pledged revenue bonds		
2019	$ 5,559,724	$ 1,270,319
2020	5,717,503	1,170,752
2021	5,889,371	1,063,871
2022	6,060,444	956,809
2023	6,235,843	849,696
2024 - 2028	11,057,214	3,102,470
2029 - 2033	4,255,000	2,250,850
2034 - 2038	5,200,000	1,305,622
2039 - 2043	3,675,000	231,516
Total general obligation/pledged revenue bonds	53,650,099	12,201,905
Total business-type activities	$ 53,650,099	$ 12,201,905

(Continued)

Long-term liabilities activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental activities					
General obligations bonds					
2013A Capital Improvement Refunding Bonds	$ 36,115,000	$	$ (1,035,000)	$ 35,080,000	$ 1,325,000
2013B Medium-Term Various Purpose Bonds	12,655,000		(5,955,000)	6,700,000	6,315,000
Total general obligations bonds	48,770,000		(6,990,000)	41,780,000	7,640,000
Tax allocation bonds					
1998F Downtown Redevelopment Project Bonds	1,105,000		(1,105,000)		
2007A Tax Increment Senior Lien (Taxable)	4,000,000		(625,000)	3,375,000	595,000
2007B Tax Increment Senior Lien	4,000,000			4,000,000	50,000
2007C Tax Increment Subordinate Lien	12,690,000			12,690,000	1,135,000
2017 Tax Increment Refunding Bonds	655,000			655,000	14,000
Total tax allocation bonds	22,450,000		(1,730,000)	20,720,000	1,794,000
Revenue bonds					
2005A Capital Improvement Refunding Bonds	62,600,000		(2,300,000)	60,300,000	2,525,000
2005B Capital Improvement Bonds	6,445,154			6,445,154	
2005C Capital Improvement Bonds	9,192,402			9,192,402	
2006 Taxable Room Tax Revenue Refunding Bonds	7,075,000		(210,000)	6,865,000	225,000
2006 Sales Tax Increment Subordinate Lien Bonds	9,567,473			9,567,473	
2007A Sales Tax Increment Bonds (Cabela's)	13,355,000		(330,000)	13,025,000	2,345,000
2007B Sales Tax Increment Bonds (Cabela's)	15,455,000		(320,000)	15,135,000	2,460,000
2008A Senior Lien ReTRAC Refunding Bonds	129,080,000		(129,080,000)		
2008B Subordinate ReTRAC Refunding Bonds	47,416,227		(47,416,227)		
2014 Taxable Lease Refunding Bonds	7,122,000		(1,286,000)	5,836,000	684,000

(Continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
2018A 1st Senior Lien ReTRAC Refunding Bonds	$	$ 123,275,000	$	$ 123,275,000	$ 930,000
2018B 2nd Senior ReTRAC Refunding Bonds		32,680,000		32,680,000	250,000
2018C 1st Subordinate Lien ReTRAC Refunding Bonds		58,659,820		58,659,820	
2018D 2nd Subordinate Lien ReTRAC Refunding Bonds		16,115,490		16,115,490	
Total revenue bonds	307,308,256	230,730,310	(180,942,227)	357,096,339	9,419,000
Special assessment bonds					
1999 Special Assessment District No. 3	425,000		(85,000)	340,000	85,000
2001 Stead Special Improvement District No. 2	275,000		(45,000)	230,000	45,000
2002 Special Improvement District No. 5	4,520,000		(375,000)	4,145,000	400,000
2008A NV Tax-exempt Local Improvement	4,000		(4,000)		
2008B NV Taxable Local Improvement	226,000		(45,000)	181,000	20,000
2010 Special Assessment District No. 2	850,120		(20,190)	829,930	21,010
1999 Special Assessment District No. 2, Series 2016	5,915,000		(725,000)	5,190,000	695,000
Total special assessment bonds	12,215,120		(1,299,190)	10,915,930	1,266,010
Notes payable					
HUD Section 108 Loan Program	138,000		(138,000)		
RDA Nevada Land LLC	1,050,000		(1,050,000)		
Washoe County (Accela)	210,155		(60,044)	150,111	60,044
Axon (RPD Body Cameras)		1,765,105	(49,999)	1,715,106	428,776
Total notes payable	1,398,155	1,765,105	(1,298,043)	1,865,217	488,820
Installment purchase agreements					
Clean Energy Renewable Installment Purchase Agreement	1,092,000		(156,000)	936,000	156,000
Qualified Energy Conservation Bond Installment Purchase Agreement	1,387,000		(159,000)	1,228,000	163,000
Recovery Zone Economic Development Bond Installment Purchase Agreement	8,475,000		(492,000)	7,983,000	544,000
IPS Group, Inc	123,946		(78,282)	45,664	45,664

(Continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Total installment purchase agreements	$ 11,077,946	$	$ (885,282)	$ 10,192,664	$ 908,664
Unamortized bond premiums and discounts, net	3,858,628	7,346,769	(192,429)	11,012,968	
Net pension liability	220,930,684	20,491,627	(30,988,986)	210,433,325	
Compensated absences	22,577,603	13,702,415	(13,096,223)	23,183,795	
Postemployment benefits other than pensions	117,194,263	19,217,652	(6,223,309)	130,188,606	
Self-insurance liability	58,152,733	33,470,563	(29,921,411)	61,701,885	
Total governmental activities	825,933,388	326,724,441	(273,567,100)	879,090,729	21,516,494
Business-type activities					
General obligation/pledged revenue bonds					
2010 Sewer (Limited Tax) Refunding Bonds	20,190,000		(545,000)	19,645,000	560,000
2016 Sewer General Obligation Refunding Bonds	38,866,019		(4,860,920)	34,005,099	4,999,724
Total general obligation/pledged revenue bonds	59,056,019		(5,405,920)	53,650,099	5,559,724
Unamortized bond premiums and discounts, net	62,246		(2,707)	59,539	
Net pension liability	17,593,801	3,126,577	(2,539,334)	18,181,044	
Compensated absences	1,204,844	1,101,318	(953,255)	1,352,907	
Postemployment benefits other than pensions	410,734	2,815,261	(191,575)	3,034,420	
Total business-type activities	78,327,644	7,043,156	(9,092,791)	76,278,009	5,559,724
Total long-term liabilities	$ 904,261,032	$ 333,767,597	$ (282,659,891)	$ 955,368,738	$ 27,076,218

(Continued)

Compensated absences, net pension liability, postemployment benefits other than pensions and self-insurance liabilities are typically liquidated by the general fund; community development, community assistance and streets special revenue funds; enterprise funds; and internal service funds.

Unamortized deferred refunding charges

Pursuant to GASB No. 65, for current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred inflow or outflow of resources, and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prior to adoption of GASB No. 65, unamortized deferred refunding gains/losses were reported as a component of debt.

For the year ended June 30, 2018, activity related to the City's unamortized deferred refunding charges was as follows:

	Government Activities	Business-type Activities	Total
Balance June 30, 2017	$ 26,155,725	$ 302,366	$ 26,458,091
Additions	12,607,902		12,607,902
Reductions	(20,243,313)	(13,147)	(20,256,460)
Balance June 30, 2018	$ 18,520,314	$ 289,219	$ 18,809,533

Variable Rate and Demand Bonds

At June 30, 2018, debt obligations that include demand clauses and/or variable interest rates were as follows:

Series 2005A Tax-exempt Capital Improvement Revenue Refunding Bonds
These bonds are weekly variable rate (up to a maximum 15%) demand bonds that are remarketed by Merrill Lynch, Pierce, Fenner & Smith, Inc., and include a 3.53% interest rate swap component that is further discussed above under "Derivative Instruments."

Series 2014 Taxable Lease Revenue Refunding Bonds
The interest rate is equal to One-Month LIBOR plus 0.40% per annum and is adjusted on the first business day of each month. The interest rate has a maximum cap of 12%.

Letters of Credit

The City has an irrevocable direct-pay letter of credit issued by the Bank of America, N.A. which secures payment of principal and interest on the Series 2005A Capital Improvement Revenue Refunding Bonds in the event the bonds are not successfully remarketed on a weekly basis. The letter of the credit would allow the trustee to draw up to an amount equal to the principal amount of the outstanding bonds plus interest at a maximum rate of 15% for a period of 39 days. The letter of credit reimbursement agreement was issued on February 1, 2009, with an original termination date of February 5, 2012. The letter of credit has been extended over the years and is now scheduled to terminate July 27, 2019. The City pays a quarterly letter of credit fee of 95 basis points per annum times the outstanding principal balance plus an interest portion on the bonds. As of June 30, 2018, no draws are outstanding on this letter of credit.

Debt Covenants and Legal Debt Margin

Certain long-term liabilities are subject to restrictive debt covenants with which management believes the City to be in compliance.

(Continued)

The amount of general obligation, long-term debt that can be incurred by the City is limited by the NRS, and the City's charter for the City limits the total outstanding long-term liabilities (debt principal) during a year to no more than 15% of the assessed value of taxable property at the beginning of the fiscal year. Management believes the City to be in compliance with this limitation.

Debt Defeasance

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As June 30, 2018, none of the previously defeased debt remained outstanding.

New Debt Issued

On April 3, 2018, the City entered into a medium-term obligation with Axon Enterprise, Inc. for the purchase of a portable event recording (body-worn camera) system and related services for its police officers. The $1,765,105 is payable at zero percent interest over four years, with the first payment due at inception and then annually thereafter.

On June 28, 2018, the City completed the complex restructuring of two bonds related to the City's ReTRAC-Reno Transportation Rail Access Corridor Project – the City of Reno First Lien Sales Tax Revenue Refunding Bonds Series 2018A and the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The restructuring allowed the City to achieve the following: 1) to replace the variable rate debt with fixed rate debt; 2) to remove the interest-rate swap derivative associated with the variable rate debt and pay off the resulting swap termination fee; 3) to address the repayment of the 2008B bonds, which had been under a forbearance agreement whereby all principal and interest payments were being deferred; and 4) realign anticipated dedicated sales tax revenues across the new bonds going forward. The restructuring resulted in the issuance of the following debt:

City of Reno First Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018A. The bonds were issued to refund the Senior Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008A and pay off a minor portion of the swap termination. The $123,275,000 bond is payable at an interest rate ranging between 4.0-5.0% over forty years, with the first payment due December 1, 2018.

City of Reno Second Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018B. The bonds were issued to refund a large portion of the 2019 Current Interest Bonds piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B and pay off the major portion of the swap termination fee. The $32,680,000 bond is payable at an interest rate ranging between 4.0-5.0% over forty years, with the first payment due December 1, 2018.

City of Reno Subordinate Lien Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018C. The bonds were issued to refund the minor portion of the 2019 Current Interest piece, the 2038 Capital Appreciation piece, and a portion 2051 Capital Appreciation piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The $58,659,820 bond is payable at an interest rate of 6.15%, with full principal and accrued interest due June 1, 2047. Earlier, partial payments can be made based on availability of excess pledged revenues.

(Continued)

City of Reno Second Subordinate Sales Tax Revenue Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2018D. The bonds were issued to refund the a portion of the 2051 Capital Appreciation piece of the Subordinate Lien Sales Tax Refunding Bonds (ReTRAC-Reno Transportation Rail Access Corridor Project) Series 2008B. The $16,115,490 bond is payable at an interest rate of 6.75%, with full principal and accrued interest due June 1, 2059. Earlier, partial payments can be made based on availability of excess pledged revenues.

This was not a typical refunding transaction where the City can demonstrate present value savings as would be shown for a refunding done for the purpose of savings. Therefore, no difference in cash flows nor an economic gain (loss) on the refunding are being presented.

Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent date, management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination.

Conduit Debt Obligations

The City has provided third-party borrowers conduit debt to finance the improvement, acquisition or construction of capital assets, which are deemed to be in the public interest, including, but not limited to, industrial and commercial facilities and equipment. The conduit debt obligations are secured by the pledged revenues of the third-party borrowers, and the City has no obligation with respect to the conduit debt after its issuance because a third-party trustee services the debt. The conduit debt, issued pursuant to NRS 268, is not, and shall never become, an obligation of the City.

Outstanding conduit debt obligations at June 30, 2018, were as follows:

Third-party Borrower	Bond Issue	Issuance Date	Original Amount	Balance June 30, 2018
Renown Regional Medical Center (previously known as Washoe Medical Center, Inc.)	2004A/2004C	June 29, 2004	$ 134,350,000	$ 18,720,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2005A/2005B	February 10, 2005	96,025,000	7,485,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2008A/2008B	June 26, 2008	86,800,000	75,850,000
Renown Regional Medical Center (previously known as, Washoe Medical Center, Inc.)	2009A/2009B	January 15, 2009	63,600,000	60,545,000
			$ 380,775,000	$ 162,600,000

(Continued)

Special Assessment Debt

The City has issued various special assessment bonds, the proceeds of which have been used to fund specific infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation, are not considered a general obligation of the City, and are considered special obligations payable solely from assessment levied in the Districts. Furthermore, the City is not secondarily liable in the case of payment deficiencies. The City uses a fiduciary (agency) fund to account for special assessment revenue collections and repayment of the related debt.

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2018, were as follows:

	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2018
2000 Special Assessment District No. 2 Bonds (Sierra Corporate Center Project)	February 1, 2003 - February 1, 2022	3.75% - 6.80%	$ 4,135,622	$ 765,000
2002 Special Assessment District No. 4 Bonds (Somersett Parkway Project)	December 1, 2014 -December 1, 2022	2.00% - 4.20%	5,535,000	2,365,000
2002 Special Assessment District No. 3 Bonds (Double R Boulevard Project)	December 1, 2004 -December 1, 2023	2.00% - 6.10%	7,100,000	1,825,000
			$ 16,770,622	$ 4,955,000

Segment Information

The City has issued long-term debt (in some cases revenue supported) to finance the improvement, acquisition, or construction of capital assets. This debt has historically been paid from the revenues of the City's Sanitary Sewer Fund. The financial position, results of operations and cash flows of this enterprise fund are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

(Continued)

Note 4. Other Information

Operating Lease Commitments

The City has entered into various noncancelable leases, primarily for copier equipment and office buildings. Such leases expire at various times through June 2051. For the year ended June 30, 2018, rent expense totaled $465,306. At year end, the City's future minimum lease payments under these non-cancelable operating leases were as follows:

For the Year Ended June 30,	
2019	$ 415,835
2020	412,393
2021	399,849
2022	406,600
2023	413,553
2024 - 2028	837,953
2029 - 2033	836,927
2034 - 2038	836,927
2039 - 2043	836,927
2044 - 2048	836,927
2049 - 2053	836,927
	$ 7,070,818

Other Commitments

Commitments outstanding for construction and construction-related services at June 30, 2018, for the City's non-enterprise funds totaled approximately $6.5 million. Commitments were $1.8 million for non-construction related services.

Enterprise fund construction in progress at June 30, 2018, primarily represents progress on sewer projects, including sewer and storm drain rehabilitations, construction of interceptors, treatment plant improvements, and City Hall remodel for Building Permit staff. Outstanding commitments totaled $12.4 million for City of Reno enterprise fund projects. Of this amount, outstanding non-construction related commitments totaled $1.0 million for these funds.

In addition to the above, commitments outstanding for construction, construction-related services, and certain non-construction-related services totaled $5.5 million for the Truckee Meadows Water Reclamation Facility improvements. Of this amount, the City's share is $3.8 million.

Litigation

In the ordinary course of its operations, claims are filed against the City including, but not limited to, those arising from alleged improper actions by employees, police actions and negligence. City management intends to vigorously defend each claim and, although total damages claimed are substantial, management believes that, except as discussed in the following paragraph, most of these claims will settle for substantially less than the claimed amount and may be partially offset by payments from the City's liability insurance policies, discussed below under "Risk Management," and will not result in any material adverse future effect on the City's financial position, results of operation, or cash flows.

(Continued)

A City employee filed a lawsuit claiming the City violated his federal rights when passed over for promotion three times allegedly in retaliation for his exercise of rights under the Family Medical Leave Act (FMLA). The City maintains that its actions were not a violation of FMLA or in the retaliation of the use of FMLA rights. The claimant prevailed in a jury trial on March 2, 2018. District court entered judgment against City in the aggregate of $51,402,326, including back pay, front pay, liquidated damages, attorney's fees/costs, expert fees, and interest. The City has filed an appeal in the Ninth Circuit Court of Appeals on the basis of five discrete errors of law.

The City does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather records such period costs when the services are rendered.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these and other risks, the City established the risk retention and workers compensation internal service funds and purchases commercial insurance coverage.

The risk retention and self-funded workers compensation internal service funds provide coverage up to $2,500,000 for each worker's compensation claim, $1,000,000 for each general liability claim, and $50,000 for each property damage claim (except for flood and earthquake occurrences).

The City purchases commercial insurance for claims in excess of coverage provided by the risk retention and self-funded workers compensation internal service funds and for other insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City's cash and cash equivalents on deposit with financial institutions are often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as changes occur in the national economy and Nevada's economy. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

Risk Retention and Self-funded Workers Compensation Internal Service Funds

All City funds participate in and make payments to the risk retention and self-funded workers compensation internal service funds based on actuarial estimates of the amounts needed to pay documented claims and establish a reserve for unknown claims.

(Continued)

For the fiscal years ended June 30, 2018, 2017 and 2016, changes in unknown claims liability amounts and claims liability at June 30, 2018, included in self-insurance liability were as follows:

	Risk Retention Internal Service Fund	Self-funded Workers Compensation Fund
Claims liability, June 30, 2016	$ 2,957,737	$ 47,926,072
Claims incurred and changes in estimate	401,471	9,675,451
Claims paid	(690,132)	(5,112,866)
Claims liability, June 30, 2017	2,669,076	52,488,657
Claims incurred and changes in estimate	291,487	9,094,875
Claims paid	(213,715)	(5,551,061)
Claims liability, June 30, 2018	$ 2,746,848	$ 56,032,471
Claims liability, due within one year	$ 231,958	$ 6,181,368
Claims liability, due in more than one year	$ 2,514,890	$ 49,851,103

Self-funded Medical Plan Internal Service Fund

The City offers health care, dental, vision and life insurance coverage under a plan offered by the City, which offers three plan options -- The City of Reno Group Health Plan, the Hometown Health Plan (the City Plan), or The City of Reno High Deductible Health Plan -- to eligible City employees and their dependents. Eligibility, benefits and employee cost are dependent upon the applicable bargaining unit contract. The City maintains stop-loss coverage in the amount of $400,000 per employee per year. With the implementation of the Affordable Healthcare Act of 2010, the City no longer has a maximum payment per individual per lifetime.

The City reports activity related to the City Plan in the self-funded medical plan internal service fund, and payments received for coverage are accounted for as operating revenues in the self-funded medical plan internal service fund and as expenditures/expenses, as appropriate, in the paying fund. Claims under Hometown Health Plan are administered by Hometown Health Providers, Inc.

An actuarial determined liability amount for claims incurred but not reported has been recorded in the self-funded medical plan internal service fund.

(Continued)

For the fiscal years ended June 30, 2018, 2017 and 2016, changes in unknown claims liability amounts were as follows:

	Self-funded Medical Plan Fund
Claims liability, June 30, 2016	$ 3,112,724
Claims incurred and changes in estimate	25,542,374
Claims paid	(25,660,098)
Claims liability, June 30, 2017	2,995,000
Claims incurred and changes in estimate	24,084,201
Claims paid	(24,156,635)
Claims liability, June 30, 2018	$ 2,922,566
Claims liability, due within one year	$ 1,446,221
Claims liability, due in more than one year	$ 1,476,345

Joint Ventures

Truckee Meadows Water Reclamation Facility

Pursuant to an agreement dated March 24, 1980, the Cities of Reno and Sparks (the Cities) jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF or Facility). A committee known as the Reno-Sparks Coordinating Committee advises the Cities' Councils on matters relating to TMWRF. The Cities have joint control in approving budgets for the Facility and providing financing for the operations thereof. As of June 30, 2018, approximately 68.63% of TMWRF's capacity was owned by Reno.

The City of Sparks is responsible for administration and daily operations of the Facility. The City of Reno is responsible for TMWRF's construction-related contracts. The cost of operating and maintaining TMWRF is divided in proportion to the volume of sewage entering from each City. It has historically been the Cities' policy not to fund depreciation on TMWRF's capital assets, thereby creating an accumulative deficit.

The City uses the equity method to account for its investment in TMWRF. At June 30, 2018, its investment as reported in its sanitary sewer enterprise fund totaled $92,979,554, which represents 69.6% of TMWRF's net position. The City's share of TMWRF's net costs for the year ended June 30, 2018, was $5,866,664, reported as non-operating expense.

The City obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2018, the City of Reno has recorded $4,946,509 as a receivable from the City of Sparks 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.

Commitments outstanding for construction projects at TMWRF at June 30, 2018, totaled approximately $5.5 million. These commitments will be shared by the City and the City of Sparks based upon their respective allocations related to the associated contracts.

(Continued)

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

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

The City, the City of Sparks, and Washoe County (the Joint Venture Participants) purchased water rights pursuant to a 1998 settlement agreement with the Pyramid Lake Paiute Tribe of Indians, U.S. Departments of Justice and the Interior (DOI), the U.S. Environmental Protection Agency (EPA), and the Nevada Division of Environmental Protection. The settlement allowed the Joint Venture Participants to use the full capacity of the Truckee River Valley Water Quality Facility for a one-time cost of $24,000,000, 50% payable by the DOI and 50% payable by the Joint Venture Participants. The Joint Venture has fulfilled its obligation. The "no equity" Joint Venture is administered by Washoe County and jointly managed by Washoe County, the City of Sparks, and DOI. Each Joint Venture Participant owns an undivided and equal interest in the property and water rights purchased.

Separate financial statements and information for the Joint Venture are available by contacting the Washoe Department of Water Resources, 4930 Energy Way, Reno, Nevada 89502.

Truckee Meadows Water Authority

The Truckee Meadows Water Authority (the Authority), is a joint powers authority formed in November 2000 pursuant to a Cooperative Agreement (the Agreement) among the Cities of Reno and Sparks and Washoe County (the Participants), for the purpose of purchasing the water assets and undertaking the water utility operations of Sierra Pacific Power Company (SPPCo), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority issued bonds to purchase the water system and do not constitute an obligation of the Participants or the State of Nevada. The arrangement is considered a joint venture with no equity interest because no explicit and measurable equity interest is deemed to exist. The Authority has a seven-member governing board consisting of director appointments by the City (3), the City of Sparks (2), and Washoe County (1), plus one elected at-large director.

The City provides the Authority with certain services related primarily to employee benefit administration for a monthly fee of $4,806 for the year ended June 30, 2018. The City also provides maintenance services and fuel for the Authority's vehicles for a fee which totaled $388,092 during fiscal year 2018.

Separate financial statements and information for the Joint Venture are available by contacting the Authority at 1355 Corporate Blvd., P.O. Box 30013, Reno, Nevada 89520-3013.

(Continued)

Defined Benefit Pension Plans

Aggregate Balances

At June 30, 2018, the City's aggregate pension plan balances were as follows:

	Public Employees' Retirement System of Nevada	Judicial Retirement System of Nevada	Aggregate Total
Net unamortized deferred outflows of resources related to pensions	$ 45,154,433	$ 116,411	$ 45,270,844
Net pension liability	247,778,053	305,331	248,083,384
Net unamortized deferred inflows of resources related to pensions	25,104,016	144,348	25,248,364
Pension expense	18,149,804	34,038	18,183,842

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The City's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The City does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. 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, as required by NRS, 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 the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

(Continued)

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

For members with an effective date of membership on or after July 1, 2015, the post-retirement increases are 2% per year following the third anniversary of the commencement of benefits, 2.5% per year following the sixth anniversary, the lesser of 3% or the CPI for the preceding calendar year following the ninth anniversary.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with 30 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with 10 years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited service.

The normal ceiling limitation on the 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.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. 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 alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

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

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuary funding method used is the entry age normal cost method. It is intended to meet the funding objective and results in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2017, the required contribution rates for regular members is 14.5% and 20.75% for police/fire members. The EPC rate was 28% for regular and 40.5% for police/fire members.

(Continued)

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PERS's website, www.nvpers.org under publications.

The total PERS pension liability was determined using GASB stipulated valuation assumptions that may vary from those used to determine prospective funding contribution rates. The following actuarial assumptions were applied to all periods included in the measurement and based on the results of an experience review completed in 2017:

Actuarial valuation date	June 30, 2017
Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Discount rate	7.50%
Productivity pay increase	0.50%
Consumer price index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases

The total PERS pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.20 %	0.14 %	40.4	43.6
50	0.49 %	0.38 %	31.4	34.5
60	0.90 %	0.59 %	23.2	25.9
70	1.81 %	1.26 %	15.6	17.7
80	4.55 %	3.42 %	9.1	10.5

These mortality rates and projected life expectancies are based on the following:

Healthy: Headcount–Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount–Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.

Disabled: Headcount–Weighted RP-2014 Disabled Retiree Table, set forward four years.

Pre-retirement: Headcount–Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

The RP-2014 Headcount–Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

(Continued)

PERS's 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 target asset allocation policy as of the actuarial valuation date was as follows:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42 %	5.50 %
International equity	18 %	5.75 %
Domestic fixed income	30 %	0.25 %
Private markets	10 %	6.80 %

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

The City's proportionate share of the net pension liability at the actuarial valuation date using the selected discount rate of 7.50% and the estimated liability if the rate varied by 1% follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 374,571,238	$ 247,778,053	$ 142,474,329

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. 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.

The City's 1.86301% proportionate share of PERS' collective net pension liability at the actuarial valuation date was $247,778,053. The City's relative contributions for the related fiscal year was used to determine its proportionate share.

(Continued)

For the period ending on the actuarial valuation date, the City's pension expense was $18,149,804 and its reported deferred outflows and inflows of resources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 16,259,250
Changes of assumptions	16,437,716	
Net difference between projected and actual earnings on investments	1,608,779	
Changes in proportion and differences between actual contributions and proportionate share of contributions	10,321,715	8,844,766
Contributions made subsequent to the measurement date	16,786,223	

At June 30, 2017, the average expected remaining service life is 6.39 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the actuarial valuation date totaling $16,786,223 will be recognized as a reduction of the net pension liability in the year beginning July 1, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ending June 30,	
2019	$ (8,115,455)
2020	10,505,520
2021	2,713,079
2022	(7,397,345)
2023	3,825,010
Thereafter	1,733,385

Changes in the City's net pension liability were as follows:

Net pension liability, beginning of year	$ 238,145,028
Pension expense	18,149,804
Employer contributions	(16,722,275)
Net new deferred inflows and outflows of resources	8,205,496
Net pension liability, end of year	$ 247,778,053

At June 30, 2018, accrued salaries and benefits included $3,929,444 payable to PERS for required contributions relating to the last month of the fiscal year.

Agent Multiple-Employer Defined Benefit Pension Plan

The City's municipal court judges and justices of the peace may, in certain circumstances, elect to be covered by the Judicial Retirement System of Nevada (JRS), an agent multiple employer defined benefit public employees' retirement system. JRS was established by the Nevada Legislature in July 2001, effective January 1, 2003, to provide a reasonable base retirement income to justices of the Supreme Court and district judges and was amended in 2005 to allow municipal court judges and justices of the peace to participate. JRS is administered and governed by the Public Employees Retirement Board (the JRS Board) whose seven members are appointed by the governor. The City does not exercise any control over JRS.

(Continued)

Benefits are paid according to various options contained in the NRS, dependent upon whether a member was serving as a Supreme Court justice or district judge before November 5, 2002. Retiring members who were serving as a judge before November 5, 2002, may select among the two benefit options below. Retiring members who began serving as a justice or judge on or after November 5, 2002, are only eligible for the first option below.

2003 Benefit Plan: Benefits, as required by NRS, are computed at 3.4091% per year of accredited service at the time of retirement times the member's highest average compensation in any 36 consecutive months, to a maximum of 75%. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Previous Benefit Plan: Retiring members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, may select benefit payments computed at 4.1666% for the first five years of service and 4.1666% for each year of service beyond five years, up to a total maximum of 22 years, times the member's compensation for their last year of service.

Members who retired under the Previous Benefit Plan (plan in effect before November 5, 2002) and are appointed as senior judges can earn service credit while receiving their pension payments. They are eligible to have their benefit recalculated each time they earn an additional year of service credit.

Members enrolled in the JRS on or after July 1, 2015, will receive 3.1591% for each year of service. Each member is entitled to a benefit of not more than 75% and must contribute 50% of the contribution rate though payroll deductions. Annual compensation allowed to be taken into account in determining retirement benefits is limited to $200,000 (adjusted for Consumer Price Index (all items)).

JRS members become fully vested after five years of service. A member is eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. For those members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, and selected the second benefit option, eligibility for retirement is at age 60 with five years of service.

JRS members enrolled on or after July 1, 2015, become fully vested after five years of service and is eligible for retirement at age 65 with five years of service, at age 62 with 10 years of service, at age 55 with 30 years of service, and at any age with 33 1/3 years of service.

Post-retirement increases are provided by authority of the NRS, which for members entering the system before January 1, 2010, is equal to the lesser of:

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other JRS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other JRS Board approved index) for the period between retirement and the date of increase.

(Continued)

For members entering the system on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

For JRS members entering the system on or after July 1, 2015, the post-retirement increases will be 2.0% per year following the third through fifth anniversaries of the commencement of benefit and 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lessor of 3.0% or the Consumer Price Index (All Items) for the preceding calendar year.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS 1A.180(1). Participating employers pay JRS a contribution rate, which is actuarially determined to be sufficient to enable JRS to pay all liabilities for current benefits for their members and retirees. JRS administrative expenses are the responsibility of the participating employers and are included as a component of JRS contribution rate.

At June 30, 2017, JRS membership consisted of:

Active members	113
Inactive vested members	2
Retired members and beneficiaries	76
	191

The amount of annual contribution required to fund JRS is comprised of a normal cost payment and a payment on the Unfunded Actuarial Accrued Liability (UAAL). Effective January 1, 2009, UAAL is amortized over a year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at 30 years for Supreme Court justices and district judges and 20 years for municipal court judges and justices of the peace. The payment to amortize the UAAL is paid annually for Supreme Court justices and district judges and monthly for municipal court judges and justices of the peace.

The JRS net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date using June 30, 2017, census data.

(Continued)

The total JRS pension liability was determined using the following actuarial assumptions (based on the results of an experience study dated September 12, 2013):

Actuarial valuation date	June 30, 2017
Inflation rate	2.75%
Payroll growth	3.00% to 8.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Discount rate	7.50%
Consumer price index	2.75%
Asset valuation method	The actuarial value of assets is equal to the prior year's actuarial value of assets pluscontributions and net transfers, less benefit payments and expenses, plus expectedinvestment return, and 20% of each of the previous five years' gain/(loss) due toinvestment return greater/(less) than expected. The actuarial value of assets is furtherlimited to not less than 70% or greater than 130% of the market value of assets.
Actuarial cost method	Entry age normal
Amortization method	Year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at: 30 years for Supreme Court justices and district judges and 20 years for each non-state agency
Mortality rates	Post-retirement: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality rate at age 50 from the Employee mortality tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016. Pre-retirement: Headcount-Weighted RP-2014 Employee Mortality Tables, projected to 2020 with Scale MP-2016.

JRS policies which determine the investment portfolio target asset allocation are established by the JRS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of JRS. The following target asset allocation policy was adopted as of June 30, 2017:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	49 %	5.50 %
International equity	21 %	5.75 %
Domestic fixed income	30 %	0.25 %

These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

(Continued)

The City's JRS net pension liability at June 30, 2017, calculated using the discount rate of 7.50%, as well as what the City's JRS net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 551,770	$ 305,331	$ 96,498

JRS issues a publicly available Annual Financial Report that includes financial statements and required supplemental information. This report is available by writing to JRS at 693 West Nye Lane, Carson City, Nevada 89703. In addition, JRS is classified as a component unit of the State of Nevada, and as such JRS financial information is included in State of Nevada's Comprehensive Annual Financial Report, which is available at http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html. JRS fiduciary net position and related additions to/deductions from it have been determined on the same basis used in the JRS Annual Financial Report. JRS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. 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.

The City's share of the JRS net pension liability was $305,331, which represents 1.60181% of the JRS net pension liability. Each employer's proportion of the net pension liability is based on their contributions relative to the total contributions for all employers for the period ended June 30, 2017.

For the period ended June 30, 2018, the City's JRS pension expense was $34,038 and its reported deferred outflows and inflows of resources related to JRS pensions as of June 30, 2018, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,765	$ 49,331
Changes of assumptions	976	
Net difference between projected and actual earnings on investments	6,354	
Other changes		95,017
Contributions made subsequent to the measurement date	87,316	

At June 30, 2017, the average expected remaining service life is 4.48 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,	
2019	$ (111,584)
2020	69,482
2021	(3,999)
2022	(69,151)

(Continued)

Changes in the City's net JRS pension liability were as follows:

Net pension liability, beginning of year	$ 379,457
Pension expense	34,038
Employer contributions	(92,679)
Change in net deferred inflows and outflows of resources	(17,893)
Net pension liability, end of year	$ 302,923

At June 30, 2018, approximately $12,641 was payable to JRS, for the June 2018 required contribution.

Postemployment Benefits Other Than Pensions (OPEB) and OPEB Trust Fund

Aggregate Balances

At June 30, 2018, the City's aggregate OPEB plan balances were as follows:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Net OPEB assets administered through an irrevocable employee benefit trust fund	$	$ 7,753,129	$ 7,753,129
Net unamortized deferred outflows of resources related to OPEB		5,606,592	5,606,592
Total OPEB liability	2,710,758	229,487,469	232,198,227
Net OPEB liability	2,710,758	221,734,340	224,445,098
Net unamortized deferred inflows of resources related to OPEB		9,406	9,406
OPEB expense	138,962	5,268,548	5,407,510

Plan Information

In accordance with NRS, the City provides other postemployment benefits to eligible retirees through the following plans:

(Continued)

The Nevada Public Employee Benefit Program (PEBP), a multiple-employer cost sharing plan, administered by a ten member governing board appointed by the Governor, including an Executive Officer who directs the program and serves at the pleasure of the Board.

The City of Reno Plan (City Plan), a single-employer defined benefit plan, administered by City management.

Both plans provide healthcare, dental, vision and life insurance benefits. Eligible pre-Medicare retirees that are not eligible for PEBP, can receive coverage through the City Plan. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life.

PEBP issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing or calling the following:

Public Employee Benefit Plan
901 South Stewart Street, Suite 101
Carson City, NV 89701
(775) 684-7000

The City Plan does not issue a separate financial report; however, additional information may be obtained by writing or calling the following:

City of Reno
Finance Department
One East First Street, P. O. Box 1900
Reno, Nevada, 89505

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to December 1, 2008. No future retirees are eligible for this benefit.

The City is required to provide a subsidy, based on years of service for a closed group of its retirees that have enrolled in PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For 2018, this subsidy ranged from $116 to $636 per retiree, per month.

Eligibility and subsidy requirements for the City Plan are dependent upon the applicable bargaining unit contract. Coverage begins on the date of retirement from City services until age 65 or eligibility for Medicare, whichever comes first, with the exception of police which receive coverage for life. For 2018, the cost to the City range from $319 to $664 per retiree per month (approximately 50% to 100% of the full medical premium) and varies based on applicable bargaining unit contracts.

At June 30, 2018, employees covered by OPEB benefit terms consisted of:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Active members		1,153	1,153
Inactive employees currently receiving benefit payments	148	733	881
	148	1,886	2,034

(Continued)

Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2018), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Measurement date	June 30, 2018
Inflation rate	2.75% per year
Salary changes	City Plan - 4.0% per year; since benefits do not depend on pay, this is usedonly to allocate the cost of benefits between service years PEBP - not applicable, there are no active employees in this plan
Discount rate	3.87% per annum as of June 30, 2018
Discount rate source	3.13% as of June 30, 2017 2.92% as of June 30, 2018
Postemployment benefit changes	None
Actuarial cost method	Entry Age Normal Cost, closed group, level percent of pay
Healthcare cost trend rates	6.5%, decreasing to an ultimate rate of 5% for 2023 and subsequent years
Asset valuation method	Market value
Long-term return on assets	8.0% as of June 30, 2017 and 7.5% as of June 30, 2018, net of plan investment expenses and including inflation

There were no changes in OPEB benefit terms that affected the measurement of the City's total OPEB liability during the period ended June 30, 2018.

The City Plan mortality rates were based on the following:

Pre-retirement life rates - Headcount-Weighted RP-2014 Employee Table

Non-disabled life rates - Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

The mortality rates described above were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2014 on a generational basis from 2017 forward. In laymen's terms, this means mortality is projected to improve each year until the payments anticipated in any future year occur.

The PEBP mortality rates were based on the following:

Non-disabled life rates - Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

Disabled life rates - Headcount-Weighted RP-2014 Disabled RetireeTable set forward 4 years

The City's total OPEB liability at June 30, 2018, calculated using the discount rate of 2.92%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Total OPEB liability	$ 270,649,724	$ 232,198,227	$ 201,537,661
Net OPEB liability	$ 262,896,595	$ 224,445,098	$ 193,784,532

(Continued)

The City's total OPEB liability at June 30, 2018, calculated using the healthcare trend rate of 6.5%, decreasing to an ultimate rate of 5% for 2023 and subsequent years, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1.00% lower or 1.00% higher than the current healthcare trend rate was as follows:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB liability	$ 190,100,761	$ 232,198,227	$ 291,995,589
Net OPEB liability	$ 182,347,632	$ 224,445,098	$ 284,242,460

At June 30, 2018, changes in the City's total OPEB liability were as follows:

	Public Employee Benefit Program	City of Reno Plan	Aggregate Total
Service cost	$	$ 7,838,012	$ 7,838,012
Interest on total OPEB liability	83,677	6,869,650	6,953,327
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions or other inputs	55,285	6,955,870	7,011,155
Benefit payments	(203,156)	(7,631,378)	(7,834,534)
Net change in total OPEB liability	(64,194)	14,032,154	13,967,960
Total OPEB liability, beginning of year	2,774,952	215,455,315	218,230,267
Total OPEB liability, end of year	2,710,758	229,487,469	232,198,227
Net OPEB assets administered through an irrevocable employee benefit trust fund		7,753,129	7,753,129
Net OPEB liability, end of year	$ 2,710,758	$ 221,734,340	$ 224,445,098

For the period ended June 30, 2018, the City's OPEB expense was $15,670,499 and its reported deferred outflows and inflows of resources related to OPEB as of June 30, 2018, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions and other inputs	$ 5,603,209	$ 6,023

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

For the Year Ended June 30,	
2019	$ 1,300,445
2020	1,241,030
2021	797,501
2022	765,895
2023	447,817
Thereafter	1,044,498

(Continued)

Employee Benefit Trust Fund

In a prior fiscal year, the City approved the creation of an employee benefit trust fund. The trust fund is intended to qualify as a government irrevocable trust established to provide an essential governmental function (to fund future OPEB obligations) under IRS Code Section 115 and pursuant to NRS 287.017. The trust fund assets are separate from the City's, are held for the benefit of OPEB plan participants and beneficiariesand invested in the Retirement Benefits Investment Fund (RBIF), which is managed through an intrastate interlocal agreement with the Retirement Benefits Investment Board, located at 693 W. Nye Lane, Carson City, Nevada. During fiscal year 2018, the City made contributions to the trust fund totaling $8,886,036, paid benefits from the trust fund totalling $7,631,378 and the net asset value was $7,753,129 at June 30, 2018. Contributions to are determined at the City's discretion through its annual budget process to be paid from the City's general, internal service and enterprise funds.

Special Ad Valorem Capital Projects Fund

For the year ended June 30, 2018 pursuant to NRS 354.598155, the Special Ad Valorem Capital Projects Fund expended $626,101 on the following projects:

Police evidence facility upgrade & equipment	$ 35,783
Reno Arch restoration	138,588
Machinery and equipment	451,730
	$ 626,101

Subsequent Events

Events subsequent to June 30, 2018, through the date that these financial statements were available of issuance were evaluated by the management who determined that no additional recognition or disclosure in these financial statements is necessary.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RENO

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018 AND LAST NINE FISCAL YEARS[1]

	Service Cost	Interest on Total OPEB Liability	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Changes in Assumptions or Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability, Beginning of Year	Total OPEB Liability, End of Year	Covered-Employee Payroll	Total OPEB Liability, End of Year as a Percentage of Covered-Employee Payroll
Public Employee Benefit Program											
2018	$ [2]	$ 83,677	$	$	$ 55,285	$ (203,156)	$ (64,194)	$ 2,774,952	$ 2,710,758	$ [2]	[2]
City of Reno Plan											
2018	7,838,012	6,869,650			6,955,870	(7,631,378)	14,032,154	215,455,315	229,487,469	96,695,325	237.33 %

1. Information for Postemployment Benefits Other Than Pension is not available for years prior to the year ended June 30, 2018. As additional information becomes available, this schedule will ultimately present information for the ten most recent fiscal years.
2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.
3. No assets have been placed in a trust.

CITY OF RENO

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Proportion of the Collective Net Pension Liability	Proportion of the Collective Net Pension Liability	Covered Employee Payroll	Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll	PERS Fiduciary Net Position as a Percentage of Total Pension Liability
2014	1.88407 %	$ 247,751,652	$ 93,801,378	264.12368 %	76.31210 %
2015	1.80849 %	207,243,295	81,971,840	252.82255 %	75.12612 %
2016	1.76966 %	238,145,028	86,413,601	275.58744 %	72.20000 %
2017	1.86301 %	247,778,053	96,062,490	257.93424 %	74.41654 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the fiscal year ended June 30, 2014. As information becomes available, this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF RENO

MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF STATUTORILY REQUIRED CONTRIBUTION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 28,070,303	$ 28,070,303	$	$ 81,971,840	34.24384 %
2016	29,918,043	29,918,043		86,413,601	34.62191 %
2017	32,030,815	32,030,815		96,062,490	33.34373 %
2018	33,581,449	33,581,449		96,221,810	34.90004 %

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the fiscal year ended June 30, 2015. As information becomes available, this schedule will ultimately present information for the ten most resent fiscal years.
2. Covered employee payroll has been corrected for prior years to meet the definition stated in GASB Statement No. 82.

CITY OF RENO

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Net Pension Liability, Beginning of Year	Pension Expense	Employer Contributions	Change in Net Deferred Outflows and Inflows	Net Pension Liability, End of Year
2014	$ 633,551	$ 81,208	$ (137,885)	$ (197,401)	$ 379,473
2015	379,473	89,094	(140,414)	147,846	475,999
2016	475,999	51,209	(96,710)	(51,041)	379,457
2017	379,457	34,038	(92,679)	(15,485)	305,331

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the fiscal year ended June 30, 2014. As becomes available, this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF RENO

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
PENSION PLAN INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Total Pension Plan Liability	Pension Plan Fiduciary Net Position	Net Pension Plan Liability	Pension Plan Fiduciary Net Position as a Percentage of Total Pension Plan Liability	Pension Plan Covered Employee Payroll	Net Pension Plan Liability as a Percentage of Pension Plan Covered Employee Payroll
2014	$ 108,630,337	$ 92,113,212	$ 16,517,125	84.79511 %	$ 16,517,125	100.00000 %
2015	119,810,260	98,944,699	20,865,561	82.58450 %	18,933,500	110.20446 %
2016	123,753,035	101,101,940	22,651,095	81.69653 %	19,929,944	113.65358 %
2017	133,560,566	114,498,900	19,061,666	85.72807 %	20,995,038	90.79129 %

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF RENO

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
ACTUARIALLY DETERMINED CONTRIBUTION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018 AND LAST NINE FISCAL YEARS[1]

For the Year Ended June 30,	Actuarially Required Contribution	Contributions Made	Contribution (Deficiency) Excess	Covered Employee Payroll	Contributions Made as a Percentage of Covered Employee Payroll
2015	$ 140,925	$ 140,414	$ (511)	$ 454,597	30.88758 %
2016	103,271	102,435	(836)	477,580	21.44876 %
2017	104,381	92,679	(11,702)	515,460	17.97986 %
2018	90,754	87,316	(3,438)	491,419	17.76814 %

1. Information for the agent multiple-employer defined benefit pension plan is not available for years prior to the fiscal year ended June 30, 2015. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

CITY OF RENO

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

The general fund is used to account for all financial resources not accounted for in some other fund.

CITY OF RENO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Property taxes	$ 48,484,142	$ 48,984,142	$ 49,549,489	$ 565,347
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Business licenses	16,015,668	15,758,500	16,170,578	412,078
City gaming licenses	1,870,511	1,830,000	1,785,717	(44,283)
Liquor licenses	1,691,610	1,750,000	1,876,915	126,915
Excavation and encroachment permits			302	302
Franchise fees				
Electricity	9,685,193	9,400,000	10,671,343	1,271,343
Telephone	3,121,233	2,850,000	2,769,691	(80,309)
Natural gas	3,278,746	3,030,000	3,277,400	247,400
Sanitation	3,520,192	3,900,000	3,951,866	51,866
Sewer	3,615,000	3,501,750	3,562,554	60,804
Cable television	2,300,000	2,215,000	2,476,689	261,689
Non-business licenses and permits		6,000	8,070	2,070
Intergovernmental shared revenues				
Federal grants	274,191	1,196,459	1,391,492	195,033
State grants		811,323	49,043	(762,280)
State shared revenues				
Consolidated taxes	62,254,400	63,754,400	65,724,749	1,970,349
Dedicated sales taxes	429,043	771,468	940,212	168,744
Local government shared revenues				
County gaming licenses	1,100,524	1,420,000	1,436,546	16,546
SCCR (AB104) taxes	3,929,899	3,999,899	4,154,478	154,579
Marijuana		319,349	319,349	
Other	32,000	165,136	246,575	81,439
Charges for services				
General government				
Administrative fees	138,050	177,582	178,003	421
TMWA contract payment	72,096	57,677	57,676	(1)
Indirect cost allocations	3,447,840	3,447,840	3,447,840	
Internal charges for services	143,938	143,938	143,938	
Judicial				
Municipal court charges	82,678	58,960	65,754	6,794
Public safety				
Police service charges	636,349	709,761	963,974	254,213
Dispatch charges	191,243	254,455	254,455	
Work permits	20,040	47,486	59,593	12,107
Fire service charges	819,096	2,127,930	1,901,914	(226,016)
Culture and recreation				
Swimming pool fees	298,316	295,464	376,276	80,812
Culture and recreation fees	3,117,442	3,228,577	3,798,617	570,040
Public works				
Parking receipts	972,257	1,090,209	1,179,836	89,627
Community development and support				
Planning fees	390,700	560,000	573,277	13,277
Planning application fees	575,613	610,000	727,439	117,439
Other	9,516	10,722	14,474	3,752
Fines and forfeits				
Court and administrative fees	1,776,346	1,829,982	1,964,556	134,574
Delinquent license penalties	470,000	550,000	684,063	134,063
Special assessments				
Downtown police district	1,599,386	1,599,386	1,598,808	(578)
Tax maintenance district	257,912	257,912	301,635	43,723
Miscellaneous				
Investment income	50,000	180,000	261,034	81,034
Rents and royalties	625,330	608,308	525,759	(82,549)
Reimbursements and restitutions	589,498	1,037,724	1,449,742	412,018

CITY OF RENO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Private grants and contributions	25,000	633,617	790,312	156,695
Other	7,938	85,531	146,718	61,187
Total revenues	177,918,936	185,266,487	191,828,751	6,562,264
EXPENDITURES				
General government				
City manager				
Salaries and wages	3,555,759	3,699,572	3,330,324	369,248
Employee benefits	1,527,316	1,606,417	1,334,270	272,147
Services and supplies	1,586,378	1,582,638	1,118,132	464,506
Total city manager	6,669,453	6,888,627	5,782,726	1,105,901
Finance				
Salaries and wages	1,239,988	1,139,682	1,010,342	129,340
Employee benefits	649,485	597,234	482,652	114,582
Services and supplies	350,065	408,652	358,104	50,548
Total finance	2,239,538	2,145,568	1,851,098	294,470
City attorney				
Salaries and wages	2,731,047	2,731,047	2,643,645	87,402
Employee benefits	1,361,707	1,361,707	1,261,926	99,781
Services and supplies	362,474	362,474	190,213	172,261
Total city attorney	4,455,228	4,455,228	4,095,784	359,444
Human resources				
Salaries and wages	775,745	794,291	733,489	60,802
Employee benefits	488,654	477,964	392,574	85,390
Services and supplies	285,795	274,126	337,111	(62,985)
Total human resources	1,550,194	1,546,381	1,463,174	83,207
Civil service				
Salaries and wages	280,985	281,821	297,989	(16,168)
Employee benefits	131,154	158,010	134,737	23,273
Services and supplies	27,862	102,862	87,633	15,229
Total civil service	440,001	542,693	520,359	22,334
Communications and technology				
Salaries and wages	1,942,920	1,944,715	1,791,541	153,174
Employee benefits	988,039	988,933	852,325	136,608
Services and supplies	2,438,270	2,618,614	2,722,023	(103,409)
Total communications and technology	5,369,229	5,552,262	5,365,889	186,373
City council				
Salaries and wages	521,182	521,182	519,905	1,277
Employee benefits	401,302	401,302	379,706	21,596
Services and supplies	587,052	547,087	511,641	35,446
Total city council	1,509,536	1,469,571	1,411,252	58,319
City clerk				
Salaries and wages	504,755	504,755	503,004	1,751
Employee benefits	297,027	297,112	237,170	59,942
Services and supplies	261,212	321,210	189,082	132,128
Total city clerk	1,062,994	1,123,077	929,256	193,821
Total general government	23,296,173	23,723,407	21,419,538	2,303,869

CITY OF RENO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Judicial				
Municipal court				
Salaries and wages	3,869,056	3,874,807	3,785,144	89,663
Employee benefits	2,136,808	2,136,895	2,019,397	117,498
Services and supplies	1,012,247	1,131,882	1,117,810	14,072
Total judicial	7,018,111	7,143,584	6,922,351	221,233
Public safety				
Police				
Salaries and wages	36,514,346	37,674,701	38,581,779	(907,078)
Employee benefits	22,272,468	22,297,880	22,502,953	(205,073)
Services and supplies	5,577,173	8,432,851	7,895,405	537,446
Capital outlay	112,200	125,390	130,033	(4,643)
Total police	64,476,187	68,530,822	69,110,170	(579,348)
Fire				
Salaries and wages	27,403,129	28,964,902	29,076,190	(111,288)
Employee benefits	16,689,051	16,256,767	16,335,340	(78,573)
Services and supplies	2,699,995	3,724,129	3,171,894	552,235
Capital outlay	250,000	259,505	23,003	236,502
Total fire	47,042,175	49,205,303	48,606,427	598,876
Dispatch				
Salaries and wages	4,255,307	4,152,476	3,767,351	385,125
Employee benefits	2,221,009	2,219,518	1,771,260	448,258
Services and supplies	188,105	357,941	289,791	68,150
Total dispatch	6,664,421	6,729,935	5,828,402	901,533
Total public safety	118,182,783	124,466,060	123,544,999	921,061
Public works				
Various				
Salaries and wages	2,740,871	2,741,830	2,546,945	194,885
Employee benefits	1,464,607	1,463,636	1,343,782	119,854
Services and supplies	1,749,124	1,918,437	1,881,111	37,326
Capital outlay		9,824		9,824
Total public works	5,954,602	6,133,727	5,771,838	361,889
Culture and recreation				
Parks and recreation				
Salaries and wages	5,995,438	5,999,885	5,560,132	439,753
Employee benefits	2,676,267	2,699,485	2,197,636	501,849
Services and supplies	1,917,174	2,147,259	2,023,190	124,069
Capital outlay	38,000	300,500	263,196	37,304
Total culture and recreation	10,626,879	11,147,129	10,044,154	1,102,975
Planning and community development				
Various				
Salaries and wages	1,904,700	1,978,473	1,836,667	141,806
Employee benefits	975,032	1,008,096	852,733	155,363
Services and supplies	743,337	885,943	707,483	178,460
Capital outlay	22,000	34,500	34,306	194
Total planning and community development	3,645,069	3,907,012	3,431,189	475,823

CITY OF RENO

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Other				
Retired employees trust				
Employee benefits	5,211,979	5,271,000	5,430,547	(159,547)
Various				
Services and supplies	4,865,156	4,428,864	4,434,630	(5,766)
Total other	10,077,135	9,699,864	9,865,177	(165,313)
Debt service				
Principal payments	138,326	188,326	188,325	1
Interest expense and fiscal charges	3,734	3,734	3,734	
Total debt service	142,060	192,060	192,059	1
Total expenditures	178,942,812	186,412,843	181,191,305	5,221,538
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,023,876)	(1,146,356)	10,637,446	11,783,802
OTHER FINANCING SOURCES (USES)				
Issuance of debt		1,765,105	1,765,105	
Proceeds from capital asset disposal		1,902,100	1,896,069	(6,031)
Transfers in	1,729,027	1,752,107	1,752,107	
Transfers out	(3,633,062)	(5,926,236)	(5,801,236)	125,000
Contingencies	(1,000,000)	(355,600)		355,600
Total other financing sources (uses)	(2,904,035)	(862,524)	(387,955)	474,569
CHANGE IN FUND BALANCE	(3,927,911)	(2,008,880)	10,249,491	12,258,371
FUND BALANCE, BEGINNING OF YEAR	16,072,936	21,042,477	21,042,477	
FUND BALANCE, END OF YEAR	$ 12,145,025	$ 19,033,597	$ 31,291,968	$ 12,258,371

CITY OF RENO

MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Streets

Accounts for motor vehicle fuel taxes and street override property tax revenues restricted for street improvement expenditures.

CITY OF RENO

STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Property taxes	$ 15,105,334	$ 15,105,334	$ 15,535,317	$ 429,983
Business licenses, permits, franchise and other fees				
Business licenses and permits				
Excavation and encroachment permits	190,000	183,500	109,470	(74,030)
Other		5,000	4,147	(853)
Franchise fees				
Water	2,758,000	2,800,000	2,861,559	61,559
Intergovernmental shared revenues				
Federal grants		750	648	(102)
State shared revenues				
Motor vehicle fuel taxes	6,150,000	6,500,000	6,832,998	332,998
Charges for services				
Public works				
Other		10,000	10,328	328
Fines and forfeits				
Street patching penalties	2,000	6,500	5,632	(868)
Miscellaneous				
Investment income	25,000	200,000	242,628	42,628
Reimbursements and restitutions		31,000	44,447	13,447
Private grants and contributions		3,000	7,411	4,411
Other		86,305	117,448	31,143
Total revenues	24,230,334	24,931,389	25,772,033	840,644
EXPENDITURES				
Public works				
Various				
Salaries and wages	4,827,178	4,795,186	4,423,948	371,238
Employee benefits	3,192,663	3,192,944	2,567,212	625,732
Services and supplies	6,400,659	6,109,432	6,775,700	(666,268)
Capital outlay	6,234,285	8,046,426	4,882,769	3,163,657
Total expenditures	20,654,785	22,143,988	18,649,629	3,494,359
EXCESS OF REVENUES OVER EXPENDITURES	3,575,549	2,787,401	7,122,404	4,335,003
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	924,230	924,230	
Transfers out	(6,570,250)	(6,570,250)	(6,570,250)	
Total other financing sources (uses)	(6,510,250)	(5,646,020)	(5,646,020)	
CHANGE IN FUND BALANCE	(2,934,701)	(2,858,619)	1,476,384	4,335,003
FUND BALANCE, BEGINNING OF YEAR	18,038,170	22,211,861	22,211,861	
FUND BALANCE, END OF YEAR	$ 15,103,469	$ 19,353,242	$ 23,688,245	$ 4,335,003

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2018, no significant events occurred that had an effect on the benefit provision, size or composition of those covered by the postemployment benefit plans. The only significant change in actuarial methods and assumptions used was a decrease in the discount rate from 3.13% at the beginning of the year to 2.92% at the end of the year.

At June 30, 2018, $7,753,129 assets were accumulated in a qualifying trust in which the assets contributed and earnings thereon are irrevocable, dedicated solely to providing postemployment benefits and are legally protected from creditors.

Actuarial information for postemployment benefits other than pensions is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Additional information related to postemployment benefits other than pensions can be found in Note 4 to the basic financial statements.

Note 2. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2018 there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2016, 2015 and 2014.

The actuarial valuation report dated June 30, 2016, 2015 and 2014 are the only valuations to date of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most resent valuations.

Additional pension plan information can be found in Notes 1 and 4 to the basic financial statements.

Note 3. Agent Multiple-Employer Defined Benefit Pension Plan

For the year ended June 30, 2018, there were no changes in the pension benefit plan terms or the actuarial methods and assumptions used in the actuarial valuation reports dated June 30, 2016, 2015 and 2014.

The actuarial valuation reports dated June 30, 2016, 2015 and 2014, are the only valuations to date of the agent multiple-employer defined benefit pension plan. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most resent valuations.

Additional pension plan information can be found in Notes 1 and 4 to the basic financial statements.

(Continued)

Note 4. Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual fund data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

CITY OF RENO

MAJOR DEBT SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Railroad

Accounts for the accumulation of resources for payment of bonds issued for the purpose of constructing and expanding railroad grade and related beautification projects.

CITY OF RENO

RAILROAD DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Room and construction taxes	$ 750,000	$ 923,000	$ 1,025,199	$ 102,199
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	9,960,000	9,960,000	10,211,963	251,963
Fines and forfeits				
SAD penalties		5,000	2,569	(2,431)
Special assessments				
ReTRAC	650,000	850,000	828,562	(21,438)
Miscellaneous				
Investment income	650,000	367,775	412,656	44,881
Other			81,441	81,441
Total revenues	12,010,000	12,105,775	12,562,390	456,615
EXPENDITURES				
Debt service				
Principal payments	3,265,000	3,300,000	3,300,000	
Interest expense and fiscal charges	4,847,014	5,146,578	5,178,851	(32,273)
Payment to current bond refunding agent			233,654,262	(233,654,262)
Debt issuance costs			1,894,599	(1,894,599)
Administrative and other costs	1,372,500	1,109,100	1,492,605	(383,505)
Total expenditures	9,484,514	9,555,678	245,520,317	(235,964,639)
OTHER FINANCING SOURCES				
Issuance of debt			230,730,310	230,730,310
Debt issuance premiums			7,346,769	7,346,769
CHANGE IN FUND BALANCE	2,525,486	2,550,097	5,119,152	2,569,055
FUND BALANCE, BEGINNING OF YEAR	13,075,684	12,454,063	12,454,063	
FUND BALANCE, END OF YEAR	$ 15,601,170	$ 15,004,160	$ 17,573,215	$ 2,569,055

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF RENO

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
ASSETS				
Cash, cash equivalents and investments	$ 6,819,682	$ 21,159,706	$ 20,517,418	$ 48,496,806
Accounts receivable	491,666	43,818	17,399	552,883
Interest receivable	17,297	35,429	65,952	118,678
Taxes receivable		3,923		3,923
Special assessments receivable		5,607,107		5,607,107
Due from other governments	1,420,822	3,193,240	261,433	4,875,495
Prepaid items	67,507			67,507
Property held for sale	1,041,209			1,041,209
Notes receivable, net			1,001,612	1,001,612
Total assets	$ 9,858,183	$ 30,043,223	$ 21,863,814	$ 61,765,220
LIABILITIES				
Accounts payable and other accrued liabilities	$ 588,742	$ 234,438	$ 173,780	$ 996,960
Accrued salaries and benefits	12,642			12,642
Contracts payable	58,487		171,737	230,224
Due to other governments	58,522	159	1,353,747	1,412,428
Deposits	75,151	9,607	6,000	90,758
Advances from other funds		123,785		123,785
Interest payable		2,894,813		2,894,813
Debt obligations payable		3,030,000		3,030,000
Total liabilities	793,544	6,292,802	1,705,264	8,791,610
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes		3,923		3,923
Unavailable revenue, special assessments		5,067,422		5,067,422
Unavailable revenue, other	19,021	2,593	87,802	109,416
Total deferred inflows of resources	19,021	5,073,938	87,802	5,180,761
Total liabilities and deferred inflows of resources	812,565	11,366,740	1,793,066	13,972,371
FUND BALANCES				
Nonspendable				
Prepaid items	67,507			67,507
Long-term receivables			1,001,612	1,001,612
Restricted for				
Debt service		21,083,395		21,083,395
Capital improvement projects	287,463		12,230,390	12,517,853
Fire, police and other public safety programs	1,197,834			1,197,834
Cultural, community and development programs	2,033,563			2,033,563
Other government programs	2,218,825			2,218,825
Other government programs	921,687			921,687
Assigned to				
Capital improvement projects			6,838,746	6,838,746
Fire, police and other public safety programs	60,995			60,995
Other government programs	2,257,744			2,257,744
Unassigned		(2,406,912)		(2,406,912)
Total fund balances	9,045,618	18,676,483	20,070,748	47,792,849
Total liabilities, deferred inflows of resources and fund balances	$ 9,858,183	$ 30,043,223	$ 21,863,814	$ 61,765,220

CITY OF RENO

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Non-major Governmental Funds
REVENUES				
Taxes	$ 2,918,108	$ 10,472,247	$ 2,862,964	$ 16,253,319
Business licenses, permits, franchise and other fees	215,528			215,528
Intergovernmental shared revenues	9,426,586	1,904,746	812,714	12,144,046
Charges for services	143,215		1,899,848	2,043,063
Fines and forfeitures	37,700	6,477	1,000	45,177
Special assessments		719,251		719,251
Miscellaneous	2,961,375	1,735,025	2,272,427	6,968,827
Total revenues	15,702,512	14,837,746	7,848,953	38,389,211
EXPENDITURES				
Current				
General government	569,438		579,480	1,148,918
Judicial	144,259			144,259
Public safety	373,698		117,188	490,886
Public works			1,134,093	1,134,093
Culture and recreation			932,820	932,820
Planning and community development	8,681,874			8,681,874
Urban redevelopment	917,804			917,804
Total current	10,687,073		2,763,581	13,450,654
Capital outlay				
General government	25,000		140,443	165,443
Public safety	66,016		643,046	709,062
Public works			4,641,476	4,641,476
Culture and recreation			1,726,076	1,726,076
Planning and community development	816,813			816,813
Total capital outlay	907,829		7,151,041	8,058,870
Debt service				
Principal payments	138,000	15,882,190		16,020,190
Interest expense and fiscal charges	6,166	8,283,629		8,289,795
Administrative and other costs		759,369		759,369
Total debt service	144,166	24,925,188		25,069,354
Total expenditures	11,739,068	24,925,188	9,914,622	46,578,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,963,444	(10,087,442)	(2,065,669)	(8,189,667)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal		231,346	75,000	306,346
Transfers in	53,500	9,447,497	4,337,174	13,838,171
Transfers out	(2,952,712)	(119,230)	(959,080)	(4,031,022)
Total other financing sources (uses)	(2,899,212)	9,559,613	3,453,094	10,113,495
CHANGE IN FUND BALANCE	1,064,232	(527,829)	1,387,425	1,923,828
FUND BALANCE, BEGINNING OF YEAR	7,981,386	19,204,312	18,683,323	45,869,021
FUND BALANCE, END OF YEAR	$ 9,045,618	$ 18,676,483	$ 20,070,748	$ 47,792,849

SPECIAL REVENUE FUNDS

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

HUD and State Housing Grants

Accounts for Community Development Block Grants, HOME Grants, and other federal grants received for the purpose of providing better housing, improved living conditions, and economic opportunities for persons of low and moderate income.

Community Assistance Center

Accounts for federal, state, and private grants and local government contributions received to fund particular programs including temporary shelters and long-term housing.

Stabilization

Accounts for funds to be used only if the total actual revenue falls short of the total anticipated revenue in the general fund or to pay expenses incurred to mitigate the effects of a natural disaster.

Room Tax

Accounts for a 1% tax imposed upon the gross income from room rentals, which by ordinance, must be used one-half for developing, building, maintaining, expanding or repairing parks and other recreation facilities, and one-half for the improvement or betterment of the City as a final destination for visitors and tourism.

Courts

Accounts for 1) the collection of court administrative assessment fees to be used to improve the courts as required by Nevada Revised Statutes (NRS) 176.059, 2) the collection and expenditure of municipal court collection fees as allowed by NRS 176.064, and 3) the collection and expenditure construction fees as allowed by NRS 176.0611.

Drug Forfeiture

Accounts for revenue sources restricted for expenditures to enforce the provisions of Nevada Revised Statutes regarding controlled substances and for law enforcement uses as specified by the United States, Department of Justice.

Redevelopment Agency

Accounts for the operations of the Redevelopment Agency, which has been included as a blended component unit with the City of Reno for financial statement purposes.

Drainage Facility Impact Fee

Accounts for the collection and distribution of impact fees for a drainage facility in South Meadows/Damonte Ranch areas.

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
ASSETS									
Cash, cash equivalents and investments	$ 399,141	$ 366,834	$ 2,212,164	$ 1,440,846	$ 793,341	$ 1,259,110	$ 205,324	$ 142,922	$ 6,819,682
Accounts receivable		33,615		2,300			455,751		491,666
Interest receivable		2,070	6,661	5,164	2,594		808		17,297
Due from other governments	169,068	943,620		286,467	330		21,337		1,420,822
Prepaid items	2,715				64,792				67,507
Property held for sale							1,041,209		1,041,209
Total assets	$ 570,924	$ 1,346,139	$ 2,218,825	$ 1,734,777	$ 861,057	$ 1,259,110	$ 1,724,429	$ 142,922	$ 9,858,183
LIABILITIES									
Accounts payable and other accrued liabilities	$ 37,351	$ 472,266	$	$ 67,535	$ 2,649	$ 281	$ 8,660	$	$ 588,742
Accrued salaries and benefits	11,337	1,305							12,642
Contracts payable	57,019						1,468		58,487
Due to other governments					58,522				58,522
Deposits					51		75,100		75,151
Total liabilities	105,707	473,571		67,535	61,222	281	85,228		793,544
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, other		18,571					450		19,021
Total liabilities and deferred inflows of resources	105,707	492,142		67,535	61,222	281	85,678		812,565

(Continued)

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
FUND BALANCES									
Nonspendable									
Prepaid items	2,715				64,792				67,507
Restricted for									
Capital improvement projects					287,463				287,463
Fire, police and other public safety programs						1,197,834			1,197,834
Cultural, community and development programs	462,502	529,852					1,041,209		2,033,563
Other government programs			2,218,825						2,218,825
Other government programs		324,145					597,542		921,687
Assigned to									
Fire, police and other public safety programs						60,995			60,995
Other government programs				1,667,242	447,580			142,922	2,257,744
Total fund balances	465,217	853,997	2,218,825	1,667,242	799,835	1,258,829	1,638,751	142,922	9,045,618
Total liabilities, deferred inflows of resources and fund balances	$ 570,924	$ 1,346,139	$ 2,218,825	$ 1,734,777	$ 861,057	$ 1,259,110	$ 1,724,429	$ 142,922	$ 9,858,183

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
REVENUES									
Taxes	$	$	$	$ 2,918,108	$	$	$	$	$ 2,918,108
Business licenses, permits, franchise and other fees					215,528				215,528
Intergovernmental shared revenues	5,805,064	2,871,379	355,601			266,518	128,024		9,426,586
Charges for services								143,215	143,215
Fines and forfeitures						37,700			37,700
Miscellaneous	855,256	242,655	16,503	21,612	84,088	44,200	1,697,354	(293)	2,961,375
Total revenues	6,660,320	3,114,034	372,104	2,939,720	299,616	348,418	1,825,378	142,922	15,702,512
EXPENDITURES									
Current									
General government				561,230		8,208			569,438
Judicial					144,259				144,259
Public safety						373,698			373,698
Planning and community development	5,500,723	3,181,151							8,681,874
Urban redevelopment							917,804		917,804
Total current	5,500,723	3,181,151		561,230	144,259	381,906	917,804		10,687,073
Capital outlay									
General government				25,000					25,000
Public safety						66,016			66,016
Planning and community development	777,294	39,519							816,813
Total capital outlay	777,294	39,519		25,000		66,016			907,829
Debt service									
Principal payments	138,000								138,000
Interest expense and fiscal charges	6,166								6,166
Total debt service	144,166								144,166
Total expenditures	6,422,183	3,220,670		586,230	144,259	447,922	917,804		11,739,068
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	238,137	(106,636)	372,104	2,353,490	155,357	(99,504)	907,574	142,922	3,963,444

(Continued)

CITY OF RENO

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	HUD and State Housing Grants	Community Assistance Center	Stabilization	Room Tax	Courts	Drug Forfeiture	Redevelopment Agency	Drainage Facility Impact Fee	Total Special Revenue Funds
OTHER FINANCING SOURCES (USES)									
Transfers in		53,500							53,500
Transfers out				(2,180,527)			(772,185)		(2,952,712)
Total other financing sources (uses)		53,500		(2,180,527)			(772,185)		(2,899,212)
CHANGE IN FUND BALANCE	238,137	(53,136)	372,104	172,963	155,357	(99,504)	135,389	142,922	1,064,232
FUND BALANCE, BEGINNING OF YEAR	227,080	907,133	1,846,721	1,494,279	644,478	1,358,333	1,503,362		7,981,386
FUND BALANCE, END OF YEAR	$ 465,217	$ 853,997	$ 2,218,825	$ 1,667,242	$ 799,835	$ 1,258,829	$ 1,638,751	$ 142,922	$ 9,045,618

CITY OF RENO

HUD AND STATE HOUSING GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental shared revenues				
Federal grants	$ 3,334,816	$ 6,646,591	$ 4,027,609	$ (2,618,982)
State grants	1,165,089	1,811,496	1,777,455	(34,041)
Miscellaneous				
Investment income			675	675
Loan payments	186,280	809,184	852,492	43,308
Other			2,089	2,089
Total revenues	4,686,185	9,267,271	6,660,320	(2,606,951)
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	301,326	389,712	368,995	20,717
Employee benefits	183,757	221,656	189,484	32,172
Services and supplies	3,664,822	7,808,161	4,942,244	2,865,917
Capital outlay	500,000	700,000	777,294	(77,294)
Total planning and community development	4,649,905	9,119,529	6,278,017	2,841,512
Debt service				
Principal payments	33,000	138,000	138,000	
Interest expense and fiscal charges	2,470	6,166	6,166	
Total debt service	35,470	144,166	144,166	
Total expenditures	4,685,375	9,263,695	6,422,183	2,841,512
CHANGE IN FUND BALANCE	810	3,576	238,137	234,561
FUND BALANCE, BEGINNING OF YEAR	229,845	227,080	227,080	
FUND BALANCE, END OF YEAR	$ 230,655	$ 230,656	$ 465,217	$ 234,561

CITY OF RENO

COMMUNITY ASSISTANCE CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental shared revenues				
Federal grants	$ 288,059	$ 408,059	$ 278,031	$ (130,028)
Other	2,695,599	2,695,599	2,593,348	(102,251)
Miscellaneous				
Investment income		3,500	5,437	1,937
Rents and royalties	20,005	35,005	26,920	(8,085)
Reimbursements and restitutions	150,000	150,000	209,298	59,298
Private grants and contributions		1,000	1,000	
Total revenues	3,153,663	3,293,163	3,114,034	(179,129)
EXPENDITURES				
Planning and community development				
Various				
Salaries and wages	72,537	72,537	38,130	34,407
Employee benefits	50,283	50,133	21,677	28,456
Services and supplies	3,130,843	3,266,093	3,121,344	144,749
Capital outlay	180,000	220,000	39,519	180,481
Total planning and community development	3,433,663	3,608,763	3,220,670	388,093
Total expenditures	3,433,663	3,608,763	3,220,670	388,093
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(280,000)	(315,600)	(106,636)	208,964
OTHER FINANCING SOURCES				
Transfers in	50,000	53,500	53,500	
CHANGE IN FUND BALANCE	(230,000)	(262,100)	(53,136)	208,964
FUND BALANCE, BEGINNING OF YEAR	870,152	907,133	907,133	
FUND BALANCE, END OF YEAR	$ 640,152	$ 645,033	$ 853,997	$ 208,964

CITY OF RENO

STABILIZATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Consolidated taxes	$	$	$ 355,601	$ 355,601
Miscellaneous				
Investment income		14,000	16,503	2,503
Total revenues		14,000	372,104	358,104
General government				
Other				
Services and supplies		1,860,721		1,860,721
Total general government		1,860,721		1,860,721
Total expenditures		1,860,721		1,860,721
CHANGE IN FUND BALANCE		(1,846,721)	372,104	2,218,825
FUND BALANCE, BEGINNING OF YEAR		1,846,721	1,846,721	
FUND BALANCE, END OF YEAR	$	$	$ 2,218,825	$ 2,218,825

CITY OF RENO

ROOM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Room and construction taxes	$ 2,200,000	$ 2,400,000	$ 2,918,108	$ 518,108
Miscellaneous				
Investment income		12,000	14,112	2,112
Private grants and contributions		6,500	7,500	1,000
Total revenues	2,200,000	2,418,500	2,939,720	521,220
EXPENDITURES				
General government				
City manager				
Services and supplies	821,823	603,382	561,230	42,152
Capital outlay	142,820	391,998	25,000	366,998
Total expenditures	964,643	995,380	586,230	409,150
EXCESS OF REVENUES OVER EXPENDITURES	1,235,357	1,423,120	2,353,490	930,370
OTHER FINANCING USES				
Transfers out	(1,993,027)	(2,180,527)	(2,180,527)	
CHANGE IN FUND BALANCE	(757,670)	(757,407)	172,963	930,370
FUND BALANCE, BEGINNING OF YEAR	757,670	1,494,279	1,494,279	
FUND BALANCE, END OF YEAR	$	$ 736,872	$ 1,667,242	$ 930,370

CITY OF RENO

COURTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Business licenses, permits, franchise and other fees				
Other	$ 287,888	$ 255,482	$ 215,528	$ (39,954)
Miscellaneous				
Investment income		5,500	6,371	871
Court administrative charges			77,717	77,717
Total revenues	287,888	260,982	299,616	38,634
EXPENDITURES				
Judicial				
Municipal court				
Services and supplies	287,888	905,460	144,259	761,201
CHANGE IN FUND BALANCE		(644,478)	155,357	799,835
FUND BALANCE, BEGINNING OF YEAR		644,478	644,478	
FUND BALANCE, END OF YEAR	$	$	$ 799,835	$ 799,835

CITY OF RENO

DRUG FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Federal grants	$	$ 250,000	$ 266,518	$ 16,518
Fines and forfeits				
Drug forfeitures	50,000	40,000	37,700	(2,300)
Miscellaneous				
Reimbursements and restitutions		44,200	44,200	
Total revenues	50,000	334,200	348,418	14,218
EXPENDITURES				
General government				
City attorney				
Services and supplies		10,000	8,208	1,792
Public safety				
Police				
Salaries and wages	5,000			
Services and supplies	1,056,849	1,652,533	373,698	1,278,835
Capital outlay		30,000	66,016	(36,016)
Total expenditures	1,061,849	1,692,533	447,922	1,244,611
CHANGE IN FUND BALANCE	(1,011,849)	(1,358,333)	(99,504)	1,258,829
FUND BALANCE, BEGINNING OF YEAR	1,011,849	1,358,333	1,358,333	
FUND BALANCE, END OF YEAR	$	$ 105,590	$ 1,258,829	$ 1,153,239

CITY OF RENO

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$	$ 50,000	$	$ (50,000)
Intergovernmental shared revenues				
State shared revenues				
Motor vehicle fuel taxes	128,024	128,024	128,024	
Miscellaneous				
Investment income		1,505	1,994	489
Rents and royalties	605,700	786,055	825,175	39,120
Other		870,185	870,185	
Total revenues	733,724	1,835,769	1,825,378	(10,391)
EXPENDITURES				
Urban redevelopment				
Various				
Services and supplies	944,833	1,215,523	917,804	297,719
Total expenditures	944,833	1,215,523	917,804	297,719
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(211,109)	620,246	907,574	287,328
OTHER FINANCING USES				
Transfers out	(40,000)	(772,185)	(772,185)	
CHANGE IN FUND BALANCE	(251,109)	(151,939)	135,389	287,328
FUND BALANCE, BEGINNING OF YEAR	1,292,318	1,503,362	1,503,362	
FUND BALANCE, END OF YEAR	$ 1,041,209	$ 1,351,423	$ 1,638,751	$ 287,328

CITY OF RENO

DRAINAGE FACILITY IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services				
Public works				
Engineering fees	$ 75,000	$ 75,000	$ 143,215	$ 68,215
Miscellaneous				
Investment income			(293)	(293)
Total revenues	75,000	75,000	142,922	67,922
EXPENDITURES				
Planning and community development				
Various				
Services and supplies	75,000	75,000		75,000
Total expenditures	75,000	75,000		75,000
FUND BALANCE, BEGINNING OF YEAR	815	815		(815)
FUND BALANCE, END OF YEAR	$ 815	$ 815	$ 142,922	$ 142,107

DEBT SERVICE FUNDS

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Special Assessment Districts
Accounts for the accumulation of resources for payment of special assessment bonds.

Redevelopment Agency
Accounts for the accumulation of resources for the payment of general obligation bonds (and debt supported by dedicated revenue sources) that are not required to be accounted for in proprietary funds.

Downtown Events Center
Accounts for the accumulation of resources for payment of bonds issued for the purpose of acquisition of the National Bowling Stadium and construction of the Downtown Events Center and Ballroom facilities.

City of Reno
Accounts for the accumulation of resources for the payment of general obligation bonds (and debt supported by dedicated revenue sources) that are not required to be accounted for in proprietary funds.

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
ASSETS					
Cash, cash equivalents and investments	$ 2,468,389	$ 5,460,181	$ 9,980,986	$ 3,250,150	$ 21,159,706
Accounts receivable				43,818	43,818
Interest receivable	8,414	631	22,210	4,174	35,429
Taxes receivable		3,923			3,923
Special assessments receivable	1,534,618		4,072,489		5,607,107
Due from other governments		2,135,251	835,601	222,388	3,193,240
Total assets	$ 4,011,421	$ 7,599,986	$ 14,911,286	$ 3,520,530	$ 30,043,223
LIABILITIES					
Accounts payable and other accrued liabilities	$ 1,495	$ 7,639	$ 225,268	$ 36	$ 234,438
Due to other governments	159				159
Deposits	9,607				9,607
Advances from other funds	123,785				123,785
Interest payable				2,894,813	2,894,813
Debt obligations payable				3,030,000	3,030,000
Total liabilities	135,046	7,639	225,268	5,924,849	6,292,802
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes		3,923			3,923
Unavailable revenue, special assessments	1,419,279		3,648,143		5,067,422
Unavailable revenue, other				2,593	2,593
Total deferred inflows of resources	1,419,279	3,923	3,648,143	2,593	5,073,938
Total liabilities and deferred inflows of resources	1,554,325	11,562	3,873,411	5,927,442	11,366,740
FUND BALANCES					
Restricted for					
Debt service	2,457,096	7,588,424	11,037,875		21,083,395
Unassigned				(2,406,912)	(2,406,912)
Total fund balances	2,457,096	7,588,424	11,037,875	(2,406,912)	18,676,483
Total liabilities, deferred inflows of resources and fund balances	$ 4,011,421	$ 7,599,986	$ 14,911,286	$ 3,520,530	$ 30,043,223

CITY OF RENO

NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Special Assessment Districts	Redevelopment Agency	Downtown Events Center	City of Reno	Total Debt Service Funds
REVENUES					
Taxes	$	$ 3,163,886	$ 7,308,361	$	$ 10,472,247
Intergovernmental shared revenues				1,904,746	1,904,746
Fines and forfeitures	6,477				6,477
Special assessments	294,896		424,355		719,251
Miscellaneous	125,769	32,717	384,697	1,191,842	1,735,025
Total revenues	427,142	3,196,603	8,117,413	3,096,588	14,837,746
EXPENDITURES					
Debt service					
Principal payments	199,190	2,330,000	3,710,000	9,643,000	15,882,190
Interest expense and fiscal charges	92,100	1,204,293	4,169,078	2,818,158	8,283,629
Administrative and other costs	36,075	10,223	657,306	55,765	759,369
Total debt service	327,365	3,544,516	8,536,384	12,516,923	24,925,188
Total expenditures	327,365	3,544,516	8,536,384	12,516,923	24,925,188
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	99,777	(347,913)	(418,971)	(9,420,335)	(10,087,442)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital asset disposal				231,346	231,346
Transfers in		772,185	1,000,000	7,675,312	9,447,497
Transfers out	(119,230)				(119,230)
Total other financing sources (uses)	(119,230)	772,185	1,000,000	7,906,658	9,559,613
CHANGE IN FUND BALANCE	(19,453)	424,272	581,029	(1,513,677)	(527,829)
FUND BALANCE, BEGINNING OF YEAR	2,476,549	7,164,152	10,456,846	(893,235)	19,204,312
FUND BALANCE, END OF YEAR	$ 2,457,096	$ 7,588,424	$ 11,037,875	$ (2,406,912)	$ 18,676,483

CITY OF RENO

SPECIAL ASSESSMENT DISTRICTS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Fines and forfeits				
SAD penalties	$	$ 5,240	$ 6,477	$ 1,237
Special assessments				
Special assessments districts	328,000	241,638	294,896	53,258
Miscellaneous				
Investment income	122,450	114,715	120,039	5,324
Other		5,344	5,730	386
Total revenues	450,450	366,937	427,142	60,205
EXPENDITURES				
Debt service				
Principal payments	169,190	192,190	199,190	(7,000)
Interest expense and fiscal charges	84,801	84,801	92,100	(7,299)
Administrative and other costs	667,369	612,938	36,075	576,863
Total expenditures	921,360	889,929	327,365	562,564
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(470,910)	(522,992)	99,777	622,769
OTHER FINANCING USES				
Transfers out	(60,000)	(119,230)	(119,230)	
CHANGE IN FUND BALANCE	(530,910)	(642,222)	(19,453)	622,769
FUND BALANCE, BEGINNING OF YEAR	2,444,531	2,476,549	2,476,549	
FUND BALANCE, END OF YEAR	$ 1,913,621	$ 1,834,327	$ 2,457,096	$ 622,769

CITY OF RENO

REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Property taxes	$ 2,914,444	$ 3,049,065	$ 3,163,886	$ 114,821
Miscellaneous				
Investment income		24,200	32,717	8,517
Reimbursements and restitutions		1,792,381		(1,792,381)
Other	850,000			
Total revenues	3,764,444	4,865,646	3,196,603	(1,669,043)
EXPENDITURES				
Debt service				
Principal payments	2,330,000	2,330,000	2,330,000	
Interest expense and fiscal charges	1,179,070	1,205,138	1,204,293	845
Administrative and other costs	239,315	13,000	10,223	2,777
Total expenditures	3,748,385	3,548,138	3,544,516	3,622
DEFICIENCY OF REVENUES UNDER EXPENDITURES	16,059	1,317,508	(347,913)	(1,665,421)
OTHER FINANCING SOURCES				
Transfers in	40,000	772,185	772,185	
CHANGE IN FUND BALANCE	56,059	2,089,693	424,272	(1,665,421)
FUND BALANCE, BEGINNING OF YEAR	7,143,957	7,164,152	7,164,152	
FUND BALANCE, END OF YEAR	$ 7,200,016	$ 9,253,845	$ 7,588,424	$ (1,665,421)

CITY OF RENO

DOWNTOWN EVENTS CENTER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Room and construction taxes	$ 6,140,000	$ 6,860,000	$ 7,308,361	$ 448,361
Special assessments				
Downtown event center	367,000	394,804	424,355	29,551
Miscellaneous				
Investment income	360,000	377,232	384,697	7,465
Total revenues	6,867,000	7,632,036	8,117,413	485,377
EXPENDITURES				
Debt service				
Principal payments	3,710,000	3,710,000	3,710,000	
Interest expense and fiscal charges	4,267,999	4,567,999	4,169,078	398,921
Administrative and other costs	965,000	672,000	657,306	14,694
Total expenditures	8,942,999	8,949,999	8,536,384	413,615
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,075,999)	(1,317,963)	(418,971)	898,992
OTHER FINANCING SOURCES				
Transfers in	1,000,000	1,000,000	1,000,000	
CHANGE IN FUND BALANCE	(1,075,999)	(317,963)	581,029	898,992
FUND BALANCE, BEGINNING OF YEAR	9,997,673	10,456,846	10,456,846	
FUND BALANCE, END OF YEAR	$ (24,468,326)	$ (23,251,117)	$ 11,037,875	$ 34,288,992

CITY OF RENO

CITY OF RENO DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental shared revenues				
State shared revenues				
Dedicated sales taxes	$ 2,100,000	$ 1,800,000	$ 1,627,114	$ (172,886)
Other	240,000	277,632	277,632	
Miscellaneous				
Investment income	2,000	3,000	44,132	41,132
Rents and royalties	990,000	990,000	1,068,771	78,771
Reimbursements and restitutions	15,000	15,000	19,661	4,661
Other	919,296	23,000	59,278	36,278
Total revenues	4,266,296	3,108,632	3,096,588	(12,044)
EXPENDITURES				
Debt service				
Principal payments	9,065,000	8,120,000	9,643,000	(1,523,000)
Interest expense and fiscal charges	2,750,054	2,165,190	2,818,158	(652,968)
Administrative and other costs	19,000	31,500	55,765	(24,265)
Total expenditures	11,834,054	10,316,690	12,516,923	(2,200,233)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(7,567,758)	(7,208,058)	(9,420,335)	(2,212,277)
OTHER FINANCING SOURCES				
Proceeds from capital asset disposal		231,346	231,346	
Transfers in	7,675,312	7,675,312	7,675,312	
Total other financing sources	7,675,312	7,906,658	7,906,658	
CHANGE IN FUND BALANCE	107,554	698,600	(1,513,677)	(2,212,277)
FUND BALANCE, BEGINNING OF YEAR	315,687	(893,235)	(893,235)	
FUND BALANCE, END OF YEAR	$ 423,241	$ (194,635)	$ (2,406,912)	$ (2,212,277)

CAPITAL PROJECTS FUNDS

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

City of Reno
: Accounts for reserves for traffic signals, safety improvements and public art maintenance and for designated capital expenditures relating to traffic improvements and other capital improvement projects that are not accounted for in other funds.

Downtown Events Center
: Accounts for the acquisition and construction of railroad grade projects.

City Bonds
: Accounts for the construction of and improvements to the Downtown Events Center and Ballroom facilities.

Parks
: Accounts for the construction of a shelter for indigent men, a family shelter, a triage center, an assistance office, new facilities for St. Vincent's Dining Room and the Reno-Sparks Gospel Mission to assist all persons in need.

Special Ad Valorem
: Accounts for resources provided by bond issuances that are to be used for fire station construction and equipping and for the acquisition and construction of public park improvements, public safety improvements, sanitary sewer improvements, street and storm drain improvements, and various recreational facilities.

Room Tax Surcharge
: Accounts for resources provided by park land and construction tax fees that are to be used for the acquisition and improvement of parks, playgrounds, and recreational facilities.

Streets
: Accounts for a special ad valorem tax, which can only be used for the purchase of capital assets and major repairs (not considered maintenance) of existing capital assets and the repayment of medium-term financing to fund such capital projects.

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
ASSETS								
Cash, cash equivalents and investments	$ 7,018,800	$ 510,028	$ 232,926	$ 8,597,554	$ 487,958	$ 2,315,455	$ 1,354,697	$ 20,517,418
Accounts receivable	17,399							17,399
Interest receivable	21,412	1,670	793	28,377	1,622	7,499	4,579	65,952
Due from other governments				72,003	14,490	174,940		261,433
Notes receivable, net	1,001,612							1,001,612
Total assets	$ 8,059,223	$ 511,698	$ 233,719	$ 8,697,934	$ 504,070	$ 2,497,894	$ 1,359,276	$ 21,863,814
LIABILITIES								
Accounts payable and other accrued liabilities	$ 70,288	$	$ 3,185	$ 69,824	$ 3,458	$ 27,025	$	$ 173,780
Contracts payable	138,307			8,609	4,668	20,153		171,737
Due to other governments	133						1,353,614	1,353,747
Deposits					6,000			6,000
Total liabilities	208,728		3,185	78,433	14,126	47,178	1,353,614	1,705,264
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue, other	15,799			72,003				87,802
FUND BALANCES								
Long-term receivables	1,001,612							1,001,612
Restricted for								
Capital improvement projects		511,698	230,534	8,547,498	489,944	2,450,716		12,230,390
Assigned to								
Capital improvement projects	6,833,084						5,662	6,838,746
Total fund balances	7,834,696	511,698	230,534	8,547,498	489,944	2,450,716	5,662	20,070,748
Total liabilities, deferred inflows of resources and fund balances	$ 8,059,223	$ 511,698	$ 233,719	$ 8,697,934	$ 504,070	$ 2,497,894	$ 1,359,276	$ 21,863,814

CITY OF RENO

NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	City of Reno	Downtown Events Center	City Bonds	Parks	Special Ad Valorem	Room Tax Surcharge	Streets	Total Capital Projects Funds
REVENUES								
Taxes	$	$	$	$ 2,862,964	$	$	$	$ 2,862,964
Intergovernmental shared revenues				243,002	569,712			812,714
Charges for services						1,899,848		1,899,848
Fines and forfeitures					1,000			1,000
Miscellaneous	2,080,084	4,497	3,859	65,644	92,908	22,383	3,052	2,272,427
Total revenues	2,080,084	4,497	3,859	3,171,610	663,620	1,922,231	3,052	7,848,953
EXPENDITURES								
Current								
General government	127,750				451,730			579,480
Public safety	81,405				35,783			117,188
Public works	1,038,950		66,637		1	27,026	1,479	1,134,093
Culture and recreation	391,724			541,096				932,820
Total current	1,639,829		66,637	541,096	487,514	27,026	1,479	2,763,581
Capital outlay								
General government	140,443							140,443
Public safety	643,046							643,046
Public works	3,359,099				138,588	1,143,789		4,641,476
Culture and recreation	729,448			996,628				1,726,076
Total capital outlay	4,872,036			996,628	138,588	1,143,789		7,151,041
Total expenditures	6,511,865		66,637	1,537,724	626,102	1,170,815	1,479	9,914,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,431,781)	4,497	(62,778)	1,633,886	37,518	751,416	1,573	(2,065,669)
OTHER FINANCING SOURCES (USES)								
Proceeds from capital asset disposal	75,000							75,000
Transfers in	4,337,174							4,337,174
Transfers out	(959,080)							(959,080)
Total other financing sources (uses)	3,453,094							3,453,094
CHANGE IN FUND BALANCE	(978,687)	4,497	(62,778)	1,633,886	37,518	751,416	1,573	1,387,425
FUND BALANCE, BEGINNING OF YEAR	8,813,383	507,201	293,312	6,913,612	452,426	1,699,300	4,089	18,683,323
FUND BALANCE, END OF YEAR	$ 7,834,696	$ 511,698	$ 230,534	$ 8,547,498	$ 489,944	$ 2,450,716	$ 5,662	$ 20,070,748

CITY OF RENO

CITY OF RENO CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Business licenses, permits, franchise and other fees				
Intergovernmental shared revenues				
Charges for services				
Public works				
Miscellaneous				
Investment income	$ 46,000	$ 90,948	$ 115,871	$ 24,923
Reimbursements and restitutions		242,321	242,321	
Private grants and contributions		1,710,129	1,714,576	4,447
Other			7,316	7,316
		7,220		(7,220)
Total revenues	46,000	2,050,618	2,080,084	29,466
EXPENDITURES				
General government				
Communications and technology				
Services and supplies			42,720	(42,720)
Capital outlay	100,000	274,648	99,912	174,736
Total communications and technology	100,000	274,648	142,632	132,016
Services and supplies		51,500	30,754	20,746
Capital outlay		426,672	40,531	386,141
Total		478,172	71,285	406,887
Other				
Services and supplies		54,350	54,276	74
Total other		54,350	54,276	74
Total general government	100,000	807,170	268,193	538,977
Public safety				
Fire				
Services and supplies	50,000	116,060	81,405	34,655
Capital outlay	300,000	1,776,315	643,046	1,133,269
Total fire	350,000	1,892,375	724,451	1,167,924
Total public safety	350,000	1,892,375	724,451	1,167,924
Public works				
Various				
Services and supplies		1,306,611	1,038,950	267,661
Capital outlay	640,000	4,667,564	3,359,099	1,308,465
Total various	640,000	5,974,175	4,398,049	1,576,126
Culture and recreation				
Parks and recreation				
Services and supplies	40,000	375,000	391,724	(16,724)
Capital outlay	850,000	4,159,489	729,448	3,430,041
Total parks and recreation	890,000	4,534,489	1,121,172	3,413,317
Total culture and recreation	890,000	4,534,489	1,121,172	3,413,317
Total expenditures	1,980,000	13,208,209	6,511,865	6,696,344
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,934,000)	(11,157,591)	(4,431,781)	6,725,810

CITY OF RENO

CITY OF RENO CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OTHER FINANCING SOURCES (USES)				
Proceeds from capital asset disposal		75,000	75,000	
Transfers in	1,990,000	4,337,174	4,337,174	
Transfers out	(136,000)	(959,080)	(959,080)	
Total other financing sources (uses)	1,854,000	3,453,094	3,453,094	
CHANGE IN FUND BALANCE	(80,000)	(7,704,497)	(978,687)	6,725,810
FUND BALANCE, BEGINNING OF YEAR	1,093,140	8,813,383	8,813,383	
FUND BALANCE, END OF YEAR	$ 1,013,140	$ 1,108,886	$ 7,834,696	$ 6,725,810

CITY OF RENO

DOWNTOWN EVENTS CENTER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	$	$ 3,000	$ 4,497	$ 1,497
Total revenues		3,000	4,497	1,497
Public works				
Various				
Services and supplies		510,201		510,201
Total various		510,201		510,201
Total public works		510,201		510,201
Total expenditures		510,201		510,201
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		(507,201)	4,497	511,698
CHANGE IN FUND BALANCE		(507,201)	4,497	511,698
FUND BALANCE, BEGINNING OF YEAR		507,201	507,201	
FUND BALANCE, END OF YEAR	$	$	$ 511,698	$ 511,698

CITY OF RENO

CITY BONDS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	$	$ 1,500	$ 2,447	$ 947
Other			1,412	1,412
Public works				
Various				
Services and supplies		294,812	66,637	228,175
CHANGE IN FUND BALANCE		(293,312)	(62,778)	230,534
FUND BALANCE, BEGINNING OF YEAR		293,312	293,312	
FUND BALANCE, END OF YEAR	$	$	$ 230,534	$ 230,534

CITY OF RENO

PARKS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Room and construction taxes	$ 895,000	$ 2,635,000	$ 2,862,964	$ 227,964
Intergovernmental shared revenues				
Other		225,000	243,002	18,002
Miscellaneous				
Investment income	5,250	51,550	65,644	14,094
Total revenues	900,250	2,911,550	3,171,610	260,060
EXPENDITURES				
Culture and recreation				
Parks and recreation				
Services and supplies	700,000	70,739	541,096	(470,357)
Capital outlay	830,000	3,765,314	996,628	2,768,686
Total parks and recreation	1,530,000	3,836,053	1,537,724	2,298,329
Total culture and recreation	1,530,000	3,836,053	1,537,724	2,298,329
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(629,750)	(924,503)	1,633,886	2,558,389
CHANGE IN FUND BALANCE	(629,750)	(924,503)	1,633,886	2,558,389
FUND BALANCE, BEGINNING OF YEAR	3,898,795	6,913,612	6,913,612	
FUND BALANCE, END OF YEAR	$ 3,269,045	$ 5,989,109	$ 8,547,498	$ 2,558,389

CITY OF RENO

SPECIAL AD VALOREM CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
County capital project taxes	$ 550,000	$ 550,000	$ 569,712	$ 19,712
Fines and forfeits				
Other			1,000	1,000
Miscellaneous				
Investment income		4,500	5,408	908
Reimbursements and restitutions		87,500	87,500	
Total revenues	550,000	642,000	663,620	21,620
EXPENDITURES				
General government				
Communications and technology				
Services and supplies	500,000	513,297	451,730	61,567
Total communications and technology	500,000	513,297	451,730	61,567
Total general government	500,000	513,297	451,730	61,567
Public safety				
Police				
Services and supplies		50,000	35,783	14,217
Capital outlay	50,000			
Total police	50,000	50,000	35,783	14,217
Total public safety	50,000	50,000	35,783	14,217
Public works				
Various				
Services and supplies			1	(1)
Capital outlay		531,129	138,588	392,541
Total expenditures	550,000	1,094,426	626,102	468,324
CHANGE IN FUND BALANCE		(452,426)	37,518	489,944
FUND BALANCE, BEGINNING OF YEAR		452,426	452,426	
FUND BALANCE, END OF YEAR	$	$	$ 489,944	$ 489,944

CITY OF RENO

ROOM TAX SURCHARGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes				
Downtown district room surcharge	$ 2,000,000	$ 2,000,000	$ 1,899,848	$ (100,152)
Miscellaneous				
Investment income		15,000	18,923	3,923
Other		3,460	3,460	
Total revenues	2,000,000	2,018,460	1,922,231	(96,229)
EXPENDITURES				
Public works				
Various				
Services and supplies	852,155	852,155	27,026	825,129
Capital outlay	1,147,845	2,865,605	1,143,789	1,721,816
Total various	2,000,000	3,717,760	1,170,815	2,546,945
Total public works	2,000,000	3,717,760	1,170,815	2,546,945
Total expenditures	2,000,000	3,717,760	1,170,815	2,546,945
CHANGE IN FUND BALANCE		(1,699,300)	751,416	2,450,716
FUND BALANCE, BEGINNING OF YEAR		1,699,300	1,699,300	
FUND BALANCE, END OF YEAR	$	$	$ 2,450,716	$ 2,450,716

CITY OF RENO

STREETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Miscellaneous				
Investment income	$	$ 2,500	$ 3,052	$ 552
Total revenues		2,500	3,052	552
EXPENDITURES				
Public works				
Various				
Services and supplies		6,589	1,479	5,110
Total various		6,589	1,479	5,110
Total expenditures		6,589	1,479	5,110
CHANGE IN FUND BALANCE		(4,089)	1,573	5,662
FUND BALANCE, BEGINNING OF YEAR		4,089	4,089	
FUND BALANCE, END OF YEAR	$	$	$ 5,662	$ 5,662

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

CITY OF RENO

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

Sanitary Sewer
Accounts for the provision of sewer services and connection fee revenues restricted for capital projects.

Building Permit
Accounts for resources provided by and the issuance of building permits.

CITY OF RENO

SANITARY SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Sanitary Sewer	$ 64,390,000	$ 64,995,000	$ 65,996,433	$ 1,001,433
Licenses and permits	307,000	305,000	320,179	15,179
Fines and forfeitures	1,200,000	1,204,400	1,293,310	88,910
Miscellaneous				
Reimbursements and restitution			30,174	30,174
Other		12,000	14,557	2,557
Total operating revenues	65,897,000	66,516,400	67,654,653	1,138,253
OPERATING EXPENSES				
Salaries and wages	6,192,187	6,264,936	5,816,397	448,539
Employee benefits	3,885,795	3,931,016	2,424,004	1,507,012
Services and supplies	12,854,196	13,719,881	12,604,341	1,115,540
Joint sewer plant	15,000,000	15,000,000	13,551,578	1,448,422
Depreciation and amortization	10,000,000	10,500,000	10,411,825	88,175
Total operating expenses	47,932,178	49,415,833	44,808,145	4,607,688
Operating income	17,964,822	17,100,567	22,846,508	5,745,941
NONOPERATING REVENUES (EXPENSES)				
Other grants		2,077,162	2,106,678	29,516
Investment income	105,000	610,000	681,072	71,072
Interest and fiscal charges	(1,362,946)	(1,197,946)	(1,240,382)	(42,436)
Gain (loss) on capital asset disposition			(762,464)	(762,464)
Truckee Meadows Water Reclamation Facility	(4,600,000)	(5,000,000)	(5,866,664)	(866,664)
Total nonoperating revenues (expenses)	(5,857,946)	(3,510,784)	(5,081,760)	(1,570,976)
Income before capital contributions and transfers	12,106,876	13,589,783	17,764,748	4,174,965
CAPITAL CONTRIBUTIONS				
Capital contributions			6,037,726	6,037,726
Sewer connection charges	5,575,000	7,075,000	9,047,007	1,972,007
Total capital contributions	5,575,000	7,075,000	15,084,733	8,009,733
TRANSFERS				
Transfers out	(112,000)	(112,000)	(112,000)	
CHANGE IN NET POSITION	$ 17,569,876	$ 20,552,783	32,737,481	$ 12,184,698
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			452,023,834	
Adjustment			(5,020,034)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			447,003,800	
NET POSITION, END OF YEAR			$ 479,741,281	

CITY OF RENO

BUILDING PERMIT ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Building permits	$ 4,374,095	$ 4,601,013	$ 4,824,348	$ 223,335
Miscellaneous permits	547,037	927,869	874,448	(53,421)
Plan check fees	1,729,622	2,160,779	2,344,965	184,186
Electrical and plumbing	1,338,442	1,372,049	1,450,449	78,400
Plumbing inspection fees	238,986	254,838	227,496	(27,342)
Electrical inspection fee	61,695	55,000	63,743	8,743
Building and safety fees	24,455	9,235	6,190	(3,045)
Fire inspection fees	158,508	201,753	211,909	10,156
Fines and forfeitures			5,580	5,580
Miscellaneous				
Reimbursements and restitution		560	560	
Other		22	22	
Total operating revenues	8,472,840	9,583,118	10,009,710	426,592
OPERATING EXPENSES				
Salaries and wages	3,921,774	3,987,985	3,829,495	158,490
Employee benefits	2,363,528	3,037,306	1,825,873	1,211,433
Services and supplies	2,249,187	2,176,162	2,185,737	(9,575)
Depreciation and amortization	21,000	2,500	28,284	(25,784)
Total operating expenses	8,555,489	9,203,953	7,869,389	1,334,564
Operating income	(82,649)	379,165	2,140,321	1,761,156
NONOPERATING REVENUES (EXPENSES)				
State grants		334	324	(10)
Investment income		75,000	94,266	19,266
Total nonoperating revenues (expenses)		75,334	94,590	19,256
Income before capital contributions and transfers	(82,649)	454,499	2,234,911	1,780,412
CAPITAL CONTRIBUTIONS				
Federal grants		509		(509)
Total capital contributions		509		(509)
CHANGE IN NET POSITION	$ (82,649)	$ 455,008	2,234,911	$ 1,779,903
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			4,058,045	
Adjustment			(3,328,346)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			729,699	
NET POSITION, END OF YEAR			$ 2,964,610	

INTERNAL SERVICE FUNDS

CITY OF RENO

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other department or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Vehicle
Accounts for the acquisition of motor vehicles and the operations of the motor vehicle maintenance facility.

Risk Retention
Accounts for the operations of the self-funded general insurance program.

Self-Funded Medical Plan
Accounts for the operations of the self-funded group health and accident insurance program.

Self-Funded Workers Compensation
Accounts for the operations of the self-funded workers compensation program.

CITY OF RENO

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
ASSETS					
Current assets					
Cash, cash equivalents and investments	$ 3,589,261	$ 6,513,246	$ 19,263,637	$ 5,625,480	$ 34,991,624
Accounts receivable	209,215		735,599	840	945,654
Interest receivable	12,128	21,190	62,857	18,374	114,549
Due from other governments	10,000	284,144			294,144
Inventories	164,572				164,572
Prepaid items	1,854	52,559	16,452	64,415	135,280
Total current assets	3,987,030	6,871,139	20,078,545	5,709,109	36,645,823
Noncurrent assets					
Capital assets, net of accumulated depreciation and amortization					
Machinery, equipment and software	7,998,130				7,998,130
Total assets	11,985,160	6,871,139	20,078,545	5,709,109	44,643,953
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized amounts related to pensions	253,027	35,156			288,183
Unamortized amounts related to postemployment benefits other than pensions	10,247	2,739			12,986
Total deferred outflows of resources	263,274	37,895			301,169
LIABILITIES					
Current liabilities					
Accounts payable and other accrued liabilities	101,423	6,518	124,631		232,572
Accrued salaries and benefits	26,187	5,654			31,841
Compensated absences	51,576	1,915			53,491
Self-insurance liability		231,958	1,446,221	6,181,368	7,859,547
Total current liabilities	179,186	246,045	1,570,852	6,181,368	8,177,451
Noncurrent liabilities					
Postemployment benefits other than pensions	464,568	124,187			588,755
Self-insurance liability		2,514,890	1,476,345	49,851,103	53,842,338
Net pension liability	1,388,449	192,909			1,581,358
Total noncurrent liabilities	1,853,017	2,831,986	1,476,345	49,851,103	56,012,451
Total liabilities	2,032,203	3,078,031	3,047,197	56,032,471	64,189,902
DEFERRED INFLOWS OF RESOURCES					
Unamortized amounts related to pensions	140,673	19,545			160,218
NET POSITION					
Net investment in capital assets	7,998,130				7,998,130
Restricted					
Self-insurance liabilities		3,809,124	17,031,348		20,840,472
Unrestricted	2,077,428	2,334		(50,323,362)	(48,243,600)
Total net position	$ 10,075,558	$ 3,811,458	$ 17,031,348	$ (50,323,362)	$ (19,404,998)

CITY OF RENO

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 6,005,124	$ 1,556,145	$ 31,722,649	$ 6,327,481	$ 45,611,399
Miscellaneous	26,961	284,464	1,005,230	72,497	1,389,152
Total operating revenues	6,032,085	1,840,609	32,727,879	6,399,978	47,000,551
OPERATING EXPENSES					
Salaries and wages	737,430	173,812			911,242
Employee benefits	239,824	50,211			290,035
Services and supplies	2,554,072	1,119,950	26,464,026	10,170,655	40,308,703
Depreciation and amortization	2,251,175				2,251,175
Total operating expenses	5,782,501	1,343,973	26,464,026	10,170,655	43,761,155
Operating income (loss)	249,584	496,636	6,263,853	(3,770,677)	3,239,396
NONOPERATING REVENUES					
Investment income	31,793	54,479	135,934	113,077	335,283
Gain (loss) on capital asset disposition	143,056				143,056
Total nonoperating revenues	174,849	54,479	135,934	113,077	478,339
Income (loss) before capital contributions	424,433	551,115	6,399,787	(3,657,600)	3,717,735
CAPITAL CONTRIBUTIONS					
Capital contributions	191,614				191,614
Federal grants	184,969				184,969
Total capital contributions	376,583				376,583
CHANGE IN NET POSITION	801,016	551,115	6,399,787	(3,657,600)	4,094,318
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	9,944,040	3,423,060	10,631,561	(46,665,762)	(22,667,101)
Adjustment	(669,498)	(162,717)			(832,215)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	9,274,542	3,260,343	10,631,561	(46,665,762)	(23,499,316)
NET POSITION, END OF YEAR	$ 10,075,558	$ 3,811,458	$ 17,031,348	$ (50,323,362)	$ (19,404,998)

CITY OF RENO

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Motor Vehicle	Risk Retention	Self-Funded Medical Plan	Self-Funded Workers Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 5,773,021	$ 1,556,145	$ 32,346,080	$ 6,326,641	$ 46,001,887
Cash received from interfund services	100,000				100,000
Cash received from other sources	16,960	320	1,005,231	271,573	1,294,084
Cash payments for goods and services	(3,013,342)	(1,026,556)	(26,327,941)	(6,591,868)	(36,959,707)
Cash payments for employee services	(995,184)	(231,526)		(1,619)	(1,228,329)
Cash payments for interfund goods and services	(202,061)	(12,240)	(153,216)	(49,242)	(416,759)
Cash payments for interfund employee benefits	(149,696)	(25,441)			(175,137)
Net cash provided by (used in) operating activities	1,529,698	260,702	6,870,154	(44,515)	8,616,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from grants	184,969				184,969
Net cash used in noncapital financing activities	184,969				184,969
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,771,870)				(1,771,870)
Proceeds received from disposal of capital assets	56,453				56,453
Net cash used in capital financing activities	(1,715,417)				(1,715,417)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	32,226	55,481	144,267	113,883	345,857
Change in fair value of cash equivalent investments	(6,859)	(12,676)	(52,805)	(10,813)	(83,153)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,617	303,507	6,961,616	58,555	7,348,295
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,564,644	6,209,739	12,302,021	5,566,925	27,643,329
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,589,261	$ 6,513,246	$ 19,263,637	$ 5,625,480	$ 34,991,624
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 249,584	$ 496,636	$ 6,263,853	$ (3,770,677)	$ 3,239,396
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	2,251,175				2,251,175
(Increase) decrease in operating assets					
Accounts receivable	(132,103)		623,430	(840)	490,487
Due from other governments	(10,000)	(284,144)		199,076	(95,068)
Inventories	(30,750)				(30,750)
Prepaid items	(1,712)	391	59,117	(14,268)	43,528
Increase (decrease) in operating liabilities					
Accounts payable and accrued expenses	(628,869)	2,992	(3,812)		(629,689)
Accrued salaries and benefits	5,893	773			6,666
Compensated absences	8,591	(2,750)			5,841
Self-insurance liability		77,772	(72,434)	3,543,813	3,549,151
Postemployment benefits other than pensions	421,123	113,134		(1,619)	532,638
Net pension liability	(603,234)	(144,102)			(747,336)
Total adjustments	1,280,114	(235,934)	606,301	3,726,162	5,376,643
Net cash provided by (used in) operating activities	$ 1,529,698	$ 260,702	$ 6,870,154	$ (44,515)	$ 8,616,039
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contribution of capital assets	$ 191,614	$	$	$	$ 191,614

CITY OF RENO

MOTOR VEHICLE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	$ 5,946,193	$ 5,946,193	$ 6,005,124	$ 58,931
Miscellaneous				
Reimbursements and restitution		27,500	26,961	(539)
Total operating revenues	5,946,193	5,973,693	6,032,085	58,392
OPERATING EXPENSES				
Salaries and wages	759,091	763,154	737,430	25,724
Employee benefits	499,512	459,309	239,824	219,485
Services and supplies	3,048,065	2,491,748	2,554,072	(62,324)
Depreciation and amortization	2,000,000	2,000,000	2,251,175	(251,175)
Total operating expenses	6,306,668	5,714,211	5,782,501	(68,290)
Operating income (loss)	(360,475)	259,482	249,584	(9,898)
NONOPERATING REVENUES				
Investment income		25,000	31,793	6,793
Gain (loss) on capital asset disposition		115,500	143,056	27,556
Total nonoperating revenues		140,500	174,849	34,349
Income (loss) before capital contributions	(360,475)	399,982	424,433	24,451
CAPITAL CONTRIBUTIONS				
Capital contributions			191,614	191,614
Federal grants		174,969	184,969	10,000
Total capital contributions		174,969	376,583	201,614
TRANSFERS				
Transfers in		125,000		(125,000)
Total transfers		125,000		(125,000)
CHANGE IN NET POSITION	$ (360,475)	$ 699,951	801,016	$ 101,065
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			9,944,040	
Adjustment			(669,498)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			9,274,542	
NET POSITION, END OF YEAR			$ 10,075,558	

CITY OF RENO

RISK RETENTION INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	$ 1,556,145	$ 1,556,145	$ 1,556,145	$
Miscellaneous				
Reimbursements and restitution		320	284,464	284,144
Total operating revenues	1,556,145	1,556,465	1,840,609	284,144
OPERATING EXPENSES				
Salaries and wages	174,335	174,335	173,812	523
Employee benefits	91,293	99,443	50,211	49,232
Services and supplies	1,922,076	3,902,076	1,119,950	2,782,126
Total operating expenses	2,187,704	4,175,854	1,343,973	2,831,881
Operating income	(631,559)	(2,619,389)	496,636	3,116,025
NONOPERATING REVENUES				
Investment income		50,000	54,479	4,479
CHANGE IN NET POSITION	$ (631,559)	$ (2,569,389)	551,115	$ 3,120,504
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			3,423,060	
Adjustment			(162,717)	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED			3,260,343	
NET POSITION, END OF YEAR			$ 3,811,458	

CITY OF RENO

SELF-FUNDED MEDICAL PLAN INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	$ 30,164,490	$ 31,412,252	$ 31,722,649	$ 310,397
Miscellaneous				
Stop-loss reimbursements		145,000	143,613	(1,387)
Other	10,000	660,000	861,617	201,617
Total operating revenues	30,174,490	32,217,252	32,727,879	510,627
OPERATING EXPENSES				
Services and supplies	28,979,383	28,795,755	26,464,026	2,331,729
Operating income	1,195,107	3,421,497	6,263,853	2,842,356
NONOPERATING REVENUES				
Investment income		111,500	135,934	24,434
CHANGE IN NET POSITION	$ 1,195,107	$ 3,532,997	6,399,787	$ 2,866,790
NET POSITION, BEGINNING OF YEAR			10,631,561	
NET POSITION, END OF YEAR			$ 17,031,348	

CITY OF RENO

SELF-FUNDED WORKERS COMPENSATION INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Charges for services				
Internal service fund charges	$ 6,679,535	$ 6,850,955	$ 6,327,481	$ (523,474)
Miscellaneous				
Stop-loss reimbursements		78,000	72,497	(5,503)
Total operating revenues	6,679,535	6,928,955	6,399,978	(528,977)
OPERATING EXPENSES				
Services and supplies	7,341,338	6,991,338	10,170,655	(3,179,317)
Total operating expenses	7,341,338	6,991,338	10,170,655	(3,179,317)
Operating loss	(661,803)	(62,383)	(3,770,677)	(3,708,294)
NONOPERATING REVENUES				
Investment income		75,000	113,077	38,077
Total nonoperating revenues		75,000	113,077	38,077
Income before capital contributions and transfers	(661,803)	12,617	(3,657,600)	(3,670,217)
CHANGE IN NET POSITION	$ (661,803)	$ 12,617	(3,657,600)	$ (3,670,217)
NET POSITION, BEGINNING OF YEAR			(46,665,762)	
NET POSITION, END OF YEAR			$ (50,323,362)	

FIDUCIARY FUNDS

CITY OF RENO

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Agency funds are used to account for assets held as an agent for individuals, private organizations, other governments or other funds.

Deposits
Accounts for refundable performance and other deposits.

Special Assessments District
Accounts for the collection and disbursement of special assessments from property owners for Sierra Executive Center, the Somersett Parkway development, and the Double R Boulevard development.

CITY OF RENO

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	Deposits	Special Assessments District	Total Agency Funds
ASSETS			
Cash, cash equivalents and investments	$ 2,521,241	$ 6,014,879	$ 8,536,120
Interest receivable	8,220	186	8,406
Special assessments receivable		1,101,258	1,101,258
Due from other governments		13,064	13,064
Total assets	$ 2,529,461	$ 7,129,387	$ 9,658,848
LIABILITIES			
Accounts payable and other accrued liabilities	$ 30,501	$ 2,903	$ 33,404
Deposits	2,498,960	116,867	2,615,827
Due to developers, employees and others		7,009,617	7,009,617
Total liabilities	$ 2,529,461	$ 7,129,387	$ 9,658,848

CITY OF RENO

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
DEPOSITS				
ASSETS				
Cash, cash equivalents and investments	$ 2,269,838	$ 676,640	$ 425,237	$ 2,521,241
Interest receivable	3,400	8,220	3,400	8,220
Total assets	$ 2,273,238	$ 684,860	$ 428,637	$ 2,529,461
LIABILITIES				
Accounts payable and other accrued liabilities	$ 44,771	$ 1,680	$ 15,950	$ 30,501
Deposits	2,228,467	635,235	364,742	2,498,960
Total liabilities	$ 2,273,238	$ 636,915	$ 380,692	$ 2,529,461
SPECIAL ASSESSMENTS DISTRICT				
ASSETS				
Cash, cash equivalents and investments	$ 5,745,787	$ 1,976,498	$ 1,707,406	$ 6,014,879
Interest receivable	78	108		186
Special assessments receivable	1,130,866		29,608	1,101,258
Due from other governments	19,633	26,127	32,696	13,064
Total assets	$ 6,896,364	$ 2,002,733	$ 1,769,710	$ 7,129,387
LIABILITIES				
Accounts payable and other accrued liabilities	$ 3,890	$ 2,903	$ 3,890	$ 2,903
Deposits	120,724	237,556	241,413	116,867
Due to developers, employees and others	6,771,750	1,577,867	1,340,000	7,009,617
Total liabilities	$ 6,896,364	$ 1,818,326	$ 1,585,303	$ 7,129,387
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments	$ 8,015,625	$ 2,653,138	$ 2,132,643	$ 8,536,120
Interest receivable	3,478	8,328	3,400	8,406
Special assessments receivable	1,130,866		29,608	1,101,258
Due from other governments	19,633	26,127	32,696	13,064
Total assets	$ 9,169,602	$ 2,687,593	$ 2,198,347	$ 9,658,848
LIABILITIES				
Accounts payable and other accrued liabilities	$ 48,661	$ 4,583	$ 19,840	$ 33,404
Deposits	2,349,191	872,791	606,155	2,615,827
Due to developers, employees and others	6,771,750	1,577,867	1,340,000	7,009,617
Total liabilities	$ 9,169,602	$ 2,455,241	$ 1,965,995	$ 9,658,848

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' 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*

Members of the City Council
City of Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Reno (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 7, 2018.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 City's basic 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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*.

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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 internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor + Kern

Las Vegas, Nevada
December 7, 2018

STATISTICAL SECTION

CITY OF RENO

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

Financial Trends

The following tables contain financial trend information to enable the reader to understand how financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source.

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Licenses and Permits by Category

Debt Capacity

The following tables contain debt capacity information to enable the reader to assess the affordability the current level of outstanding debt and the ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Governmental Activities Debt
- Ratios of General Bonded Debt Outstanding
- Legal Debt Margin Information
- Pledged Revenue Bond Coverage

Demographic and Economic Information

The following tables contain demographic and economic information to enable the reader to understand the environment within which financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report relates to services provided and activities performed.

- Full-time Equivalent City Government Employees by Function/Program
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

CITY OF RENO

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 [1]	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Governmental activities										
Net investment in capital assets	$ 641,476,547	$ 618,355,944	$ 593,821,001	$ 568,036,514	$ 611,511,174	$ 595,550,858	$ 585,575,771	$ 586,905,472	$ 586,413,361	$ 495,954,317
Restricted	119,297,774	124,107,635	109,063,215	109,857,977	67,160,649	61,109,252	63,141,142	62,938,668	69,911,871	84,631,336
Unrestricted	(106,402,085)	(108,980,875)	(115,256,598)	(151,304,989)	(153,724,428)	(161,747,541)	(377,534,397)	(377,992,156)	(397,845,441)	(466,562,388)
Total governmental activities	654,372,236	633,482,704	587,627,618	526,589,502	524,947,395	494,912,569	271,182,516	271,851,984	258,479,791	114,023,265
Business-type activities										
Net investment in capital assets	204,952,767	214,755,484	218,250,502	210,627,844	222,509,756	240,575,536	246,425,571	265,284,816	287,321,065	304,619,062
Restricted	24,416,215	21,826,023	19,801,326	15,873,574	13,193,945	9,571,325	15,740,934	12,461,499	11,426,497	15,117,358
Unrestricted	93,516,176	93,237,985	104,776,619	109,992,320	111,933,729	124,758,772	123,604,942	136,950,922	148,407,980	154,661,330
Total business-type activities	322,885,158	329,819,492	342,828,447	336,493,738	347,637,430	374,905,633	385,771,447	414,697,237	447,155,542	474,397,750
Primary government										
Net investment in capital assets	846,429,314	833,111,428	812,071,503	778,664,358	834,020,930	836,126,394	832,001,342	852,190,288	873,734,426	800,573,379
Restricted	143,713,989	145,933,658	128,864,541	125,731,551	80,354,594	70,680,577	78,882,076	75,400,167	81,338,368	99,748,694
Unrestricted	(12,885,909)	(15,742,890)	(10,479,979)	(41,312,669)	(41,790,699)	(36,988,769)	(253,929,455)	(241,041,234)	(249,437,461)	(311,901,058)
Total primary government	$ 977,257,394	$ 963,302,196	$ 930,456,065	$ 863,083,240	$ 872,584,825	$ 869,818,202	$ 656,953,963	$ 686,549,221	$ 705,635,333	$ 588,421,015

1. Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.

CITY OF RENO

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 [2]	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Expenses										
Governmental activities										
General government	$ 19,248,275	$ 18,574,403	$ 29,313,696	$ 32,686,051	$ 31,516,451	$ 34,595,215	$ 34,959,761	$ 37,047,462	$ 41,978,398	$ 41,281,443
Judicial	8,079,846	8,058,683	7,758,252	7,223,028	7,688,589	7,297,142	7,064,894	7,492,820	6,981,342	6,790,019
Public safety	110,480,548	130,335,490	124,769,041	114,990,532	115,072,376	117,170,198	117,967,671	113,837,313	125,044,792	140,378,971
Public works	94,140,944 [4]	60,159,772	71,642,584	57,540,323	55,111,936	59,149,082	56,800,273	58,151,262	53,569,579	54,783,301
Culture and recreation	21,812,749	21,762,316	16,526,697	14,526,095	18,749,736	15,499,368	16,203,541	15,136,956	15,900,003	15,812,351
Planning and community development	11,694,774	13,350,564	10,637,234	9,849,260	10,582,512	13,676,995	12,900,777	9,751,297	10,222,340	11,879,768
Urban development	4,122,270	3,349,279	2,258,852	1,248,972	2,086,290	2,359,947	3,377,771	3,604,756	3,298,662	14,091,779
Interest on long-term debt	25,547,548	23,447,574	23,291,115	29,368,720	27,179,603	26,974,140	25,747,130	26,635,439	25,215,536	43,638,851
Total governmental activities	295,126,954	279,038,081	286,197,471	267,432,981	267,987,493	276,722,087	275,021,818	271,657,305	282,210,652	328,656,483
Business-type activities										
Sanitary sewer	45,096,526	44,686,785	43,965,081	44,364,321	49,972,058	44,818,778	45,501,401	46,827,174	48,310,736	51,557,336
Golf course	1,548,215	1,503,904	1,318,299	1,295,630 [4]						
Building permit	6,724,452	4,225,351	3,899,577	3,605,348	3,784,827	3,663,078	4,912,814	7,591,879	8,526,753	7,637,116
Other [1]	9,612,323	10,082,406								
Total business-type activities	62,981,516	60,498,446	49,182,957	49,265,299	53,756,885	48,481,856	50,414,215	54,419,053	56,837,489	59,194,452
Total primary government expenses	$ 358,108,470	$ 339,536,527	$ 335,380,428	$ 316,698,280	$ 321,744,378	$ 325,203,943	$ 325,436,033	$ 326,076,358	$ 339,048,141	$ 387,850,935
Program revenues										
Governmental activities										
Charges for services	$ 77,008,349	$ 79,659,622	$ 78,773,277	$ 78,782,531	$ 71,230,131	$ 77,386,117	$ 87,763,470	$ 80,983,532	$ 82,952,588	$ 85,601,102
Operating grants and contributions	8,649,970	14,233,258	11,018,024	11,298,769	16,166,706	14,509,325	6,112,837	4,638,289	6,239,951	8,577,398
Capital grants and contributions	48,153,632	14,822,589	8,523,226	11,601,446	45,488,140	25,493,658	24,379,900	38,873,140	25,213,159	27,242,197
Total governmental activities	133,811,951	108,715,469	98,314,527	101,682,746	132,884,977	117,389,100	118,256,207	124,494,961	114,405,698	121,420,697
Business-type activities										
Charges for services	47,927,811	49,324,337	50,079,335	51,870,951	60,037,239	64,627,936	67,346,657	72,038,470	74,405,278	77,649,784
Operating grants and contributions	413,600	209,258	168,668	31,055	32,194	17,003	12,415	100,000	2,014,816	2,107,002
Capital grants and contributions	23,216,960	9,666,201	4,408,097	3,722,997	8,170,432	11,832,463	11,870,370	12,798,509	12,722,105	15,084,733
Total business-type activities	71,558,371	59,199,796	54,656,100	55,625,003	68,239,865	76,477,402	79,229,442	84,936,979	89,142,199	94,841,519
Total primary government program revenues	$ 205,370,322	$ 167,915,265	$ 152,970,627	$ 157,307,749	$ 201,124,842	$ 193,866,502	$ 197,485,649	$ 209,431,940	$ 203,547,897	$ 216,262,216
Net (expenses) program revenues										
Governmental activities	$ (161,315,003)	$ (170,322,612)	$ (187,882,944)	$ (165,750,235)	$ (135,102,516)	$ (159,332,987)	$ (156,765,611)	$ (147,162,344)	$ (167,804,954)	$ (207,235,786)
Business-type activities	8,576,855	(1,298,650)	5,473,143	6,359,704	14,482,980	27,995,546	28,815,227	30,517,926	32,304,710	35,647,067
Primary government	$ (152,738,148)	$ (171,621,262)	$ (182,409,801)	$ (159,390,531)	$ (120,619,536)	$ (131,337,441)	$ (127,950,384)	$ (116,644,418)	$ (135,500,244)	$ (171,588,719)

(Continued)

CITY OF RENO

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013 [2]	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
General revenues and other changes in net position										
Governmental activities										
Property taxes	$ 74,689,217	$ 72,105,003	$ 63,682,340	$ 58,655,405	$ 63,114,015	$ 57,082,120	$ 59,584,697	$ 62,911,698	$ 64,741,866	$ 67,914,073
Room taxes				7,168,308	7,833,957	7,807,221	8,159,606	9,447,442	10,122,000	11,251,668
Sales taxes restricted for debt service [3]	9,167,714	8,479,614	8,996,391	8,840,449	9,471,192	9,903,240	10,185,663	10,741,137	10,759,268	11,839,077
Other sales taxes [3]							389,190	335,196	344,552	940,212
Other taxes	21,896,196	11,382,500	11,579,095							
Intergovernmental shared revenues, unrestricted	48,106,238	43,194,548	43,533,413	45,129,675	47,120,546	50,968,970	56,303,364	61,109,344	62,999,604	71,671,374
Investment income	4,521,600	2,517,574	2,360,479	2,195,454	1,942,762	1,970,100	1,768,688	1,916,744	1,737,946	2,142,261
Change in fair value of investments					(260,892)	(21,550)	(11,444)			
Gain on disposal of capital assets				277,930	46,716	462,903	98,478	50,704	261,648	2,317,168
Miscellaneous	1,455,769	401,007	861,751	1,087,310	890,666	272,370	1,293,456	1,097,297	3,272,471	1,259,772
Transfers	(10,468,575)	(8,161,075)	(1,140,227)	(600,410)	3,301,447	852,787	560,821	222,254	153,406	846,396
Total governmental activities	149,368,159	129,919,171	129,873,242	122,754,121	133,460,409	129,298,161	138,332,519	147,831,816	154,392,761	170,182,001
Business-type activities										
Investment income [3]	641,075	60,941	165,705	101,805	159,390	114,015	215,808	421,469	289,186	775,338
Change in fair value of investments [3]				114,596	(228,228)	(18,597)	(31,503)			
Gain on disposal of capital assets					18,833					
Miscellaneous	6,036	10,968	126,155	99,035	12,164	30,026	8,531	14,721	17,815	14,579
Transfers	10,468,575	8,161,075	1,140,227	600,410	(3,301,447)	(852,787)	(560,821)	(222,254)	(153,406)	(846,396)
Total business-type activities	11,115,686	8,232,984	1,432,087	915,846	(3,339,288)	(727,343)	(367,985)	213,936	153,595	(56,479)
Total primary government general revenues and other changes in net position	$ 160,483,845	$ 138,152,155	$ 131,305,329	$ 123,669,967	$ 130,121,121	$ 128,570,818	$ 137,964,534	$ 148,045,752	$ 154,546,356	$ 170,125,522
Change in net position										
Governmental activities	$ (11,946,844)	$ (40,403,441)	$ (58,009,702)	$ (42,996,114)	$ (1,642,107)	$ (30,034,826)	$ (18,433,092)	$ 669,472	$ (13,412,193)	$ (37,053,785)
Business-type activities	19,692,541	6,934,334	6,905,230	7,275,550	11,143,692	27,268,203	28,447,242	30,731,862	32,458,305	35,590,588
Primary government	$ 7,745,697	$ (33,469,107)	$ (51,104,472)	$ (35,720,564)	$ 9,501,585	$ (2,766,623)	$ 10,014,150	$ 31,401,334	$ 19,046,112	$ (1,463,197)

1. The planning and dispatch center enterprise funds were moved to the general fund effective July 1, 2010.

2. Fiscal year 2012 amounts were retroactively restated in fiscal year 2013.

3. Prior to fiscal 2012, certain revenues were reported as aggregate amounts, rather than by specific type.

4. The Golf course fund was moved to the general fund effective July 1, 2013.

5. Expenses for Public Works include a one time, book entry-only expense related to the Cabela's Series 2007 Sales Tax Increment Bond.
6. Dispatch and Planning, both formerly enterprise funds, and Communications & Technology, an internal service fund, moved into the General Fund effective July 1, 2010.

CITY OF RENO

FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011 [1]	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
General fund										
Reserved	$ 1,566,639	$ 2,504,173	$	$	$	$	$	$	$	$
Unreserved	8,500,411	5,123,776								
Nonspendable			688,328	494,775	454,285	411,578	582,723	692,173	780,792	959,180
Restricted			1,680,634	821,800	885,998	878,979	584,162	423,202	470,150	391,853
Assigned			187,626	171,147	224,188	351,624	179,048	1,098,548	1,110,415	1,374,662
Unassigned			2,948,665	5,018,570	5,895,188	10,588,880	10,419,632	17,405,569	18,681,120	28,566,273
Total general fund	$ 10,067,050	$ 7,627,949	$ 5,505,253	$ 6,506,292	$ 7,459,659	$ 12,231,061	$ 11,765,565	$ 19,619,492	$ 21,042,477	$ 31,291,968
Other governmental funds										
Reserved	$ 138,925,867	$ 111,417,520	$	$	$	$	$	$	$	$
Unreserved										
Special revenue funds	1,173,909	3,500,599								
Capital projects funds	(5,035,965)	(2,313,234)								
Nonspendable			40,717,557	37,769,370	1,268,875	1,332,978	1,457,301	1,226,450	435,662	1,971,184
Restricted			53,944,358	33,346,579	35,626,928	35,827,565	42,270,001	44,450,952	48,627,137	56,262,302
Committed			68,188							
Assigned			11,277,020	15,503,200	19,137,930	23,416,652	32,308,796	33,538,800	32,365,381	33,227,735
Unassigned				(1,063,493)	(855,487)	(638,540)	(131)	(17,857)	(893,235)	(2,406,912)
Total other governmental funds	$ 135,063,811	$ 112,604,885	$ 106,007,123	$ 85,555,656	$ 55,178,246	$ 59,938,655	$ 76,035,967	$ 79,198,345	$ 80,534,945	$ 89,054,309

1. With GASB 54 becoming effective in fiscal year 2011, there are new fund balance classifications which are being applied prospectively.

CITY OF RENO

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

		June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
REVENUES											
Taxes	[1]	$ 92,527,474	$ 79,889,904	$ 71,523,551	$	$	$	$	$	$	$
Property taxes	[1]				58,748,573	63,271,011	59,001,032	59,807,585	63,487,873	65,039,147	68,248,692
Motor vehicle taxes	[1]				4,589,258	4,889,769	5,218,458	5,676,302	6,115,040	6,437,051	6,961,022
Room and construction taxes	[1]				7,565,981	8,761,171	8,791,459	9,980,712	10,672,001	12,289,177	14,114,632
Intergovernmental SCCR (AB104) taxes	[1]				2,667,490	2,781,495	2,976,670	3,213,482	3,457,174	3,900,032	4,154,478
Intergovernmental	[1]	94,593,393	82,646,049	82,475,857							
Intergovernmental capital project taxes	[1]				614,393	458,621	489,208	491,796	528,611	538,392	582,298
Intergovernmental consolidated taxes	[1]				40,909,269	42,849,236	46,470,929	51,516,367	56,213,644	57,547,949	66,080,349
Intergovernmental marijuana fees											319,349
Intergovernmental gaming licenses	[1]				1,552,916	1,489,815	1,521,371	1,573,515	1,438,526	1,551,623	1,436,546
Franchise fees	[1]				22,710,178	23,713,630	28,503,338	29,783,710	29,024,649	27,598,329	29,571,102
Licenses, permits and other fees	[1]	35,398,399	37,212,757	36,289,020	15,294,161	18,096,605	16,638,013	19,272,102	20,166,644	19,935,183	20,170,727
Special assessments		2,607,993	3,168,898	3,143,163	3,152,638	3,562,917	3,768,781	3,280,470	3,070,181	3,446,857	3,448,256
Grants and contributions					14,277,737	22,035,375	19,483,785	12,521,874	22,517,462	9,040,356	11,151,351
Charges for services	[1]	19,177,677	19,671,203	14,181,291	13,355,685	12,781,829	13,286,822	12,006,097	12,263,731	13,293,982	13,896,609
Downtown district room surcharge	[1]				2,003,432	2,187,000	2,144,842	1,965,290	1,936,490	1,821,970	1,899,848
Dedicated sales taxes	[1]				20,327,167	9,621,894	9,903,240	10,574,853	11,076,333	11,103,820	12,779,289
Fines and forfeitures	[1]	4,185,139	3,990,373	3,365,867	3,429,246	2,957,839	3,971,584	3,736,055	2,962,315	2,710,589	2,701,997
Reimbursements and restitutions	[1]				2,902,289	2,425,290	2,390,854	9,032,184	1,540,854	3,187,150	2,097,703
Rents and royalties					2,063,066	2,064,286	1,997,409	2,090,023	2,287,341	2,376,010	2,446,625
Investment income	[1]	3,451,817	1,941,746	2,026,114	1,777,641	1,745,617	1,668,137	1,666,139	1,575,734	1,753,279	1,973,871
Change in fair value of investments	[1]				157,483	(260,892)	(21,550)	(11,444)	174,789	(152,671)	(207,152)
Miscellaneous		9,775,628	10,283,728	8,684,396	1,743,847	1,177,304	1,067,642	2,799,447	1,700,361	2,355,626	4,724,793
Total revenues		261,717,520	238,804,658	221,689,259	219,842,450	226,609,812	229,272,024	240,976,559	252,209,753	245,773,851	268,552,385
EXPENDITURES											
Current											
General government	[3]	16,192,548	15,479,395	16,666,438	16,050,720	17,355,782	17,031,363	17,833,189	19,689,312	21,745,472	22,568,456
Judicial		7,299,633	7,011,359	7,004,347	6,646,471	6,931,295	6,521,204	6,298,950	6,841,408	6,713,612	7,066,610
Public safety		114,212,206	113,134,307	108,124,303	102,411,946	101,611,973	102,085,861	101,481,555	108,765,678	115,533,392	123,882,849
Public works		24,407,892	20,886,321	25,650,774	20,415,789	18,516,373	19,143,703	18,625,469	21,998,362	19,925,198	20,672,791
Culture and recreation		17,246,463	17,081,909	11,880,240	9,144,130	10,497,003	9,722,309	9,735,128	10,134,955	10,537,381	10,713,778
Planning and community development	[3]	11,133,839	12,580,256	10,277,705	9,302,599	10,820,153	12,068,497	10,174,232	8,981,627	9,967,714	12,078,757
Urban redevelopment		3,834,292	3,055,179	1,239,530	787,315	754,499	737,761	755,744	1,097,947	856,024	917,804
Other		3,773,363	4,784,752	4,728,491	8,772,774	8,080,474	9,034,265	8,789,937	8,777,586	9,712,505	9,865,177
Total current		198,100,236	194,013,478	185,571,828	173,531,744	174,567,552	176,344,963	173,694,204	186,286,875	194,991,298	207,766,222
Capital outlay											
General government								42,591	135,779	76,881	165,443
Public safety					388,294	21,541	24,261	852,404	797,182	475,516	862,098
Public works					20,260,185	8,118,958	8,471,828	7,624,195	18,074,363	10,518,029	9,524,245
Culture and recreation					830,499	1,210,489	420,468	3,700	1,900,735	1,634,620	1,989,272
Planning and community development									1,234,738	643,326	851,119
Urban redevelopment										86,162	
Other	[1]	28,015,696	20,673,508	16,974,168				45,257			
Total capital outlay		28,015,696	20,673,508	16,974,168	21,478,978	9,350,988	8,916,557	8,568,147	22,142,797	13,434,534	13,392,177

(Continued)

CITY OF RENO

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

		June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Debt service											
Principal payments		11,943,401	13,506,867	16,160,660	15,551,744	16,590,010	69,942,333	25,573,149	15,795,203	25,731,849	19,508,515
Interest expense and fiscal charges		22,442,015	19,172,227	18,856,808	17,948,596	17,569,966	16,141,074	15,578,936	14,629,271	14,068,466	13,472,380
Payment to current bond refunding agent											233,654,262
Debt issuance costs		1,570,557		413,003	74,835		997,570			236,407	1,894,599
Administrative and other costs		1,902,391	2,784,617	2,747,770	2,784,943	2,480,894	2,773,560	2,717,256	2,605,268	1,980,711	2,251,974
Total debt service		37,858,364	35,463,711	38,178,241	36,360,118	36,640,870	89,854,537	43,869,341	33,029,742	42,017,433	270,781,730
Total expenditures		263,974,296	250,150,697	240,724,237	231,370,840	220,559,410	275,116,057	226,131,692	241,459,414	250,443,265	491,940,129
DEFICIENCY OF REVENUES UNDER EXPENDITURES		(2,256,776)	(11,346,039)	(19,034,978)	(11,528,390)	6,050,402	(45,844,033)	14,844,867	10,750,339	(4,669,414)	(223,387,744)
OTHER FINANCING SOURCES (USES)											
Issuance of debt	2	83,543,362		17,091,000	2,167,075	366,602	79,940,715	187,512	112,710	7,295,000	232,495,415
Debt issuance premiums							5,599,737				7,346,769
Payment to advance refunding bond agent				(3,860,413)			(34,897,247)				
Debt issuance discounts										(55,202)	
Proceeds from capital asset disposal		66,925	6,070	935,745	160,188	555,513	4,496,279	187,437	41,256	35,795	2,202,415
Transfers in		30,813,975	32,877,213	28,962,823	16,408,268	20,324,192	22,460,457	31,898,195	16,724,066	14,601,680	16,514,508
Transfers out		(42,749,965)	(45,545,159)	(30,129,544)	(23,448,678)	(20,384,158)	(22,224,097)	(31,486,195)	(16,612,066)	(14,448,274)	(16,402,508)
Transfer of property held for sale to general capital assets						(36,336,594)					
Other		(30,731,864)		(218,949)							
Total other financing sources (uses)		40,942,433	(12,661,876)	12,780,662	(4,713,147)	(35,474,445)	55,375,844	786,949	265,966	7,428,999	242,156,599
CHANGE IN FUND BALANCE		$ 38,685,657	$ (24,007,915)	$ (6,254,316)	$ (16,241,537)	$ (29,424,043)	$ 9,531,811	$ 15,631,816	$ 11,016,305	$ 2,759,585	$ 18,768,855
Debt service as a percentage of noncapital expenditures	4	14.50 %	14.70 %	16.43 %	15.90 %	18.72 %	32.62 %	18.92 %	13.87 %	16.79 %	6.89 %

1. Prior to FY 2012, certain revenues were reported as aggregate amounts, rather than by specific type.

2. Debt issuance proceeds are presented gross of premiums and discounts.

3. Operation of the dispatch center was assumed by the General Fund effective July 1, 2010.
Operation of planning, formerly reported as an enterprise fund was assumed by the General Fund and included in Community Development and Support effective July 1, 2010.
Operation of communication & technology, formerly reported as an internal service fund was assumed by the General Fund and included in General Government effective July 1, 2010.
Operation of the Golf Fund, formerly reported as an enterprise fund, was assumed by the General Fund and included in Culture and recreation effective July 1, 2012.

4. Formula takes into consideration capital related costs that were included in current expenditures.

CITY OF RENO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY[1, 2]
LAST TEN FISCAL YEARS
IN THOUSANDS
(UNAUDITED)

For the Year Ended June 30,	Vacant Property	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other Property	Less Tax Exempt Property	Total Taxable Assessed Value	Direct Tax Rate [3]	Estimated Actual Value	Ratio of Total Taxable Assessed to Total Estimated Actual Value [4]
2009	$ 606,435	$ 4,948,148	$ 2,749,449	$ 675,530	$ 1,486	$ 65,340	$ (1,366,826)	$ 7,679,562	0.9456	$ 21,941,606	35.00 %
2010	422,120	4,350,037	2,951,879	682,094	1,442	63,754	(1,536,966)	6,934,360	0.9456	19,812,457	35.00 %
2011	290,390	3,850,889	2,711,409	651,473	124	53,983	(1,490,256)	6,068,012	0.9456	17,337,177	35.00 %
2012	301,146	3,560,525	2,586,197	631,327	1,750	53,014	(1,462,807)	5,671,152	0.9456	16,203,291	35.00 %
2013	237,890	3,387,224	2,645,312	617,868	1,976	58,556	(1,526,435)	5,422,391	0.9598	15,492,546	35.00 %
2014	231,608	3,423,927	2,590,618	615,433	1,946	60,557	(1,496,914)	5,427,175	0.9598	15,506,214	35.00 %
2015	240,007	3,903,189	2,644,638	638,864	1,700	60,587	(1,517,309)	5,971,676	0.9598	17,061,931	35.00 %
2016	243,012	4,337,102	2,613,750	661,846	1,695	58,940	(1,513,970)	6,402,375	0.9598	18,292,500	35.00 %
2017	246,019	4,700,708	2,684,041	730,455	1,726	56,117	(1,504,636)	6,914,430	0.9598	19,755,514	35.00 %
2018	265,777	4,935,778	2,736,131	759,955	1,669	57,617	(1,513,963)	7,242,964	0.9598	20,694,183	35.00 %

1. Source - Nevada State Department of Taxation and Office of the Washoe County Assessor

2. All amounts reflect the City of Reno, the Redevelopment Agency of the City of Reno, and the Reno Tax Increment District.

3. The direct tax rate applicable to the total taxable assess value includes the City's total direct rate.

4. Pursuant to State statute, all property is assessed at 35% of its estimated value.

CITY OF RENO

PROPERTY TAX RATES[1] - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESS VALUE[2])
LAST TEN FISCAL YEARS
(UNAUDITED)

	City of Reno, Direct Rates			Overlapping Rates			
For the Year Ended June 30,	City Operations	Debt Service	Total Direct Tax Rate	State of Nevada	School District	Washoe County	Special District
2009	0.8943	0.0513	0.9456	0.1700	1.1385	1.3917	0.0004
2010	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0004
2011	0.9274	0.0182	0.9456	0.1700	1.1385	1.3917	0.0005
2012	0.9456		0.9456	0.1700	1.1385	1.3917	
2013	0.9598		0.9598	0.1700	1.1385	1.3917	
2014	0.9598		0.9598	0.1700	1.1385	1.3917	
2015	0.9598		0.9598	0.1700	1.1385	1.3917	
2016	0.9598		0.9598	0.1700	1.1385	1.3917	
2017	0.9598		0.9598	0.1700	1.1385	1.3917	
2018	0.9598		0.9598	0.1700	1.1385	1.3917	

	Overlapping Rates			
For the Year Ended June 30,	Redevelopment Agency #1	Redevelopment Agency #2	Total Overlapping Rates	Total Direct and Overlapping Rates
2009	3.2008	3.2008	9.1022	10.0478
2010	3.2144	3.2114	9.1264	10.0720
2011	3.2144	3.2144	9.1295	10.0751
2012	3.0916	3.0916	8.8834	9.8290
2013	3.1058	3.1058	8.9118	9.8716
2014	3.0960	3.0960	8.8922	9.8520
2015	2.8927	2.8927	8.4856	9.4454
2016	2.9072	2.9072	8.5146	9.4744
2017	2.8981	2.8981	8.4964	9.4562
2018	2.8825	2.8825	8.4652	9.4250

1. Source: State of Nevada, Department of Taxation's "Local Government Finance Redbook."

2. The State of Nevada Constitution has a maximum rate limit of $5 per $100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.

3. Beginning in FY 11-12 the State of Nevada "Redbook" no longer distiguishs between General Fund & Debt Service Percentage they are recorded as a total.

4. FY 11-12 amounts were changed in error - totals corrected to show amounts reflected in State of Nevada Redbook FY 11/12.

CITY OF RENO

PRINCIPAL PROPERTY TAXPAYERS[1]
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2018			2009		
Taxpayer	Taxable Assessed Value [2]	Rank	Approximate Percentage of Taxable Assess Valuation [3]	Taxable Assessed Value [2]	Rank	Approximate Percentage of Taxable Assess Valuation [3]
Peppermill Casino Inc	$ 97,290	1	1.34 %	$ 101,466	1	1.32 %
ICON Reno Property Owner Pool 3	51,227	2	0.71 %			
Golden Road Motor Inn Inc	47,140	3	0.65 %	41,745	2	0.54 %
Circus & Eldorado Joint Venture	44,560	4	0.62 %	41,465	3	0.54 %
MPT of Reno LLC	38,666	5	0.53 %			
AGNL Slots LLC	24,850	6	0.34 %			
Toll South Reno, LLC	23,830	7	0.33 %			
ICON Reno Property Owner Pool 6	22,844	8	0.32 %			
CP Logistics NVCC LLC	20,446	9	0.28 %			
Lennar Reno LLC	18,732	10	0.26 %			
Credit Markets Real Estate Crp				37,107	4	0.48 %
Prologis NA3 NV V LLC				24,256	8	0.32 %
Montage Marketing Corp				24,619	7	0.32 %
Prologic NA3 LLC				30,508	6	0.40 %
International Gaming Technology (IGT)				35,280	5	0.46 %
Charles Rivers Laboratories Inc				23,323	9	0.30 %
Harrahs Operating Company				21,466	10	0.28 %
	$ 389,585		5.38 %	$ 381,235		4.96 %

1. Source - Office of the Washoe County Assessor, Statistical Section, "Top Reno Taxpayers" report.

2. Taxable assessed value is 35% of appraised value.

3. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

CITY OF RENO

PROPERTY TAX LEVIES AND COLLECTIONS[1]
LAST TEN FISCAL YEARS
IN THOUSANDS
(UNAUDITED)

For the Year Ended June 30,	Tax Levy [2]	Current Tax Levy Collections	Percent of Tax Levy Collected	Delinquent Tax Levy Collections	Total Tax Levy Collected	Percent of Total Tax Levy Collected to Tax Levy
2009	$ 66,645	$ 65,436	98.1859 %	$ 1,207	$ 66,643	99.9970 %
2010	65,101	63,900	98.1552 %	1,199	65,099	99.9969 %
2011	59,823	58,955	98.5491 %	866	59,821	99.9967 %
2012	56,957	56,145	98.5744 %	811	56,956	99.9982 %
2013	55,397	54,678	98.7021 %	717	55,395	99.9964 %
2014	55,901	55,427	99.1521 %	472	55,899	99.9964 %
2015	56,998	56,643	99.3772 %	342	56,985	99.9772 %
2016	59,713	59,480	99.6098 %	209	59,689	99.9598 %
2017	61,992	61,700	99.5290 %	243	61,943	99.9210 %
2018	64,811	64,538	99.5788 %		64,538	99.5788 %

1. Source: Washoe County Assessor and Treasurer and City of Reno Finance Department.

2. Excludes centrally assessed property taxes and Reno Redevelopment Agency taxes.

CITY OF RENO

LICENSES AND PERMITS BY CATEGORY[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Business licenses	$ 12,633,107	$ 11,287,373	$ 11,364,176	$ 11,781,860	$ 12,476,307	$ 12,969,765	$ 15,458,489	$ 16,231,251	$ 16,118,729	$ 16,170,577
City gaming licenses	2,201,449	2,046,810	2,028,215	2,000,542	1,972,027	1,929,494	1,917,251	1,971,267	1,810,594	1,785,717
Liquor licenses	1,294,792	1,277,056	1,264,106	1,293,439	1,399,924	1,473,174	1,642,761	1,754,494	1,787,426	1,876,915
Non-business licenses and permits	38,207	35,746	33,131	77,764	45,549		3,306	5,096	9,052	8,372
Electricity franchise fees	6,227,461	8,266,881	7,314,420	8,897,576	9,258,752	11,634,425	11,330,372	10,251,397	9,389,603	10,671,343
Telephone franchise fees	3,873,036	3,435,740	3,383,752	3,082,993	3,230,640	3,164,583	2,993,460	3,078,404	2,970,414	2,769,691
Natural gas franchise fees	2,205,186	3,396,125	2,817,106	2,656,784	2,107,487	3,622,350	4,068,093	3,917,603	3,028,718	3,277,400
Sanitation franchise fees	2,213,979	2,199,114	2,279,934	2,193,302	2,066,737	2,465,678	3,205,038	3,378,650	3,607,572	3,951,866
Water toll fees	959,311	1,376,897	1,448,400	1,511,903	2,306,041	[2]	[2]	[2]	[2]	[2]
Sewer-in-lieu-of-franchise fees	1,683,913	2,020,040	2,227,361	2,355,745	2,587,019	2,788,314	3,053,773	3,322,613	3,470,429	3,562,554
Cable television fees	1,832,294	1,784,686	2,005,415	2,011,875	2,156,954	2,242,873	2,407,101	2,441,541	2,362,450	2,476,689
	$ 35,162,735	$ 37,126,468	$ 36,166,016	$ 37,863,783	$ 39,607,437	$ 42,290,656	$ 46,079,644	$ 46,352,316	$ 44,554,987	$ 46,551,124

1. Licenses and permits, the City's second largest "own-source" revenue, are presented for the general fund only. Excludes administration fees related to business licensing.

2. Effective fiscal year 2014, water toll fees have been moved to the Streets Special Revenue Fund as this is the fund that uses these fees and to reduce transfers.

CITY OF RENO

RATIOS OF OUTSTANDING DEBT[1] BY TYPE
LAST TEN FISCAL YEARS
IN THOUSANDS, EXCEPT PER CAPITA
(UNAUDITED)

	Governmental Activities					Business-type Activities				
For the Year Ended June 30,	General Obligation Bonds	Tax Allocation Bonds	Pledged Revenue Bonds	Special Assessment Bonds	Other [2]	General Obligation/Pledged Revenue Bonds	Other [2]	Total Primary Government	Percentage of Personal Income [3]	Per Capita [3]
2009	$ 57,690	$ 33,980	$ 400,136	$ 23,530	$ 12,516	$ 98,657	$	$ 626,509	6.93 %	$ 2,872
2010	52,485	32,765	396,109	21,979	11,008	92,497		606,843	6.64 %	2,793
2011	51,440	31,495	388,385	20,617	4,536	89,205		585,678	6.17 %	2,629
2012	44,885	30,155	383,120	20,303	18,547	84,885		581,895	5.62 %	2,532
2013	41,868	28,756	377,434	18,896	17,543	78,820		563,317	5.37 %	2,426
2014	76,616	27,280	327,345	16,979	17,796	74,474		540,490	5.02 %	2,296
2015	64,472	25,724	318,789	15,660	16,207	69,495		510,347	4.61 %	2,139
2016	58,836	24,094	312,899	14,473	14,626	64,377		489,305	4.33 %	2,021
2017	52,887	22,457	307,118	12,140	12,476	59,118		466,196	4.05 %	1,906
2018	45,506	20,727	364,443	10,849	12,058	53,710		507,293	3.57 %	2,074

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. These figures are reported net of bond premiums and discounts.

2. Includes loans and notes payable, installment purchase agreements and capital leases.

3. See the "Demographic and Economic Statistics" table for personal income and population data. Personal income data for 2006 forward is from Applied Analysis, 10100 W. Charleston Boulevard, Suite 200, Las Vegas, Nevada 89135 or www.appliedanalysis.com.

4. Corrected FY 2013 and 2014, originally used wrong population amount.

CITY OF RENO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT[1, 2]
JUNE 30, 2018
IN THOUSANDS
(UNAUDITED)

		Outstanding Debt [3]	Percent Applicable	Applicable General Obligation Debt
City of Reno		$ 507,293	11.35%	$ 57,564
Overlapping governments				
Washoe County School District	[4]	709,722	48.000 %	340,667
Washoe County	[4]	137,836	48.000 %	66,161
State of Nevada	[4]	1,358,070	6.930 %	94,114
Total overlapping governments		2,205,628		500,942
Total direct and overlapping debt		2,712,921		$ 558,506

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Includes all governmental debt activities and are net of related discounts and premiums.

2. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Reno. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident; and therefore, responsible for repaying the debt, of each overlapping government. Debt amounts for overlapping entities in the various governments and percentage applicable are derived from the State of Nevada, Department of Taxation's "Local Government Finance Redbook."

3. Represents general obligation bonds repaid through general property taxes.

4. Source: Washoe County for County and State information.

CITY OF RENO

RATIOS OF GENERAL BONDED DEBT[1] OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Year Ended June 30,	General Obligation Bonds	General Obligation/Pledged Revenue Bonds	Total General Bonded Debt	Percentage of Estimated Actual Property Value [2]	Per Capita [3]	Amounts Available to Repay General Bonded Debt	Net General Bonded Debt
2009	$ 57,690	$ 98,657	$ 156,347	0.71 %	$ 717	$ 8,767	$ 147,580
2010	52,485	92,497	144,982	0.73 %	667	1,712	143,270
2011	51,440	89,205	140,645	0.81 %	631	2,221	138,424
2012	44,885	84,885	129,770	0.80 %	565	111	129,659
2013	41,868	78,820	120,688	0.78 %	520	13	120,675
2014	76,616	74,474	151,090	0.97 %	642	425	150,665
2015	64,472	69,495	133,967	0.79 %	561	425	133,542
2016	58,836	64,377	123,213	0.67 %	509	425	122,788
2017	52,887	59,118	112,005	0.57 %	458	425	111,580
2018	45,506	53,710	99,216	0.48 %	406	425	98,791

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

2. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.

3. See the "Demographic and Economic Statistics" table for population data.

CITY OF RENO

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
IN THOUSANDS
(UNAUDITED)

		June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Total taxable assessed property value	1	$ 7,679,562	$ 6,934,360	$ 6,068,012	$ 5,671,152	$ 5,422,391	$ 5,427,175	$ 5,971,676	$ 6,402,375	$ 6,914,430	$ 7,242,964
Legal debt Margin											
Legal debt limit (15% of taxable assessed property value)	2	$ 1,151,934	$ 1,040,154	$ 910,202	$ 850,673	$ 813,359	$ 814,076	$ 895,751	$ 960,356	$ 1,037,165	$ 1,086,445
Debt applicable to debt limit											
Net general bonded debt	3	147,580	143,270	138,424	129,659	120,675	150,665	133,542	122,788	111,580	98,791
Legal debt margin	4	$ 1,004,354	$ 896,884	$ 771,778	$ 721,014	$ 692,684	$ 663,411	$ 762,209	$ 837,568	$ 925,585	$ 987,654
Total debt applicable to debt limit as a percentage of debt limit		87.19 %	86.23 %	84.79 %	84.76 %	85.16 %	81.49 %	85.09 %	87.21 %	89.24 %	90.91 %

1. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.

2. The City of Reno charter states that the City shall not incur an indebtedness in excess of 15% of the total taxable assessed property value within the boundaries of the City. The charter exempts (a) warrants or other securities which are payable upon presentation or demand or within 1 year from the date thereof, (b) securities payable from special assessments against benefited property, and (c) securities issued pursuant to any general or special law the principal and interest of which are payable solely from revenues of the City derived from other than general property (ad valorem) taxes.

3. See the "Ratios of General Bonded Debt Outstanding" table for the calculation of net general bonded debt.

4. The calculation of the City's legal debt margin is performed in accordance with NRS 266.600 and the Reno Municipal Code, and excludes bond premiums and discounts.

CITY OF RENO

PLEDGED REVENUE BOND[1] COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Senior Lien Sales and Room Tax Revenue (ReTRAC) Bonds [2]					
				Debt Service		
For the Year Ended June 30,	Room Tax Collections [5]	Sales Tax Collections [5]	Available Revenue	Principal	Interest	Coverage
2009	$ 735,302	$ 7,080,474	$ 7,815,776	$ 820,000	$ 6,269,671	110.24 %
2010	691,252	6,340,270	7,031,522	1,260,000	6,120,390	95.27 %
2011	681,789	6,477,291	7,159,080	1,375,000	5,657,085	101.81 %
2012	637,389	6,733,005	7,370,394	1,640,000	5,066,692	109.90 %
2013	705,030	7,127,853	7,832,883	1,795,000	5,100,128	113.60 %
2014	703,885	7,672,343	8,376,228	1,945,000	4,922,321	121.97 %
2015	710,154	8,227,820	8,937,974	2,095,000	4,854,414	128.61 %
2016	854,988	8,864,540	9,719,528	2,250,000	4,723,039	139.39 %
2017	887,957	8,976,874	9,864,831	2,400,000	5,064,471	132.16 %
2018	1,025,199	10,211,963	11,237,162	2,575,000	5,035,864	147.65 %

	Capital Improvement (Events Center) Bonds [3]					
				Debt Service		
For the Year Ended June 30,	Room Tax Collections [6]	Intergovernmental Consolidated Taxes (15%) [6]	Available Revenue	Principal	Interest	Coverage
2009	$ 5,077,055	$ 6,532,908	$ 11,609,963	$ 1,045,000	$ 9,190,524	113.43 %
2010	4,960,895	5,828,936	10,789,831	1,230,000	4,780,345	179.52 %
2011	4,844,006	5,898,984	10,742,990	1,455,000	4,719,136	174.00 %
2012	4,759,242	6,136,390	10,895,632	1,695,000	4,627,382	172.33 %
2013	5,185,236	6,427,385	11,612,621	1,940,000	4,573,918	178.27 %
2014	5,158,134	6,970,639	12,128,773	1,550,000	3,961,748	220.05 %
2015	5,406,411	7,727,455	13,133,866	1,725,000	4,075,616	226.42 %
2016	6,217,456	8,432,047	14,649,503	1,900,000	3,960,242	249.98 %
2017	6,650,707	8,632,193	15,282,900	2,100,000	4,007,953	250.21 %
2018	7,308,361	9,912,052	17,220,413	3,335,000	3,854,972	239.51 %

	Sales Tax Anticipation Revenue (STAR) Bonds [4]			
		Debt Service		
For the Year Ended June 30,	Sales Tax Increment Collections	Principal	Interest	Coverage
2009	$ 2,087,240	$ 240,000	$ 1,258,956	139.25 %
2010	2,139,344	560,000	1,821,463	89.83 %
2011	1,863,765	660,000	1,792,312	76.00 %
2012	1,838,303	770,000	1,757,563	72.73 %
2013	2,072,312	880,000	1,716,912	79.80 %
2014	1,997,367	1,010,000	1,629,375	75.68 %
2015	1,957,843	1,140,000	1,616,275	71.03 %
2016	1,876,597	1,280,000	1,555,250	66.19 %
2017	1,782,394	1,435,000	1,486,138	61.02 %
2018	1,627,114	1,595,000	1,408,675	54.17 %

	Special Assessment Bonds [10]			
		Debt Service		
For the Year Ended June 30,	Special Assessment Collections [7]	Principal [8]	Interest	Coverage
2009	$ 3,032,794	$ 1,594,343	$ 1,653,298	93.38 %
2010	3,301,212	1,551,344	1,576,358	105.55 %
2011	3,159,452	1,335,333	1,478,588	112.28 %
2012	3,219,648	1,253,744	1,406,734	121.02 %
2013	3,499,396	1,367,530	1,351,835	128.68 %
2014	3,206,260	1,919,200	1,269,729	100.54 %
2015	2,808,343	1,321,910	1,153,487	113.45 %
2016	2,436,020	1,190,640	1,069,984	107.76 %
2017	2,742,139	1,313,400	544,611	147.58 %
2018	2,125,279	1,299,190	541,007	115.49 %

(Continued)

CITY OF RENO

PLEDGED REVENUE BOND[1] COVERAGE (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	Agency Special Assessment Bonds (Includes Sierra Corporation, Somersett and Double R) [10]			
		Debt Service		
For the Year Ended June 30,	Special Assessment Collections	Principal [8]	Interest	Coverage
2009	$ 3,081,683	$ 1,620,000	$ 1,362,563	103.32 %
2010	3,559,478	1,790,000	1,291,516	115.51 %
2011	2,938,511	1,610,000	1,182,973	105.21 %
2012	2,932,920	1,715,000	1,091,484	104.51 %
2013	3,447,224	2,500,000	1,019,533	97.95 %
2014	2,622,893	1,385,000	622,977	130.62 %
2015	2,414,225	1,315,000	456,191	136.31 %
2016	2,099,830	1,420,000	394,573	115.72 %
2017	2,025,385	1,345,000	341,945	120.06 %
2018	1,887,591	1,340,000	289,463	115.84 %

	Lease Revenue Bonds (ReTrac Properties & Fitzgerald Parking Garage) [11]			
		Debt Service		
For the Year Ended June 30,	Property Lease/Rent Collections [6]	Principal [9]	Interest	Coverage
2009	$ 1,251,328	$ 175,000	$ 512,280	182.07 %
2010	1,012,990	287,000	140,096	237.18 %
2011	915,926	380,000	118,302	183.81 %
2012	912,639	380,000	105,430	188.01 %
2013	939,875	435,000	101,885	175.06 %
2014	907,589	339,000	75,858	218.77 %
2015	864,294	560,000	50,871	141.49 %
2016	989,960	606,000	59,167	148.83 %
2017	953,555	656,000	83,460	128.95 %
2018	1,068,771	1,286,000	129,711	75.49 %

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

2. Series 1998 Nevada Sales and Room Tax Bonds were issued on December 28, 1998. These bonds were then called and paid with proceeds from the Series 2002 Senior Lien Sales and Room Tax Bond issued on June 26, 2002. The 2002 bonds were refunded with the issuance of the Series 2006 Bonds on April 14, 2006. Series 2006 A & B Bonds are repayable with sales tax revenues; Series 2006 C Bonds are repayable from room tax revenues. The Series 2006 A & B Bonds were refunded on March 4, 2008 with the issuance of the Series 2008 A & B Bonds, which converted the 2006 A Bonds from auction rate securities to variable rate demand bonds. Totals do not include SAD bonds. Bond proceeds financed the rail transportation access corridor (ReTRAC) construction and covered capital projects.

3. On October 26, 2005 the Series 2002 Capital Improvement Bonds were partially refunded with the issuance of the Series 2005 A Bonds; the Series 2005 B & C Bonds were also issued. The Series 2005 A Bonds, which were auction rate securities, were converted to Variable Rate Demand Bonds on February 5, 2009. Totals do not reflect SAD balances. On July 9, 2013, the balance of the Series 2002 Capital Improvement Revenue Bonds were refunded with the issuance of the 2013A G. O. Capital Improvement Refunding Bonds, therefore, fiscal year 2014 includes only the payments made on the Series 2005A Bonds.

4. On October 23, 2008, the Series 2007 A & B Cabela's STAR Bonds were issued. Payments shown are based on amortization schedules and not on actuals.

5. Sales and Room Tax Revenue Bonds are backed by a 1% tax on the rental of transient lodging within the City's Police Protection area, and by Washoe County's 0.125% sales tax, net of applicable fees and allowances, which is transferred to the City pursuant to an Interlocal Agreement.

6. Capital Improvement (Events Center) Bonds are backed by an irrevocable pledge on certain taxes imposed on the rental of transient lodging within Washoe County, as well as up to 15% of consolidated tax revenues. Amounts in FY 2017 and FY 2018 reflect adjustments related to the AT&T sales and use tax refund given by the NV State Department of Taxation.

7. Collections and payment information have been adjusted to exclude Agency SAD's beginning FY 2007 - information from Allen Gardner AMG.

8. Principal payments may include early principal redemptions based upon excess fund balance availability.

9. An additional principal payment of $3,163,316 was due to sale of property collateralizing the ReTRAC Lease Revenue Bonds and a reduction of cash representing excess lease revenue.

10. In FY 10/11 added table for Agency SAD's reported as fiduciary funds. On March 27, 2014, the City refunded the 2002 Special Assessment District No. 4 Limited Obligation Improvement Bonds with the Series 2014 Local Improvement Refunding Bonds (Somersett Parkway). Fiscal year 2014 includes the December 1 payment on the refunded bonds and the June 1 payment on the Series 2014 bonds.

11. Began reporting FY 07/08. The bonds are variable rate tied to LIBOR. On March 5, 2014, the City of Reno refinanced the Series 2006 Taxable Lease Revenue Bonds and the Series 2007 Taxable Lease Revenue Bonds with the issuance of the Series 2014 Taxable Lease Revenue Bonds. The transaction included a principal paydown using $2.5 million realized from the sale of the land underneath the former Fitzgerald's parking garage.

CITY OF RENO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

For the Year Ended June 30,	Population [1]	Personal Income [2]	Per Capita Personal Income [3]	Median Age [4]	Public School Enrollment [6]	Charter School Enrollment [7]	Unemployment Rate [5]
		In Thousands					
2009	218,143	$ 9,035,701	$ 41,421	$ 36.4	$ 31,907	$ 2,212	11.8 %
2010	217,282	9,140,185	42,066	37.0	31,743	2,392	13.4 %
2011	222,801	9,496,224	42,622	37.2	31,052	2,435	12.9 %
2012	229,859	10,358,826	45,066	37.4	30,916	2,520	11.7 %
2013	232,243	10,489,952	45,168	37.6	31,295	2,578	9.8 %
2014	235,371	10,769,400	45,755	37.8	32,786	2,564	7.3 %
2015	238,615	11,059,805	46,350	37.1	32,210	1,626 [8]	6.4 %
2016	242,158	11,302,240	46,673	34.0	34,256	2,818	5.9 %
2017	244,612	11,499,699	47,012	35.1	39,669	2,959	4.0 %
2018	244,612	14,201,194	58,056	35.3	39,735	2,900	4.7 %

1. State of Nevada Department of Taxation, Demographer - 2009 used projected figure to be certified by the Governor. Correct prior year estimate with new data from State of Nevada, Demographer. State of Nevada Department of Taxation, Demographer - 2010 Certified Figures from the Governor's office. Certification of Population by the Governor per NRS 360.285 occurs on or before March 1 of the next fiscal year therefore we are using the known figure from the prior year each year and will correct once certification is obtained.

2. Started calculating Personal Income 2009 - calculated as Population X (Per Capita Personal Income X 43%). Personal Income 2012 estimate - Corrected Per Capita Personal Income through 2010 with BEA Figures for each calendar year which corrected each prior year.

3. Per Capita Personal Income 2009 - US Bureau of Economic Analysis Website (www.bea.gov/regional). Trued up all prior years with corrected information from each calendar year. We report on fiscal year; the US Govt reports on a calendar year. Calculated fiscal year using the 2nd quarter of Personal Income from BEA website X 43% as this is the population percent for the Reno/Sparks Metro Area. FY 14-15 BEA website has 2011 - 2013 figures therefore updated calculation for 2014 and 2015 as noted above.

4. Bureau of Economic and Business Research, University of Nevada, Reno, 1995-1999. State Demographer Office, UNR Small Business Development Center, 2000. Washoe County Department of Community Development, 2001-2003. Median age is for the entire County (WC Stat Section Sch 4.1).

5. State of Nevada, Department of Employment, Training and Rehabilitation Rate is for the entire County. 2006 - Nevada Workforce Informer - rate is for the entire county. This runs approximately 2 years in the past. 2008 -Nevada Workforce Informer - rate is up to date as of June 2008.

6. Washoe County School District . In FY 11/12 corrected previous years - used tax records to verify address in Reno or County.

7. Charter school count totals not available for all schools (www.nevadareportcard.com).

CITY OF RENO

PRINCIPAL EMPLOYERS[1, 2]
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	December 31, 2017			December 31, 2009		
Taxpayer	Employees	Rank	Percentage of Total City of Reno Employment	Employees	Rank	Percentage of Total City of Reno Employment
Washoe County School District	8,750	1	3.72 %	8,750	1	3.87 %
University of Nevada-Reno	4,750	2	2.02 %	4,250	2	1.88 %
Renown Regional Medical Center	2,750	3	1.17 %	2,250	4	1.00 %
Washoe County	2,750	4	1.17 %	2,750	3	1.22 %
Peppermill Hotel Casino-Reno	2,250	5	0.96 %	2,250	5	1.00 %
Grand Sierra Resort and Casino	2,250	6	0.96 %			%
International Game Technology	1,750	7	0.74 %	2,250	6	1.00 %
Atlantis Hotel Casino (Golded Road Motor Inn)	1,750	8	0.74 %	1,750	9	0.77 %
Silver Legacy Resort Casino	1,750	9	0.74 %	1,750	7	0.84 %
St. Mary's (Prime Healthcare Services-Reno)	1,250	10	0.53 %	1,750	8	0.84 %
City of Reno				1,750	10	0.77 %

1. Source: 2009 - Current found at Department of Employment Training & Rehabilitation (Nevada State Website). 2004/2012 - nevadaworkforce.com - Updated on an annual basis, only use mid FY data for Stat section.

2. Does not include utility companies as these are centrally assessed by the State.

CITY OF RENO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS[2]
(UNAUDITED)

		June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Function/program											
General government											
Management	[6]	49	55	49	46	48	44	47	44	51	51
Records management/cashiering		12	10	8	7	7	7	7	8	7	7
Finance	[3]	33	33	20	12	11	14	15	15	13	18
Legal		35	35	26	25	24	25	27	28	29	28
Human resources	[4]	16	13	9	11	6	9	9	12	11	10
Information technology		30	29	17	17	15	16	15	20	19	19
Judicial											
Judges		4	4	4	4	4	4	4	4	4	4
Others		49	58	53	53	49	44	44	43	44	46
Police											
Sworn employees		373	383	294	304	306	318	296	319	329	322
Non-commissioned employees		110	109	52	52	48	46	51	64	52	68
Fire											
Authorized emergency personnel		344	345	213	229	240	192	213	231	231	231
Fire prevention officers		19	19	14	15	12	12	12	11	14	14
Others		22	22	13	13	13	13	9	11	9	9
Public works											
Engineers		38	38	16	11	12	12	11	11	13	13
Fleet maintenance		16	16	11	10	10	10	11	10	10	11
Others		125	128	73	98	108	106	89	91	91	102
Planning and community development		40	40	19	26	23	23	27	25	25	46
Culture and recreation		93	92	43	49	40	69	69	71	71	73
Urban development		9	5								
Sanitary sewer		69	67	54	50	50	49	63	65	72	56
Building permits		66	56	22	20	20	27	27	44	51	35
Golf course	[5]	6	4	4	4	3					
Animal shelter											
Dispatch services		70	70	54	53	51	53	47	53	53	54
Total full-time equivalent employees		1,628	1,631	1,068	1,109	1,100	1,093	1,093	1,180	1,199	1,217

1. Source - City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book

2. The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions as of year end.

3. Includes Payroll Division employees effective FY 2003 through 2010. Excludes Information Technology (IT) Department employees.

4. Includes Civil Service Department employees. Excludes Payroll Division employees between FY 2003 and FY 2010.
5. Rosewood Lakes Sold May 2014.
6. FY 2009/10 broke out management positions more (City Manager & Staff, Council and Dept. Heads) as based on actual job descriptions.

CITY OF RENO

OPERATING INDICATORS BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

		June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Function/program											
General government											
Active annual business licenses		25,574	22,456	22,329	23,506	23,457	23,634	23,851	25,173	25,363	24,478
Business license audits completed		197	294	288	185	282	296	311	231	202	186
Percentage of same day response to public requests for research of public documents		100 %	100 %	98 %	100 %	97 %	98 %	98 %	98 %	%	%
Total number of public records requests	[10]									1,399	4,550
Average time in days to respond to public records requests	[10]									1	7
Judicial											
Criminal cases prepared for trial (excl minor traffic cases)		5,915	5,598	4,786	3,107	3,774	2,971	2,843	2,256	2,916	3,149
Cases filed in municipal court		39,788	35,866	31,968	23,406	21,586	9,032	21,569	19,685	18,130	20,856
Cases adjudicated in municipal court		40,737	36,711	29,778	21,849	16,146	17,989	21,613	18,394	17,344	19,219
Police											
Physical arrests		13,246	11,434	10,668	10,386	10,444	10,713	10,400	10,134	10,410	11,644
Misdemeanor citations		3,829	3,284	2,381	2,627	2,254	2,246	2,135	2,289	2,566	3,191
Traffic-related offenses cited	[3]	38,843	33,430	29,789	19,174	17,780	17,750	12,557	10,385	10,306	10,667
Fire											
Fire emergencies		4,790	1,026	10,636	11,068	8,141	8,870	10,468	8,424	10,915	13,253
Emergency medical calls		25,080	25,716	26,922	26,918	25,793	28,403	25,250	25,272	26,749	28,816
Inspections	[6]	8,382	8,216	6,207	6,708	6,036	6,914	6,686	7,735	5,103	7,676
Public works											
Streets reported in "fair" or better condition		85 %	88 %	89 %	89 %	89 %	91 %	92 %	92 %	92 %	93 %
Pothole calls received	[12]	167	130	136	132	71	54	63	52	274	212
Percent of pothole calls repaired within 24 hours		97 %	70 %	90 %	95 %	97 %	100 %	100 %	75 %	50 %	30 %
Culture and recreation											
Participants in senior recreation programs	[5]	6,094	5,216	5,479	6,477	6,899	7,071	7,123	7,200	6,840	8,183
Participants in youth programs		3,150	3,950	4,372	4,356	4,395	4,672	4,709	3,928	4,240	4,575
Instructional swimming classes offered		1,798	1,674	1,198	1,228	1,242	1,233	923	925	1,084	1,595
Planning and community development											
Jobs generated by businesses in Redevelopment area	[4]										
Affordable housing units developed in Redevelopment area	[4]										
Affordable housing units developed in non-RDA area	[7]				29	[8] 58					
Housing rehabilitation projects completed					21	12					
Code enforcement cases		5,766	5,077	4,044	2,880	2,882	2,814	3,680	3,651	3,917	4,115
Sanitary sewer											
Lineal feet of sewer lines and storm drains maintained (in millions)		4	4	4	4	4	4	4	4	4	4
Golf course											
Cost per acre per year to maintain golf courses		$ 5,158	$ 4,700	$ 4,200	$ 4,200	$ 4,200	$ [9]	$	$	$	$
Building permits											
Building permits issued		5,580	5,023	5,510	5,348	6,211	6,846	7,345	9,080	9,058	10,101

(Continued)

CITY OF RENO

OPERATING INDICATORS BY FUNCTION/PROGRAM[1] (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Average number of monthly building inspections performed	3,363	2,348	2,190	2,750	2,748	3,115	3,423	3,423	4,782	5,126

1. Source - Various City of Reno departments.

2. Fire Inspection Figures are a lot higher due to implementation of new tracking through Fire.

3. Traffic violation information provided by the Reno Police Department.

4. FY 2008/09 RDA figures no longer available due to loss of staff and economic changes or measure no longer being tracked.

5. FY 2009/10 Senior Programming figures now include participation at the Neil Rd facility.

6. FY 2009/10 Fire Inspection totals now only include actual buildings inspected. In FY 2012/13, changed methodology for reporting Fire Incidents. All calls reflected not just actual fires. Staff took total calls for service received minus medical calls which left the number of Fire Emergencies.

7. In FY 10-11 the City's Community Development Division assumed the tracking of housing statistics as Affordable House initiatives are regional programs. For FY 13-14 all projects were in Sparks.

8. New measure added FY 2012/13.
9. FY 13-14-Rosewood Lakes Golf Course no longer operated/maintained by the City of Reno.¶
10. FY 16-17 City Clerk changed process and added software to monitor all City of Reno public records requests (excel RPD), changing the performance measure.
11. FY 17-18 City Clerk now includes RPD records requests and the average time of completion for their requests is 10 days which accounts for the changes.
12. FY 17-18 Public Works changed its pothole repair program to repair potholes based on geographic location; only potholes on very high traffic streets are repaired within 24 hours.

CITY OF RENO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM[1]
LAST TEN FISCAL YEARS
(UNAUDITED)

		June 30, 2009	[6]	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Function/program												
Police												
Stations		1		1	1	1	1	1	1	1	1	1
Substations		3		1	1	1	2	2		1	1	2
Patrol units	[2]	252		248	239	242	243	250	248	245	288	284
Fire												
Stations		13		13	13	14	14	14	14	14	14	14
Fire fighting vehicles	[4]	41		37	36	36	36	29	29	31	34	35
Specialty response fire vehicles	[4]									26	26	26
Ambulances	[5]									2	4	4
Public works												
Paved streets (miles)		671		672	681	681	681	681	689	691	709	710
Unpaved streets (miles)		1		1	1	1	1	1	1	1	1	1
Culture and recreation												
Acreage		2,477		2,732	2,741	2,741	2,741	2,741	2,741	2,741	2,744	2,744
Park facilities		85		85	85	85	85	85	85	85	85	85
Playgrounds		51		51	51	51	51	51	51	51	51	51
Swimming pools		5		5	5	5	4	4	4	4	4	4
Sanitary sewer												
Sanitary sewer lines (miles)		743		748	756	756	756	751	769	769	784	786
Storm drains (miles)		444		444	481	481	481	528	528	528	530	534
Treatment capacity millions of gallons)		44		44	44	44	44	44	44	46	46	40
Golf courses	[3]	1		1	1	1	1	1	1			

1. Source: City of Reno, Finance Department, Budget Division and City of Reno Adopted Budget Book.

2. Count for prior years not readily available, number from PD Supply Access Database. Fleet Mgmt provided total number of PD vehicles, including undercover and SAVE, increasing the number of vehicles in FY 17.
3. Beginning May 1, 2014, Rosewood Lakes is operated/maintained by First Tee/Duncan Group. In FY 16 Rosewood Lakes closed due to construcion of the SouthEast connector.
4. Fire Vehicles include all fire apparatus and trucks able to pump water and be used in actual fires. In FY 2010, four vehicles went to auction per Fire Dept - Fleet maintenance. In FY 2014 the number for fire vehicles were reduced to exclude non-fire fighting vehicles and HAZMAT vehicles, but those specialty vehicles have been added back effective FY 2016.

5. In FY 2016 the Fire Department added ambulance services as part of its Emergency Management System.

6. Downtown Substation was closed in FY 2009.

BUSINESS LICENSE FEES

CITY OF RENO

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2018

As required by Nevada Revised Statues (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2018			$	13,886,556
Business license revenue for the year ended June 30, 2017 (base year)	$	15,070,238		
Adjustment to base year				
Percentage change in Consumer Price Index		2.84 %		
Total adjustment to base year		427,995		
Adjusted business license revenue base for the year ended June 30, 2018				15,498,233
Amount under allowable maximum			$	(1,611,677)

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2018			$	5,946,653
Business license revenue for the year ended June 30, 2017 (base year)	$	13,108,910		
Adjustment to base year				
Percentage change in local government population	0.98 %			
Percentage change in Consumer Price Index	2.84 %			
		3.82 %		
Total adjustment to base year		500,760		
Adjusted business license revenue base for the year ended June 30, 2018				13,609,670
Amount under allowable maximum			$	(7,663,017)

SINGLE AUDIT INFORMATION

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the City Council
City of Reno, Nevada

We have audited the compliance of the City of Reno (the City) with the types of compliance requirements described in the Office of Management and Budget (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, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over

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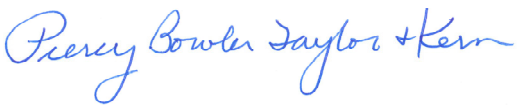
compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018 - 001 and 2018 - 002 that we consider to be significant deficiencies.

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

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 7, 2018, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
December 7, 2018

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through the State of Nevada				
Senior Farmers Market Nutrition Program	10.576	1057614	$	$ 23,250
Total U.S. Department of Agriculture				23,250
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231			173,322
Home Investment Partnerships Program	14.239			2,605,845
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218*			1,585,142
Passed through the Nevada State Housing Division				
Emergency Solutions Grant Program	14.231			44,709
Home Investment Partnerships Program	14.239			294,725
Total U.S. Department of Housing and Urban Development				4,703,743
U.S. Department of the Interior				
Passed through the Nevada Division of State Parks				
Land and Water Conservation Fund Project Grants	15.916	32-00347		225,000
Total U.S. Department of the Interior				225,000
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			5,320
			12,154	23,527
			10,577	39,044
Harold Rogers Prescription Drug Monitoring Program	16.754			128,091
Equitable Sharing Program	16.922			416,136
Passed through the State of Nevada Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-22		20,088
		16-JAG-23		8,576
		17-JAG-25		12,985
		17-JAG-27		3,609
Passed through the State of Nevada Department of Health and Human Services				
Crime Victim Assistance	16.575	16575-16-003		265,172
Crime Victim Assistance		16575-15-002		218,826
Passed through the State of Nevada Office of the Attorney General				
Violence Against Women Formula Grants	16.588	2017-VAWA-03		26,480
		2017-VAWA-62		71,442
National Sexual Assualt Kit Initiative	16.833	2016-SAKI-09		13,956
Total U.S. Department of Justice			22,731	1,253,252

(Continued)

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Motor Carrier Safety Assistance	20.218			41,188
Highway Safety Cluster				
Passed through the State of Nevada Department of Public Safety				
State and Community Highway Safety	20.600	JF-2017-RPD-00019		8,868
		JF-2018-RPD-00028		43,570
		TS-2017-RPD-00061		10,714
		JF-2017-RPD-00019		14,886
		JF-2018-RPD-00028		15,288
		TS-2018-RPD-00120		41,444
		TS-2018-RPD-00122		30,329
National Priority Safety Programs	20.616	LFD-2017-RPD-0042		1,828
		LFD-2017-RPD-0046		2,450
Subtotal Highway Safety Cluster				169,377
Highway Planning and Construction Cluster				
Passed through the State of Nevada Department of Transportation				
Highway Planning and Construction	20.205	P754-15-063		4,267
Passed through the State of Nevada State Parks				
Recreational Trails Program	20.219			90,004
Subtotal Highway Planning and Construction Cluster				94,271
Passed through the Nevada State Emergency Response Commission				
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	18-HMEP-16-01		29,750
Subtotal				
Total U.S. Department of Transportation				334,586
National Endowment of the Arts				
Passed through the State of Nevada Arts Council				
Promotion of the Arts Partnership Agreements	45.025	GPD18.3.68		234
Total National Endowment of the Arts				234
U.S. Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034			30,702
Total U.S. Department of Veterans Affairs				30,702

(Continued)

CITY OF RENO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Passed through Join Together Northern Nevada				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			4,053
Block Grants for Prevention and Treatment of Substance Abuse	93.959			12,687
Total U.S. Department of Health and Human Services				16,740
U.S. Department of Homeland Security				
Passed through the State of Nevada Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036*	97.036.17-0011		1,530,329
		97.036.18-0010		367,570
Emergency Management Performance Grants	97.042	97042.17		142,130
Homeland Security Grant Program	97.067	97067.16-3000		101,004
Passed through the United Way				
Emergency Food and Shelter National Board Program	97.024	LRO-589600-023		60,000
Total U.S. Department of Homeland Security				2,201,033
U.S. Environmental Protection Agency				
Passed through the Nevada Division of Environmental Protection				
State Clean Diesel Grant Program	66.040	DEP 17-011		174,969
Total U.S. Environmental Protection Agency				174,969
U.S. Department of Energy				
Passed through the State of Nevada Governor's Office of Energy				
State Energy Program	81.041	0006-120617		10,000
		0002-041917		16,045
Total U.S. Department of Energy				26,045
Total federal expenditures			$ 22,731	$ 8,989,554

* A major program

CITY OF RENO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Reno (the City) under programs of the federal government for the year ended June 30, 2018. The reporting entity is defined in Note 1 to the basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balances

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

At June 30, 2018, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.239	Home Investment Partnerships Program	$ 35,853,421

CITY OF RENO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	Yes
Identification of major programs	
CFDA number	14.218
Name of federal program or cluster	Community Development Block Grants/Entitlement Grants
CFDA number	97.036
Name of federal program or cluster	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee	Yes

(Continued)

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

2018 - 001

Federal program	Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Criteria or specific requirement	Periodic comparison of reports to supporting records. Financial reports are to be complete, accurate, and prepared in accordance with the required accounting basis. Amounts reported should trace to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.
Condition and context	Per examination of the fiscal 2018 quarterly federal financial reports (FFRs), it was noted that the amount per the reports did not reconcile to the amount reported in the Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System (IDIS), the Accumulated Transaction Listing (general ledger) or the Schedule of Expenditures of Federal Awards (SEFA). Specifically, the FFRs did not reconcile to IDIS due to the ommission of $49,004.76 of fiscal 2017 and fiscal 2018 expenditures from the FFRs. The City of Reno (the City) was unable to provide evidence that the fiscal 2017 amount of $48,915.47 was included in a prior year FFR and simply omitted the fiscal 2018 amount of $89.29 from the reports. In addition, the FFRs included $71,027.95 more than the general ledger and $71,281.84 more than the SEFA. The City was unable to provide an explanation for the variances.
A statistically valid sample was used	No
Questioned costs	N/A
Effect	The City is not in compliance with the requirements of financial reporting for federal funds and therefore there is no assurance that amounts reported are complete and accurate.
Cause	The City experienced high turnover in the Community Development Department and those hired to fill the open positions did not possess the required knowledge and skills necessary to ensure compliance with the program.
Repeat finding	No
Recommendation	We recommend that the FFRs be reconciled to IDIS and the general ledger quarterly prior to filing the reports with HUD and that the reconciliation be documented and maintained. In addition, at year end, the quarterly reports should be reconciled to the amount of expenditures reported on the SEFA, documented and maintained. We also recommend that an additional Management Assistant be hired to ensure that there is an adequate number of individuals trained in grant compliance.
Management's response	Management informed us that the Community Development Department will be provided with additional training on grant compliance and will implement procedures to ensure that amounts reported on the quarterly FFRs are reconciled to IDIS and the general ledger quarterly and to the SEFA annually, and that additional procedures will include a review of the FFRs prepared by the Management Assistant by a Management Analyst.

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a) (continued)

2018 - 002

Federal program	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)
Criteria or specific requirement	**§200.77 Period of performance.** Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award. **NDEM Grant Management Guide** **GRANT REPORTING/REQUESTING REIMBURSEMENT** Quarterly financial reporting is required for all Nevada Department of Emergency Management (NDEM) grants following the end of each quarter, whether or not funds have been expended. Quarterly Financial Reports are due to NDEM no later than 30 days from the end of each quarter. Unless you have previously received an extension and then the report is due no later than 15 days after your extension unless the extension states sooner. Final Report – Report due 30 days following the end of the performance period of the sub-grant unless the sub-grantee has an extension and then all reports are due within 15 days. Quarterly Progress Reports (QPR)/Work Plans (WP) are due to the NDEM with and at the same time as the QFR. **GRANT EXTENSIONS** Grants extension requests will be reviewed on an individual basis and determined by the grant or disaster program manager. The authority to expend funds on a grant award will only be approved within the performance period of the grant document. If a sub-grantee does not request an extension of funds in advance and funds are expended, this may result in non-reimbursable expenditures. If an extension has been received on the grant funds all reports must be received by 15 days after the close of the grant extension period.
Condition and context	Per examination of 43 disbursements, it was noted that four disbursements were outside of the period of performance specified in the award document. Per discussion with the Senior Management Analyst on October 10, 2018, we were informed that extensions for the period of performance were filed with NDEM; however, they have not received approval of such. Since the costs met those approved on the Project Worksheet (PW), the City included them on the SEFA. In total, $475,431 of costs outside the period of performance was included on the SEFA. We were also informed that in April 2018, NDEM had emailed the City stating that there were reporting issues with reports sent to date. As a result, NDEM and the City agreed to not submit any more reports, including requests for extensions, until a training could be held to rectify all the noted issues. A meeting was held on June 21, 2018, to discuss the issues and a training was held in July 2018. Extensions were submitted in August 2018 along with the required reports; however, the extensions had not yet been approved as of October 12, 2018. Per correspondence with NDEM, we were informed that the costs are considered allowable as long as they were on the approved PW however they did not state whether the extensions would be approved or whether they consider the reports to be submitted timely.
A statistically valid sample was used	Yes
Questioned costs	$475,431

(Continued)

Effect	The City is not in compliance with the requirements for quarterly reporting or for the period of performance for federal funds and may be required to restate the SEFA if NDEM or the Federal Emergency Management Agency (FEMA) subsequently decides that amounts are in violation of the grant program. This could require the City to reimburse NDEM for amounts received for expenditures outside the period of availability.
Cause	Quarterly reports were not submitted timely and accurately and extensions for the period of performance were not requested timely due to an agreement with NDEM's Grants & Projects Analyst to delay reporting until a training could be held. In addition, NDEM did not provide a new reporting deadline in writing to the City for the submission of the reports and extensions.
Repeat finding	No
Recommendation	The City should ensure that those responsible for grants management have the necessary knowledge and skills to ensure compliance with grant requirements and that questions and concerns regarding grant compliance are addressed timely with the grantor.
Management's response	Management informed us that the Senior Management Analyst has attended training specific to this grant and that they will be more diligent in communicating with the grantor when compliance issues arise. All the required reports and extension requests were submitted to the State on the dates instructed by the State, in the format requested by the State. The fact that the State has not communicated with the City regarding the approval status of any extension requests and reimbursement reporting is beyond the City’s control.

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported

(Continued)

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)

2017 - 001

Federal program	Home Investment Partnership Program (CFDA #14.239)
Criteria or specific requirement	During the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of §92.251. Inspections must be based on statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through notice. For projects with one-to-four HOME-assisted units, participating jurisdiction must inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing HOME-assisted units. The participating jurisdiction must establish written inspection procedures. The procedures must include detailed inspection checklists, description of how and by whom inspections will be carried out, and procedures for training and certifying inspectors. The procedures must also describe how frequently the property will be inspected, consistent with this section, §92.209, and §92.504(d).
Condition and context	Per examination of the HOME Inventory spreadsheet, we noted that there were four properties having inspection dates between July 1, 2016 and June 30, 2017. However, the City of Reno (the City) was unable to provide evidence of the monitoring for three of the four properties. Per discussion with the Management Analyst, the other three properties were scheduled to be monitored, however, due to the turnover in their department it appears these monitorings were not performed. In addition, we noted that the policies and procedures did not include a risk-based approach to determine the sample of units to be inspected for the year.
Current status	Corrected

(Continued)

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)

2017 - 002

Federal program	Equitable Sharing Program (CFDA #16.922)
Criteria or specific requirement	Records for equipment purchased with federal funds should contain the following information: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data, including the date of disposal and sales price or method used to estimate current fair value.
Condition and context	Per examination of the equipment report, we noted that there is no indication of who holds title to the equipment, the condition of the equipment, or what percentage of the purchase was funded with federal funds.
Current status	Corrected

(Continued)

CITY OF RENO

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)

2017 - 003

Federal program	Equitable Sharing Program (CFDA #16.922)
Criteria or specific requirement	Procedures should be established and followed to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government.
Condition and context	The City has policies and procedures in place regarding verifying vendors in SAM.gov for suspension and debarment when federal funds are involved. However, the policy was not clear on whether the requesting department or the purchasing department was responsible for performing the task.
Current status	Corrected

CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

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November 26, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2018, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

Responsibility for both the accuracy of the data and fairness of the presentation, including all note disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Sparks, in accordance with generally accepted accounting principles.

Our auditors, Eide Bailly LLP, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this CAFR fairly and materially represent the financial position and results of operations of the City of Sparks. Their report is located on page 10 of the financial section of this report.

The CAFR is presented in four sections:

1. **Introductory Section** - the Introductory Section is unaudited and includes this letter of transmittal, the City's organizational chart, list of principal officials and the GFOA Certificate of Achievement for fiscal year 2016-2017.

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 95,726, is the ninth largest city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

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

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

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

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

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

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

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

Local Economy

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

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

Since fiscal year 2013-2014, which marked the beginning of a recovery from what is commonly referred to as the "Great Recession", the stabilization of the local economy has been fueled by a rebound in property values which have resulted in improved City revenues. Looking forward to fiscal year 2018-2019, we anticipate the stabilization to continue and are expecting a modest increase in total General Fund revenue for the sixth consecutive year.

In 2014, Tesla and other large companies, agreed to open facilities in the Tahoe Reno Industrial Center located east of Sparks in Storey County. The neighboring communities, such as the City of Sparks, have experienced a positive impact to the economy and expect to continue seeing economic improvement over the next several years as a result of the addition of an estimated 50,000 new jobs. These anticipated jobs will bring welcome relief to a region that was hit hard by high levels of unemployment during the recession.

In March of 2018, our State Demographer indicated that the increase in population was largely due to the state going from a period of significant job loss during the Great Recession to a period of solid job growth and that job gains in Nevada have been among the strongest in the nation. While much of that growth has been in Southern Nevada, Sparks has seen an increase of 2.3% in population in the last year. The housing growth in the area that was seen in fiscal year 2017 to meet the growing population demands has steadied. In fiscal year 2017, permits were issued to build 475 single family homes and 765 multi-family units. In fiscal year 2018, 471 single family home permits were issued, and 541 multi-family units were permitted. A decrease of one percent and twenty-nine percent respectively. This may indicate that our period of significant growth has reached a peak.

However, the resulting expected growth in existing property assessed value is not expected to match the property tax growth that is allowed under Nevada property tax cap laws.

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

Due to extremely low growth and inflation in recent years, this secondary property tax cap calculation will result in property tax revenue growth of only 4.2% on general property rather than the 8% cap in fiscal year 2018-2019. Any assessed value increases for existing property that is above the cap of 3% for residential and 4.2% for general property will be abated. However, after considering new development which is not subject to the cap, the City is anticipating a 5.2% increase in property tax revenues in fiscal year 2018-2019 even though the City's overall assessed value is expected to grow by only 2.2%. Thus, the property tax cap laws in their current form have resulted in a situation whereby property tax revenues are not keeping pace with the overall economic recovery and are hindering the ability of local governments throughout Nevada to meet the growing service needs within their communities.

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

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

from the State to help mitigate expenses expected to be incurred related to the legalization of recreational marijuana.

Long-Term Financial Planning

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

Relevant Financial Policies

Cash Management

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

The City, in effect, pools its cash for investment purposes and has invested primarily in certificates of deposit, money market instruments and agency securities. Due to the federal fiscal policies intended to keep interest rates low for an extended period of time, investment earnings have remained low. For fiscal year 2017-2018, the average interest rate earned on investments maturing during the year was 1.68 percent.

Risk Management

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

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

The City's Workers' Compensation Insurance Fund has excess insurance coverage for each occurrence. The City has experienced several disability claims for public safety retirees related to heart, lung and cancer (HLC) benefits, all of which were presumed to be job-related under state law. However, primarily due to legislation passed by the 2015 Nevada Legislature, the City of Sparks saw a significant decrease in the projected HLC liability in 2014-2015, and we expect any significant changes to this liability in the future will continue to be primarily driven by legislation enacted by the Nevada Legislature.

Pension Information

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

investments. To properly account for this benefit, the City adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* beginning with the 2014-2015 fiscal year. The City reports a portion of the PERS net pension liability prorated by participating entity contributions.

Postemployment Benefits Other Than Pensions (OPEB)
The City provides a variety of post-retirement health care benefits to certain retirees and their dependents. To properly account for these benefits, in fiscal year 2017-2018 the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The benefits are financed on a pay-as-you-go basis and are reported as a liability in the City's financial statements.

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

Awards and Acknowledgments

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

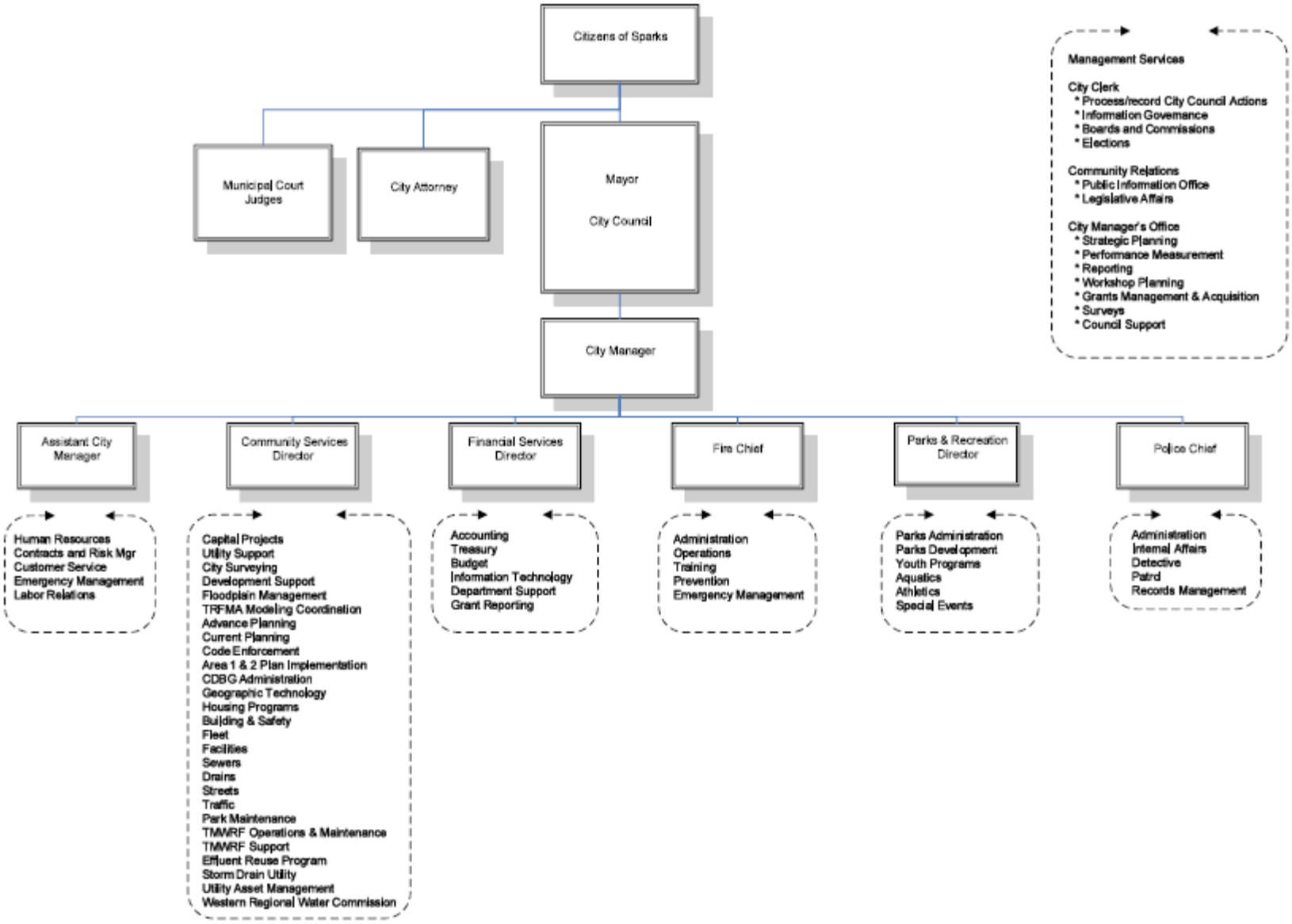
In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one fiscal year only. We believe that fiscal year 2017-2018 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,

Jeff Cronk, CPA
Financial Services Director


Citizens of Sparks
Municipal Court Judges
City Attorney
Mayor
City Council
City Manager
Management Services
City Clerk
* Process/record City Council Actions
* Information Governance
* Boards and Commissions
* Elections
Community Relations
* Public Information Office
* Legislative Affairs
City Manager's Office
* Strategic Planning
* Performance Measurement
* Reporting
* Workshop Planning
* Grants Management & Acquisition
* Surveys
* Council Support
Assistant City Manager
Human Resources
Contracts and Risk Mgr
Customer Service
Emergency Management
Labor Relations
Community Services Director
Capital Projects
Utility Support
City Surveying
Development Support
Floodplain Management
TRFMA Modeling Coordination
Advance Planning
Current Planning
Code Enforcement
Area 1 & 2 Plan Implementation
CDBG Administration
Geographic Technology
Housing Programs
Building & Safety
Fleet
Facilities
Sewers
Drains
Streets
Traffic
Park Maintenance
TMWRF Operations & Maintenance
TMWRF Support
Effluent Reuse Program
Storm Drain Utility
Utility Asset Management
Western Regional Water Commission
Financial Services Director
Accounting
Treasury
Budget
Information Technology
Department Support
Grant Reporting
Fire Chief
Administration
Operations
Training
Prevention
Emergency Management
Parks & Recreation Director
Parks Administration
Parks Development
Youth Programs
Aquatics
Athletics
Special Events
Police Chief
Administration
Internal Affairs
Detective
Patrol
Records Management
06/30/2018

Office	Name	Term of Office	Term Expires
Mayor	Geno R. Martini	4 years	November, 2018
Council Member Ward 1	Donald Abbott	4 years	November, 2020
Council Member Ward 2	Ed Lawson	4 years	November, 2018
Council Member Ward 3	Ron Smith	4 years	November, 2020
Council Member Ward 4	Charlene Bybee	4 years	November, 2018
Council Member Ward 5	Kristopher Dahir	4 years	November, 2020
City Attorney	Chet Adams	4 years	November, 2020
Municipal Judge, District 1	Barbara McCarthy	6 years	November, 2020
Municipal Judge, District 2	Jim Spoo	6 years	November, 2018
City Manager	Stephen W. Driscoll	Appointed	
Assistant City Manager	Neil Krutz	Appointed	
City Clerk	Teresa Gardner	Appointed	
Community Services Director	John Martini	Appointed	
Financial Services Director	Jeff Cronk	Appointed	
Fire Chief	Chris Maples	Appointed	
Parks & Recreation Director	Tracy Domingues	Appointed	
Police Chief	Brian Allen	Appointed	

INDEPENDENT AUDITORS

Eide Bailly LLP

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sparks

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As discussed in Note 1 and 18 to the financial statements, the City of Sparks, Nevada has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Corrections of Errors
As discussed in Note 18 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employee's Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources, net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

As discussed in Note 18 to the financial statements, certain errors resulted in an overstatement of road infrastructure donations constructed by the Regional Transportation Commission (RTC) and recorded as construction in progress in the governmental activities as of June 30, 2017, were discovered by management of City of Sparks, Nevada during the current year. The construction of certain roads was initially reported to the City of Sparks, Nevada by RTC as a road infrastructure donation, however the City of Sparks, Nevada subsequently determined this portion of Pyramid Highway would fall under the jurisdiction of the State of Nevada and would not be a road infrastructure donation on City of Sparks, Nevada's books. Accordingly, the amount reported for construction in progress has been restated as of July 1, 2017 to correct the error. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 28, the schedule of changes in the total other post-employment benefits liability and related ratios on page 83, the schedule of the City's share of net pension liability on page 84, and the schedule of the City's contributions on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sparks, Nevada's basic financial statements. The introductory section, nonmajor combining and individual fund statements and schedules including budgetary comparisons, statistical section, and the schedule of fees imposed subject to the provisions of NRS 354.5989 – Limitation of Fees for Business Licenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Prior Year Comparative Information
We have previously audited, in accordance with accounting standards generally accepted in the United States of America, the basic financial statements of the City of Sparks, Nevada, as of and for the year ended June 30, 2017, and have issued our report thereon dated November 28, 2017, which expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2017, is consistent with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2017 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Sparks, Nevada's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
November 26, 2018

City of Sparks, Nevada
Management's Discussion and Analysis

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2018. This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Sparks (government-wide) exceeded its liabilities and deferred inflows of resources at June 30, 2018 by $408,713,535 (net position), an increase of 8.1 percent from the prior year restated net position. The net position is primarily represented by the City's net investment in capital assets.

- A restatement of prior period net position in the amount of $103,742,381 was made to correct two errors and to implement a new accounting standard. Assets incorrectly reported by the Regional Transportation Commission as a donation to the City accounted for $72,736,752 of the adjustment. A restatement of employer contributions made by the Public Employees' Retirement System in accordance with their implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, was not reported to the City timely and resulted in an adjustment of $7,298,744. The adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulted in an adjustment of $23,706,885.

- Net Pension liability of the City is $86,625,696, a decrease of $998,515 from the prior year liability of $87,624,211. 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 Employees' Retirement System of Nevada (PERS). As a result of recording the decrease in the City's portion of net pension liability ($998,515), a decrease in deferred pension inflows ($824,545), and a decrease in deferred pension outflows ($1,610,576) after a prior period restatement of $7,298,744, net position was increased by $212,484.

- Governmental activity revenues were $107,073,192 as compared to $136,233,617 for the year ended June 30, 2017. The decrease of $29,160,425 is primarily driven by a decrease in contributed grants, interest and capital of $36,842,855, mostly from the Regional Transportation Commission and an increase in charges for services revenue of $4,594,122, an increase in Ad valorem taxes of $1,200,088 and an increase in Consolidated tax revenues of $3,354,052. Business-type activity revenues were $45,805,886 in fiscal year 2017-2018, an increase of $9,363,356 over the prior year revenues of $36,442,530. The increase is primarily related to an increase in revenues from sewer connection fees. Expenses of the business type activities increased by $1,970,252, 7.4 percent, and were related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks

contributes from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in the Note 6 of the financial statements.

- Sparks' governmental funds reported combined ending fund balances of $49,542,587 as of June 30, 2018, which is an increase of $6,811,212 from fiscal year 2016-2017 ending fund balance total of $42,731,375. The increase was primarily due to an increase in revenues from property taxes and special assessments.

- Governmental Accounting Standards Board Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2018, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was $6,815,213, which represents 11.0 percent of General Fund departmental expenditures (excluding capital). Of that amount, $183,927 is assigned for open purchase orders and $771,131 is assigned as a budgeted resource to be expended in fiscal year 2018-2019, leaving $5,860,155 as an unassigned fund balance.

- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.6 percent of total General Fund revenues and have increased by 9.7 percent from last year's results. Consolidated tax revenues, which included a tax payer refund of approximately $1.1 million dollars in the fiscal year 2016-2017, increased 14.5 percent, and property taxes increased by 4.4 percent compared to the previous fiscal year.

- Cash and investments (unrestricted) of $98,307,765 can cover current liabilities 2.1 times on a government-wide basis.

- The City's long-term liabilities outstanding decreased by $19,741,847 in fiscal year 2017-2018. The decrease was primarily attributable to regular debt service payments, and a bond call on the 2016 Limited Obligation Improvement Refunding Bonds which is special assessment debt.

Overview: Understanding the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents all of Sparks' assets, deferred outflows of resources, liabilities and deferred inflows of resources. Deferred outflows of resources are a use of assets that is applicable to a future reporting period, such as prepaid items. Deferred inflows of resources are

an acquisition of assets that is applicable to a future reporting period, such as advance collections. The difference between assets and deferred outflows less liabilities and deferred inflows is reported as "net position", which over time can provide an indication of improvement or decline in the City's financial position.

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

Under current generally accepted accounting principles, the City of Sparks maintains two types of proprietary funds; enterprise funds and internal service funds. The business-type activities presented in the governmental-wide financial statements are those that are accounted for in enterprise funds. The major enterprise fund reported in this manner is the Sewer Operations Fund, and the non-major enterprise fund is the Development Services Fund.

Internal service funds are commonly used as an accounting structure to accumulate and allocate costs of services provided internally between and amongst various City of Sparks' funds and functions. The City uses such funds to account for its self-insurance activities and its central motor vehicle services. Since these services predominantly benefit governmental rather than business-type functions (although there is an element in these funds that provides services to enterprise/business-type activities) their financial data have been included in the governmental activities section of the government-wide financial statements. Financial information for the internal service funds is provided in the aggregate in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and individual fund schedules elsewhere in the report.

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

The combining non-major fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

Government-Wide Analysis

Over time, values reported as "net position" can provide an indication of a government's financial position. As noted previously, the City's net position, after a prior period restatement, increased by 8.1 percent during fiscal year 2017-2018. This is primarily due to an increase in capital assets most of which were related to the North Truckee Drain project, and a decrease in long term liabilities related to regular debt service payments and a bond call on the City's 2016 Limited Obligation Improvement Refunding Bonds.

A restatement of prior period net position in the amount of $103,742,381 was made to correct an error in donated assets reported by the Regional Transportation Commission of $72,736,752 and to implement two new accounting standards which impacted net position by $31,005,629. More information on the adjustments can be found in Note 18 of the financial statements.

CITY OF SPARKS' STATEMENT OF NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Current and other assets	$ 79,130,023	$ 76,031,295	$ 100,615,391	$ 99,929,027	$ 179,745,414	$ 175,960,322
Capital assets	391,304,755	392,420,165	174,626,689	164,919,420	565,931,444	557,339,585
Total assets	470,434,778	468,451,460	275,242,080	264,848,447	745,676,858	733,299,907
Deferred outflow bond refundings	185,688	2,073,101	-	-	185,688	2,073,101
Deferred outflow related to pensions	10,950,654	12,409,292	1,142,193	1,294,131	12,092,847	13,703,423
Deferred outflow related to OPEB	540,996	-	22,799	-	563,795	-
Total deferred outflow of resources	11,677,338	14,482,393	1,164,992	1,294,131	12,842,330	15,776,524
Total assets and deferred outflows	482,112,116	482,933,853	276,407,072	266,142,578	758,519,188	749,076,431
Long-term liabilities outstanding	246,176,650	260,372,107	47,374,734	52,921,124	293,551,384	313,293,231
Other liabilities	38,897,025	37,878,472	8,929,500	10,398,442	47,826,525	48,276,914
Total liabilities	285,073,675	298,250,579	56,304,234	63,319,566	341,377,909	361,570,145
Deferred inflow related to pensions	7,760,716	8,507,939	667,028	744,350	8,427,744	9,252,289
Total deferred inflow of resources	7,760,716	8,507,939	667,028	744,350	8,427,744	9,252,289
Total liabilities and deferred inflows	292,834,391	306,758,518	56,971,262	64,063,916	349,805,653	370,822,434
Net investment in capital assets	363,842,341	305,219,526	137,394,248	136,405,793	501,236,589	441,625,319
Restricted	38,126,693	36,694,210	-	-	38,126,693	36,694,210
Unrestricted	(212,691,309)	(165,738,401)	82,041,562	65,672,869	(130,649,747)	(100,065,532)
Total net position	$ 189,277,725	$ 176,175,335	$ 219,435,810	$ 202,078,662	$ 408,713,535	$ 378,253,997

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, $501,236,589, 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 $38,126,693, is restricted to specific uses. These restrictions are established by laws, regulations, creditors, grantors, or any external entity that can enforce spending compliance. For example, transient occupancy taxes collected in Sparks, which are recorded in the Victorian Square Room Tax Capital Projects Fund, are restricted to uses which

benefit the City's downtown core. The increase in restricted net position of $1,432,483 is comprised of increases related to amounts restricted for self-insurance claims and capital projects and decreases in amounts restricted for debt service.

Unrestricted net position is the amount available to meet the City's on-going obligations. The negative unrestricted net position value of $130,649,747 in fiscal year 2017-2018 is comprised primarily of a deficit of $212,691,309 related to governmental activities. This deficit is largely the result of two factors. Firstly, it is the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued by the City and the City's Redevelopment Agency can be found in Note 9 of the financial statements. The second large component of the unrestricted deficit is related to the portion of the Public Employees' Retirement System (PERS) pension liability that is required to be reported by the City. More information related to the pension liability can be found in Note 11 of the financial statements.

CITY OF SPARKS CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	$ 28,159,957	$ 23,565,835	$ 31,105,437	$ 28,714,298	$ 59,265,394	$ 52,280,133
Operating grants, interest and contributions	1,224,032	1,722,150	-	13,729	1,224,032	1,735,879
Capital grants, interest and contributions	4,620,380	41,463,235	14,538,770	7,648,854	19,159,150	49,112,089
	34,004,369	66,751,220	45,644,207	36,376,881	79,648,576	103,128,101
General revenues:						
Ad valorem taxes	27,562,058	26,361,970			27,562,058	26,361,970
Special Assessments - taxes	342,080	889,479			342,080	889,479
Consolidated tax	26,549,389	23,195,337			26,549,389	23,195,337
Dedicated sales tax - improvement districts	12,288,002	11,148,798			12,288,002	11,148,798
Other taxes	6,516,466	6,018,224			6,516,466	6,018,224
Unrestricted investment income	393,507	243,579	69,182	(39,993)	462,689	203,586
Gain (Loss) on sale of capital assets	(1,208,486)	654,519	-	-	(1,208,486)	654,519
Miscellaneous revenue	625,807	970,491	92,497	105,642	718,304	1,076,133
	73,068,823	69,482,397	161,679	65,649	73,230,502	69,548,046
Total revenues	107,073,192	136,233,617	45,805,886	36,442,530	152,879,078	172,676,147
Expenses:						
General Government	13,621,461	13,628,107			13,621,461	13,628,107
Judicial	2,462,689	2,351,052			2,462,689	2,351,052
Public safety:						
Police	27,129,738	26,748,439			27,129,738	26,748,439
Fire	16,674,528	16,528,033			16,674,528	16,528,033
Public Works	1,616,735	1,497,563			1,616,735	1,497,563
Public Works	9,069,840	9,177,840			9,069,840	9,177,840
Culture and recreation	10,788,462	10,092,377			10,788,462	10,092,377
Community support	2,025,939	3,298,425			2,025,939	3,298,425
Interest on long-term debt	10,352,937	10,501,091			10,352,937	10,501,091
Sewer			24,247,795	22,922,462	24,247,795	22,922,462
Development services			4,429,416	3,784,497	4,429,416	3,784,497
Total expenses	93,742,329	93,822,927	28,677,211	26,706,959	122,419,540	120,529,886
Increase (Decrease) in net position before transfers & special items	13,330,863	42,410,690	17,128,675	9,735,571	30,459,538	52,146,261
Transfers	(228,473)	(25,941)	228,473	25,941	-	-
Increase (Decrease) in net position	13,102,390	42,384,749	17,357,148	9,761,512	30,459,538	52,146,261
Net position, July 1, as originally reported	277,957,194	235,572,445	204,039,184	194,277,672	481,996,378	429,850,117
Prior period adjustment	(101,781,859)	-	(1,960,522)	-	(103,742,381)	-
Net position, July 1, as restated	176,175,335	235,572,445	202,078,662	194,277,672	378,253,997	429,850,117
Net position, June 30	$ 189,277,725	$ 277,957,194	$ 219,435,810	$ 204,039,184	$ 408,713,535	$ 481,996,378

Governmental Activities

Governmental activities in fiscal year 2017-2018, including a prior period adjustment, decreased the City's net position by $88,679,469. Of the more significant results for governmental activities that contributed to this change the following was observed:

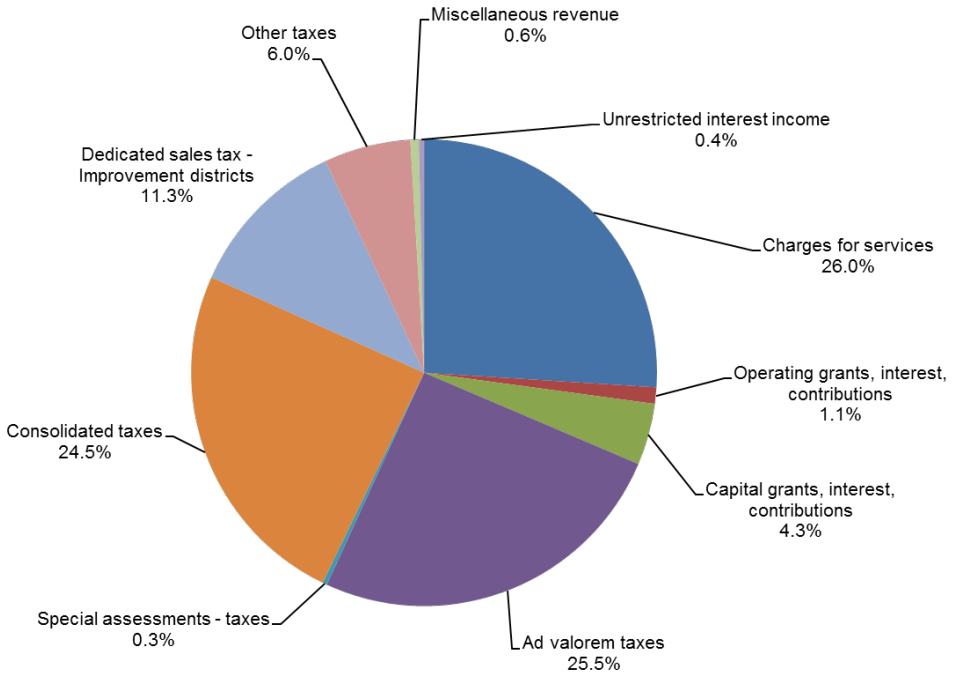
- A decrease to net position related to prior period activity was recorded in the amount of $101,781,859. Of this, $22,399,719 was related to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, $6,645,388 was related to the correction of an error related to the Public Employees' Retirement System (PERS) implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*, and $72,736,752 was related to a correction of an error reported by the Regional Transportation Commission in relation to donated assets;

- In fiscal year 2017-2018, charge for services revenues increased by 19.5 percent or $4,594,122. The primary reason for this increase is attributable to increased business licensing revenues which include licensing for marijuana sales, increased franchise fee revenue, and increased park construction tax revenues;

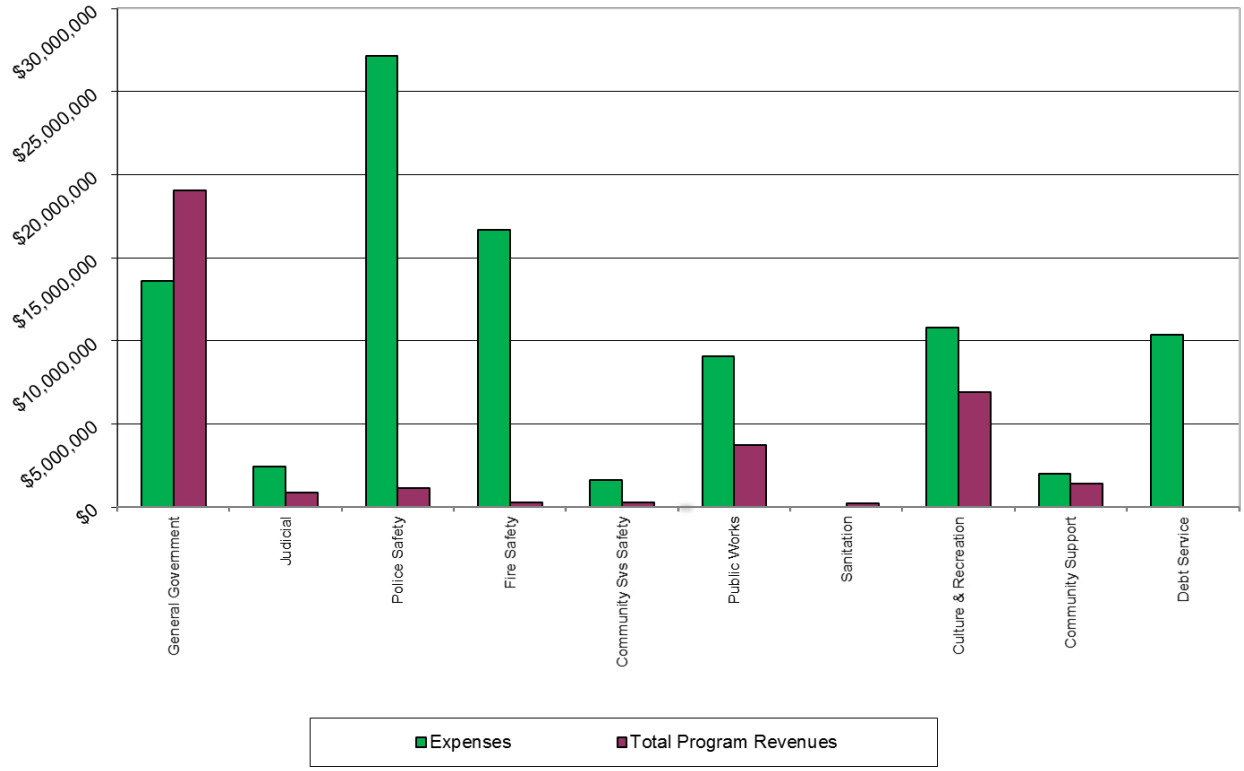
- Ad valorem tax revenues increased by 4.6 percent, or $1,200,088, from fiscal year 2016-2017. Since the housing decline, the City's assessed values remain decreased by 5.7 percent. Two bills passed during the 2005 Legislative Session – AB 489 and SB 509 – collectively known as the "property tax relief measure", have significantly limited future property tax receipts, by placing caps on property tax bills of up to 3 percent for residential properties and up to 8 percent for certain commercial properties, based on the greater of the 10-year rolling average of assessed value growth in the county or two times the consumer price index. Thus, the increases in assessed values that the City is starting to see will not result in comparable increases in revenues;

- Consolidated taxes (consisting primarily of sales taxes) increased by 14.5 percent or $3,354,052 from fiscal year 2016-2017. Fiscal year 2017-2018 is the first year that collections have exceeded (by 2.9 percent) those of 2005-2006, the peak before the Great recession.

Revenues by Source Governmental Activities



Expenses and Program Revenues
Governmental Activities



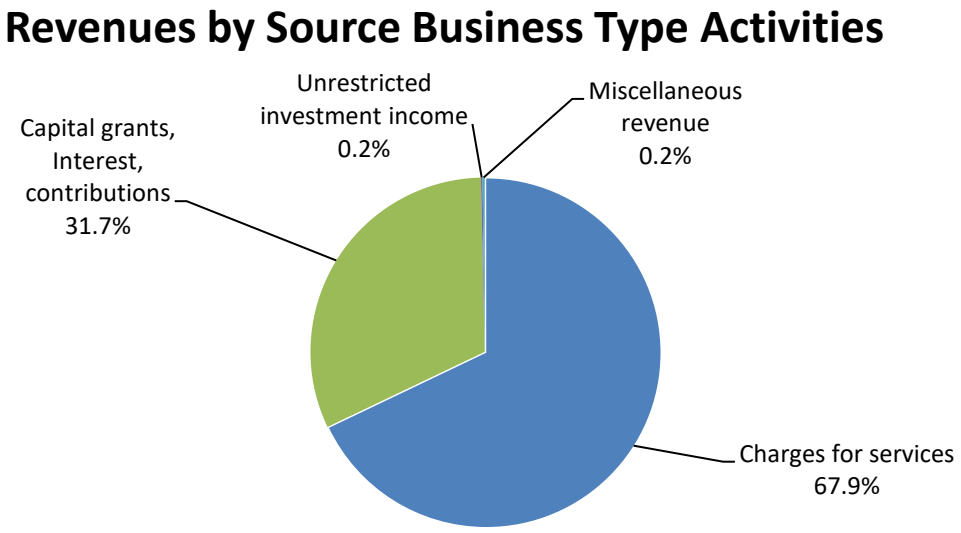
Business-type Activities

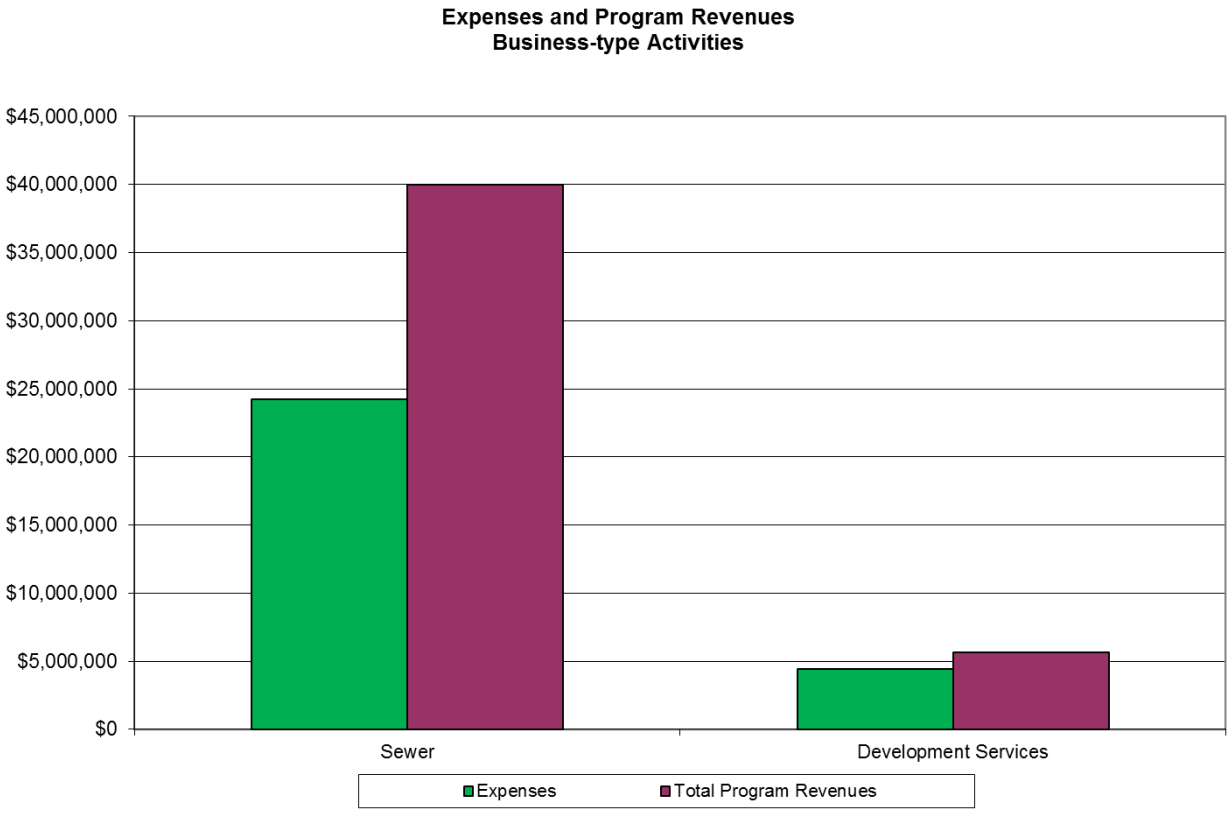
Business-type activities, in fiscal year 2017-2018, increased the City's net position by $15,396,626 which includes a prior period adjustment. Significant results include:

- A decrease to net position related to prior period activity was recorded in the amount of $1,960,522. Of this, $1,307,166 was related to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and $653,356 was related to the correction of an error related to the Public Employees' Retirement System (PERS) implementation of Governmental Accounting Standards Board Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*;

- Total revenues increased by 25.7 percent, or $9,363,356, which was driven primarily by an increase in revenues from capital grants, interest and contributions, such as sewer connection fees;

- Expenses of the business type activities increased from $26,706,959 to $28,677,211, an increase of $1,970,252, 7.4 percent, and were related to increases in maintenance costs related to the City's share of the Truckee Meadows Water Reclamation Facility. The Truckee Meadows Water Reclamation Facility is a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks makes contributions from the Sewer Operations Enterprise Fund. More information about the Truckee Meadows Water Reclamation Facility can be found in Note 6 of the financial statements.





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 Board Statement No. 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 financial statements.

- As of June 30, 2018, Sparks' governmental funds reported combined ending fund balances of $49,542,587 which is an increase of $6,811,212 from fiscal year 2016-2017 ending fund balance of $42,731,375. The increase was primarily due to an increase in revenues from property taxes and special assessments.

- The combined ending fund balance of $49,542,587 is comprised of: $33,709,418 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and $15,833,169 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 32.0 percent of the combined ending fund balances, or $15,833,169, is unrestricted. Of the unrestricted balance, $1,240,812 has been committed by Council action and $8,732,202 has been assigned by the Financial Services Director (a designee of Council) for budget deficits, encumbered purchase orders, or as required by the specific purpose of each fund. The remaining $5,860,155 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, 2018, the unrestricted fund balance (includes committed, assigned and unassigned balances) was $6,815,213 or 151.1 percent greater than the prior year's unrestricted balance of $2,714,072. The increase is due to the receipt of increased consolidated sales tax revenues, business license revenues, and property tax revenues. For fiscal year 2017-2018 revenues exceeded expenditures and resulted in an increase of the City's unrestricted fund balance to 11.0% of departmental expenditures (excluding capital outlay), which is above the established policy goal of 8.3 percent. The unrestricted fund balance is 9.9 percent of General Fund revenues which is up from 4.4 percent of General Fund revenues from fiscal year 2016-2017.

Although the City's General Fund balance was $6,815,213 at June 30, 2018, it should be noted that $955,058 is considered assigned for specific purposes, including $183,927 for open purchase orders and $771,131 as budgeted resources to be expended in fiscal year 2018-2019. This leaves $5,860,155 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a $6,706,330 (10.8 percent) increase in revenues and transfers in and a $688,145 (1.1 percent) decrease in expenditures and transfers out. The three largest areas of revenue changes were; intergovernmental revenues increased $3,540,732 (13.6 percent), most of which is related to increased Consolidated Tax revenue collected by the state, and licenses and permit revenues increased $2,552,541 (22.9 percent) most of which is related to marijuana license revenues, and property taxes increased $916,543 (4.4 percent) mostly related to real property tax revenues. The decrease in expenditures and transfers out was related to a $1,375,175 (34.4 percent) decrease in transfers out of the General Fund, most of which was for capital projects. The result is that the ending fund balance within the General Fund increased by $4,101,141, or 151.1 percent, from the prior year.

General Obligation Debt Service Fund

The existing debt in this fund is either backed by sales tax revenues (Sales Tax Anticipation Revenue bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was $13,848,981 compared to $14,993,867 for the prior year, a decrease of 7.6 percent. All revenue collected within this fund is pledged for debt service.

Proprietary Funds

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

The net position of the Sewer Operations Enterprise Fund was $217,528,939 as of June 30, 2018, an increase of $15,633,287 or 7.7 percent over the prior year's balance, as restated of $201,895,652. The major changes were a $5,521,443 (104.6 percent) increase in revenues from sewer connection fees, and a $1,427,057 (6.0 percent) increase in sewer service charges.

Net position of the Development Services Enterprise Fund increased to $3,055,516 from the restated amount of $1,869,096, or 63.5 percent. Continued development in the area is evidenced by an increase of $970,410, or 20.6 percent, in operating revenues, primarily attributed to increases in building and zoning receipts, and a corresponding increase in operating expenses of $675,733, or 17.7 percent, primarily related to an increase in salary and wage expenses.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget appropriations decreased by $66,206, approximately 0.1 percent below the original budget. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were $3,280,978 more than budgeted, primarily due to an increase in business license revenue related to marijuana establishment licensing which was not budgeted due to the novelty of the revenue, and an increase in consolidated tax revenue above budgeted expectations.

Actual expenditures were 1.7 percent below the final amended budget, which was primarily due to underspends in professional services and contracts, and travel expenditures.

The following functions are highlighted:

- General government achieved $621,829, or 4.9 percent, in budgetary savings, primarily from an underspend in professional services within the Management Services department;

- The Municipal Court achieved $75,164, or 3.4 percent, in budgetary savings, primarily from changes in personnel that affected group health and retirement costs;

- Public safety achieved $175,410 or 0.4 percent in budgetary savings, primarily from overtime reimbursements related to mutual aid services provided by the Fire Department;

- Budgetary savings within the Culture and recreation function totaled $95,287, or 3.2 percent, which was primarily due to an underspend in professional and contract services, and an underspend in water costs.

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, 2018 amounted to $565,931,444, an increase of $8,591,859 compared to $557,339,585 from the prior year, as restated for an error correction. 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 decrease from fiscal year 2017-2018 operations for governmental activities was $1,115,410, (from $392,420,165 as restated to $391,304,755), while business-type activities increased by $9,707,269 (from $164,919,420 as restated to $174,626,689).

Significant capital asset activities that occurred during fiscal year 2017-2018 included:

- An adjustment of $72,736,752 was made to the amount reported as invested in governmental capital assets in fiscal year 2016-2017 which brought the prior balance of $465,156,917 to $392,420,165. The adjustment was made to correct an error caused by improper owner identification of donated assets from the Regional Transportation Commission, such as the Pyramid McCarran intersection;

- During the fiscal year assets classified as infrastructure, net of depreciation, increased by $16,083,977, of which $6,738,706 was reclassified from construction in progress to infrastructure. The increase was primarily due to additions of drainage assets related to the North Truckee Drain project.

CITY OF SPARKS' CAPITAL ASSETS
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2018	2017, as restated	2018	2017	2018	2017, as restated
Land	$ 32,820,178	$ 31,383,244	$ -	$ -	$ 32,820,178	$ 31,383,244
Intangibles	3,536,241	3,585,544	2,648	2,648	3,538,889	3,588,192
Buildings	17,210,621	17,918,853	593,608	622,176	17,804,229	18,541,029
Improvements other than Buildings	32,431,038	35,175,406	736,364	812,448	33,167,402	35,987,854
Equipment, Furnishings & Vehicles	11,067,913	9,729,491	449,677	141,790	11,517,590	9,871,281
Infrastructure	207,515,230	206,165,292	165,322,174	150,588,135	372,837,404	356,753,427
Construction in progress	86,634,653	88,373,454	495,716	5,725,721	87,130,369	94,099,175
Water Rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	$ 391,304,755	$ 392,420,165	$ 174,626,689	$ 164,919,420	$ 565,931,444	$ 557,339,585

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, 2018, the City of Sparks had a total of $293,551,384 of long-term liabilities outstanding. Of this amount, $86,625,696 is related to pension benefits, $34,637,755 is related to Other Post-Employment Benefits (OPEB), $50,000 is related to refundable deposits, and $172,238,133 is outstanding for all other long-term liabilities.

Short and long-term liabilities not related to pension, OPEB, and deposits, amounting to $207,813,864 are comprised of $162,725,106 of governmental activities and $45,088,758 of business-type activities. Governmental activity includes revenue bonds of $103,776,530; tax allocation bonds of $31,969,961; incentive agreement payable to Syufy of $1,500,000; and accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling $25,478,615. Business-type activity includes Sewer Utility general obligation bonds totaling $38,082,582; a $4,945,551 note payable to the City of Reno representing the City of Sparks' share of the costs related to expansion at the Truckee Meadows Water Reclamation Facility; and accrued compensated absences and sick leave conversion liabilities of $2,060,625. The City of Sparks' outstanding debt, including debt of the Redevelopment Agency, decreased by $18,453,306, or 8.2 percent, during the fiscal year ended June 30, 2018.

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

Other Factors

- The unemployment rate in the Reno-Sparks area was 3.7 percent in June 2018, compared to 4.0 percent in June 2017.

- Since the national recession officially ended in 2009, the median home values within Sparks have seen a significant rise. After peaking at approximately $332,000 prior to the recession, the median home value plummeted to about $140,000 during the recession. While still slightly below the peak values seen prior to the recession, home values have rebounded significantly to about $328,000, which reflects an increase of about 14.7 percent during the past year.

- Improved employment within the region has been a direct influence on the steady improvement of taxable sales. Fiscal year 2015-2016 was the first post-recession year that Washoe County taxable sales surpassed the former peak of $7.3 billion set in fiscal year 2005-2006. The amount of taxable sales within Washoe County was $5.2 billion during fiscal year 2009-2010 during the nadir of the recession; however, since then, taxable sales within Washoe County have increased to $8.5 billion in fiscal year 2017-2018, an increase of 63.5 percent during the past eight fiscal years. We expect taxable sales to continue to improve as regional employment remains strong.

- In July 2017, the State legalized recreational marijuana sales. The City collected $1,549,302 of marijuana licensing fees for cultivation, production and distribution operations. California legalized recreational marijuana sales in January 2018, which may impact demand in Nevada.

- As mentioned previously, the City's Ad Valorem tax revenues increased by 4.6 percent in fiscal year 2017-2018. This was due to an increase of 5.0 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps, between fiscal year 2017-2018 and fiscal year 2016-2017. As the residential housing market continues to strengthen, we anticipate ad valorem revenues to

increase over the next several years. However, this increase in revenue will not necessarily match the more rapid growth in assessed valuation due to the limits on revenue growth resulting from the property tax caps put in place during the 2005 Legislative session.

- The City of Sparks' estimated population increased slightly during fiscal year 2017-2018 (2.3 percent). The high unemployment rate that caused people to relocate to areas with better employment opportunity has been steadily improving. Sparks had an annual population growth that averaged 1.5 percent from fiscal year 2015 to 2018, and the Nevada State Demographer's office is projecting a population increase for fiscal year 2018-2019. Looking forward, the recent announcement of several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to attract thousands of new residents to the City of Sparks over the next decade or so.

- In January of 2014, the City Council approved a four-year annual rate increase of 8.25 percent to the sewer portion of the sewer, storm drain and flood mitigation user fees. Sewer service and storm drain rates are $361.00, and the flood mitigation fee is $64.92, per year. In addition, sewer connection fees, which include sewer, storm drain, and flood mitigation components increased from $5,875 to $6,108 per residence as of January 1, 2018.

All of these factors and others were considered in preparing the City's budget for the upcoming 2018-2019 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.

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 45,198,284	$ 53,109,481	$ 98,307,765
Accounts receivable	11,993,369	2,457,689	14,451,058
Internal balances	1,148,645	(1,148,645)	-
Due from other governments	9,060,646	495,262	9,555,908
Inventories	193,405	-	193,405
Prepaids	30,000	-	30,000
Deposits	19,072	-	19,072
Notes receivable	-	4,984,128	4,984,128
Restricted assets			
Cash and investments	11,486,602	-	11,486,602
Investment in the Truckee Meadows Water Reclamation Facility	-	40,717,476	40,717,476
Capital assets			
Land, construction in progress, intangible, assets, and water rights	122,773,077	7,524,866	130,297,943
Other capital assets, net of depreciation	268,531,678	167,101,823	435,633,501
Total assets	470,434,778	275,242,080	745,676,858
Deferred Outflows of Resources			
Deferred amount on bond refundings	185,688	-	185,688
Deferred outflows related to OPEB	540,996	22,799	563,795
Deferred outflows related to pensions	10,950,654	1,142,193	12,092,847
Total deferred outflows of resources	11,677,338	1,164,992	12,842,330
Total assets and deferred outflows of resources	482,112,116	276,407,072	758,519,188
Liabilities			
Accounts payable and accrued expenses	3,728,197	452,449	4,180,646
Accrued interest payable	663,754	338,809	1,002,563
Contracts and retentions payable	1,259,596	843,521	2,103,117
Deposits	25,129	65,000	90,129
Due to other governments	3,034,982	1,020,688	4,055,670
Unearned revenue	594,574	224,095	818,669
Noncurrent liabilities			
Due within one year	29,590,793	5,984,938	35,575,731
Due in more than one year	133,134,313	39,103,820	172,238,133
Refundable deposits	-	50,000	50,000
Net pension liability	79,929,784	6,695,912	86,625,696
Total OPEB liability	33,112,553	1,525,002	34,637,555
Total liabilities	285,073,675	56,304,234	341,377,909
Deferred Inflows of Resources			
Deferred inflows related to pensions	7,760,716	667,028	8,427,744
Total liabilities and deferred inflows of resources	292,834,391	56,971,262	349,805,653
Net Position			
Net investment in capital assets	363,842,341	137,394,248	501,236,589
Restricted for			
Court improvements	1,262,893	-	1,262,893
Road and street projects	2,204,637	-	2,204,637
Grants	1,493,351	-	1,493,351
Claims	3,102,396	-	3,102,396
Debt service	17,865,984	-	17,865,984
Capital projects	11,773,131	-	11,773,131
Promotion of special events	98,200	-	98,200
Public safety	326,101	-	326,101
Unrestricted	(212,691,309)	82,041,562	(130,649,747)
Total Net Position	$ 189,277,725	$ 219,435,810	$ 408,713,535

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Interest, Contributions	Program Revenues: Capital Grants, Interest, Contributions
Governmental activities				
General government	$ 13,621,461	$ 17,303,881	$ -	$ 1,736,146
Judicial	2,462,689	884,023	-	-
Public safety				
Police	27,129,738	583,716	514,063	50,051
Fire	16,674,528	82,620	180,072	-
Community services	1,616,735	295,014	-	-
Public works	9,069,840	2,033,918	-	1,712,276
Sanitation	-	254,414	-	-
Culture and recreation	10,788,462	6,706,621	55,777	171,907
Community support	2,025,939	15,750	474,120	950,000
Debt service				
Interest and fiscal charges	10,352,937	-	-	-
Total governmental activities	93,742,329	28,159,957	1,224,032	4,620,380
Business-type activities				
Sewer	24,247,795	25,421,540	-	14,538,770
Development Services	4,429,416	5,683,897	-	-
Total business-type activities	28,677,211	31,105,437	-	14,538,770
Total primary government	$ 122,419,540	$ 59,265,394	$ 1,224,032	$ 19,159,150
General revenues				
Ad valorem taxes				
Special assessments - taxes				
Unrestricted intergovernmental - consolidated taxes				
Dedicated sales tax - improvement districts				
Unrestricted fair share distribution, state shared				
Motor vehicle fuel taxes				
Unrestricted gaming licenses, state shared				
Marijuana revenue, state shared				
Room taxes				
Governmental services tax				
Unrestricted investment income				
Miscellaneous revenue				
Loss on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position, Beginning of Year, as Originally Reported				
Prior Period Adjustment				
Net Position, Beginning of Year, as Restated				
Net Position, End of Year				

See Notes to Financial Statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
$ 5,418,566	$ -	$ 5,418,566
(1,578,666)	-	(1,578,666)
(25,981,908)	-	(25,981,908)
(16,411,836)	-	(16,411,836)
(1,321,721)	-	(1,321,721)
(5,323,646)	-	(5,323,646)
254,414	-	254,414
(3,854,157)	-	(3,854,157)
(586,069)	-	(586,069)
(10,352,937)	-	(10,352,937)
(59,737,960)	-	(59,737,960)
-	15,712,515	15,712,515
-	1,254,481	1,254,481
-	16,966,996	16,966,996
(59,737,960)	16,966,996	(42,770,964)
27,562,058	-	27,562,058
342,080	-	342,080
26,549,389	-	26,549,389
12,288,002	-	12,288,002
2,033,634	-	2,033,634
2,560,742	-	2,560,742
346,909	-	346,909
126,543	-	126,543
1,285,863	-	1,285,863
162,775	-	162,775
393,507	69,182	462,689
625,807	92,497	718,304
(1,208,486)	-	(1,208,486)
(228,473)	228,473	-
72,840,350	390,152	73,230,502
13,102,390	17,357,148	30,459,538
277,957,194	204,039,184	481,996,378
(101,781,859)	(1,960,522)	(103,742,381)
176,175,335	202,078,662	378,253,997
$ 189,277,725	$ 219,435,810	$ 408,713,535

City of Sparks
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 5,068,888	$ 4,261,408	$ 26,906,988	$ 36,237,284
Accounts receivable, net	1,764,901	7,859,066	2,283,667	11,907,634
Prepaids	-	-	30,000	30,000
Due from other funds	1,057	-	-	1,057
Due from other governments	5,903,479	2,248,007	907,258	9,058,744
Restricted assets				
Cash and investments	-	8,541,602	2,945,000	11,486,602
Total assets	$ 12,738,325	$ 22,910,083	$ 33,072,913	$ 68,721,321
Liabilities				
Accounts payable	$ 915,896	$ -	$ 609,257	$ 1,525,153
Accrued liabilities	1,756,196	-	230,397	1,986,593
Contracts payable	18,153	-	1,135,700	1,153,853
Contract retentions payable	-	-	105,743	105,743
Refundable deposits	7,615	-	17,514	25,129
Unearned revenues	183,096	-	411,479	594,575
Due to other funds	-	-	1,057	1,057
Due to other governments	2,812,824	-	198,088	3,010,912
Total liabilities	5,693,780	-	2,709,235	8,403,015
Deferred Inflows of Resources				
Unavailable revenue – other	31,019	-	67,361	98,380
Unavailable revenue – grants	96,138	-	1,357,179	1,453,317
Unavailable revenue – property and other taxes	102,175	1,202,036	60,745	1,364,956
Unavailable revenue – special assessments	-	7,859,066	-	7,859,066
Total deferred inflows of resources	229,332	9,061,102	1,485,285	10,775,719
Fund Balances				
Restricted for				
Grants and donations	-	-	144,425	144,425
Law enforcement	-	-	304,326	304,326
Promotion of special events	-	-	98,200	98,200
Various judicial uses	-	-	229,998	229,998
Municipal facilities construction	-	-	153,114	153,114
Court fee collection programs	-	-	776,254	776,254
Developer agreements	-	-	1,845,942	1,845,942
Bond proceeds defined projects	-	-	21,448	21,448
Debt service reserve	-	13,848,981	5,158,705	19,007,686
Parks and recreation	-	-	4,313,298	4,313,298
Street improvements and rehabilitation	-	-	1,258,618	1,258,618
Capital projects	-	-	448,709	448,709
Improvements to Victorian Square	-	-	5,107,400	5,107,400
Committed for				
Economic development	-	-	30,458	30,458
Parks and recreation	-	-	208,874	208,874
Road surface repairs	-	-	610,803	610,803
Economic stabilization	-	-	390,677	390,677
Assigned for				
Purchases on order	183,927	-	-	183,927
Specific capital projects	-	-	2,381,312	2,381,312
Next year's budget deficit	771,131	-	-	771,131
Other capital projects	-	-	5,395,832	5,395,832
Unassigned	5,860,155	-	-	5,860,155
Total fund balances	6,815,213	13,848,981	28,878,393	49,542,587
Total liabilities, deferred inflows of resources, and fund balances	$ 12,738,325	$ 22,910,083	$ 33,072,913	$ 68,721,321

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

Total fund balances - total governmental funds		$ 49,542,587
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	550,519,440	
Less accumulated depreciation	(169,539,081)	
		380,980,359
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	(103,776,530)	
Tax allocation bonds payable	(31,969,961)	
Compensated absences payable	(13,125,737)	
Net pension liability	(78,923,820)	
Net OPEB asset (obligation)	(32,959,110)	
Sick leave conversion payable	(4,350,041)	
Financial incentive agreement payable	(1,500,000)	
		(266,605,199)
Interest payable		(663,754)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		10,775,720
Deferred outflows and inflows of resources related to pensions and bond refundings are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	10,787,861	
Deferred outflows of resources related to OPEB	539,103	
Deferred outflows of resources related to bond refundings	185,688	
Deferred inflows of resources related to pensions	(7,656,595)	
		3,856,057
Internal service funds are used by management to charge the costs of certain activities of individual funds. Net position of the internal service funds are reported with governmental activities.		10,243,310
Internal balances is a receivable from/(payable to) business-type activities		1,148,645
Net position of governmental activities		$ 189,277,725

City of Sparks

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

Year Ended June 30, 2018

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 21,944,121	$ 5,839,431	$ 7,756,624	$ 35,540,176
Licenses and permits	13,699,662	-	5,219,813	18,919,475
Intergovernmental revenues	29,614,730	11,085,966	4,541,389	45,242,085
Charges for services	2,593,862	-	3,258,533	5,852,395
Fines and forfeits	701,704	-	2,000	703,704
Miscellaneous	116,551	172,313	481,645	770,509
Total revenues	68,670,630	17,097,710	21,260,004	107,028,344
Expenditures				
Current				
General government	12,106,110	-	667,664	12,773,774
Judicial	2,116,540	-	231,070	2,347,610
Public safety	42,978,079	-	1,005,496	43,983,575
Public works	1,531,334	-	3,203,318	4,734,652
Culture and recreation	2,859,653	-	4,699,706	7,559,359
Community support	278,231	-	957,241	1,235,472
Total current expenditures	61,869,947	-	10,764,495	72,634,442
Capital outlay				
General government	35,532	-	304,030	339,562
Judicial	-	-	103,528	103,528
Public safety	41,990	-	575,335	617,325
Public works	-	-	1,356,812	1,356,812
Culture and recreation	-	-	1,306,484	1,306,484
Community support	-	-	544,942	544,942
Total capital outlay	77,522	-	4,191,131	4,268,653
Debt service				
Principal	-	10,804,519	2,840,000	13,644,519
Interest	-	8,434,867	988,275	9,423,142
Fiscal charges and other	-	13,840	4,313	18,153
Total debt service	-	19,253,226	3,832,588	23,085,814
Total expenditures	61,947,469	19,253,226	18,788,214	99,988,909
Excess (Deficiency) of Revenues over Expenditures	6,723,161	(2,155,516)	2,471,790	7,039,435
Other Financing Sources (Uses)				
Capital asset sales	-	-	250	250
Transfers				
Transfers in	-	1,010,630	1,929,108	2,939,738
Transfers out	(2,622,020)	-	(546,191)	(3,168,211)
Total other financing sources (uses)	(2,622,020)	1,010,630	1,383,167	(228,223)
Net Change in Fund Balances	4,101,141	(1,144,886)	3,854,957	6,811,212
Fund Balances, Beginning of Year	2,714,072	14,993,867	25,023,436	42,731,375
Fund Balances, End of Year	$ 6,815,213	$ 13,848,981	$ 28,878,393	$ 49,542,587

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds		$	6,811,212
Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when the assets are sold.			
Expenditures for capital assets	4,268,653		
Proceeds from sale of assets	(250)		
Sale/disposition of assets	(1,166,234)		
Less current year depreciation	(9,430,675)		(6,328,506)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
Change in unavailable revenue - other	33,099		
Change in unavailable revenue - grants	(7,748)		
Change in unavailable revenue - property and other taxes	1,159,328		
Change in unavailable revenue - special assessments	(5,497,351)		
Donated capital assets	4,570,329		257,657
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.			
Principal payments	13,644,519		13,644,519
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Amortization of current year bond discounts	(196,920)		
Amortization of bond refundings	(1,887,413)		
Change in accrued interest	1,172,688		
Change in long-term compensated absences payable	(948,097)		
Change in total OPEB liability	(1,240,546)		
Change in sick leave conversion payable	485,709		(2,614,579)
Governmental funds report City pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense.			
City pension contributions	5,274,466		
City pension expense	(5,084,253)		190,213
Internal service funds are used by management to charge the costs of certain activities of individual funds. The change in net position of the internal service funds is reported with governmental activities.			1,141,874
Change in net position of governmental activities		$	13,102,390

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Real property	$ 21,075,000	$ 21,075,000	$ 20,531,007	$ (543,993)
Personal property	1,120,000	1,120,000	1,413,114	293,114
	22,195,000	22,195,000	21,944,121	(250,879)
Licenses and permits				
Business licenses and permits				
Business licenses	4,804,884	4,804,884	6,638,450	1,833,566
Business license penalties	105,553	105,553	96,384	(9,169)
Liquor licenses	257,727	257,727	289,574	31,847
City gaming licenses	535,963	535,963	594,834	58,871
Telecommunication licenses	930,000	930,000	980,999	50,999
Franchise fees				
Gas	448,612	448,612	491,472	42,860
Electric	1,380,015	1,380,015	1,519,934	139,919
Water	463,500	463,500	447,763	(15,737)
Sanitation	1,325,893	1,325,893	1,443,490	117,597
Other	917,377	917,377	855,089	(62,288)
Other licenses and permits	237,941	237,941	341,673	103,732
	11,407,465	11,407,465	13,699,662	2,292,197
Intergovernmental revenues				
Federal and state grants	-	-	9,688	9,688
State shared revenue				
Consolidated taxes payment	25,450,000	25,450,000	26,549,389	1,099,389
Fair share distribution	2,000,000	2,000,000	2,033,634	33,634
Marijuana shared revenue	-	-	126,543	126,543
Other local government shared revenues				
County gaming licenses				
(City's share)	362,448	362,448	346,909	(15,539)
Other	548,567	548,567	548,567	-
	28,361,015	28,361,015	29,614,730	1,253,715
Charges for services				
General government				
Building and zoning fees	3,000	3,000	1,905	(1,095)
Other	2,642,261	2,642,261	2,591,957	(50,304)
	2,645,261	2,645,261	2,593,862	(51,399)
Fines and forfeits				
Fines - Court	607,000	607,000	603,687	(3,313)
Forfeits - Bail	6,000	6,000	3,086	(2,914)
Forfeits - Other	6,500	6,500	94,931	88,431
	619,500	619,500	701,704	82,204
Miscellaneous				
Investment income	50,000	50,000	11,435	(38,565)
Rents and royalties	61,939	61,939	53,465	(8,474)
Other	49,472	49,472	51,651	2,179
	161,411	161,411	116,551	(44,860)
Total revenues	65,389,652	65,389,652	68,670,630	3,280,978

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
General government				
Executive (Mayor)				
Salaries and wages	$ 62,084	$ 62,084	$ 64,067	$ (1,983)
Employee benefits	43,603	43,603	44,230	(627)
Services and supplies	5,421	5,420	996	4,424
	111,108	111,107	109,293	1,814
Legislative (City Council)				
Salaries and wages	262,227	262,227	271,390	(9,163)
Employee benefits	165,240	165,240	173,028	(7,788)
Services and supplies	14,790	14,790	27,987	(13,197)
	442,257	442,257	472,405	(30,148)
Management services				
Salaries and wages	1,653,463	1,653,462	1,804,547	(151,085)
Employee benefits	2,194,545	2,194,545	2,080,513	114,032
Services and supplies	2,612,989	2,590,472	1,916,758	673,714
	6,460,997	6,438,479	5,809,818	628,661
Legal (City Attorney)				
Salaries and wages	1,015,184	1,015,184	1,064,904	(49,720)
Employee benefits	526,585	526,585	511,202	15,383
Services and supplies	121,475	121,474	98,756	22,718
	1,663,244	1,663,243	1,674,862	(11,619)
Finance				
Salaries and wages	1,683,301	1,683,300	1,745,680	(62,380)
Employee benefits	836,531	836,531	858,499	(21,968)
Services and supplies	833,294	833,293	746,026	87,267
Capital outlay	15,000	15,000	27,532	(12,532)
	3,368,126	3,368,124	3,377,737	(9,613)
Community services				
Salaries and wages	419,563	419,563	415,315	4,248
Employee benefits	222,665	222,665	214,507	8,158
Services and supplies	98,033	98,033	67,705	30,328
	740,261	740,261	697,527	42,734
Total general government	12,785,993	12,763,471	12,141,642	621,829
Judicial				
Municipal Court				
Salaries and wages	1,246,244	1,246,244	1,227,862	18,382
Employee benefits	710,933	710,933	670,589	40,344
Services and supplies	234,527	234,527	218,089	16,438
Total judicial	2,191,704	2,191,704	2,116,540	75,164
Public safety				
Police department				
Salaries and wages	14,385,191	14,385,191	14,640,713	(255,522)
Employee benefits	8,215,453	8,215,454	8,012,837	202,617
Services and supplies	3,079,612	3,078,712	2,986,434	92,278
Capital outlay	-	-	34,495	(34,495)
	25,680,256	25,679,357	25,674,479	4,878

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Fire department				
Salaries and wages	$ 9,084,768	$ 9,084,769	$ 8,982,385	$ 102,384
Employee benefits	5,255,316	5,255,316	5,208,803	46,513
Services and supplies	1,853,034	1,853,034	1,767,440	85,594
Capital outlay	-	-	7,495	(7,495)
	16,193,118	16,193,119	15,966,123	226,996
Community services				
Salaries and wages	69,113	69,113	71,189	(2,076)
Employee benefits	46,797	46,797	47,100	(303)
Services and supplies	1,207,093	1,207,093	1,261,178	(54,085)
	1,323,003	1,323,003	1,379,467	(56,464)
Total public safety	43,196,377	43,195,479	43,020,069	175,410
Public works				
Community services				
Salaries and wages	461,361	461,361	424,322	37,039
Employee benefits	263,091	263,091	243,952	19,139
Services and supplies	913,424	870,603	863,060	7,543
Total public works	1,637,876	1,595,055	1,531,334	63,721
Culture and recreation				
Community services				
Salaries and wages	689,318	689,318	670,253	19,065
Employee benefits	488,797	488,797	465,565	23,232
Services and supplies	1,776,826	1,776,825	1,723,835	52,990
Total culture and recreation	2,954,941	2,954,940	2,859,653	95,287
Community support				
Management services				
Services and supplies	291,250	291,286	278,231	13,055
Total expenditures	63,058,141	62,991,935	61,947,469	1,044,466
Excess (Deficiency) of Revenues over Expenditures	2,331,511	2,397,717	6,723,161	4,325,444
Other Financing Sources (Uses)				
Contingency	(1,000,000)	(1,000,000)	-	1,000,000
Transfers				
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	(2,622,020)	(2,622,020)	(2,622,020)	-
Total other financing sources (uses)	(2,622,020)	(2,622,020)	(2,622,020)	-
Net Change in Fund Balances	(290,509)	(224,303)	4,101,141	4,325,444
Fund Balances, Beginning of Year	4,078,210	4,022,655	2,714,072	(1,308,583)
Fund Balances, End of Year	$ 3,787,701	$ 3,798,352	$ 6,815,213	$ 3,016,861

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Assets				
Unrestricted current assets				
Cash and investments	$ 46,591,662	$ 6,517,819	$ 53,109,481	$ 8,961,000
Accounts receivable	2,441,349	16,340	2,457,689	85,735
Notes receivable	541,011	-	541,011	-
Due from other governments	494,667	595	495,262	1,902
Deposits	-	-	-	19,072
Inventory of supplies	-	-	-	193,405
Total unrestricted current assets	50,068,689	6,534,754	56,603,443	9,261,114
Noncurrent assets				
Capital assets				
Construction in progress	488,216	7,500	495,716	1,322,292
Intangible assets	2,648	-	2,648	-
Buildings	982,424	-	982,424	451,019
Site improvements	3,657,383	-	3,657,383	245,445
Machinery and equipment	759,520	123,422	882,942	27,047,760
Water rights	7,026,502	-	7,026,502	-
Roads and streets	7,095,011	-	7,095,011	-
Storm drains	123,901,984	-	123,901,984	-
Sewer lines	144,219,431	-	144,219,431	-
	288,133,119	130,922	288,264,041	29,066,516
Less accumulated depreciation	113,567,714	69,638	113,637,352	18,742,120
Capital assets, net	174,565,405	61,284	174,626,689	10,324,396
Other noncurrent assets				
Investment in Truckee Meadows Water Reclamation Facility	40,717,476	-	40,717,476	-
Notes receivable, net	4,443,117	-	4,443,117	-
Total other noncurrent assets	45,160,593	-	45,160,593	-
Total noncurrent assets	219,725,998	61,284	219,787,282	10,324,396
Total assets	269,794,687	6,596,038	276,390,725	19,585,510
Deferred Outflows of Resources				
Deferred outflows related to OPEB	11,734	11,065	22,799	1,893
Deferred outflows related pensions	780,303	361,890	1,142,193	162,794
	792,037	372,955	1,164,992	164,687
Total Assets and Deferred Outflows of Resources	270,586,724	6,968,993	277,555,717	19,750,197

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Liabilities				
Current liabilities (payable from current assets)				
Accounts payable	$ 122,823	$ 84,333	$ 207,156	$ 200,979
Accrued liabilities	152,494	92,799	245,293	15,472
Contracts payable	406,189	70,426	476,615	-
Contract retentions payable	366,906	-	366,906	-
Refundable deposits	-	65,000	65,000	-
Unearned revenues	224,095	-	224,095	-
Due to other governments	917,281	103,407	1,020,688	24,070
Interest payable	338,809	-	338,809	-
Current maturities of long-term liabilities	5,758,785	226,153	5,984,938	2,564,864
Total current liabilities	8,287,382	642,118	8,929,500	2,805,385
Long-term liabilities				
Refundable deposits (net of current portion)	-	50,000	50,000	-
Compensated absences (net of current portion)	651,548	518,312	1,169,860	166,786
Total OPEB liability	814,060	710,942	1,525,002	153,443
Net pension obligation	4,962,022	1,733,890	6,695,912	1,005,964
Sick leave conversion payable (net of current portion)	244,579	116,838	361,417	26,950
Claims liabilities (net of current portion)	-	-	-	5,244,238
General obligation bonds and note (net of current portion)	37,572,543	-	37,572,543	-
Total long-term liabilities	44,244,752	3,129,982	47,374,734	6,597,381
Total liabilities	52,532,134	3,772,100	56,304,234	9,402,766
Deferred Inflows of Resources				
Deferred inflows related pensions	525,651	141,377	667,028	104,121
Total Liabilities and Deferred Inflows of Resources	53,057,785	3,913,477	56,971,262	9,506,887
Net Position				
Net investment in capital assets	137,332,964	61,284	137,394,248	10,324,396
Claims	-	-	-	3,102,396
Unrestricted	80,195,975	2,994,232	83,190,207	(3,183,482)
Total Net Position	$ 217,528,939	$ 3,055,516	220,584,455	$ 10,243,310
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(1,148,645)	
Net Position of Business-Type Activities			$ 219,435,810	

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Revenues				
Licenses and permits	$ 199,820	$ 2,540,760	$ 2,740,580	$ -
Charges for services	25,222,431	3,143,138	28,365,569	17,219,700
Miscellaneous	91,557	-	91,557	348,592
Total operating revenues	25,513,808	5,683,898	31,197,706	17,568,292
Operating Expenses				
Salaries and wages	2,955,354	1,870,810	4,826,164	554,296
Employee benefits	1,667,935	856,240	2,524,175	322,912
Services and supplies	9,975,216	1,759,575	11,734,791	13,470,673
Depreciation	6,845,539	4,164	6,849,703	1,565,188
Net loss from Truckee Meadows Water Reclamation Facility	2,657,986	-	2,657,986	-
Total operating expenses	24,102,030	4,490,789	28,592,819	15,913,069
Operating Income (Loss)	1,411,778	1,193,109	2,604,887	1,655,223
Nonoperating Revenues (Expenses)				
Investment income (loss)	53,951	15,231	69,182	63,421
Interest expense	(621,833)	-	(621,833)	-
Grants	(711)	-	(711)	(1,922)
Miscellaneous	(516)	1,455	939	4,845
Gain (loss) on disposition of assets	-	-	-	(42,252)
Total nonoperating revenues (expenses)	(569,109)	16,686	(552,423)	24,092
Income (Loss) Before Capital Contributions and transfers	842,669	1,209,795	2,052,464	1,679,315
Capital Contributions				
Sewer connection fees	10,802,523	-	10,802,523	-
Sewer lines and storm drains	3,736,247	-	3,736,247	-
Total capital contributions	14,538,770	-	14,538,770	-
Transfers				
Transfers in	255,744	-	255,744	30,068
Transfers out	(3,896)	(23,375)	(27,271)	(30,068)
Total transfers	251,848	(23,375)	228,473	-
Change in Net Position	15,633,287	1,186,420	16,819,707	1,679,315
Net Position, Beginning of Year, Originally Reported	203,058,882	2,666,388		8,787,861
Prior period adjustments	(1,163,230)	(797,292)		(223,866)
Net Assets, Beginning of Year, as Restated	201,895,652	1,869,096		8,563,995
Net Position, End of Year	$ 217,528,939	$ 3,055,516		$ 10,243,310
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			537,441	
Change in net position of business-type activities			$ 17,357,148	

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Operating Activities				
Cash received from customers and users	$ 25,734,629	$ 5,678,716	$ 31,413,345	$ 2,764,728
Cash received from interfund services provided	-	-	-	14,576,696
Cash received from reimbursements of insurance claims	91,557	1,255	92,812	383,188
Cash paid to employees	(4,500,316)	(2,513,897)	(7,014,213)	(871,514)
Cash paid to suppliers	(12,516,057)	(1,712,405)	(14,228,462)	(13,564,942)
Cash paid to Truckee Meadows Water Reclamation Facility	(1,747,632)	-	(1,747,632)	-
Miscellaneous cash receipts (expenses)	(516)	-	(516)	-
Net Cash from (used for) Operating Activities	7,061,665	1,453,669	8,515,334	3,288,156
Noncapital Financing Activities				
Subsidy from federal, state and other grants	(711)	-	(711)	(1,922)
Transfers in	255,744	-	255,744	-
Transfers out	(3,896)	(23,375)	(27,271)	-
Net Cash from (used for) Noncapital Financing Activities	251,137	(23,375)	227,762	(1,922)
Capital and Related Financing Activities				
Bond and capital lease obligation principal payments	(5,285,940)	-	(5,285,940)	-
Bond and capital lease interest expense paid	(934,766)	-	(934,766)	-
Proceeds from sale of capital assets	-	-	-	36,899
Acquisition of capital assets	(12,053,373)	(28,648)	(12,082,021)	(2,282,291)
Cash contributions - sewer connection fees	10,802,529	-	10,802,529	-
Net Cash used for Capital and Related Financing Activities	(7,471,550)	(28,648)	(7,500,198)	(2,245,392)
Investing Activities				
Investment income (loss)	53,951	15,231	69,182	63,421
Principal received on notes receivable	512,081	-	512,081	-
Net Cash from Investing Activities	566,032	15,231	581,263	63,421
Net Change in Cash and Cash Equivalents	407,284	1,416,877	1,824,161	1,104,263
Cash and Cash Equivalents, Beginning of Year	46,184,378	5,100,942	51,285,320	7,856,737
Cash and Cash Equivalents, End of Year	$ 46,591,662	$ 6,517,819	$ 53,109,481	$ 8,961,000

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash from (used for) operating activities:				
Operating income (loss)	$ 1,411,778	$ 1,193,109	$ 2,604,887	$ 1,655,223
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:				
Depreciation	6,845,539	4,164	6,849,703	1,565,188
Miscellaneous cash receipts	(516)	1,455	939	-
Changes in				
Accounts receivable	97,885	(14,131)	83,754	24,253
Due from other governments	169,053	-	169,053	132,677
Inventory of supplies	-	-	-	46,318
Deferred outflows related to pensions	103,120	48,818	151,938	23,037
Net OPEB asset and deferred outflows related to OPEB	(7,508)	(6,745)	(14,253)	(1,354)
Investment in Truckee Meadows Water Reclamation Facility	910,354	-	910,354	-
Accounts payable	(12,784)	(32,126)	(44,910)	63,749
Accrued liabilities	21,026	17,477	38,503	(1,078)
Compensated absences	32,717	54,810	87,527	9,396
Contracts payable	(2,612,692)	51,506	(2,561,186)	-
Net pension liability and deferred inflows related to pensions	(116,840)	(54,118)	(170,958)	(26,262)
Total OPEB liability	26,357	26,558	52,915	1,952
Sick leave conversion payable	64,093	126,346	190,439	-
Unearned revenue	45,440	-	45,440	(607)
Refundable deposits	-	8,750	8,750	(892)
Due to other governments	84,643	27,796	112,439	(1,468)
Claims liabilities	-	-	-	(201,976)
Total adjustments	5,649,887	260,560	5,910,447	1,632,933
Net Cash from Operating Activities	$ 7,061,665	$ 1,453,669	$ 8,515,334	$ 3,288,156
Noncash investing and capital and related financing activities:				
Contributions of capital assets from developers	$ 3,736,247	$ -	$ 3,736,247	$ -
Book value of capital asset disposals	$ -	$ -	$ -	$ 68,180

	Agency
Assets	
Cash and investments	$ 4,267,731
Liabilities	
Accounts payable	$ 207,936
Group insurance premium payable	355,674
Due to other governments	3,704,121
Total liabilities	$ 4,267,731

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Redevelopment Agency (Areas No. 1 and No. 2) of the City of Sparks
Although legally separate from the City, the Redevelopment Agency Areas are governed by a Board comprised of City Council Members and Mayor, the Areas are dependent upon the City's taxing authority, and the City has operational responsibility for the Areas. Separate financial statements for the Redevelopment Agency Areas are not available.

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

Cash and Investments

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

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States (U.S.) and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.

- U.S. bonds and debentures maturing within ten (10) years from the date of purchase.

- Certain farm loan bonds.

- Bills and notes of the U.S. Treasury, maturing within ten (10) years from the date of purchase.

- Obligations of an agency of the U.S. or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.

- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.

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

Cash Equivalents

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

Receivables and Payables

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

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end. 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, Redevelopment Agency Area No. 1 Tax Revenue Debt Service Fund, and Redevelopment Agency Area No. 2 Debt Service Fund. These amounts are reported as restricted assets.

Capital Assets

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

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

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

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

Long-Term Liabilities

Government-wide and proprietary fund type fund financial statements:

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

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

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

Governmental fund type financial statements:

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

Deferred Inflows and Outflows of Resources

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

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

Pensions

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

Equity Classifications

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

- Net Investment in Capital Assets– Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted Net Position – Consists of equity with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – All other equity that does not meet the definition of "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 Financial Services Director to assign fund balance.

- **Unassigned Fund Balance** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

Comparative Data

Comparative data shown for the prior year has been extracted from the 2016-2017 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 2016-2017. Such information can only be obtained by referring to the audited financial statements for that year.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standards on beginning net position is disclosed in Note 18 to the financial statements and the additional disclosures required by this standard are include in Note 15.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

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

- On or before April 15, the Financial Services Director 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 Financial Services Director or designee may approve budget adjustments within a function. Budget adjustments between functions or funds may be approved by the Financial Services Director with City Council notification. Adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval.

- Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.

- In accordance with State statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue, and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.

- Budgets are adopted for all governmental fund types and for all proprietary fund types. Additional control over spending activities of these funds is achieved through required approval of all purchases over $50,000 by the City Council and certain expenditures are restricted by bond indenture provisions.

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

Compliance with Nevada Revised Statutes and Administrative Code

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

Actual expenditures exceeded those budgeted for the year in the culture and recreation function of the Parks and Recreation Program Fund by $72,377. However, the majority of the overspend, approximately $44,000, meets the exclusion under NRS 354.626(2)c.

Deficit Fund Equity

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of $4,406,603 at June 30, 2018.

Note 3 - Cash and Investments

Deposits

At June 30, 2018, the City's carrying amount of deposits was $6,539,683 and the bank balance was $6,492,645. 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 less than the City's carrying amount by $46,738.

Investments

At June 30, 2018, 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	$ 52,951,028	$ 990,620	$ 44,136,770	$ 7,823,638
Negotiable certificates of deposit	8,424,378	1,219,327	7,205,051	-
Money market mutual funds	46,147,003	46,147,003	-	-
	$ 107,522,409	$ 48,356,950	$ 51,341,821	$ 7,823,638

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

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

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

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the City or by the City's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2018, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security – Federal National Mortgage Association	8.13%
U.S. Agency security – Federal Home Loan Mortgage Corporation	14.79%
U.S. Agency security – Federal Farm Credit Bank	10.85%
U.S. Agency security – Federal Home Loan Bank	15.47%

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

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

As of June 30, 2018, the City had the following recurring fair value measurements:

		Fair Value Measurements Using		
	June 30, 2018	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Instruments by fair value level				
U.S. agencies	$ 52,951,028	$ -	$ 52,951,028	$ -
Negotiable certificates of deposit	8,424,378	-	8,424,378	-
Money market mutual funds	46,147,003	46,147,003	-	-
Total investments measured at fair value	$ 107,522,409	$ 46,147,003	$ 61,375,406	$ -

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

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

Corporate notes – Valued based on cash flow models that include interest rate yield curves.

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

Summary of Deposit and Investment Balances

A reconciliation of the City's deposits and investment balances as of June 30, 2018 follows:

Deposits	$ 6,539,689
Investments	107,522,409
	$ 114,062,098
Governmental activities	
Cash and investments	$ 45,198,284
Cash and investments – restricted	11,486,602
Business-type activities	
Cash and investments	53,109,481
Fiduciary Funds	4,267,731
	$ 114,062,098

Note 4 - Accounts Receivable and Notes Receivable

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable						
Miscellaneous	$ 1,776,742	$ -	$ 934,741	$ 2,711,483	$ 85,735	$ 2,797,218
Special Assessments	-	7,859,066	-	7,859,066	-	7,859,066
Housing Rehabilitation loans	-	-	1,381,578	1,381,578	-	1,381,578
	1,776,742	7,859,066	2,316,319	11,952,127	85,735	12,037,862
Less allowance for uncollectibles	11,841	-	32,652	44,493	-	44,493
Accounts receivable, net	$ 1,764,901	$ 7,859,066	$ 2,283,667	$ 11,907,634	$ 85,735	$ 11,993,369

Accounts receivable not expected to be collected within one year are $7,168,141 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of $1,381,578 less the allowance of $32,652 reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund	Nonmajor Development Services	Total Business-Type Activities
Accounts Receivable			
Sewer charges	$ 2,441,349	$ -	$ 2,441,349
Miscellaneous	-	16,340	16,340
	$ 2,441,349	$ 16,340	$ 2,457,689
Notes Receivable			
Effluent connection fees	$ 920,089	$ -	$ 920,089
Sun Valley GID	4,064,039	-	4,064,039
Notes Receivable	$ 4,984,128	$ -	$ 4,984,128

The current portion of notes receivable was $541,011 as of June 30, 2018. These notes receivable include Sun Valley GID notes with interest rates ranging from 2.66% to 2.78%, principal and interest payable semi-annually through January 2024 and January 2027. Also included are effluent connection fees, which generally include a 4% interest rate and various maturity dates depending on the customer.

Note 5 - Interfund Balances and Activity

Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2018 is as follows:

Due From	Due To General Fund
Nonmajor Governmental	$ 1,057

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 for the year ended June 30, 2018 are as follows:

	Transfers In					
Transfers Out	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Internal Service	Total
General Fund	$ 692,912	$ 1,929,108	$ 2,622,020	$ -	$ -	$ 2,622,020
Nonmajor Governmental	290,447	-	290,447	255,744	-	546,191
Total governmental	983,359	1,929,108	2,912,467	255,744	-	3,168,211
Sewer	3,896	-	3,896	-	-	3,896
Nonmajor Enterprise	23,375	-	23,375	-	-	23,375
Total business-type	27,271	-	27,271	-	-	27,271
Internal Service	-	-	-	-	30,068	30,068
Total	$ 1,010,630	$ 1,929,108	$ 2,939,738	$ 255,744	$ 30,068	$ 3,225,550

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

Note 6 - Joint Ventures

Truckee Meadows Water Reclamation Facility

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

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2018, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was $2,657,986.

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, 2018, is $40,717,476.

Summary June 30, 2018 financial information for TMWRF is as follows:

Assets	
Current assets	$ 6,046,998
Capital assets, net of accumulated depreciation	138,134,467
Total assets	144,181,465
Deferred outflows related to pensions	1,146,153
Deferred outflows related to OPEB	18,635
Total deferred outflows of resources	1,164,788
Total assets and deferred outflows of resources	145,346,253
Liabilities	
Current liabilities	2,179,267
Noncurrent liabilities	8,856,993
Total liabilities	11,036,260
Deferred inflows related to pensions	614,325
Total liabilities and deferred inflows of resources	11,650,585
Net Position	
Net investment in capital assets	138,134,467
Unrestricted	(4,438,799)
Total net position	$ 133,695,668
Operating revenues	$ 20,457,083
Operating expenses before depreciation and amortization	(20,437,499)
Depreciation and amortization	(6,763,899)
Nonoperating revenues (expenses)	(82,032)
Capital contributions	5,566,678
Change in net position	$ (1,259,669)

Commitments outstanding for construction projects at TMWRF at June 30, 2018 totaled approximately $5.49 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 70% and 30%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2018, the City of Sparks has recorded $4,945,551 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

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

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend $12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2018, 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, 2018, 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, 2018, 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, 2018 was as follows:

Governmental Activities

	Balance July 1, 2017 (RESTATED)	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2018
Capital assets, not being depreciated					
Land	$ 31,383,244	$ 1,908,053	$ (471,119)	$ -	$ 32,820,178
Construction in progress	88,373,454	2,157,497	(32,356)	(3,863,942)	86,634,653
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	123,074,944	4,065,550	(503,475)	(3,863,942)	122,773,077
Capital assets, being depreciated					
Intangible assets	692,057	20,927	-	-	712,984
Buildings	40,596,256	968,260	(2,452,999)	12,922	39,124,439
Improvements other than buildings	94,356,998	1,388,300	(211,249)	210,295	95,744,344
Machinery and equipment	31,416,203	1,462,391	(1,206,106)	2,180,944	33,853,432
Infrastructure	282,702,084	3,215,816	-	1,459,781	287,377,681
Total capital assets, being depreciated	449,763,598	7,055,694	(3,870,354)	3,863,942	456,812,880
Less accumulated depreciation for					
Intangible assets	(335,878)	(70,230)	-	-	(406,108)
Buildings	(22,677,403)	(1,055,660)	1,819,245	-	(21,913,818)
Improvements other than buildings	(59,181,592)	(4,322,507)	190,793	-	(63,313,306)
Machinery and equipment	(21,686,712)	(2,221,807)	1,123,000	-	(22,785,519)
Infrastructure	(76,536,792)	(3,325,659)	-	-	(79,862,451)
Total accumulated depreciation	(180,418,377)	(10,995,863)	3,133,038	-	(188,281,202)
Total capital assets, being depreciated, net	269,345,221	(3,940,169)	(737,316)	3,863,942	268,531,678
Governmental activities capital assets, net	$ 392,420,165	$ 125,381	$ (1,240,791)	$ -	$ 391,304,755

Business-type Activities

	Balance July 1, 2017	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2018
Capital assets, not being depreciated					
Construction in progress	$ 5,725,721	$ 323,645	$ -	$ (5,553,650)	$ 495,716
Water rights	7,026,502	-	-	-	7,026,502
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	12,754,871	323,645	-	(5,553,650)	7,524,866
Capital assets, being depreciated					
Buildings	982,424	-	-	-	982,424
Improvements other than buildings	3,657,383	-	-	-	3,657,383
Machinery and equipment	545,689	74,355	(11,827)	274,725	882,942
Roads and streets	5,541,710	1,110,020	-	443,281	7,095,011
Storm drains	105,454,058	13,888,559	-	4,559,367	123,901,984
Sewer lines	142,782,761	1,160,393	-	276,277	144,219,431
Total capital assets, being depreciated	258,964,025	16,233,327	(11,827)	5,553,650	280,739,175
Less accumulated depreciation for					
Buildings	(360,248)	(28,568)	-	-	(388,816)
Improvements other than buildings	(2,844,935)	(76,084)	-	-	(2,921,019)
Machinery and equipment	(403,899)	(41,193)	11,827	-	(433,265)
Roads and streets	(912,976)	(422,943)	-	-	(1,335,919)
Storm drains	(38,098,325)	(2,630,630)	-	-	(40,728,955)
Sewer lines	(64,179,093)	(3,650,285)	-	-	(67,829,378)
Total accumulated depreciation	(106,799,476)	(6,849,703)	11,827	-	(113,637,352)
Total capital assets, being depreciated, net	152,164,549	9,383,624	-	5,553,650	167,101,823
Business-type activities capital assets, net	$ 164,919,420	$ 9,707,269	$ -	$ -	$ 174,626,689

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

Governmental Activities	
General government	$ 421,015
Judicial	63,070
Public safety	861,054
Public works	4,121,124
Culture and recreation	3,173,117
Community support	791,295
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,565,188
Total depreciation expenses - governmental activities	$ 10,995,863
Business-type Activities	
Sewer	$ 6,845,539
Development Services	4,164
Total depreciation expenses - business-type activities	$ 6,849,703

Note 8 - Leases

Operating Lease

The City has a non-cancelable operating lease for an office building with total costs for this lease of $46,420 for the year ended June 30, 2018. The future minimum lease payments for the operating lease expiring June 30, 2018 are as follows based upon the amended lease agreement:

Fiscal Year Ending June 30,	
2019	$ 47,816
2020	49,247
2021	50,724
2022	52,246
2023	44,620
	$ 244,653

Note 9 - Long-Term Liabilities

Changes to Long-Term Liabilities

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

	Issue Date	Interest Rate	Final Maturity Date
Governmental Activities			
Revenue Bonds Payable			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Refunding Revenue Bonds, Series 2011	5/12/2011	3.05%	5/1/2018
Consolidated Tax Refunding Revenue Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Less deferred amounts for issuance discounts			
Tax Allocation Bonds and Notes Payable			
Supported by Special Assessments within the LID 3			
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2:			
2016 Tax Increment Obligation Refunding Bonds (Redevelopment Agency)	10/1/2016	2.33%	6/1/2028
Supported by incremental property tax revenues within R/A1:			
2010 Tax Increment Refunding Revenue Bonds (Redevelopment Agency)	5/11/2010	4.0-5.13%	1/15/2023
Supported by incremental property tax revenues within R/A2:			
2014 Subordinate Lien Tax Increment Revenue Refunding Bonds	8/14/2014	3.25%	6/1/2029
Less deferred amounts for issuance discounts			
Financial Incentive Agreement - Syufy Agreement			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Claims Liabilities			
Total governmental activities			

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

Authorized	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in 2018-2019
$ 83,290,000	$ 70,060,000	$ -	$ 3,120,000	$ 66,940,000	$ 3,515,000
36,600,000	32,716,045	-	1,381,066	31,334,979	13,614,668
4,180,000	745,000	-	745,000	-	-
7,330,000	7,267,000	-	24,000	7,243,000	810,000
131,400,000	110,788,045	-	5,270,066	105,517,979	17,939,668
-	1,934,943	-	193,494	1,741,449	-
131,400,000	108,853,102	-	5,076,572	103,776,530	17,939,668
13,498,290	13,498,290	-	5,534,454	7,963,836	872,168
9,660,000	9,181,000	-	740,000	8,441,000	759,000
22,165,000	11,605,000	-	1,710,000	9,895,000	1,790,000
7,285,000	6,075,000	-	390,000	5,685,000	405,000
52,608,290	40,359,290	-	8,374,454	31,984,836	3,826,168
-	18,301	-	3,426	14,875	-
52,608,290	40,340,989	-	8,371,028	31,969,961	3,826,168
-	1,500,000	-	-	1,500,000	1,000,000
-	12,404,029	3,952,077	2,994,586	13,361,520	3,610,861
-	4,862,700	369,228	854,937	4,376,991	718,230
-	7,942,080	9,845,492	10,047,468	7,740,104	2,495,866
184,008,290	175,902,900	14,166,797	27,344,591	162,725,106	29,590,793

	Issue Date	Interest Rate	Final Maturity Date
Business-Type Activities			
Sewer Utility General Obligation Bonds and Note Payable			
Supported by Sewer Fund revenues			
2016 Riverflood Bonds	2/18/2016	2.0-5.0%	3/1/2026
2016 Sewer Refunding Bond	9/1/2016	1.25%	7/1/2029
Plus deferred amounts for issuance premiums			
Note Payable to City of Reno - TMWRF Expansion Refunding	12/1/2016	1.61%	7/1/2025
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total business-type activities			
Total long-term liabilities			

Authorized	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in 2018-2019
$ 18,010,000	$ 16,520,000	$ -	$ 1,565,000	$ 14,955,000	$ 1,625,000
27,099,691	25,625,498	-	3,013,849	22,611,649	3,103,311
45,109,691	42,145,498	-	4,578,849	37,566,649	4,728,311
-	783,471	-	267,538	515,933	-
45,109,691	42,928,969	-	4,846,387	38,082,582	4,728,311
5,998,790	5,652,642	-	707,091	4,945,551	727,280
-	1,501,409	505,104	417,577	1,588,936	419,075
-	281,250	289,444	99,005	471,689	110,272
51,108,481	50,364,270	794,548	6,070,060	45,088,758	5,984,938
$ 235,116,771	$ 226,267,170	$ 14,961,345	$ 33,414,651	$ 207,813,864	$ 35,575,731

Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds and notes outstanding at June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities				Business-Type Activities*			
	Revenue Bonds		Tax Allocation Bonds		General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 17,939,668	$ 6,503,566	$ 3,826,168	$ 1,117,050	$ 4,728,311	$ 699,540	$ 727,280	$ 70,878
2020	6,523,334	5,483,963	3,781,988	965,452	4,905,453	577,220	748,049	58,918
2021	7,056,355	5,095,299	3,934,798	805,922	4,843,015	451,737	769,413	46,617
2022	7,635,863	4,668,556	4,094,842	643,349	4,752,990	342,087	791,389	33,965
2023	8,255,902	4,201,056	4,252,063	472,661	4,394,603	272,816	813,994	20,951
2024-2028	58,106,857	12,485,630	11,094,977	1,052,200	13,203,966	424,418	1,095,426	8,561
2029-3032	-	-	1,000,000	29,783	738,311	4,657	-	-
Total	$ 105,517,979	$ 38,438,070	$ 31,984,836	$ 5,086,417	$ 37,566,649	$ 2,772,475	$ 4,945,551	$ 239,890

*Full accrual basis of accounting

Compliance

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2018. In addition, there are a number of limitations and restrictions contained in the various bond indentures, with which the City was in compliance at June 30, 2018.

Financial Incentive Agreement

In February 2017, the City of Sparks entered into a Financial Incentive Agreement with Syufy Enterprise to provide $1,500,000 of its room tax revenues held in the Victorian Square Room Tax Capital Projects Fund for the renovation and re-opening of the Victorian Square cinema property. The agreement was extended in October 2017, to provide for performance by September 2018. The City of Sparks will provide $1,000,000 upon opening of the cinema to the public and $100,000 per year for five years. As of June 30, 2018, the $1,500,000 remains outstanding as the cinema had not yet been opened to the public.

Advance Refundings

In a prior year, the City defeased special assessment revenue bonds by placing proceeds of the new bonds in an irrevocable trust account to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2018, $12,570,000 of the defeased bonds remain outstanding and the balance of the amounts held by the escrow agent that will be used to make future debt service payments is $12,928,484.

Pledged Revenues

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

Governmental activities

The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011, and the Consolidated Tax Revenue Refunding Bonds, Series 2014, issued during fiscal year ended June 30, 2014. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2011 were used to reduce the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2014 were used to extinguish the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. The total principal and interest remaining to be paid on the bonds is $8,285,504 payable through fiscal year 2026. For the current year, principal and interest paid for the two bonds totaled $1,010,630 and pledged revenues totaled $3,982,408.

The City has pledged 75% (less a State collection fee) of the State Sales Tax, Local School Support Tax, City/County Relief Tax, and Reciprocal Use Taxes that are collected in the Tourism Improvement District, for the repayment of the Senior Sales Tax Anticipation Revenue Bonds, Series A, and the Subordinate Sales Tax Anticipation Revenue Bonds, Series A, sold during fiscal year ended June 30, 2009. Proceeds from the bonds were used to acquire, improve, and equip certain real and personal property at the Legends at Sparks Marina. The total principal and interest remaining to be paid on the bonds is $135,974,663 payable through fiscal year 2028. The bonds are secured and payable solely from the pledged revenues and the City has no obligation to pay the debt from any other source. For the current year, principal and interest due on the bonds totaled $19,736,535, and pledged revenues totaled $11,085,966 resulting in delinquent pledged revenues of $8,650,569 at June 30, 2018.

The City has pledged revenues comprised of the incremental property tax revenues, governmental services tax revenues, and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 1. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2010 Tax Increment Refunding Revenue Bonds, issued during the fiscal year ended June 30, 2010. The bond is a limited obligation of the Redevelopment Agency and the Redevelopment Agency is not obligated to pay for them except from pledged revenues. Proceeds from the bonds were used to refund all of the Redevelopment Agency's Tax Allocation Refunding Revenue Bonds, Series 2000A. The total principal and interest remaining to be paid on the bond is $11,451,462, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled $2,286,981 and pledged revenues totaled $2,900,618.

The City has pledged revenues comprised of the incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2016 Tax Increment Refunding Bonds, issued during the fiscal year ended June 30, 2017 (2016 Bonds), and the 2014 Tax Allocation Refunding Bonds, issued during fiscal year ended June 30, 2015 (2014 Bonds). The bonds are special, limited obligation of the Redevelopment Agency are payable solely from the pledged revenues described above. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The total principal and interest remaining to be paid on the bonds is $16,480,695, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled $1,541,294 and pledged revenues totaled $2,713,519.

Business-type activities

The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay sewer utility general obligation bonds issued in fiscal year 2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through fiscal year 2030. The total principal and interest to be paid on the bonds is $23,834,013. For the current year, principal and interest paid for the bonds totaled $3,324,818. Net pledged revenues totaled $21,626,255.

Special Assessment Debt

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

The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay $13,498,290 in limited obligation improvement refunding bonds, Local Improvement District Series 2016 (2016 Bonds), issued during fiscal year ended June 30, 2017. Proceeds from the 2016 Bonds were used to extinguish the principal owed on the Local Improvement District No. 3, Series 2008 (2008 Bonds) in an amount of $13,440,000. Proceeds from the 2008 Bonds were used to provide financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. The bonds are intended to be paid solely from assessment revenues and payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is $9,501,728. For the current year, principal and interest paid for the bonds totaled $6,135,278 and pledged revenues totaled $5,839,431. Excess revenues received in fiscal year 2017 were used to cover the deficiency.

Note 10 - Stabilization Arrangements

The City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund. At June 30, 2018, the Stabilization Special Revenue Fund has a committed fund balance of $390,677.

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

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

Note 11 - Defined Benefit Pension Plan

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

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

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

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

Vesting – Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

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

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

Contributions – The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. 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. For employees covered by the Employer-Pay provisions, average compensation is increased by half the total contributions made by the City and may not be less than it would have been if contributions had been made by the member and the employer separately.

In fiscal year 2017, the measurement date of net pension liability, PERS adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses classification of employer-paid contributions and requires certain contribution payments made by the employer to be classified as member contributions. As a result of implementing this statement, a prior period adjustment in the amount of $7,298,744 was made to reduce pension expense and deferred outflows related to contributions previously classified as employer contributions, as further described in Note 18.

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, 2018 and 2017 the statutory employer-pay contribution (EPC) rate was 28.00% for Regular members and 40.50% for Police/Fire.

The City's contributions were $11,803,598 for the year ended June 30, 2018. Of this amount, $5,901,799 was classified as Employer contributions and $5,901,799 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 the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2017:

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

As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability – At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability of $86,625,696. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 0.65133 percent, which was a decrease of .01383 from its proportion measured as of June 30, 2016.

Pension Liability Discount Rate Sensitivity – The following presents the net pension liability of the City as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	$ 130,953,866	$ 86,625,696	$ 49,810,456

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

Actuarial Assumptions – The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

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

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

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

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. 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, 2017, 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, 2017.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City's proportionate share of the PERS net pension liability for the year ended June 30, 2018, the City recognized pension expense of $5,702,166 and recognized a prior period expense adjustment related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, in the amount of $7,298,744 as described in Note 18. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,679,670
Changes in assumptions or other inputs	5,635,198	-
Net difference between projected and actual earnings on pension plan investments	551,524	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	4,326	2,748,074
City contributions subsequent to the measurement date	5,901,799	-
	$ 12,092,847	$ 8,427,744

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of $5,901,799 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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

Year Ending June 30	
2019	$ (1,930,517)
2020	1,006,641
2021	(51,384)
2022	(2,033,770)
2023	443,954
Thereafter	328,380

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at July 1, 2017 is 6.39 years.

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

Note 12 - Contingent Liabilities

There are lawsuits pending against the City of Sparks. The financial impact of remaining actions is not determinable at June 30, 2018, 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, 2018 is $3,274,389.

Note 13 - Commitments

As of June 30, 2018, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	Remaining Construction Commitment	Expected Date of Completion
Governmental funds		
Nonmajor capital projects funds		
Parks and Recreation Project Fund		
Golden Eagle Regional Park Synthetic Turf Replacement	$ 1,062,701	2018-2019

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

	Encumbrances
General Fund	$ 183,927

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, 2018			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	$ 1,143,230	$ 8,782,525	$ (8,874,535)	$ 1,051,220
Municipal Self-Insurance Fund	-	412,593	(412,593)	-
Workers' Compensation Fund	6,798,850	650,374	(760,340)	6,688,884
	$ 7,942,080	$ 9,845,492	$ (10,047,468)	$ 7,740,104
	Fiscal Year Ended June 30, 2017			
Group Insurance Self-Insurance Fund	$ 1,094,053	$ 9,666,701	$ (9,617,524)	$ 1,143,230
Municipal Self-Insurance Fund	-	312,353	(312,353)	-
Workers' Compensation Fund	7,166,120	768,301	(1,135,571)	6,798,850
	$ 8,260,173	$ 10,747,355	$ (11,065,448)	$ 7,942,080

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

Group Insurance Self-Insurance – This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of $275,000 per occurrence are covered by excess insurance.

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

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

Note 15 - Post-Employment Benefits

Accumulated Sick Leave

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

For the year ended June 30, 2018, the City paid $953,942 in health insurance premiums on behalf of 121 retirees who opted for the conversion of their accumulated sick leave.

Post-employment Benefits Other than Pensions (OPEB)

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

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

Pursuant to NRS 287.023 (as amended during the 2007 session of the Nevada Legislature), through November 29, 2008, retirees had the option to participate in the Sparks Plan for postemployment health care benefits or to join the NPEBP offered by the State of Nevada. However, after 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, can range from $78.66 to $1,713.85 and may be allocated to more than one public employer based on retiree employment history. 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 their health insurance premiums up to age 65, and 50% after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a $5 credit towards health insurance premiums for each year of service. These subsidies range from $30 to $1,270.06 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, 2018, is shown below:

	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	$ 812.89	$ 1,492.69	$ 1,422.20	$ 2,121.62
Retiree, no Medicare	808.82	1,487.80	1,417.30	2,116.76
Spouse, with Medicare	645.52	1,343.92	-	1,956.90
Retiree, Medicare	648.97	1,184.08	-	1,813.02
Spouse, no Medicare	805.37	1,327.95	-	1,956.90

At June 30, 2018, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	156	90	246
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-	-	-
Active employees	427	-	427
Total	583	90	673

Total OPEB Liability: The City's total OPEB liability of $34,637,555, of which $27,536,440 is related to the Sparks Plan and $7,101,115 is related to NPEBP, was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Actuarial valuation date	July 1, 2016	July 1, 2016
Actuarial funding method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	7.24 Years	7.24 Years
Asset valuation method	Market value	Market value
Inflation	3.00%	3.00%
Projected salary increases	4.5% Average, Including Inflation	4.5% Average, Including Inflation
Discount Rate	3.87%	3.87%
Healthcare cost trend rate*	5.90%	5.90%

*Declining gradually, to an ultimate rate of 3.9 percent by 2075.

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

Mortality rates were based on the RP-2000 Group Annuity Mortality Table with adjustments for mortality improvements.

The actuarial assumptions used in the July 1, 2016 valuation were based on the same demographic assumptions as developed and used for a the most recent NV PERS GASB 68 actuarial report which was based on an experience review developed in 2013 using data from the previous seven years.

Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Totals
Balance at June 30, 2017, as restated	$ 25,790,494	$ 7,003,457	$ 32,793,951
Changes for the year:			
Service costs	785,174	-	785,174
Interest	1,019,654	274,311	1,293,965
Changes in assumptions or other inputs	539,508	114,654	654,162
Benefit payments	(598,390)	(291,307)	(889,697)
Net changes	1,745,946	97,658	1,843,604
Balance at June 30, 2018	$ 27,536,440	$ 7,101,115	$ 34,637,555

Changes of assumptions and other inputs reflect a change in the actuarial cost method, the amortization method and period, the discount rate, and the healthcare cost trend rate as shown in the section above entitled 'Actuarial assumptions and other inputs'.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, calculated using a discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Sparks Plan Total OPEB Liability	$ 32,175,729	$ 27,536,440	$ 23,705,550
NPEBP Total OPEB Liability	8,297,498	7,101,115	6,113,203
	$ 40,473,227	$ 34,637,555	$ 29,818,753

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates of 5.9% decreasing to 3.9% by 2075, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.9% decreasing to 2.9%) or 1-percentage-point higher (6.9% decreasing to 4.9%) than the current healthcare cost trend rates:

	1% Decrease (4.9% decreasing to 2.9% by 2075)	Healthcare Cost Trend Rate (5.9% decreasing to 3.9% by 2075)	1% Increase (6.9% decreasing to 4.9% by 2075)
Sparks Plan Total OPEB Liability	$ 23,102,360	$ 27,536,440	$ 33,032,020
NPEBP Total OPEB Liability	5,957,652	7,101,115	8,518,319
	$ 29,060,012	$ 34,637,555	$ 41,550,339

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, after restating fiscal year 2017 OPEB Liability, the City recognized an OPEB expense of $2,169,506, of which $1,879,357 is related to the Sparks Plan and $290,149 is related to NPEBP. At June 30, 2018, 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 changes of economic and demographic assumptions or of other inputs	$ 464,979	$ -
NPEBP		
Differences between changes of economic and demographic assumptions or of other inputs	98,816	-
	$ 563,795	$ -

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

Year Ending June 30	Sparks Plan	NPEBP
2019	$ 74,528	$ 15,839
2020	74,528	15,839
2021	74,528	15,839
2022	74,528	15,839
2023	74,528	15,839
Thereafter	92,339	19,621

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 2018 intergovernmental revenues of the City by $729,403.

State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	$ 20,901
Data Centers Abatement (NRS 360.754)	290,310
Local Sales and Use Tax Abatement*	417,810
Renewable Energy Abatement (NRS 701A.370)	382

*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 $219,603 on the following:

Capital Facilities - Fire Station 1 - 3rd Floor Shower Room Remodel	$	62,808
Capital Facilities - Special Events Area CCTV		26,839
Capital Facilities - Citywide Re-Keying/Security Infrastructure		25,483
Capital Facilities - Fire Station 1 - Security and Paging System Replacement		14,940
Capital Facilities - Fire Station 1 - Fire Prevention Office Renovation and ADA Upgrade		16,602
Capital Facilities - Community Services Wing Restroom Renovation and ADA Upgrade		61,506
Capital Facilities - Museum Annex Roof Replacement		3,077
Capital Facilities - Museum Exterior Paint		8,348
	$	219,603

Note 18 - Accounting Changes

Adoption of New Standard

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard requires governments calculate and report the cost, obligations, and deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional footnote disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning total OPEB liability.

Corrections of Errors

During 2018, the City identified misstatements in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee's Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, net pension-liability amounts at June 30, 2017.

During 2018, City management's review of road infrastructure donations constructed by the Regional Transportation Commission and recorded in construction in progress at June 30, 2017 were identified items improperly reporeted by the Regional Transportation Commission as City of Sparks roads, and therefore the City's construction in progress was overstated. Beginning net position and construction in progress for governmental-type activities were restated to correct this error as disclosed in the following tables.

The impact of the adoption of the new standards and the corrections of errors is as follows:

	Governmental Activities	Business-type Activities	Total
Net position at June 30, 2017, as previously reported	$ 277,957,194	$ 204,039,184	$ 481,996,378
Adoption of New Standard			
Net OPEB asset at June 30, 2017	(56,094)	(8,546)	(64,640)
Net OPEB liability at June 30, 2017	8,986,787	164,921	9,151,708
Total OPEB liability at July 1, 2017	(31,330,412)	(1,463,541)	(32,793,953)
Correction of an Error			
Deferred outflows of resources related to pension plan contributions made during the year ended June 30, 2017	(6,645,388)	(653,356)	(7,298,744)
Correction to roads - Southeast Connector	(11,313,075)	-	(11,313,075)
Correction to roads - Pyramid Highway	(61,423,677)	-	(61,423,677)
Net position at July 1, 2017, as restated	$ 176,175,335	$ 202,078,662	$ 378,253,997

	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	Internal Service Funds
Net position at June 30, 2017, as previously reported	$ 203,058,882	$ 2,666,388	$ 205,725,270	$ 8,787,861
Adoption of New Standard				
Net OPEB asset at June 30, 2017	(4,226)	(4,320)	(8,546)	(540)
Net OPEB liability at June 30, 2017	95,784	69,137	164,921	
Total OPEB liability at July 1, 2017	(783,477)	(680,064)	(1,463,541)	38,434 (150,951)
Correction of an Error				
Deferred outflows of resources related to pension plan contributions made during the year ended June 30, 2017	(471,311)	(182,045)	(653,356)	(110,809)
Net position at July 1, 2017, as restated	$ 201,895,652	$ 1,869,096	$ 203,764,748	$ 8,563,995

Required Supplementary Information

City of Sparks

	2018	
Total OPEB Liability	Sparks Plan	NPEBP
Service cost	$ 785,174	$ -
Interest	1,019,654	274,311
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	539,508	114,654
Benefit payments	(598,390)	(291,307)
Net change in total OPEB liability	1,745,946	97,658
Total OPEB liability-beginning, as restated	25,790,494	7,003,457
Total OPEB liability-ending	$ 27,536,440	$ 7,101,115
Total Covered-employee payroll	$ 34,886,779	N/A
Total OPEB liability as a percentage of covered-employee payroll	78.93%	N/A

* 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. Changes of assumptions were related to changes between the valuation date of July 1, 2016 and the measurement date of June 30, 2018 as noted below:

	Valuation Date	Measurement Date
Actuarial cost method	Projected Unit Credit	Entry Age Normal
Amortization method	Level Dollar	Level Percent of Payroll
Remaining amortization period	30 years	7.24 years
Discount rate	4%, net of OPEB plan investment expense, including inflation	3.87%
Healthcare cost trend rate	5.9% declining gradually over 60 years, to an ultimate rate of 3.94%	

City of Sparks

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

	2017	2016	2015	2014
City's portion of the net pension liability	0.65133%	0.63750%	0.66963%	0.68240%
City's proportionate share of the net pension liability	$ 86,625,696	$ 87,624,211	$ 77,407,621	$ 71,650,806
City's covered payroll	$ 34,821,590	$ 32,837,554	$ 31,672,326	$ 31,931,910
City's proportional share of the net pension liability as a percentage of its covered payroll	248.77%	266.84%	244.40%	224.39%
Plan fiduciary net position as a percentage of the total pension liability	74.40%	72.20%	75.10%	76.30%

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

City of Sparks

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

	2018	2017	2016	2015
Statutorily required contribution	$ 5,901,799	$ 5,718,019	$ 5,405,048	$ 5,168,048
Contributions in relation to the statutorily required contribution	$ 5,901,799	$ 5,718,019	$ 5,405,048	$ 5,168,048
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 34,483,164	$ 34,821,590	$ 32,837,554	$ 31,672,326
Contributions as a percentage of covered payroll	17.12%	16.42%	16.46%	16.32%

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

Supplementary Information

City of Sparks

City of Sparks
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	$ 5,410,859	$ 2,184,110	$ 19,312,019	$ 26,906,988
Accounts receivable, net	1,413,871	-	869,796	2,283,667
Prepaids	30,000	-	-	30,000
Due from other governments	165,091	29,595	712,572	907,258
Restricted assets				
Cash and investments	-	2,945,000	-	2,945,000
Total assets	$ 7,019,821	$ 5,158,705	$ 20,894,387	$ 33,072,913
Liabilities				
Accounts payable	$ 336,847	$ -	$ 272,410	$ 609,257
Accrued liabilities	165,935	-	64,462	230,397
Contracts payable	174,105	-	961,595	1,135,700
Contract retentions payable	13,756	-	91,987	105,743
Refundable deposits	14,514	-	3,000	17,514
Unearned revenues	406,399	-	5,080	411,479
Due to other funds	1,057	-	-	1,057
Due to other governments	146,703	-	51,385	198,088
Total liabilities	1,259,316	-	1,449,919	2,709,235
Deferred Inflows of Resources				
Unavailable revenue – other	67,361	-	-	67,361
Unavailable revenue – grants	1,348,926	-	8,253	1,357,179
Unavailable revenue – property and other taxes	-	-	60,745	60,745
Total deferred inflows of resources	1,416,287	-	68,998	1,485,285
Fund Balances				
Restricted for				
Grants and donations	144,425	-	-	144,425
Law enforcement	304,326	-	-	304,326
Promotion of special events	98,200	-	-	98,200
Various judicial uses	229,998	-	-	229,998
Municipal facilities construction	153,114	-	-	153,114
Court fee collection programs	776,254	-	-	776,254
Developer agreements	1,375,641	-	470,301	1,845,942
Bond proceeds defined projects	21,448	-	-	21,448
Debt service reserve	-	5,158,705	-	5,158,705
Parks and recreation	-	-	4,313,298	4,313,298
Street improvements and rehabilitation	-	-	1,258,618	1,258,618
Capital projects	-	-	448,709	448,709
Improvements to Victorian Square	-	-	5,107,400	5,107,400
Committed for				
Economic development	30,458	-	-	30,458
Parks and recreation	208,874	-	-	208,874
Road surface repairs	610,803	-	-	610,803
Economic stabilization	390,677	-	-	390,677
Assigned for				
Specific capital projects	-	-	2,381,312	2,381,312
Other capital projects	-	-	5,395,832	5,395,832
Total fund balances	4,344,218	5,158,705	19,375,470	28,878,393
Total liabilities, deferred inflows of resources and fund balances	$ 7,019,821	$ 5,158,705	$ 20,894,387	$ 33,072,913

City of Sparks

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

Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Taxes	$ 196,000	$ 3,970,000	$ 3,590,624	$ 7,756,624
Licenses and permits	1,381,758	-	3,838,055	5,219,813
Intergovernmental revenues	1,578,649	192,370	2,770,370	4,541,389
Charges for services	3,123,797	-	134,736	3,258,533
Fines and forfeits	-	-	2,000	2,000
Miscellaneous	342,295	38,197	101,153	481,645
Total revenues	6,622,499	4,200,567	10,436,938	21,260,004
Expenditures				
Current				
General government	342	-	667,322	667,664
Judicial	231,070	-	-	231,070
Public safety	919,619	-	85,877	1,005,496
Public works	380,783	-	2,822,535	3,203,318
Culture and recreation	4,108,416	-	591,290	4,699,706
Community support	669,154	-	288,087	957,241
Total current	6,309,384	-	4,455,111	10,764,495
Capital outlay				
General government	90,000	-	214,030	304,030
Judicial	103,528	-	-	103,528
Public safety	260,556	-	314,779	575,335
Public works	-	-	1,356,812	1,356,812
Culture and recreation	132,422	-	1,174,062	1,306,484
Community support	151	-	544,791	544,942
Total capital outlay	586,657	-	3,604,474	4,191,131
Debt service				
Principal	-	2,840,000	-	2,840,000
Interest	-	988,275	-	988,275
Fiscal charges and other	-	4,313	-	4,313
Total debt service	-	3,832,588	-	3,832,588
Total expenditures	6,896,041	3,832,588	8,059,585	18,788,214
Excess (Deficiency) of Revenues over Expenditures	(273,542)	367,979	2,377,353	2,471,790
Other Financing Sources (Uses)				
Capital asset sales	-	-	250	250
Transfers				
Transfers in	1,175,000	-	754,108	1,929,108
Transfers out	(255,744)	-	(290,447)	(546,191)
Total other financing sources (uses)	919,256	-	463,911	1,383,167
Net Change in Fund Balances	645,714	367,979	2,841,264	3,854,957
Fund Balances, Beginning of Year	3,698,504	4,790,726	16,534,206	25,023,436
Fund Balances, End of Year	$ 4,344,218	$ 5,158,705	$ 19,375,470	$ 28,878,393

Community Development Block Grant Fund

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

Community Development Entitlement Grant Fund

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

Sparks Grants and Donations Fund

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

Tourism and Marketing Fund

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

Parks and Recreation Program Fund

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

Court Administrative Assessment Fund

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

Street Cut Fund

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

Impact Fee Service Area No. 1 Fund

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

Tourism Improvement District 1 Fund

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

Stabilization Fund

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

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Assets				
Cash and investments	$ 13,674	$ -	$ 607,480	$ 264,200
Accounts receivable, net	1,348,926	-	23	-
Prepaids	-	-	-	30,000
Due from other governments	-	38,096	81,409	-
Total assets	$ 1,362,600	$ 38,096	$ 688,912	$ 294,200
Liabilities				
Accounts payable	$ 6,849	$ 32,304	$ 186,286	$ -
Accrued liabilities	-	-	15,257	-
Contracts payable	6,825	-	-	-
Contract retentions payable	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	-	196,000
Due to other funds	-	1,057	-	-
Due to other governments	-	4,735	16,843	-
Total liabilities	13,674	38,096	218,386	196,000
Deferred Inflows of Resources				
Unavailable revenue – other	-	-	21,775	-
Unavailable revenue – grants	1,348,926	-	-	-
Total deferred inflows of resources	1,348,926	-	21,775	-
Fund Balances				
Restricted for				
Grants and donations	-	-	144,425	-
Law enforcement	-	-	304,326	-
Promotion of special events	-	-	-	98,200
Various judicial uses	-	-	-	-
Municipal facilities construction	-	-	-	-
Court fee collection programs	-	-	-	-
Developer agreements	-	-	-	-
Bond proceeds defined projects	-	-	-	-
Committed for				
Economic development	-	-	-	-
Parks and recreation	-	-	-	-
Road surface repairs	-	-	-	-
Economic stabilization	-	-	-	-
Total fund balances	-	-	448,751	98,200
Total liabilities, deferred inflows of resources and fund balances	$ 1,362,600	$ 38,096	$ 688,912	$ 294,200

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
$ 821,367	$ 1,262,866	$ 646,863	$ 1,382,284	$ 21,448	$ 390,677	$ 5,410,859
23,489	28	41,405	-	-	-	1,413,871
-	-	-	-	-	-	30,000
-	-	45,586	-	-	-	165,091
$ 844,856	$ 1,262,894	$ 733,854	$ 1,382,284	$ 21,448	$ 390,677	$ 7,019,821
$ 111,289	$ -	$ 96	$ 23	$ -	$ -	$ 336,847
145,986	-	4,692	-	-	-	165,935
-	103,528	63,752	-	-	-	174,105
-	-	7,136	6,620	-	-	13,756
14,514	-	-	-	-	-	14,514
210,399	-	-	-	-	-	406,399
-	-	-	-	-	-	1,057
123,336	-	1,789	-	-	-	146,703
605,524	103,528	77,465	6,643	-	-	1,259,316
-	-	45,586	-	-	-	67,361
-	-	-	-	-	-	1,348,926
-	-	45,586	-	-	-	1,416,287
-	-	-	-	-	-	144,425
-	-	-	-	-	-	304,326
-	-	-	-	-	-	98,200
-	229,998	-	-	-	-	229,998
-	153,114	-	-	-	-	153,114
-	776,254	-	-	-	-	776,254
-	-	-	1,375,641	-	-	1,375,641
-	-	-	-	21,448	-	21,448
30,458	-	-	-	-	-	30,458
208,874	-	-	-	-	-	208,874
-	-	610,803	-	-	-	610,803
-	-	-	-	-	390,677	390,677
239,332	1,159,366	610,803	1,375,641	21,448	390,677	4,344,218
$ 844,856	$ 1,262,894	$ 733,854	$ 1,382,284	$ 21,448	$ 390,677	$ 7,019,821

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants and Donations	Tourism and Marketing
Revenues				
Taxes	$ -	$ -	$ -	$ 196,000
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	343,751	974,784	-
Charges for services	119,311	-	9,111	-
Miscellaneous	-	-	306,086	2,069
Total revenues	119,311	343,751	1,289,981	198,069
Expenditures				
Current				
General government	-	-	342	-
Judicial	-	-	84,405	-
Public safety	-	-	919,619	-
Public works	-	-	-	-
Culture and recreation	-	-	75,400	-
Community support	120,054	343,600	-	203,100
Total current	120,054	343,600	1,079,766	203,100
Capital outlay				
General government	-	-	90,000	-
Judicial	-	-	-	-
Public safety	-	-	260,556	-
Culture and recreation	-	-	-	-
Community support	-	151	-	-
Total capital outlay	-	151	350,556	-
Total expenditures	120,054	343,751	1,430,322	203,100
Excess (Deficiency) of Revenues over Expenditures	(743)	-	(140,341)	(5,031)
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(743)	-	(140,341)	(5,031)
Fund Balances, Beginning of Year	743	-	589,092	103,231
Fund Balances, End of Year	$ -	$ -	$ 448,751	$ 98,200

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 196,000
21,406	-	284,944	875,408	-	200,000	1,381,758
-	260,114	-	-	-	-	1,578,649
2,995,375	-	-	-	-	-	3,123,797
2,691	-	6,372	18,724	1,323	5,030	342,295
3,019,472	260,114	291,316	894,132	1,323	205,030	6,622,499
-	-	-	-	-	-	342
-	146,665	-	-	-	-	231,070
-	-	-	-	-	-	919,619
-	-	330,376	50,407	-	-	380,783
4,033,016	-	-	-	-	-	4,108,416
-	-	-	-	2,400	-	669,154
4,033,016	146,665	330,376	50,407	2,400	-	6,309,384
-	-	-	-	-	-	90,000
-	103,528	-	-	-	-	103,528
-	-	-	-	-	-	260,556
-	-	-	132,422	-	-	132,422
-	-	-	-	-	-	151
-	103,528	-	132,422	-	-	586,657
4,033,016	250,193	330,376	182,829	2,400	-	6,896,041
(1,013,544)	9,921	(39,060)	711,303	(1,077)	205,030	(273,542)
1,175,000	-	-	-	-	-	1,175,000
-	-	-	(255,744)	-	-	(255,744)
1,175,000	-	-	(255,744)	-	-	919,256
161,456	9,921	(39,060)	455,559	(1,077)	205,030	645,714
77,876	1,149,445	649,863	920,082	22,525	185,647	3,698,504
$ 239,332	$ 1,159,366	$ 610,803	$ 1,375,641	$ 21,448	$ 390,677	$ 4,344,218

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Charges for services				
Federal grant-loan reimbursements				
Housing rehabilitation	$ 120,000	$ 119,311	$ (689)	$ 84,005
Expenditures				
Community support				
Services and supplies	123,539	120,054	3,485	83,262
Net Change in Fund Balances	(3,539)	(743)	2,796	743
Fund Balances, Beginning of Year	3,539	743	(2,796)	-
Fund Balances, End of Year	$ -	$ -	$ -	$ 743

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Entitlement Grant Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Intergovernmental revenues				
Community Development Block and Entitlement grants	$ 858,936	$ 343,751	$ (515,185)	$ 1,086,294
Expenditures				
Community support				
Salaries and wages	100,857	78,098	22,759	77,207
Employee benefits	41,057	35,422	5,635	32,668
Services and supplies	292,173	230,080	62,093	182,101
Capital outlay	424,849	151	424,698	794,318
Total expenditures	858,936	343,751	515,185	1,086,294
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	$ -	$ -	$ -	$ -

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sparks Grants and Donations Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Intergovernmental revenues				
Federal grants				
Department of Justice	$ 312,826	$ 184,695	$ (128,131)	$ 227,890
Department of Transportation, Traffic Safety	49,000	50,051	1,051	47,224
Department of Homeland Security	106,499	106,499	-	2,786
Department of Health and Human Services	-	62	62	310
Executive Office of the President	10,405	11,265	860	13,640
State grants				
Council of The Arts	-	350	350	517
Local Emergency Planning Committee grants	-	700	700	-
Washoe County	167,677	135,269	(32,408)	76,777
Other local government shared revenues				
Crime forfeitures	299,360	299,111	(249)	133,620
Other	79,396	186,782	107,386	77,926
Charges for services				
Other	9,111	9,111	-	2,228
Miscellaneous				
Investment income	-	4,119	4,119	1,755
Other	217,054	301,967	84,913	231,276
Total revenues	1,251,328	1,289,981	38,653	815,949
Expenditures				
General government				
Services and supplies	30,889	342	30,547	2,114
Capital outlay	90,000	90,000	-	-
Total General Government	120,889	90,342	30,547	-
Judicial				
Services and supplies	98,783	84,405	14,378	64,903
Public safety				
Salaries and wages	350,446	316,427	34,019	308,099
Employee benefits	156,633	142,227	14,406	133,326
Services and supplies	687,691	460,965	226,726	304,885
Capital outlay	402,627	260,556	142,071	49,319
Total public safety	1,597,397	1,180,175	417,222	795,629

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sparks Grants and Donations Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Culture and recreation				
Salaries and wages	$ 15,262	$ 11,849	$ 3,413	$ 10,412
Employee benefits	386	359	27	168
Services and supplies	118,021	63,192	54,829	24,312
Capital outlay	-	-	-	5,000
Total culture and recreation	133,669	75,400	58,269	39,892
Total expenditures	1,950,738	1,430,322	520,416	902,538
Net Change in Fund Balances	(699,410)	(140,341)	559,069	(86,589)
Fund Balances, Beginning of Year	1,590,902	589,092	(1,001,810)	675,681
Fund Balances, End of Year	$ 891,492	$ 448,751	$ (442,741)	$ 589,092

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism and Marketing Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Room taxes	$ 196,000	$ 196,000	$ -	$ 196,000
Miscellaneous				
Investment income	425	2,069	1,644	797
Total revenues	196,425	198,069	1,644	196,797
Expenditures				
Community support				
Services and supplies	209,000	203,100	5,900	252,831
Excess (Deficiency) of Revenues over Expenditures	(12,575)	(5,031)	7,544	(56,034)
Net Change in Fund Balances	(12,575)	(5,031)	7,544	(56,034)
Fund Balances, Beginning of Year	155,610	103,231	(52,379)	159,265
Fund Balances, End of Year	$ 143,035	$ 98,200	$ (44,835)	$ 103,231

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Program Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits				
Concession franchise fees	$ 16,200	$ 21,406	$ 5,206	$ 16,662
Charges for services				
Recreation program fees	2,419,950	2,612,576	192,626	2,494,283
Administrative service charges	3,750	1,720	(2,030)	1,707
Other	352,153	381,079	28,926	321,350
Miscellaneous				
Gifts and bequests	-	-	-	1,830
Other	-	2,691	2,691	2,190
Total revenues	2,792,053	3,019,472	227,419	2,838,022
Expenditures				
Culture and recreation				
Salaries and wages	2,596,107	2,661,068	(64,961)	2,500,023
Employee benefits	603,426	667,849	(64,423)	640,929
Services and supplies	761,106	704,099	57,007	658,020
Total expenditures	3,960,639	4,033,016	(72,377)	3,798,972
Excess (Deficiency) of Revenues over Expenditures	(1,168,586)	(1,013,544)	155,042	(960,950)
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,175,000	1,175,000	-	847,689
Net Change in Fund Balances	6,414	161,456	155,042	(113,261)
Fund Balances, Beginning of Year	76,103	77,876	1,773	191,137
Fund Balances, End of Year	$ 82,517	$ 239,332	$ 156,815	$ 77,876

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Court Administrative Assessment Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	$ 35,100	$ 31,932	$ (3,168)	$ 32,757
Court collection fees	160,000	182,999	22,999	154,151
Court facility administrative assessments	55,000	45,183	(9,817)	45,481
Total revenues	250,100	260,114	10,014	232,389
Expenditures				
Judicial				
Salaries and wages	-	5,151	(5,151)	-
Employee benefits	-	12	(12)	-
Services and supplies	941,147	141,502	799,645	131,514
Capital outlay	40,500	103,528	(63,028)	-
Total expenditures	981,647	250,193	731,454	131,514
Excess (Deficiency) of Revenues over expenditures	(731,547)	9,921	741,468	100,875
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(54,426)
Net Change in Fund Balances	(731,547)	9,921	741,468	46,449
Fund Balances, Beginning of Year	872,309	1,149,445	277,136	1,102,996
Fund Balances, End of Year	$ 140,762	$ 1,159,366	$ 1,018,604	$ 1,149,445

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Cut Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits				
Street cut permits	$ 250,000	$ 284,944	$ 34,944	$ 249,653
Miscellaneous				
Investment income	1,080	6,372	5,292	2,146
Total revenues	251,080	291,316	40,236	251,799
Expenditures				
Public works				
Salaries and wages	34,163	37,479	(3,316)	35,387
Employee benefits	18,818	18,740	78	18,560
Services and supplies	370,439	274,157	96,282	194,985
Total expenditures	423,420	330,376	93,044	248,932
Net Change in Fund Balances	(172,340)	(39,060)	133,280	2,867
Fund Balances, Beginning of Year	370,829	649,863	279,034	646,996
Fund Balances, End of Year	$ 198,489	$ 610,803	$ 412,314	$ 649,863

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Impact Fee Service Area No. 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits				
Flood control fees	$ 25,000	$ 93,243	$ 68,243	$ 33,205
Public facility fees	125,000	295,014	170,014	95,928
Park fees	150,000	232,737	82,737	157,576
Sanitary sewer fee	150,000	254,414	104,414	81,760
Miscellaneous				
Investment income	7,000	18,724	11,724	9,607
Total revenues	457,000	894,132	437,132	378,076
Expenditures				
Public safety				
Services and supplies	-	-	-	12,491
Public works				
Services and supplies	260,407	50,407	210,000	39,594
Culture and recreation:				
Services and supplies	-	30	(30)	-
Capital outlay	250,000	132,392	117,608	10,700
Total expenditures	510,407	182,829	327,578	62,785
Excess (Deficiency) of Revenues over Expenditures	(53,407)	711,303	764,710	315,291
Other Financing Sources (Uses)				
Transfers				
Transfers out	(150,000)	(255,744)	(105,744)	(82,092)
Net Change in Fund Balances	(203,407)	455,559	658,966	233,199
Fund Balances, Beginning of Year	863,097	920,082	56,985	686,883
Fund Balances, End of Year	$ 659,690	$ 1,375,641	$ 715,951	$ 920,082

City of Sparks
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tourism Improvement District 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Miscellaneous				
Investment income	$ 55	$ 1,323	$ 1,268	$ 90
Expenditures				
Community support				
Services and supplies	21,700	2,400	19,300	3,155
Net Change in Fund Balances	(21,645)	(1,077)	20,568	(3,065)
Fund Balances, Beginning of Year	22,390	22,525	135	25,590
Fund Balances, End of Year	$ 745	$ 21,448	$ 20,703	$ 22,525

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Stabilization Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits:				
Business licenses	$ 200,000	$ 200,000	$ -	$ 200,000
Miscellaneous				
Investment income	2,500	5,030	2,530	2,266
Total Revenues	202,500	205,030	2,530	202,266
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(251,910)
Net Change in Fund Balances	202,500	205,030	2,530	(49,644)
Fund Balances, Beginning of Year	185,880	185,647	(233)	235,291
Fund Balances, End of Year	$ 388,380	$ 390,677	$ 2,297	$ 185,647

Major Debt Service Fund

General Obligation Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

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

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2008 Limited Obligation Improvement Bonds
- 2016 Limited Obligation Improvement Refunding Bonds

Special assessments are used to service the debt.

Nonmajor Debt Service Funds

Redevelopment Agency Area No. 1 Tax Revenue Fund

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

- Tax Increment Refunding Revenue Bonds – Series 2010

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

Redevelopment Agency Area No. 2 Debt Service Fund

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

- Tax Increment Revenue Bonds – Series 2008
- Tax Increment Revenue Refunding Bonds – Series 2016
- Subordinate Lien Tax Increment Revenue Bonds – Series 2014

Ad valorem taxes are used to service the debt.

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
General Obligation Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Special assessments	$ 1,604,241	$ 5,839,431	$ 4,235,190	$ 1,827,875
Intergovernmental revenues				
Dedicated sales tax - improvement districts	12,000,000	11,085,966	(914,034)	11,148,798
Miscellaneous				
Investment income	19,900	172,313	152,413	56,626
Other	-	-	-	6,348
Total revenues	13,624,141	17,097,710	3,473,569	13,039,647
Expenditures				
Debt service				
Principal	4,685,321	10,804,519	(6,119,198)	5,353,000
Interest	9,045,079	8,434,867	610,212	9,165,068
Fiscal charges and other	-	13,840	(13,840)	20,023
Advance refunding escrow	-	-	-	1,443,180
Refunding bond issuance costs	-	-	-	107,001
Total expenditures	13,730,400	19,253,226	(5,522,826)	16,088,272
Excess (Deficiency) of Revenues over Expenditures	(106,259)	(2,155,516)	(2,049,257)	(3,048,625)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	13,498,290
Payment to refunded bond escrow agent	-	-	-	(13,498,290)
Transfers				
Transfers in	1,010,630	1,010,630	-	2,090,459
Total other financing sources (uses)	1,010,630	1,010,630	-	2,090,459
Net Change in Fund Balances	904,371	(1,144,886)	(2,049,257)	(958,166)
Fund Balances, Beginning of Year	14,881,736	14,993,867	112,131	15,952,033
Fund Balances, End of Year	$ 15,786,107	$ 13,848,981	$ (1,937,126)	$ 14,993,867

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Assets			
Cash and investments	$ 1,107,945	$ 1,076,165	$ 2,184,110
Due from other governments	29,595	-	29,595
Restricted assets			
Cash and investments	2,216,500	728,500	2,945,000
Total assets	$ 3,354,040	$ 1,804,665	$ 5,158,705
Fund Balances			
Restricted for			
Debt service reserve	3,354,040	1,804,665	5,158,705
Total liabilities, deferred inflows of resources and fund balances	$ 3,354,040	$ 1,804,665	$ 5,158,705

	Redevelopment Agency Area No. 1 Tax Revenue	Redevelopment Agency Area No. 2 Debt Service	Total
Revenues			
Taxes	$ 2,205,000	$ 1,765,000	$ 3,970,000
Intergovernmental revenues	192,370	-	192,370
Miscellaneous	19,782	18,415	38,197
Total revenues	2,417,152	1,783,415	4,200,567
Expenditures			
Debt service			
Principal	1,710,000	1,130,000	2,840,000
Interest	576,981	411,294	988,275
Fiscal charges and other	1,000	3,313	4,313
Total expenditures	2,287,981	1,544,607	3,832,588
Net Change in Fund Balances	129,171	238,808	367,979
Fund Balance, Beginning of Year	3,224,869	1,565,857	4,790,726
Fund Balance, End of Year	$ 3,354,040	$ 1,804,665	$ 5,158,705

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, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Ad valorem	$ 2,205,000	$ 2,205,000	$ -	$ 2,205,000
Intergovernmental revenues				
Motor vehicle privilege tax	177,572	192,370	14,798	162,774
Miscellaneous				
Investment income	6,600	19,782	13,182	10,317
Total revenues	2,389,172	2,417,152	27,980	2,378,091
Expenditures				
Debt service				
Principal	1,710,000	1,710,000	-	1,640,000
Interest	576,981	576,981	-	646,681
Fiscal charges and other	1,000	1,000	-	1,000
Total expenditures	2,287,981	2,287,981	-	2,287,681
Excess (Deficiency) of Revenues over Expenditures	101,191	129,171	27,980	90,410
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	50,000
Transfers out	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	101,191	129,171	27,980	90,410
Fund Balances, Beginning of Year	3,236,468	3,224,869	(11,599)	3,134,459
Fund Balances, End of Year	$ 3,337,659	$ 3,354,040	$ 16,381	$ 3,224,869

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, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Ad valorem	$ 1,765,000	$ 1,765,000	$ -	$ 1,855,000
Miscellaneous				
Investment income	6,000	18,415	12,415	4,508
Total revenues	1,771,000	1,783,415	12,415	1,859,508
Expenditures				
Debt service				
Principal	1,130,000	1,130,000	-	859,000
Interest	411,294	411,294	-	353,523
Fiscal charges and other	3,500	3,313	187	2,313
Advance refunding escrow	-	-	-	1,456,787
Refunding bond issuance costs	-	-	-	110,756
Total expenditures	1,544,794	1,544,607	187	2,782,379
Excess (Deficiency) of Revenues over Expenditures	226,206	238,808	12,602	(922,871)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	9,660,000
Payments to refunded bond escrow agent	-	-	-	(9,635,000)
Transfers				
Transfers in	-	-	-	650,000
Transfers out	-	-	-	(650,000)
Total other financing sources (uses)	-	-	-	25,000
Net Change in Fund Balances	226,206	238,808	12,602	(897,871)
Fund Balances, Beginning of Year	3,024,087	1,565,857	(1,458,230)	2,463,728
Fund Balances, End of Year	$ 3,250,293	$ 1,804,665	$ (1,445,628)	$ 1,565,857

Nonmajor Capital Projects Funds

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

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

Road Fund

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

Capital Projects Fund

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

Capital Facilities Fund

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

Parks and Recreation Project Fund

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

Local Improvement District 3 Fund

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

Redevelopment Agency Area No. 1 Revolving Fund

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

Redevelopment Agency Area No. 2 Revolving Fund

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

Victorian Square Room Tax Fund

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

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Assets					
Cash and investments	$ 989,772	$ 1,137,422	$ 1,292,626	$ 1,503,503	$ 1,820,376
Accounts receivable	-	-	-	389,314	1,046
Due from other governments	-	-	-	445,535	-
Total assets	$ 989,772	$ 1,137,422	$ 1,292,626	$ 2,338,352	$ 1,821,422
Liabilities					
Accounts payable	$ -	$ 323	$ 60	$ (12,473)	$ 46,900
Accrued liabilities	-	-	-	46,105	-
Contracts payable	-	-	-	941,156	20,439
Contract retentions payable	-	-	21,497	66,098	-
Refundable deposits	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other governments	-	-	-	38,848	-
Total liabilities	-	323	21,557	1,079,734	67,339
Deferred Inflows of Resources					
Unavailable revenue – grants	-	-	-	-	-
Unavailable revenue – property taxes and other	-	-		-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Restricted for					
Parks and recreation	989,772	1,137,099	1,271,069	-	-
Street improvements and rehabilitation	-	-	-	1,258,618	-
Capital projects	-	-	-	-	-
Developer agreements	-	-	-	-	-
Improvements to Victorian Square	-	-	-	-	-
Assigned for					
Specific capital projects	-	-	-	-	298,573
Other capital projects	-	-	-	-	1,455,510
Total fund balances	989,772	1,137,099	1,271,069	1,258,618	1,754,083
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 989,772	$ 1,137,422	$ 1,292,626	$ 2,338,352	$ 1,821,422

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
$ 460,125	$ 2,673,110	$ 470,344	$ 1,789,327	$ 2,172,906	$ 5,002,508	$ 19,312,019
-	478,186	-	1,250	-	-	869,796
2,331	8,253	-	96,953	47,938	111,562	712,572
$ 462,456	$ 3,159,549	$ 470,344	$ 1,887,530	$ 2,220,844	$ 5,114,070	$ 20,894,387
$ 13,747	$ 112,004	$ 43	$ 101,871	$ 3,265	$ 6,670	$ 272,410
-	18,075	-	282	-	-	64,462
-	-	-	-	-	-	961,595
-	4,392	-	-	-	-	91,987
-	3,000	-	-	-	-	3,000
-	3,830	-	1,250	-	-	5,080
-	11,898	-	639	-	-	51,385
13,747	153,199	43	104,042	3,265	6,670	1,449,919
-	8,253	-	-	-	-	8,253
-	-	-	57,200	3,545	-	60,745
-	8,253	-	57,200	3,545	-	68,998
-	915,358	-	-	-	-	4,313,298
-	-	-	-	-	-	1,258,618
448,709	-	-	-	-	-	448,709
-	-	470,301	-	-	-	470,301
-	-	-	-	-	5,107,400	5,107,400
-	2,082,739	-	-	-	-	2,381,312
-	-	-	1,726,288	2,214,034	-	5,395,832
448,709	2,998,097	470,301	1,726,288	2,214,034	5,107,400	19,375,470
$ 462,456	$ 3,159,549	$ 470,344	$ 1,887,530	$ 2,220,844	$ 5,114,070	$ 20,894,387

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3	Road	Capital Projects
Revenues					
Taxes	$ 403,000	$ 430,993	$ 215,000	$ -	$ -
Licenses and permits	-	-	-	1,677,348	-
Intergovernmental revenues	-	-	-	2,561,088	-
Charges for services	-	-	-	451	-
Fines and forfeits	-	-	-	-	-
Miscellaneous	5,902	1,793	9,051	8,383	5,398
Total revenues	408,902	432,786	224,051	4,247,270	5,398
Expenditures					
Current					
General government	-	-	-	-	588,998
Public safety	-	-	-	-	26,912
Public works	-	-	-	2,771,864	50,671
Culture and recreation	13,076	16,494	5,681	-	-
Community support	-	-	-	-	-
Total current	13,076	16,494	5,681	2,771,864	666,581
Capital outlay					
General government	-	-	-	-	205,365
Public safety	-	-	-	-	279,394
Public works	-	-	-	1,356,812	-
Culture and recreation	103,040	29,608	512,521	-	-
Community support	-	-	-	-	-
Total capital outlay	103,040	29,608	512,521	1,356,812	484,759
Total expenditures	116,116	46,102	518,202	4,128,676	1,151,340
Excess (Deficiency) of Revenues over Expenditures	292,786	386,684	(294,151)	118,594	(1,145,942)
Other Financing Sources (Uses)					
Capital asset sales	-	-	-	250	-
Transfers					
Transfers in	-	-	-	-	754,108
Transfer out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	250	754,108
Net Change in Fund Balances	292,786	386,684	(294,151)	118,844	(391,834)
Fund Balances, Beginning of Year	696,986	750,415	1,565,220	1,139,774	2,145,917
Fund Balances, End of Year	$ 989,772	$ 1,137,099	$ 1,271,069	$ 1,258,618	$ 1,754,083

Capital Facilities	Parks and Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 1 Revolving	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Totals
$ -	$ -	$ -	$ 503,249	$ 948,519	$ 1,089,863	$ 3,590,624
-	2,160,707	-	-	-	-	3,838,055
209,282	-	-	-	-	-	2,770,370
-	134,285	-	-	-	-	134,736
-	-	-	-	2,000	-	2,000
3,690	15,582	16,964	19,971	(7,352)	21,771	101,153
212,972	2,310,574	16,964	523,220	943,167	1,111,634	10,436,938
78,324	-	-	-	-	-	667,322
58,965	-	-	-	-	-	85,877
-	-	-	-	-	-	2,822,535
11,425	544,614	-	-	-	-	591,290
-	-	8,115	218,583	54,066	7,323	288,087
148,714	544,614	8,115	218,583	54,066	7,323	4,455,111
8,665	-	-	-	-	-	214,030
35,385	-	-	-	-	-	314,779
-	-	-	-	-	-	1,356,812
26,839	502,054	-	-	-	-	1,174,062
-	-	-	173,897	-	370,894	544,791
70,889	502,054	-	173,897	-	370,894	3,604,474
219,603	1,046,668	8,115	392,480	54,066	378,217	8,059,585
(6,631)	1,263,906	8,849	130,740	889,101	733,417	2,377,353
-	-	-	-	-	-	250
-	-	-	-	-	-	754,108
-	-	-	(290,447)	-	-	(290,447)
-	-	-	(290,447)	-	-	463,911
(6,631)	1,263,906	8,849	(159,707)	889,101	733,417	2,841,264
455,340	1,734,191	461,452	1,885,995	1,324,933	4,373,983	16,534,206
$ 448,709	$ 2,998,097	$ 470,301	$ 1,726,288	$ 2,214,034	$ 5,107,400	$ 19,375,470

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 1 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Residential park construction tax	$ 300,000	$ 403,000	$ 103,000	$ 301,062
Miscellaneous				
Investment income (loss)	1,750	5,902	4,152	2,165
Total revenues	301,750	408,902	107,152	303,227
Expenditures				
General government				
Services and supplies	20	-	20	-
Culture and recreation				
Services and supplies	101,950	13,076	88,874	18,113
Capital outlay	130,000	103,040	26,960	5,720
Total culture and recreation	231,950	116,116	115,834	23,833
Total expenditures	231,970	116,116	115,854	23,833
Net Change in Fund Balances	69,780	292,786	223,006	279,394
Fund Balances, Beginning of Year	585,424	696,986	111,562	417,592
Fund Balances, End of Year	$ 655,204	$ 989,772	$ 334,568	$ 696,986

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 2 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Residential park construction tax	$ 150,000	$ 430,993	$ 280,993	$ 128,000
Miscellaneous				
Investment income (loss)	8,000	(207)	(8,207)	3,039
Other	-	2,000	2,000	-
Total revenues	158,000	432,786	274,786	131,039
Expenditures				
Culture and recreation				
Services and supplies	120,834	16,494	104,340	53,413
Capital outlay	244,000	29,608	214,392	12,600
Total culture and recreation	364,834	46,102	318,732	66,013
Total expenditures	364,834	46,102	318,732	66,013
Net Change in Fund Balances	(206,834)	386,684	593,518	65,026
Fund Balances, Beginning of Year	682,580	750,415	67,835	685,389
Fund Balances, End of Year	$ 475,746	$ 1,137,099	$ 661,353	$ 750,415

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Recreation and Parks District 3 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Residential park construction tax	$ 300,000	$ 215,000	$ (85,000)	$ 165,000
Miscellaneous				
Investment income (loss)	15,000	9,051	(5,949)	7,101
Total revenues	315,000	224,051	(90,949)	172,101
Expenditures				
Culture and recreation				
Services and supplies	25,000	5,681	19,319	9,570
Capital outlay	967,266	512,521	454,745	43,944
Total culture and recreation	992,266	518,202	474,064	53,514
Total expenditures	992,266	518,202	474,064	53,514
Net Change in Fund Balances	(677,266)	(294,151)	383,115	118,587
Fund Balances, Beginning of Year	1,592,190	1,565,220	(26,970)	1,446,633
Fund Balances, End of Year	$ 914,924	$ 1,271,069	$ 356,145	$ 1,565,220

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Road Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits				
Right of way toll fees	$ 695,250	$ 671,645	$ (23,605)	$ 652,881
Electric franchise fees	690,007	759,967	69,960	1,358,032
Gas franchise fees	224,306	245,736	21,430	431,814
Intergovernmental revenues				
Federal grants				
Department of Homeland Security FEMA Grant	-	346	346	-
State shared revenues				
Motor vehicle fuel tax	2,512,464	2,560,742	48,278	2,403,953
Charges for services				
Other	-	451	451	1,709
Miscellaneous				
Investment income (loss)	10,000	8,383	(1,617)	1,238
Total revenues	4,132,027	4,247,270	115,243	4,849,627
Expenditures				
Public works				
Salaries and wages	1,069,149	986,862	82,287	1,044,506
Employee benefits	641,271	575,485	65,786	626,689
Services and supplies	1,458,478	1,209,517	248,961	1,338,123
Capital outlay	1,570,396	1,356,812	213,584	4,533,207
Total public works	4,739,294	4,128,676	610,618	7,542,525
Other Financing Sources (Uses)				
Capital asset sales	-	250	250	-
Net Change in Fund Balances	(607,267)	118,844	726,111	(2,692,898)
Fund Balances, Beginning of Year	1,054,748	1,139,774	85,026	3,832,672
Fund Balances, End of Year	$ 447,481	$ 1,258,618	$ 811,137	$ 1,139,774

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Miscellaneous				
Investment income	$ 8,500	$ 4,352	$ (4,148)	$ 3,742
Rebates	-	1,046	1,046	2,191
Total revenues	8,500	5,398	(3,102)	5,933
Expenditures				
General government				
Services and supplies	764,266	588,998	175,268	722,491
Capital outlay	628,431	205,365	423,066	431,297
Total general government	1,392,697	794,363	598,334	1,153,788
Public safety				
Services and supplies	27,453	26,912	541	73,839
Capital outlay	711,575	279,394	432,181	135,530
Total public safety	739,028	306,306	432,722	209,369
Public works				
Services and supplies	61,740	50,671	11,069	29,270
Culture and recreation				
Capital outlay	352,890	-	352,890	-
Total expenditures	2,546,355	1,151,340	1,395,015	1,392,427
Excess (Deficiency) of Revenues over Expenditures	(2,537,855)	(1,145,942)	1,391,913	(1,386,494)
Other Financing Sources (Uses)				
Transfers				
Transfers in	754,108	754,108	-	2,455,240
Total other financing sources (uses)	754,108	754,108	-	2,455,240
Net Change in Fund Balances	(1,783,747)	(391,834)	1,391,913	1,068,746
Fund Balances, Beginning of Year	2,073,236	2,145,917	72,681	1,077,171
Fund Balances, End of Year	$ 289,489	$ 1,754,083	$ 1,464,594	$ 2,145,917

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Facilities Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Intergovernmental revenues				
County ad valorem taxes	$ 198,283	$ 209,282	$ 10,999	$ 197,776
Miscellaneous				
Investment income	5,500	3,690	(1,810)	2,439
Total revenues	203,783	212,972	9,189	200,215
Expenditures				
General government				
Services and supplies	77,860	78,324	(464)	59,469
Capital outlay	68,665	8,665	60,000	8,450
Total general government	146,525	86,989	59,536	67,919
Public safety				
Services and supplies	62,808	58,965	3,843	64,189
Capital outlay	190,793	35,385	155,408	82,530
Total public safety	253,601	94,350	159,251	146,719
Culture and recreation				
Services and supplies	160,000	11,425	148,575	-
Capital outlay	60,000	26,839	33,161	-
Total Culture and Recreation	220,000	38,264	181,736	-
Total expenditures	620,126	219,603	400,523	214,638
Net Change in Fund Balances	(416,343)	(6,631)	409,712	(14,423)
Fund Balances, Beginning of Year	419,542	455,340	35,798	469,763
Fund Balances, End of Year	$ 3,199	$ 448,709	$ 445,510	$ 455,340

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks and Recreation Project Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Licenses and permits				
Concession franchise fees	$ 99,996	$ 99,996	$ -	$ 99,996
Electric franchise fees	1,380,016	1,519,933	139,917	679,016
Gas franchise fees	448,612	491,473	42,861	215,907
Park fees	50,000	49,305	(695)	57,285
Charges for services				
Other	108,000	134,285	26,285	127,104
Miscellaneous				
Investment income	13,000	15,582	2,582	8,788
Other	-	-	-	12,207
Total revenues	2,099,624	2,310,574	210,950	1,200,303
Expenditures				
Culture and recreation				
Salaries and wages	277,220	282,650	(5,430)	273,473
Employee benefits	138,594	134,860	3,734	134,276
Services and supplies	359,249	127,104	232,145	338,430
Capital outlay	2,559,801	502,054	2,057,747	575,995
Total culture and recreation	3,334,864	1,046,668	2,288,196	1,322,174
Total expenditures	3,334,864	1,046,668	2,288,196	1,322,174
Net Change in Fund Balances	(1,235,240)	1,263,906	2,499,146	(121,871)
Fund Balance, Beginning of Year	1,639,613	1,734,191	94,578	1,856,062
Fund Balances, End of Year	$ 404,373	$ 2,998,097	$ 2,593,724	$ 1,734,191

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Improvement District 3 Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Miscellaneous				
Investment income	$ 850	$ 3,124	$ 2,274	$ 1,240
Other	-	13,840	13,840	20,023
	850	16,964	16,114	21,263
Expenditures				
Community support				
Services and supplies	440,350	8,115	432,235	18,501
Net Change in Fund Balances	(439,500)	8,849	448,349	2,762
Fund Balances, Beginning of Year	439,501	461,452	21,951	458,690
Fund Balances, End of Year	$ 1	$ 470,301	$ 470,300	$ 461,452

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 1 Revolving Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Ad valorem	$ 445,000	$ 503,249	$ 58,249	$ 270,264
Miscellaneous				
Investment income (loss)	8,500	6,221	(2,279)	2,933
Property rentals	15,000	13,750	(1,250)	15,000
Total revenues	468,500	523,220	54,720	288,197
Expenditures				
Community support				
Salaries and wages	14,507	14,756	(249)	13,920
Employee benefits	7,423	7,501	(78)	7,261
Services and supplies	106,916	196,326	(89,410)	56,682
Capital outlay	958,343	173,897	784,446	12,168
Total community support	1,087,189	392,480	694,709	90,031
Excess (Deficiency) of Revenues over Expenditures	(618,689)	130,740	749,429	198,166
Other Financing Sources (Uses)				
Capital asset sales	-	-	-	1,096,000
Transfers				
Transfers in	-	-	-	50,000
Transfers out	(290,447)	(290,447)	-	(341,015)
Total other financing sources (uses)	(290,447)	(290,447)	-	804,985
Net Change in Fund Balances	(909,136)	(159,707)	749,429	1,003,151
Fund Balances, Beginning of Year	1,878,587	1,885,995	7,408	882,844
Fund Balances, End of Year	$ 969,451	$ 1,726,288	$ 756,837	$ 1,885,995

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Agency Area No. 2 Revolving Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Ad valorem	$ 1,005,000	$ 948,519	$ (56,481)	$ 830,229
Fines and forfeits				
Other	-	2,000	2,000	6,300
Miscellaneous				
Investment income (loss)	38,000	(7,352)	(45,352)	53,389
Total revenues	1,043,000	943,167	(99,833)	889,918
Expenditures				
Community support				
Services and supplies	90,406	54,066	36,340	11,651
Excess (Deficiency) of Revenues over Expenditures	952,594	889,101	(63,493)	878,267
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	650,000
Transfers out	-	-	-	(1,727,853)
Total other financing sources (uses)	-	-	-	(1,077,853)
Net Change in Fund Balances	952,594	889,101	(63,493)	(199,586)
Fund Balances, Beginning of Year	1,234,856	1,324,933	90,077	1,524,519
Fund Balances, End of Year	$ 2,187,450	$ 2,214,034	$ 26,584	$ 1,324,933

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Victorian Square Room Tax Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Revenues				
Taxes				
Room tax	$ 925,000	$ 1,089,863	$ 164,863	$ 928,190
Miscellaneous				
Investment income (loss)	36,500	21,771	(14,729)	20,688
Total revenues	961,500	1,111,634	150,134	948,878
Expenditures				
Community support				
Services and supplies	1,037,947	7,323	1,030,624	6,948
Capital outlay	861,802	370,894	490,908	7,795
Total community support	1,899,749	378,217	1,521,532	14,743
Net Change in Fund Balances	(938,249)	733,417	1,671,666	934,135
Fund Balances, Beginning of Year	4,293,632	4,373,983	80,351	3,439,848
Fund Balances, End of Year	$ 3,355,383	$ 5,107,400	$ 1,752,017	$ 4,373,983

Major Enterprise Fund

Sewer Operations Fund

To account for the provision of sewer services to the residents of the City and some residents of Washoe County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Nonmajor Enterprise Fund

Development Services Fund

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

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Sewer Operations Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Licenses and permits				
Miscellaneous	$ 185,000	$ 199,820	$ 14,820	$ 205,437
Charges for services				
Sewer charges	25,289,369	25,222,431	(66,938)	23,795,374
Miscellaneous	65,893	91,557	25,664	105,152
Total operating revenues	25,540,262	25,513,808	(26,454)	24,105,963
Operating Expenses				
Salaries and wages	2,809,199	2,955,354	(146,155)	2,794,426
Employee benefits	1,755,536	1,667,935	87,601	1,582,908
Services and supplies	12,922,116	9,975,216	2,946,900	9,675,194
Depreciation	8,187,762	6,845,539	1,342,223	6,370,188
Net loss from Truckee Meadows Water Reclamation Facility	2,300,000	2,657,986	(357,986)	2,083,084
Total operating expenses	27,974,613	24,102,030	3,872,583	22,505,800
Operating Income (Loss)	(2,434,351)	1,411,778	3,846,129	1,600,163
Nonoperating Revenues (Expenses)				
Grants	-	(711)	(711)	13,134
Investment income (loss)	141,936	53,951	(87,985)	(58,721)
Interest expense	(934,405)	(621,833)	312,572	(816,602)
Miscellaneous	-	(516)	(516)	(932)
Total nonoperating revenue (expenses)	(792,469)	(569,109)	223,360	(863,121)
Income (Loss) Before Capital Contributions and Transfers	(3,226,820)	842,669	4,069,489	737,042
Capital Contributions				
Sewer connection fees	3,536,595	10,802,523	7,265,928	5,281,080
Sewer lines and storm drains	-	3,736,247	3,736,247	2,367,774
Total capital contributions	3,536,595	14,538,770	11,002,175	7,648,854
Transfers				
Transfers in	150,000	255,744	105,744	82,092
Transfers out	(3,896)	(3,896)	-	(3,904)
Total transfers	146,104	251,848	105,744	78,188
Change in Net Position	$ 455,879	15,633,287	$ 15,177,408	$ 8,464,084
Net Position, Beginning of Year, as Originally Reported		203,058,882		
Prior Period Adjustment		(1,163,230)		
Net Position, Beginning of Year, as Restated		201,895,652		
Net Position, End of Year		$ 217,528,939		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Development Services Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Licenses and permits				
Building permits	$ 1,736,284	$ 2,479,464	$ 743,180	$ 2,223,579
Other	40,935	61,296	20,361	42,918
Charges for services				
Building and zoning fees	1,339,201	2,321,244	982,043	1,805,574
Other	313,218	821,894	508,676	641,417
Total operating revenues	3,429,638	5,683,898	2,254,260	4,713,488
Operating Expenses				
Salaries and wages	1,894,710	1,870,810	23,900	1,562,534
Employee benefits	1,104,374	856,240	248,134	645,405
Services and supplies	2,382,630	1,759,575	623,055	1,606,159
Depreciation	-	4,164	(4,164)	958
Total operating expenses	5,381,714	4,490,789	890,925	3,815,056
Operating Income (Loss)	(1,952,076)	1,193,109	3,145,185	898,432
Nonoperating Revenues (Expenses)				
Grants	-	-	-	595
Investment income (loss)	28,000	15,231	(12,769)	18,728
Miscellaneous	58,320	1,455	(56,865)	1,421
Total nonoperating revenues (expenses)	86,320	16,686	(69,634)	20,744
Income (Loss) Before Transfers	(1,865,756)	1,209,795	3,075,551	919,176
Transfers				
Transfers out	(23,375)	(23,375)	-	(52,247)
Change in Net Position	$ (1,889,131)	1,186,420	$ 3,075,551	$ 866,929
Net Position, Beginning of Year, as Originally Reported		2,666,388		
Prior Period Adjustment		(797,292)		
Net Position, Beginning of Year, as Restated		1,869,096		
Net Position, End of Year		$ 3,055,516		

Internal Service Funds

Motor Vehicle Maintenance Fund

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

Group Insurance Self-Insurance Fund

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

Workers' Compensation Insurance Fund

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

Municipal Self-Insurance Fund

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

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Assets			
Current assets			
Cash and investments	$ 2,503,949	$ 4,165,195	$ 2,272,281
Accounts receivable	7,068	78,667	-
Due from other governments	1,902	-	-
Deposits	-	9,072	10,000
Inventory of supplies	193,405	-	-
Total current assets	2,706,324	4,252,934	2,282,281
Noncurrent assets			
Capital assets			
Construction in progress	1,322,292	-	-
Buildings	451,019	-	-
Site improvements	245,445	-	-
Machinery and equipment	27,047,760	-	-
Less accumulated depreciation	18,742,120	-	-
Total noncurrent assets	10,324,396	-	-
Total assets	13,030,720	4,252,934	2,282,281
Deferred Outflows of Resources			
Deferred outflows related to OPEB	1,893	-	-
Deferred outflows related to pensions	162,794	-	-
Total deferred outflows of resources	164,687	-	-
Total assets and deferred outflows of resources	13,195,407	4,252,934	2,282,281
Liabilities			
Current liabilities			
Accounts payable	68,800	115,254	-
Accrued liabilities	28,758	(13,286)	-
Due to other governments	24,070	-	-
Current portion of long-term liabilities	68,998	1,051,220	1,444,646
Total current liabilities	190,626	1,153,188	1,444,646
Long-term liabilities			
Compensated absences (net of current portion)	166,786	-	-
Other post employment benefits	153,443	-	-
Sick leave conversion payable (net of current portion	26,950	-	-
Claims liabilities (net of current portion)	-	-	5,244,238
Net pension obligation	1,005,964	-	-
Total long-term liabilities	1,353,143	-	5,244,238
Total liabilities	1,543,769	1,153,188	6,688,884
Deferred Inflows of Resources			
Deferred inflows related to pensions	104,121	-	-
Total liabilities and deferred inflows of resources	1,647,890	1,153,188	6,688,884
Net Position			
Net investment in capital assets	10,324,396	-	-
Restricted for claims	-	3,099,746	-
Unrestricted	1,223,121	-	(4,406,603)
Total net position	$ 11,547,517	$ 3,099,746	$ (4,406,603)

Municipal Self-Insurance	Totals
$ 19,575	$ 8,961,000
-	85,735
-	1,902
-	19,072
-	193,405
19,575	9,261,114
-	1,322,292
-	451,019
-	245,445
-	27,047,760
-	18,742,120
-	10,324,396
19,575	19,585,510
-	1,893
-	162,794
-	164,687
19,575	19,750,197
16,925	200,979
-	15,472
-	24,070
-	2,564,864
16,925	2,805,385
-	166,786
-	153,443
-	26,950
-	5,244,238
-	1,005,964
-	6,597,381
16,925	9,402,766
-	104,121
16,925	9,506,887
-	10,324,396
2,650	3,102,396
-	(3,183,482)
$ 2,650	$ 10,243,310

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	$ 4,445,833	$ 11,530,212	$ 357,984
Miscellaneous	(3,610)	263,474	-
Total operating revenues	4,442,223	11,793,686	357,984
Operating Expenses			
Salaries and wages	554,296	-	-
Employee benefits	322,912	-	-
Services and supplies	1,563,153	9,908,941	1,009,490
Depreciation	1,565,188	-	-
Total operating expenses	4,005,549	9,908,941	1,009,490
Operating Income (Loss)	436,674	1,884,745	(651,506)
Nonoperating Revenues (Expenses)			
Investment income (loss)	24,139	12,340	26,675
Miscellaneous	4,845	-	-
Grants	(1,922)	-	-
Gain (loss) on disposition of assets	(42,252)	-	-
Total nonoperating revenues (expenses)	(15,190)	12,340	26,675
Income (Loss) Before Capital Contributions and Transfers	421,484	1,897,085	(624,831)
Transfers			
Transfers in	30,068	-	-
Transfers out	-	-	-
	30,068	-	-
Change in Net Position	451,552	1,897,085	(624,831)
Net Position, Beginning of Year, as Originally Reported	11,319,831	1,202,661	(3,781,772)
Prior Period Adjustment	(223,866)	-	-
Net Position, Beginning of Year	11,095,965	1,202,661	(3,781,772)
Net Position, End of Year	$ 11,547,517	$ 3,099,746	$ (4,406,603)

Municipal Self-Insurance	Totals
$ 885,671	$ 17,219,700
88,728	348,592
974,399	17,568,292
-	554,296
-	322,912
989,089	13,470,673
-	1,565,188
989,089	15,913,069
(14,690)	1,655,223
267	63,421
-	4,845
-	(1,922)
-	(42,252)
267	24,092
(14,423)	1,679,315
-	30,068
(30,068)	(30,068)
(30,068)	-
(44,491)	1,679,315
47,141	8,787,861
-	(223,866)
47,141	8,563,995
$ 2,650	$ 10,243,310

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Operating Activities			
Cash received from customers and users	$ 12,411	$ 2,178,247	$ 484,529
Cash received from interfund services provided	4,445,832	9,245,193	-
Cash received from reimbursements of insurance claims	-	383,188	-
Cash paid to employees	(871,543)	29	-
Cash paid to suppliers	(1,551,371)	(9,896,576)	(1,119,455)
Net Cash from (used for) Operating Activities	2,035,329	1,910,081	(634,926)
Noncapital Financing Activities			
Subsidy from federal grant	(1,922)	-	-
Capital and Related Financing Activities			
Proceeds from sale of capital assets	36,899	-	-
Acquisition of capital assets	(2,252,223)	-	-
Net Cash used for Capital and Related Financing Activities	(2,215,324)	-	-
Investing Activities			
Investment income (loss)	24,139	12,340	26,675
Net Change in Cash and Cash Equivalents	(157,778)	1,922,421	(608,251)
Cash and Cash Equivalents, Beginning of Year	2,661,727	2,242,774	2,880,532
Cash and Cash Equivalents, End of Year	$ 2,503,949	$ 4,165,195	$ 2,272,281

Municipal Self-Insurance	Totals
$ 89,541	$ 2,764,728
885,671	14,576,696
-	383,188
-	(871,514)
(997,540)	(13,564,942)
(22,328)	3,288,156
-	(1,922)
-	36,899
(30,068)	(2,282,291)
(30,068)	(2,245,392)
267	63,421
(52,129)	1,104,263
71,704	7,856,737
$ 19,575	$ 8,961,000

	Motor Vehicle Maintenance	Group Insurance Self-Insurance	Workers' Compensation Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities			
Operating income (loss)	$ 436,674	$ 1,884,745	$ (651,506)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	1,565,188	-	-
Changes in			
Accounts receivable	9,891	13,550	-
Due from other governments	6,131	-	126,546
Inventory of supplies	46,318	-	-
Deferred outflows related to pensions	23,037	-	-
Net OPEB asset and deferred outflows related to OPEB	(1,354)	-	-
Accounts payable	(33,067)	105,266	-
Accrued liabilities	(1,107)	29	-
Compensated absences	9,396	-	-
Net pension liability and deferred inflows related to pension	(26,262)	-	-
OPEB liability	1,952	-	-
Unearned revenue	-	(607)	-
Refundable deposits	-	(892)	-
Due to other governments	(1,468)	-	-
Claims liabilities	-	(92,010)	(109,966)
Total Adjustments	1,598,655	25,336	16,580
Net Cash from (used for) Operating Activities	$ 2,035,329	$ 1,910,081	$ (634,926)
Noncash investing and capital and related financing activities			
Contributions of capital assets from/to other funds	$ 30,068	$ -	$ -
Book value of capital asset disposals	$ 68,180	$ -	$ -

Municipal Self-Insurance	Totals
$ (14,690)	$ 1,655,223
-	1,565,188
812	24,253
-	132,677
-	46,318
-	23,037
-	(1,354)
(8,450)	63,749
-	(1,078)
-	9,396
-	(26,262)
-	1,952
-	(607)
-	(892)
-	(1,468)
-	(201,976)
(7,638)	1,632,933
$ (22,328)	$ 3,288,156
$ (30,068)	$ -
$ -	$ 68,180

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Motor Vehicle Maintenance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Charges for services				
Equipment rent	$ 3,733,221	$ 3,864,387	$ 131,166	$ 3,823,689
Fuel	626,389	581,446	(44,943)	500,561
Miscellaneous	17,000	(3,610)	(20,610)	36,652
Total operating revenues	4,376,610	4,442,223	65,613	4,360,902
Operating Expenses				
Salaries and wages	606,845	554,296	52,549	591,317
Employee benefits	365,690	322,912	42,778	342,762
Services and supplies	1,516,257	1,563,153	(46,896)	1,411,253
Depreciation	1,589,223	1,565,188	24,035	1,462,451
Total operating expenses	4,078,015	4,005,549	72,466	3,807,783
Operating Income (Loss)	298,595	436,674	138,079	553,119
Nonoperating Revenues (Expenses)				
Investment income (loss)	24,000	24,139	139	10,747
Grants	-	(1,922)	(1,922)	8,033
Miscellaneous	-	4,845	4,845	-
Gain on disposition of assets	50,000	13,703	(36,297)	264,348
Loss on disposition of assets	-	(55,955)	(55,955)	(895)
Total nonoperating revenues (expenses)	74,000	(15,190)	(89,190)	282,233
Income (Loss) Before Capital Contributions and Transfers	372,595	421,484	48,889	835,352
Capital Contributions				
Vehicles	-	-	-	3,024
Total capital contributions	-	-	-	3,024
Transfers				
Transfers in	-	30,068	30,068	28,826
Transfers out	(1,000,000)	-	1,000,000	-
Total transfers	(1,000,000)	30,068	1,030,068	28,826
Change in Net Position	$ (627,405)	451,552	$ 1,078,957	$ 867,202
Net Position, Beginning of Year, as Originally Reported		11,319,831		
Prior Period Adjustment		(223,866)		
Net Position, Beginning of Year, as Restated		11,095,965		
Net Position, End of Year		$ 11,547,517		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Group Insurance Self-Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Charges for services				
Other	$ 12,001,020	$ 11,530,212	$ (470,808)	$ 11,423,950
Miscellaneous				
Reimbursement from insurance claims	-	263,474	263,474	211,108
Total operating revenues	12,001,020	11,793,686	(207,334)	11,635,058
Operating Expenses				
Services and supplies	11,976,099	9,908,941	2,067,158	10,623,303
Operating Income (Loss)	24,921	1,884,745	1,859,824	1,011,755
Nonoperating Revenues (Expenses)				
Investment income (loss)	5,500	12,340	6,840	(572)
Change in Net Position	$ 30,421	1,897,085	$ 1,866,664	$ 1,011,183
Net Position, Beginning of Year		1,202,661		
Net Position, End of Year		$ 3,099,746		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Workers' Compensation Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Charges for services				
Contributions and reimbursements	$ 416,499	$ 357,984	$ (58,515)	$ 316,324
Miscellaneous				
Reimbursement from insurance claims	-	-	-	205,046
Total operating revenues	416,499	357,984	(58,515)	521,370
Operating Expenses				
Services and supplies	1,688,641	1,009,490	679,151	1,137,079
Operating Income (Loss)	(1,272,142)	(651,506)	620,636	(615,709)
Nonoperating Revenues (Expenses)				
Investment income (loss)	40,000	26,675	(13,325)	21,686
Change in Net Position	$ (1,232,142)	(624,831)	$ 607,311	$ (594,023)
Net Position, Beginning of Year		(3,781,772)		
Net Position, End of Year		$ (4,406,603)		

City of Sparks

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Municipal Self-Insurance Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for Year Ended June 30, 2017)

	2018			
	Final Budget	Actual	Variance	2017
Operating Revenues				
Charges for services				
Interfund services provided	$ 875,671	$ 885,671	$ 10,000	$ 848,621
Miscellaneous				
Reimbursement from insurance claims	70,000	88,728	18,728	108,058
Total operating revenues	945,671	974,399	28,728	956,679
Operating Expenses				
Services and supplies	1,088,709	989,089	99,620	881,131
Operating Income (Loss)	(143,038)	(14,690)	128,348	75,548
Nonoperating Revenues (Expenses)				
Investment income (loss)	1,000	267	(733)	84
Total nonoperating revenues (expenses)	1,000	267	(733)	84
Income (Loss) Before Transfers	(142,038)	(14,423)	127,615	75,632
Transfers				
Transfers out	-	(30,068)	(30,068)	-
Change in Net Position	$ (142,038)	(44,491)	$ 97,547	$ 75,632
Net Position, Beginning of Year		47,141		
Net Position, End of Year		$ 2,650		

Agency Funds

Sick Leave Retirement Trust Fund

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

Postemployment Medical Benefits Trust Fund

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

Truckee Meadows Water Reclamation Facility

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

Regional Transportation Commission Road Impact Fund

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

Others

The following funds are maintained to account for the accumulation of resources to perform limited maintenance of landscaping within the respective subdivisions:

- Mesa Meadows Landscape Maintenance Fund
- Promontory Landscape Maintenance Fund
- Triple Crown Landscape Maintenance Fund

City of Sparks
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Sick Leave Retirement Trust Fund				
Assets				
Cash and investments	$ 29,322	$ -	$ 6,445	$ 22,877
Liabilities				
Group insurance premiums payable	$ 29,322	$ -	$ 6,445	$ 22,877
Post Employment Medical Benefits Trust Fund				
Assets				
Cash and investments	$ 387,918	$ 229,587	$ 284,708	$ 332,797
Liabilities				
Group insurance premiums payable	$ 387,918	$ 229,587	$ 284,708	$ 332,797
Truckee Meadows Water Reclamation Facility				
Assets				
Cash and investments	$ 3,638,402	$ 20,144,217	$ 20,579,207	$ 3,203,412
Liabilities				
Due to other governments	$ 3,638,402	$ 20,144,217	$ 20,579,207	$ 3,203,412
Regional Transportation Commission Road Impact Fund				
Assets				
Cash and investments	$ 137,855	$ 362,854	$ -	$ 500,709
Liabilities				
Due to other governments	$ 137,855	$ 362,854	$ -	$ 500,709
Mesa Meadows Landscape Maintenance Fund				
Assets				
Cash and investments	$ 7,032	$ 67,182	$ 61,724	$ 12,490
Liabilities				
Accounts payable	$ 7,032	$ 67,182	$ 61,724	$ 12,490
Promontory Landscape Maintenance Fund				
Assets				
Cash and investments	$ 18,605	$ 17,425	$ 14,111	$ 21,919
Liabilities				
Accounts payable	$ 18,605	$ 17,425	$ 14,111	$ 21,919

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Triple Crown Landscape Maintenance Fund				
Assets				
Cash and investments	$ 165,297	$ 49,494	$ 41,264	$ 173,527
Liabilities				
Accounts payable	$ 165,297	$ 49,494	$ 41,264	$ 173,527
Totals - All Agency Funds				
Assets				
Cash and investments	$ 4,384,431	$ 20,870,759	$ 20,987,459	$ 4,267,731
Liabilities				
Accounts payable	$ 190,934	$ 134,101	$ 117,099	$ 207,936
Group insurance premiums payable	417,240	229,587	291,153	355,674
Due to other governments	3,776,257	20,507,071	20,579,207	3,704,121
Total liabilities	$ 4,384,431	$ 20,870,759	$ 20,987,459	$ 4,267,731

Flat Fixed Fees		
Business license revenue for the year ended June 30, 2017 (Base Year)		$ 818,067
Adjustment to Base		
Percentage increase in population of the local government	2.29%	
Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated (West urban Size B/C -50,000 to 1,500,000, non seasonally adjusted)	2.70%	4.99%
		40,822
Adjusted base at June 30, 2018		858,889
Actual revenue at June 30, 2018		749,032
Amount under allowable amount		$ (109,857)
Fee Calculated on a Percentage of Gross Revenue		
Base revenue at June 30, 2017		$ 4,104,677
Percentage change in CPI		1.027
Adjusted base revenue at June 30, 2018		$ 4,215,503
Actual revenue at June 30, 2018		4,511,854
Actual amount over allowable amount		$ 296,351

This part of the City of Sparks' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Section Contents	Schedule #

Financial Trends **1.1 - 1.4**
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity **2.1 - 2.4**
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

Debt Capacity **3.1 - 3.4**
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.

Demographic and Economic Information **4.1 - 4.2**
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.

Operating Information **5.1 - 5.3**
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.

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

	2018	2017	2016	2015
Governmental Activities				
Net investment in capital assets	$ 363,842,341	$ 377,956,278	$ 364,071,812	$ 349,494,836
Restricted	74,705,337	36,694,210	35,374,824	35,589,211
Unrestricted	(249,270,951)	(136,693,294)	(163,874,191)	(162,908,270)
Total governmental activities	$ 189,276,727	$ 277,957,194	$ 235,572,445	$ 222,175,777
Business-Type Activities				
Net investment in Capital assets	$ 137,394,248	$ 136,405,793	$ 133,052,926	$ 132,378,854
Restricted	-	-	-	-
Unrestricted	82,041,558	67,633,391	61,224,746	52,757,466
Total business-type activities	$ 219,435,806	$ 204,039,184	$ 194,277,672	$ 185,136,320
Primary Government				
Net investment in Capital assets	$ 501,236,589	$ 514,362,071	$ 497,124,738	$ 481,873,690
Restricted	74,705,337	36,694,210	35,374,824	35,589,211
Unrestricted	(167,229,393)	(69,059,903)	(102,649,445)	(110,150,804)
Total primary government	$ 408,712,533	$ 481,996,378	$ 429,850,117	$ 407,312,097

Prepared on the accrual basis of accounting.

City of Sparks

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

2014	2013	2012	2011	2010	2009
$ 333,680,025	$ 276,456,276	$ 244,417,470	$ 248,628,684	$ 240,120,081	$ 231,945,948
41,194,330	42,903,334	51,091,604	54,408,668	52,436,068	29,215,548
(113,144,667)	(101,758,726)	(103,675,703)	(106,405,447)	(99,397,357)	(92,013,116)
$ 261,729,688	$ 217,600,884	$ 191,833,371	$ 196,631,905	$ 193,158,792	$ 169,148,380
$ 124,836,498	$ 118,604,065	$ 117,872,586	$ 116,663,143	$ 114,408,011	$ 110,657,125
-	-	-	-	-	-
62,226,339	62,724,798	64,634,725	65,174,839	66,681,450	70,313,937
$ 187,062,837	$ 181,328,863	$ 182,507,311	$ 181,837,982	$ 181,089,461	$ 180,971,062
$ 458,516,523	$ 395,060,341	$ 362,290,056	$ 365,291,827	$ 354,528,092	$ 342,603,073
41,194,330	42,903,334	51,091,604	54,408,668	52,436,068	29,215,548
(50,918,328)	(39,033,928)	(39,040,978)	(41,230,608)	(32,715,907)	(21,699,179)
$ 448,792,525	$ 398,929,747	$ 374,340,682	$ 378,469,887	$ 374,248,253	$ 350,119,442

	2018	2017	2016	2015
Expenses				
Governmental Activities				
General government	$ 13,621,466	$ 13,628,107	$ 17,259,801	$ 12,531,485
Judicial	2,462,687	2,351,052	2,085,243	2,119,937
Public safety	45,421,040	44,774,035	41,989,882	39,489,038
Public works	9,069,841	9,177,840	8,564,996	6,300,571
Culture and recreation	10,789,464	10,092,377	10,163,718	9,829,803
Community support	2,025,937	3,298,425	2,577,879	1,384,932
Intergovernmental	-	-	-	-
Interest on long-term debt	10,352,937	10,501,091	9,827,453	11,187,762
Total governmental activities expenses	93,743,372	93,822,927	92,468,972	82,843,528
Business-type Activities				
Sewer	24,247,805	22,922,462	23,863,114	22,442,881
Development services	4,429,417	3,784,497	2,871,068	1,991,181
Total business-type activities expenses	28,677,222	26,706,959	26,734,182	24,434,062
Total primary government expenses	$ 122,420,594	$ 120,529,886	$ 119,203,154	$ 107,277,590
Program Revenues				
Governmental Activities				
Charges for services				
General government	$ 17,319,752	$ 14,401,815	$ 14,374,893	$ 13,190,273
Judicial	884,023	858,488	940,585	959,730
Public safety	961,349	570,336	718,541	972,957
Public works	2,035,840	2,725,585	3,124,194	3,246,022
Sanitation	254,414	81,760	112,103	89,864
Culture, recreation, and community support	6,722,371	4,927,851	4,703,917	4,520,065
Operating grants, interest, and contributions	1,206,231	1,722,150	1,534,679	1,234,890
Capital grants, interest, and contributions	4,620,380	41,463,235	14,611,760	23,015,112
Total governmental activities program revenues	34,004,360	66,751,220	40,120,672	47,228,913
Business-type Activities				
Charges for services				
Sewer	25,422,251	24,000,811	22,858,463	21,956,804
Development services	5,683,897	4,713,487	4,153,119	3,266,871
Special events	-	-	-	-
Operating grants, interest, and contributions	(711)	13,729	-	-
Capital grants, interest, and contributions	14,538,770	7,648,854	6,490,750	5,509,920
Total business-type activities program revenues	45,644,207	36,376,881	33,502,332	30,733,595
Total primary government program revenues	79,648,567	103,128,101	73,623,004	77,962,508

Prepared on the accrual basis of accounting.

City of Sparks

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

2014	2013	2012	2011	2010	2009
$ 10,756,417	$ 10,863,112	$ 8,817,144	$ 10,025,892	$ 9,446,502	$ 14,777,036
2,213,707	2,225,488	2,054,034	2,158,409	2,304,226	2,260,022
44,473,405	40,779,887	37,286,519	36,969,841	41,712,851	41,632,067
13,107,396	13,780,817	14,071,989	14,151,854	14,700,661	11,447,145
10,230,616	9,672,978	9,149,895	9,899,309	11,237,024	11,814,474
1,949,757	1,568,970	2,473,833	3,206,527	6,101,231	96,486,490
-	-	-	-	-	-
10,748,859	13,158,074	13,480,497	12,860,069	12,398,040	11,611,485
93,480,157	92,049,326	87,333,911	89,271,901	97,900,535	190,028,719
24,153,084	24,622,329	20,399,005	21,680,905	22,979,230	22,541,333
1,624,933	1,780,442	1,468,521	1,653,448	2,636,060	4,356,655
25,778,017	26,402,771	21,867,526	23,334,353	25,615,290	26,897,988
$ 119,258,174	$ 118,452,097	$ 109,201,437	$ 112,606,254	$ 123,515,825	$ 216,926,707
$ 12,019,773	$ 11,417,822	$ 11,607,851	$ 11,639,553	$ 12,791,944	$ 13,540,898
988,053	991,278	1,032,788	1,317,073	1,327,287	1,162,867
960,766	728,109	880,505	2,014,994	801,870	674,869
3,040,582	3,055,505	2,835,071	2,695,408	2,622,887	2,675,642
37,520	6,300	15,330	-	30,852	93,775
4,446,327	4,197,108	5,295,120	4,114,266	4,217,444	4,459,484
1,867,496	2,184,401	1,940,111	2,445,242	2,095,270	1,395,463
56,827,683	37,135,600	6,441,089	16,900,744	20,097,164	12,625,105
80,188,200	59,716,123	30,047,865	41,127,280	43,984,718	36,628,103
21,209,352	21,114,955	19,851,753	18,827,593	18,523,097	18,101,886
2,317,542	2,117,900	2,013,713	1,410,322	1,463,498	3,545,235
-	-	-	-	-	-
-	-	-	-	-	-
7,746,694	2,246,382	589,860	797,086	1,993,711	3,508,720
31,273,588	25,479,237	22,455,326	21,035,001	21,980,306	25,155,841
111,461,788	85,195,360	52,503,191	62,162,281	65,965,024	61,783,944

	2018	2017	2016	2015
Net (Expense)/Revenue				
Governmental activities	$ (59,739,012)	$ (27,071,707)	$ (52,348,300)	$ (35,614,615)
Business-type activities	16,966,985	9,669,922	6,768,150	6,299,533
Total primary government net expense	$ (42,772,027)	$ (17,401,785)	$ (45,580,150)	$ (29,315,082)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem	$ 27,562,057	$ 26,361,970	$ 25,735,620	$ 24,206,813
Special assessments - taxes	342,080	889,479	1,197,930	1,082,636
Consolidated	26,549,389	23,195,337	22,695,286	20,916,103
Other	18,804,467	17,167,022	16,199,616	15,418,511
Unrestricted investment income	393,505	243,579	506,173	254,882
Other	(582,632)	1,625,010	215,107	584,991
Transfers	(228,473)	(25,941)	53,047	714,946
Total governmental activities	72,840,393	69,456,456	66,602,779	63,178,882
Business-type Activities				
Unrestricted investment income	69,183	(39,993)	493,674	246,574
Other	92,496	105,642	126,503	154,962
Transfers	228,473	25,941	(53,047)	(714,946)
Total business-type activities	390,152	91,590	567,130	(313,410)
Total primary government activities	$ 73,230,545	$ 69,548,046	$ 67,169,909	$ 62,865,472
Change in Net Position				
Governmental activities	$ 13,101,381	$ 42,384,749	$ 14,254,479	$ 27,564,267
Business-type activities	17,357,137	9,761,512	7,335,280	5,986,123
Total primary government change in net position	$ 30,458,518	$ 52,146,261	$ 21,589,759	$ 33,550,390

Prepared on the accrual basis of accounting.

City of Sparks

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

2014	2013	2012	2011	2010	2009
$ (13,291,957)	$ (32,333,203)	$ (57,286,046)	$ (48,144,621)	$ (53,915,817)	$ (153,400,616)
5,495,571	(923,534)	587,800	(2,299,352)	(3,634,984)	(1,742,147)
$ (7,796,386)	$ (33,256,737)	$ (56,698,246)	$ (50,443,973)	$ (57,550,801)	$ (155,142,763)
$ 23,423,624	$ 23,200,778	$ 23,935,797	$ 25,692,651	$ 29,194,703	$ 30,028,590
1,188,135	1,830,467	1,895,243	1,960,106	28,130,914	-
19,356,294	18,252,243	17,513,809	16,725,697	16,582,397	18,521,203
14,282,782	13,571,789	11,119,363	11,418,369	9,518,119	6,413,406
378,347	3,638	367,254	475,772	1,575,591	3,667,677
778,449	776,389	480,804	(4,471,332)	(7,462,151)	3,972,094
342,882	465,412	13,273	(183,529)	(2,403,664)	(9,423,035)
59,750,513	58,100,716	55,325,543	51,617,734	75,135,909	53,179,935
454,632	19,311	399,619	382,358	1,114,003	1,399,026
126,653	191,187	371,133	299,956	235,716	335,532
(342,882)	(465,412)	(13,273)	183,529	2,403,664	9,423,035
238,403	(254,914)	757,479	865,843	3,753,383	11,157,593
$ 59,988,916	$ 57,845,802	$ 56,083,022	$ 52,483,577	$ 78,889,292	$ 64,337,528
$ 46,458,556	$ 25,767,513	$ (1,960,503)	$ 3,473,113	$ 21,220,092	$ (100,220,681)
5,733,974	(1,178,448)	1,345,279	(1,433,509)	118,399	9,415,446
$ 52,192,530	$ 24,589,065	$ (615,224)	$ 2,039,604	$ 21,338,491	$ (90,805,235)

	2018	2017	2016	2015
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable			-	333
Restricted	-	-	-	-
Assigned	955,058	332,086	2,345,634	2,499,431
Unassigned	5,860,157	2,381,986	3,661,772	3,946,852
Total general fund [1]	$ 6,815,215	$ 2,714,072	$ 6,007,406	$ 6,446,616
All Other Governmental Funds				
Unreserved				
Designated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Undesignated in				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Restricted	33,709,413	32,696,433	36,862,093	35,767,128
Committed	1,240,812	913,386	1,073,424	798,424
Assigned	7,777,139	6,407,484	3,429,725	3,993,693
Total all other governmental funds [1]	$ 42,727,364	$ 40,017,303	$ 41,365,242	$ 40,559,245

Notes:

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

[2] Fund balances beginning with fiscal year 2011 have been reclassified per GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Prepared on the accrual basis of accounting.

City of Sparks

Schedule 1.3 – Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)

2014	2013	2012	2011	2010	2009
$ -	$ -	$ -	$ -	$ 103,542	$ 145,056
-	-	-	-	3,569,096	4,787,612
-	-	-	-	1,180,678	1,428,367
-	-	1,268	788	-	-
-	-	13,571	346,058	-	-
1,101,885	1,693,859	2,153,036	1,336,536	-	-
3,762,386	4,113,903	4,324,416	5,161,421	-	-
$ 4,864,271	$ 5,807,762	$ 6,492,291	$ 6,844,803	$ 4,853,316	$ 6,361,035
-	-	-	-	3,042,768	1,817,197
-	-	-	-	17,203,646	20,778,418
-	-	-	-	10,689,211	17,217,241
-	-	-	-	2,020,507	99,033
-	-	-	-	2,777,260	1,107,955
-	-	-	-	7,885,152	6,166,558
41,650,718	35,210,268	36,390,477	35,551,672	-	-
1,163,684	1,040,583	837,136	692,616	-	-
3,443,911	3,417,542	3,523,829	4,559,865	-	-
$ 46,258,313	$ 39,668,393	$ 40,751,442	$ 40,804,153	$ 43,618,544	$ 47,186,402

	2018	2017	2016	2015
Revenues				
Taxes	$ 35,540,175	$ 29,734,198	$ 28,969,948	$ 27,564,923
Licenses and permits	18,919,474	15,476,836	15,892,828	15,806,282
Intergovernmental revenues	45,242,535	41,886,672	40,724,097	38,096,816
Charges for services	5,851,944	5,713,677	5,186,023	5,107,022
Fines and forfeits	703,704	622,678	663,882	653,313
Miscellaneous	770,508	597,537	846,889	435,736
Total revenues	107,028,340	94,031,598	92,283,667	87,664,092
Expenditures				
General government*	12,773,777	13,009,722	10,979,858	10,113,421
Judicial	2,347,609	2,272,818	1,998,477	2,097,670
Public safety	43,983,574	43,333,646	41,066,025	39,716,955
Public works	4,734,654	4,709,480	4,827,742	4,774,668
Culture and recreation	7,559,391	7,534,030	7,258,973	6,820,522
Community support	1,235,472	994,435	1,802,744	901,936
Intergovernmental	-	-	-	-
Capital outlay	4,268,622	6,726,641	5,918,626	5,082,673
Debt service:				
Principal	13,644,519	7,852,000	7,398,000	13,797,000
Interest	9,423,142	10,165,272	10,920,981	11,208,334
Advance Funding Escrow	-	2,899,967	-	-
Other	18,153	241,093	4,366	211,815
Total expenditures	99,988,913	99,739,104	92,175,792	94,724,994
Excess (Deficiency) of Revenues Over Expenditures	7,039,427	(5,707,506)	107,875	(7,060,902)
Other Financing Sources (Uses)				
Capital asset sales	250	1,096,000	934,000	2,150,000
Refunding bonds issued	-	23,158,290	-	-
Bonds issued	-	-	-	-
Proceeds of refunding bonds	-	-	-	7,285,000
Payment to refunded bond escrow	-	(23,124,790)	-	(7,132,187)
Refunded bonds redeemed	-	-	-	-
Discount on bonds issued	-	(8,500)	-	-
Transfers in	2,939,738	7,099,724	6,542,487	5,749,856
Transfers out	(3,168,211)	(7,154,491)	(7,217,575)	(5,108,490)
Prior period adjustment	-	-	-	-
Total other financing sources (uses)	(228,223)	1,066,233	258,912	2,944,179
Net Change in Fund Balances	$ 6,811,204	$ (4,641,273)	$ 366,787	$ (4,116,723)
Debt service as a percentage of noncapital expenditures	24.1%	19.4%	21.2%	27.9%

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

2014	2013	2012	2011	2010	2009
$ 32,673,904	$ 26,825,221	$ 27,612,851	$ 29,467,590	$ 32,410,994	$ 31,274,738
14,636,255	13,878,721	13,721,762	13,238,303	13,669,551	14,689,530
36,101,825	35,016,415	31,605,381	31,505,744	29,576,686	27,967,425
5,460,416	5,366,208	6,303,327	7,168,837	8,147,497	8,506,396
662,907	686,356	707,145	923,884	965,408	994,119
950,298	440,595	1,624,222	2,187,918	2,240,126	6,238,845
90,485,605	82,213,516	81,574,688	84,492,276	87,010,262	89,671,053
10,013,248	9,484,391	9,538,767	9,303,631	9,766,563	15,469,427
1,931,962	1,976,186	1,972,078	2,060,499	2,087,748	2,106,624
38,156,786	35,632,227	35,869,222	35,178,504	37,207,229	37,831,695
4,539,922	5,737,079	6,274,814	7,983,441	9,028,720	8,401,507
6,797,156	6,365,455	6,501,064	6,990,564	7,952,673	9,048,897
1,117,381	725,288	1,619,322	2,011,557	5,188,476	95,685,899
-	-	259,051	295,331	378,557	522,230
4,077,064	6,920,081	3,228,900	5,672,383	14,080,842	31,682,011
13,825,000	6,080,000	5,665,000	5,120,000	5,375,177	3,022,679
12,003,482	11,135,169	10,068,803	10,427,468	11,808,027	10,115,441
-	-	-	-	-	-
150,057	95,898	95,907	148,273	517,375	2,543,061
92,612,058	84,151,774	81,092,928	85,191,651	103,391,387	216,429,471
(2,126,453)	(1,938,258)	481,760	(699,375)	(16,381,125)	(126,758,418)
100,000	88,258	-	-	(173,812)	7,250
-	-	-	-	-	-
-	-	-	4,180,000	31,948,734	147,774,213
7,330,000	-	-	-	-	-
-	-	-	-	(22,176,160)	-
-	-	-	(4,120,000)	-	-
-	-	-	-	-	-
6,207,065	4,643,725	4,699,972	4,911,833	7,109,022	10,650,405
(5,864,183)	(4,561,303)	(4,582,435)	(5,095,362)	(8,562,739)	(11,220,378)
-	-	(1,004,520)	-	3,160,503	-
7,772,882	170,680	(886,983)	(123,529)	11,305,548	147,211,490
$ 5,646,429	$ (1,767,578)	$ (405,223)	$ (822,904)	$ (5,075,577)	$ 20,453,072
29.2%	22.3%	20.2%	19.6%	19.2%	7.1%

Fiscal Year Ended June 30,	Real Property Assessed Value			
	Residential	Commercial	Industrial	Other
2018	$ 1,893,681,236	$ 488,497,068	$ 384,454,122	$ 152,542,043
2017	1,796,385,878	469,528,526	373,049,844	157,675,703
2016	1,628,545,964	492,592,811	352,196,393	149,463,174
2015	1,412,538,525	491,969,082	346,266,412	139,008,743
2014	1,194,487,527	490,827,042	344,402,528	139,544,675
2013	1,205,915,561	484,053,275	333,460,281	135,939,375
2012	1,297,586,987	485,223,299	335,130,418	134,354,569
2011	1,438,907,544	466,143,248	326,211,878	128,602,963
2010	1,631,892,071	492,034,961	336,335,074	141,731,139
2009	2,064,362,454	518,466,654	331,729,137	154,562,665

Source: Washoe County Assessor

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

City of Sparks

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

Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
$ 5,635,323	$ 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	158,289,982	2,469,924,856	7,056,928,160	35.00%	0.9598
5,310,290	158,289,982	2,236,803,070	6,390,865,914	35.00%	0.9598
5,206,167	158,470,881	2,015,997,058	5,759,991,594	35.00%	0.9161
5,004,005	151,109,413	2,013,263,084	5,752,180,239	35.00%	0.9161
4,905,887	153,036,305	2,104,164,855	6,011,899,586	35.00%	0.9161
4,809,693	142,328,445	2,222,346,881	6,349,562,516	35.00%	0.9161
4,715,385	134,931,327	2,471,777,303	7,062,220,866	35.00%	0.9161
4,622,926	127,744,539	2,945,999,297	8,417,140,849	35.00%	0.9161

	2018	2017	2016	2015
City of Sparks Direct Rate				
Operating Rate	0.7109	0.7109	0.7109	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1384
Debt Service	0.0000	0.0000	-	-
Total City of Sparks Direct Rate	0.9598	0.9598	0.9598	0.9598
Overlapping Rates				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	0.0000	0.0000	0.0000	0.0000
State of Nevada	0.1700	0.1700	0.1700	0.1700
Total Overlapping Rates	2.7002	2.7002	2.7002	2.7002
Total City of Sparks Property Tax Rate	3.6600	3.6600	3.6600	3.6600
Redevelopment Agency of the City of Sparks	3.2085	3.2085	3.2085	3.194

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.

2014	2013	2012	2011	2010	2009
0.6672	0.6672	0.6672	0.6672	0.6372	0.6372
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1284	0.1284
-	-	-	-	0.0400	0.0400
0.9161	0.9161	0.9161	0.9161	0.9161	0.9161
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0000	0.0000	0.0000	0.0005	0.0004	0.0004
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7002	2.7002	2.7002	2.7007	2.7006	2.7006
3.6163	3.6163	3.6163	3.6168	3.6167	3.6167
3.1238	3.1336	3.1336	3.2075	3.2294	3.2525

	2018			2009		
Taxpayer	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
ICON Reno Property Owner Pool 3	$ 15,880,535	1	0.57%	-	-	
Northwest Mutual Life	15,406,127	2	0.55%	$ 17,303,377	3	0.59%
Prime Park Vista LLC	13,483,589	3	0.49%	14,090,657	5	0.48%
RCG-Sparks LLC	12,638,082	4	0.46%	-	-	-
Waterstone Village LLC	12,546,548	5	0.45%	-	-	-
BL Road LLC	12,186,899	6	0.44%	-	-	-
Westcore II Reno Portfolio LLC	12,089,093	7	0.44%	-	-	-
Oakmont Properties Trails	11,995,644	8	0.43%	-	-	-
Fortuna Realty ADA Compliant LTD	11,555,888	9	0.42%	-	-	-
Vineyards at Galleria LLC	11,351,114	10	0.41%	-	-	-
Prologis NA3 LLC	-	-	-	35,864,437	1	1.22%
Sparks Nugget, Inc.	-	-	-	24,333,677	2	0.83%
AIG Baker Sparks, LLC	-	-	-	14,838,992	4	0.50%
Sparks Galleria Investors LLC	-	-	-	13,690,759	6	0.46%
Prologis Trust	-	-	-	12,572,418	7	0.43%
Sparks Family Hospital Inc	-	-	-	12,247,869	8	0.42%
Prologic NA3 NV V LLC	-	-	-	11,161,771	9	0.38%
Kiley Ranch LLC	-	-	-	11,116,769	10	0.38%
Total, Ten Largest Taxpayers	129,133,519		4.65%	167,220,726		5.68%
Total, Other Taxpayers	2,648,267,890		95.35%	2,778,778,571		94.32%
Total Assessed Valuations	$ 2,777,401,409		100.00%	$ 2,945,999,297		100.00%

Source: Washoe County Assessor

This list represents the ten largest property assessments based on property-owning taxpayers in the City. It is possible that an owner of several parcels may have an aggregate assessed value that is large than those listed above. This schedule does not include the City of Sparks Redevelopment Agency valuation.

City of Sparks

Schedule 2.4 – Property Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Taxes Levied	Current Year		Delinquent Tax Collections	Totals to Date	
		Tax Collections	Percent of Taxes Levied		Tax Collections	Percent of Taxes Levied
2018	$ 24,780,831	$ 24,741,565	99.84%	$ -	$ 24,741,565	99.84%
2017	23,805,924	23,725,954	99.66%	71,084	23,797,038	99.96%
2016	23,092,284	23,012,450	99.65%	68,299	23,080,749	99.95%
2015	22,185,805	22,076,170	99.51%	105,605	22,181,775	99.98%
2014	22,220,370	21,302,629	95.87%	909,574	22,212,203	99.96%
2013	22,131,906	21,370,949	96.56%	742,137	22,113,086	99.91%
2012	21,867,752	21,720,508	99.33%	133,228	21,853,736	99.94%
2011	23,635,725	23,309,474	98.62%	323,847	23,633,321	99.99%
2010	26,557,900	26,036,651	98.04%	519,900	26,556,551	99.99%
2009	27,308,204	26,605,426	97.43%	682,240	27,287,666	99.92%

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					
2018	$ -	$ -	$ 31,969,961	$ -	$ 31,969,961	$ 28,845,695	$ 3,124,266	0.04%	333.97
2017	-	-	$ 40,340,988	-	40,340,988	19,752,855	20,588,133	0.27%	431.08
2016	1,035,000	-	43,497,856	-	44,532,856	18,910,066	25,622,790	0.36%	481.98
2015	2,025,000	-	46,722,399	-	48,747,399	17,298,588	31,448,811	0.49%	532.46
2014	2,975,000	-	55,592,348	-	58,567,348	22,921,066	35,646,282	0.59%	649.20
2013	3,890,000	-	58,713,918	-	62,603,918	22,373,617	40,230,301	0.63%	694.83
2012	4,770,000	-	61,675,488	-	66,445,488	23,585,259	42,860,229	0.71%	719.87
2011	5,610,000	-	64,542,058	-	70,152,058	26,898,775	43,253,283	0.68%	777.19
2010	6,415,000	-	67,468,628	-	73,883,628	3,564,616	70,319,012	1.00%	809.80
2009	7,725,000	-	60,972,256	-	68,697,256	3,120,048	65,577,208	0.78%	749.28

[1] See Schedule 2.1 for estimated actual property value.

[2] See Schedule 4.1 for population and personal income data.

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

Other Governmental Activities Debt		Business Type Activities				
Revenue Bonds	Capital Leases	Sewer Utility Bonds	Sewer Utility Notes	Total Primary Government	Percentage of Personal Income [2]	Per Capita [2]
$ 103,776,531	$ -	$ 38,085,582	$ 4,945,553	$ 178,777,627	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	220,706,293	1.28%	$2,446.47
119,952,126	1,292,535	39,407,646	8,403,635	231,659,860	1.41%	$2,571.14
121,953,240	1,891,690	42,785,394	9,049,464	242,125,276	1.41%	$2,623.19
123,674,746	2,464,385	46,060,110	9,680,647	252,031,946	1.26%	$2,792.16
124,766,252	3,011,794	47,391,756	10,292,425	259,345,855	1.11%	$2,842.55
124,684,114	3,576,062	44,443,986	10,607,736	252,009,154	0.51%	$2,748.67

Name of Government Unit	Debt Outstanding	Presently Self-Supporting Debt Outstanding	Percent Applicable [1]	Applicable Net Debt
Direct				
City of Sparks [2]				
Governmental activity				
Notes and capital leases	$ -	$ -	100.00%	$ -
Revenue bonds	103,776,531	103,776,531	100.00%	103,776,531
Tax allocation bonds & notes	31,969,961	31,969,961	100.00%	31,969,961
Total direct debt	135,746,492	135,746,492		135,746,492
Overlapping				
Washoe County School District	709,722,000		14.49%	102,838,718
Washoe County	137,836,000	41,116,000	14.49%	19,972,436
State of Nevada	1,358,070,000	296,840,000	2.49%	33,815,943
Total overlapping debt	2,205,628,000	337,956,000		156,627,097
Total general obligation direct and overlapping debt	$ 2,341,374,492	$ 473,702,492		$ 292,373,589

Source: Washoe County Comptroller's Office; Washoe County School District; Reno/and State of Nevada

[1] Calculation based on present assessed valuation of Sparks compared to Washoe County and State of Nevada respectively.
[2] Amounts are net of issuance discounts.

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2018

Assessed value of taxable property, including redevelopment				$ 2,976,142,680
Debt limit (20% of assessed value)				$ 595,228,536
Debt applicable to limit				
Governmental GO Debt			-	
Business-type Activities GO Debt			37,566,619	
Total Net Debt Subject to Limititation				37,566,619
Legal debt margin				$ 557,661,917

	2018	2017	2016	2015
Debt limit	$ 595,228,536	$ 564,422,667	$ 493,984,971	$ 479,349,402
Total net debt subject to limitation	37,566,619	42,145,498	47,852,980	41,412,458
Available General Obligation Debt Limit	$ 557,661,917	$ 522,277,169	$ 446,131,991	$ 437,936,944
Total Net Debt Subject to Limitation as a Percentage of Debt Limit	6.3%	7.5%	9.7%	8.6%

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.

2014	2013	2012	2011	2010	2009
$ 434,121,479	$ 434,924,468	$ 454,847,772	$ 484,829,014	$ 533,284,495	$ 632,318,529
46,638,450	51,701,282	56,607,529	61,350,874	63,188,994	53,072,257
$ 387,483,029	$ 383,223,186	$ 398,240,243	$ 423,478,140	$ 470,095,501	$ 579,246,272
10.7%	11.9%	12.4%	12.7%	11.8%	8.4%

Fiscal Year Ended June 30,	Pledged Revenue [1]	Less: Operating Expenses [2]	Net Available Revenue	Debt Service Requirements			Coverage Ratios
				Principal	Interest	Total	
Sewer Utility Bonds [3]							
2018	$ 36,224,774	$ 14,598,519	$ 21,626,255	$ 3,103,311	$ 310,969	$ 3,414,280	6.3
2017	29,281,895	14,052,528	15,229,367	3,056,723	816,603	3,873,326	3.9
2016	27,458,269	14,382,880	13,075,389	3,521,768	907,329	4,429,097	3.0
2015	25,717,679	13,434,169	12,283,510	3,593,820	964,405	4,558,225	2.7
2014	23,371,365	14,341,132	9,030,233	3,484,079	1,075,889	4,559,968	2.0
2013	23,097,560	15,017,616	8,079,944	3,377,748	1,183,914	4,561,662	1.8
2012	20,441,613	11,666,850	8,774,763	3,274,716	1,288,578	4,563,294	1.9
2011	19,542,426	12,398,442	7,143,984	2,877,236	1,380,953	4,258,189	1.7
2010	20,072,724	14,026,357	6,046,367	3,383,726	1,642,782	5,026,508	1.2
2009	21,035,781	14,014,230	7,021,551	3,980,586	1,781,264	5,761,850	1.2

[1] Pledged revenue for sewer utility bonds includes revenue derived from licenses and permits, sewer connection fees, and charges for services.

[2] Operating expenses exclude depreciation, interest, and other non-operating expenses.

[3] Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year Ended June 30,	Population [1]	City Area Square Miles [6]	Total Personal Income [3]	Per Capita Personal Income [3]	Unemployment Rate [4]
2018	95,726	35.81	$ 22,724,381,000	$ 49,653	3.7%
2017	93,581	35.81	21,428,813,000	47,526	4.2%
2016	92,396	35.81	19,165,475,745	43,805	5.5%
2015	91,551	35.81	19,089,119,268	43,311	6.7%
2014	90,214	35.81	19,013,067,000	42,823	7.9%
2013	90,100	35.81	18,868,025,416	43,317	9.7%
2012	92,302	35.81	18,792,854,000	43,317	11.8%
2011	90,264	35.81*	18,258,112,000	42,524	13.0%
2010	91,237	37.26	17,547,353,000	41,169	13.6%
2009	91,684	36.44	17,037,671,000	40,394	11.7%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

[1] Nevada Department of Taxation

[2] City of Sparks, Revenue Division

[3] U.S. Department of Commerce, Bureau of Economic Analysis, 2007-2015, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA

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

[5] Washoe County School District, enrollment for 2016 is estimated. Official counts are not available at time of publication.

[6] City of Sparks, Community Development Department

Public School Enrollment [5]	Business Licenses Issued [2]	Total Construction Permits [6]	Total Construction Value [6]
18,503	7,378	3,935	$ 344,557,136
18,780	7,372	3,636	259,406,469
18,058	6,966	3,712	232,467,828
17,927	7,053	3,581	175,692,045
17,737	6,529	2,579	125,653,129
18,401	6,377	2,393	124,334,661
18,401	6,084	2,463	110,712,242
17,862	4,956	1,763	60,711,375
17,197	6,592	2,007	56,625,109
18,168	6,852	2,579	144,659,880

	March, 2018			2009		
Employer	Employees [1]	Rank	Percentage of Total County [2] Employment	Employees [1]	Rank	Percentage of Total County [2] Employment
Sparks Nugget, Inc.	1000-1499	1	0.50%	2000-2499	1	1.03%
Peppermill Casnios	500-999	2	0.30%	400-499	6	0.21%
Q&D Consturction	500-999	3	0.30%	600-699	4	0.30%
Northern Nevada Medical Center	500-999	4	0.30%	400-499	9	0.21%
City of Sparks	500-999	5	0.30%	700-799	3	0.34%
Swift Transportatons	250-499	6	0.15%	-	-	-
Plantation Investments Inc	250-499	7	0.15%	-	-	-
Wurth USA	250-499	8	0.15%	-	-	-
Walmart Supercenter	250-499	9	0.15%	400-499	7	0.21%
Western Nevada Supply	250-499	10	0.15%	-	-	-
United Parcel Service	-	-	-	1000-1499	2	0.57%
Henry Shine	-	-	-	400-499	5	0.21%
Department of Transportation	-	-	-	300-399	8	0.16%
Scheels	-	-	-	300-399	10	0.16%
Total Reno/Sparks Metropolitan Area Covered Employment [2]	248,754			217,400		

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

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

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

Function	2018	2017	2016	2015
General government	58.5	58.6	59.7	56.5
Judicial	15.5	15.5	17	15.5
Public safety	250.5	250.3	245.3	241
Public works	21.5	21.0	21.5	42.7
Culture and recreation	89	93	91	53
Community support	1.0	0.1	-	-
Utilities	100	95.2	93.6	91
Development services	31.0	29.3	23.9	18.5
Total	567.0	563.0	552.0	518.2

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)

2014	2013	2012	2011	2010	2009
55	57.5	57.5	69.5	77	62
15.5	15.5	15.5	15	17	17
243	243	243	235	249	322
52.5	95.5	95.5	22	42	50
82	100.5	100.5	140.5	172.5	156.3
-	-	-	-	-	-
77	37	37	82	86	118
18	10	10	15.5	5	10
543.0	559.0	559.0	579.5	648.5	735.3

Function/Program	2018	2017	2016	2015
General Government				
Business licenses issued [3]	7,378	7,694	6,966	7,053
Judicial [1]				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	1,802	1,731	1,778	1,999
Traffic and parking violations	3,679	4,140	4,366	4,635
Public Safety				
Police [5]				
Number of sworn personnel	112	112	110	108
Number of cases	11,565	12,283	11,815	12,656
Calls for service	82,386	78,604	80,345	79,176
Fire [6]				
Number of firefighters	87	87	86	86
Emergency responses	12,685	13,724	12,882	11,163
Average travel response time (minutes)	3.9	3.8	3.7	3.5
Public Works [7]				
Labor hours for graffiti removal	1,675	1,565	1,623	2,180
Pounds of material used for filling potholes	32,183	12,789	13,365	15,211
Tons of sand used during snow removal	664	279	428	145
Pounds of material used for pavement crack sealing	270,743	298,160	205,705	57,756
Street sweeper operator miles	8,014.0	8,238.0	8,872	10,190
Culture and Recreation [8]				
Adult softball league number of participants	85,096	85,812	71,211	67,692
Before and after school program enrollment	17,194	15,937	15,933	15,319
Community "Fun Run" number of participants	1,634	1,720	1,054	2,330
Utilities				
Sewer residential accounts [3]	30,697	29,494	29,647	28,956
Sewer commercial accounts [3]	1,814	1,816	1,813	1,803
Treatment Plant Flows (millions of gallons) [4]	10,633.4	10,918.7	9,879	9,787
Development Services [2]				
Building permits issued	3,935	3,636	3,712	3,581

NR = Not reported

Sources:

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

[2] City of Sparks Community Development Department

[3] City of Sparks Revenue Division.

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

[5] City of Sparks Police Department

[6] City of Sparks Fire Department

[7] City of Sparks Public Works Department

[8] City of Sparks Parks and Rec Department

2014	2013	2012	2011	2010	2009
6,529	7,067	6,084	4,956	6,592	6,850
1,923	1,977	1,999	2,320	2,575	2,404
5,158	5,044	4,945	7,618	8,297	8,079
108	108	105	105	116	116
11,850	11,845	11,598	12,400	14,422	17,177
76,962	76,566	79,568	77,554	81,531	86,066
87	87	87	89	89	91
10,055	9,415	8,831	8,198	7,698	7,610
3.5	5.5	5.4	4.9	5.0	4.9
2,427	2,045	1,369	1,854	2,025	2,060
16,254	112,979	154,592	N/R	N/R	N/R
350	804	187	452	1,098	964
283,600	255,159	152,445	168,147	171,817	168,448
9,509	9,458	1,372	700	698	690
82,840	78,086	69,436	65,839	69,942	73,647
15,265	14,465	14,302	12,010	12,087	12,844
2,303	2,400	1,885	1,739	1,820	1,994
28,643	29,127	28,975	28,794	28,669	28,477
1,790	1,730	1,723	1,709	1,701	1,687
9,706	10,227	10,659	9,626	9,716	10,237
2,579	2,393	2,463	1,763	2,007	2,579

Function/Program	2018	2017	2016	2015
General Government				
City owned facilities [1]	48	48	48	48
Number of networked computers [5]	450	425	460	408
Public Safety				
Police [2]				
Marked police vehicles	62	56	45	30
Police motorcycles	6	10	6	5
Fire [3]				
Fire stations	5	5	5	5
Fire engines	17	17	17	17
Public Works [1]				
Paved streets (miles)	734.1	734.1	734.1	656.0
Culture and Recreation [4]				
Parks	50	50	52	56
Acreage of parks - developed	617.7	618.6	616.0	591.0
Acreage of parks - undeveloped	598.0	579.2	582.4	616.0
Swimming pools - outdoors	1	1	1	1
Swimming pools - indoors	2	2	2	2
Athletic Fields - lighted	26	26	26	26
Athletic Fields - unlighted	28	28	28	28
Tennis courts - lighted	12	12	12	12
Tennis courts - unlighted	3	3	3	3
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	3	3	3
Rodeo arenas	0	0	0	0
Sand volleyball courts	12	12	12	7
Utilities [1]				
Sewer lines (miles)	372.6	359.8	357.5	356.1
Storm drains (miles)	268.5	259.8	254.7	253.7

NR = Not reported

Sources:

[1] City of Sparks Public Works Department

[2] City of Sparks Police Department

[3] City of Sparks Fire Department

[4] City of Sparks Parks and Rec Department

[5] City of Sparks Information Technology Department

2014	2013	2012	2011	2010	2009
48	48	48	48	48	48
352	352	352	400	463	463
30	29	29	29	29	29
5	5	5	5	6	5
5	5	5	5	5	5
17	17	17	17	17	15
656.0	656.0	656.0	656.0	656.0	652.0
56	56	56	55	55	55
591.0	591.0	591.0	587.0	583.0	577.9
616.0	693.7	697.0	697.0	697.7	699.7
1	1	1	2	2	2
2	2	2	1	1	1
26	26	24	24	24	24
28	28	28	28	14	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
34	34	34	34	21	21
3	4	4	3	3	3
0	0	1	1	1	1
8	10	10	10	10	10
395.0	346.8	346.8	344.8	345.8	337.1
250.0	248.6	248.6	247.3	246.0	231.6

Compliance Section

City of Sparks

EideBailly

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Reno, Nevada
November 26, 2018

EideBailly

CPAs & BUSINESS ADVISORS

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

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

Report on Compliance for each Major Federal Program

We have audited the City of Sparks, Nevada's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of The City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

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

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

Eide Bailly LLP

Reno, Nevada
November 26, 2018

EideBailly

CPAs & BUSINESS ADVISORS

Auditor's Comments

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

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks (the City) as of and for the year ended June 30, 2018, 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.

Eide Bailly LLP

Reno, Nevada
November 26, 2018

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Award				
CDBG - Entitlement Grants				
Community Development Block Grants / Entitlement Grants	14.218	B-17-MC-32-0004	$ 236,693	$ 124,153
Community Development Block Grants / Entitlement Grants	14.218	B-16-MC-32-0004	111,682	-
Community Development Block Grants / Entitlement Grants	14.218	B-15-MC-32-0004	155	-
Community Development Block Grants / Entitlement Grants	14.218	B-14-MC-32-0004	16,005	
Community Development Block Grants / Program Income	14.218	--	120,053	-
Total U.S. Department of Housing and Urban Development			484,589	124,153
U.S. Department of Justice				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	2016 / 2017 BVP	10,750	-
Public Safety Partnership and Community Policing	16.710	2015UMWX0047	68,912	-
Equitable Sharing Program	16.922	--	436,345	-
			516,007	-
Pass-through from State of Nevada				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-25	16,134	-
Pass-through from State of Nevada Office of the Attorney General				
Violence Against Women Formula Grant	16.588	2017-VAWA-10	66,390	-
Total U.S. Department of Justice			598,531	-
U.S. Department of Transportation				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	JF-2018-SPD-00017	11,454	-
State and Community Highway Safety	20.600	JF-2018-SPD-00017	27,795	-
National Priority Safety Programs	20.616	JF-2017-SPD-00009	8,215	-
State and Community Highway Safety	20.600	LFD-2017-SPD-00015	2,312	-
Total Highway Safety Cluster			49,776	-
Total U.S. Department of Transportation			49,776	-
Executive Office of the President				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G14NV0001A	11,265	-
Total Executive Office of the President			11,265	-

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Homeland Security				
Pass-through from State of Nevada Division of Emergency Management				
Disaster Grants - Public Assistance	97.036	PW SPARB02	$ 108,284	$ -
Disaster Grants - Public Assistance	97.036	PW SPARA01	17,018	-
Disaster Grants - Public Assistance	97.036	PW SPARG03	8,352	-
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03915	106,499	-
Total U.S. Department of Homeland Security			240,153	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,384,313	$ 124,153

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

This Schedule of Expenditures of Federal Awards (SEFA) includes the Federal grant activity of the City of Sparks, Nevada and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City of Sparks, Nevada received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B - Significant Accounting Policies

Governmental fund types primarily account for the City's federal grant activity. Therefore, expenditures in the SEFA are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

The City has not elected to use the 10% de minimus cost rate.

Note C - Costs related to the Federal Emergency Relief Funding (FEMA)

The City incurred $133,654 in the year ended June 30, 2017, related to Federal Emergency Management Agency (FEMA) Public Disasters from the January 2017 flood. These costs were approved by FEMA in the year ended June 30, 2018 and are recorded on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2018.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None reported
Noncompliance material to financial statements notes?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
CDBG - Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grants	14.218
Office of Justice Programs / Bureau of Justice Assistance	
Equitable Sharing Program	16.922
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Federal Award Findings and Questioned Costs

2018-001: U.S. Department of Housing and Urban Development: Community Development Block Grant – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants, CFDA 14.218

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

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

Criteria: 2 CFR Part 200 (*Uniform Guidance*) states that a pass-through entity, at the time of the subaward, is responsible for identifying to the subrecipient the federal award information and applicable compliance requirements. A pass-through entity is responsible for monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. A pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, a management decision is issued on each audit finding within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition and Context: During our audit procedures over the "Nevada Grant Program Contract FY 2017-2018" (the Contract) between the City of Sparks, the City of Reno, and the Silver State Fair Housing Council, we noted that the City of Sparks made payments to the City of Reno, described under the Contract as a "Subgrantee." However, the City of Sparks was unable to provide support for its monitoring of the subrecipient's use of federal awards to provide for reasonable assurance that the subrecipient administered the program appropriately. The City of Sparks did not review the subrecipient audit reports, or issue management decisions, if applicable.

Questioned Costs: None reported.

Effect: Noncompliance at the subrecipient level may occur and not be detected by the City of Sparks.

Cause: The City of Sparks did not have procedures in place to ensure all subrecipients received a subaward. In addition, procedures were not in place to ensure monitoring of subrecipients to obtain reasonable assurance that they were in compliance with the grant provisions occurred and procedures were not in place to ensure that audit reports were monitored and timely management decisions issued, when required, to ensure appropriate corrective action.

Repeat Finding from Prior Year(s):	No.
Recommendation:	We recommend the City of Sparks implement procedures to ensure all subrecipients receive a subaward. We also recommend procedures be implemented to ensure monitoring of subrecipients to obtain reasonable assurance that subrecipients are in compliance with the grant provisions occurs and procedures be implemented to ensure audit reports are monitored and timely management decisions issued, when required, to ensure appropriate corrective action.
Views of Responsible Officials:	Management agrees with the finding.

**2018-002: U.S. Department of Justice:
Office of Justice Programs / Bureau of Justice Assistance:
Equitable Sharing Program, CFDA 16.922**

**Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance**

Grant Award Number:	Affects grant included under CFDA 16.922.
Criteria:	2 CFR Part 200 (*Uniform Guidance*) requires price or rate quotations or full bid documents from an adequate number of qualified sources depending on the size of the purchase and the City of Sparks procurement policy thresholds.
Condition and Context:	A nonstatistical sample of 24 procurement transactions were selected for testing. The federal procurement policies were not followed for three transactions. Quotations from an adequate number of sources were not obtained for these purchases.
Questioned Costs:	None reported.
Effect:	The best price for the purchase may not have been obtained.
Cause:	The City of Sparks did not obtain price quotations for three purchases qualifying as small purchases under Uniform Guidance. The City of Sparks did not have adequate internal controls to ensure federal procurement policies were adhered to.
Repeat Finding from Prior Year(s):	No.
Recommendation:	We recommend City of Sparks enhance internal controls to ensure federal procurement policies are adhered to.
Views of Responsible Officials:	Management agrees with the finding.

**2018-003: U.S. Department of Justice:
Office of Justice Programs / Bureau of Justice Assistance:
Equitable Sharing Program, CFDA 16.922**

**Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance**

Grant Award Number:	Affects grant included under CFDA 16.922.
Criteria:	2 CFR Part 200 (*Uniform Guidance*) requires costs to be adequately documented and not included as a cost of any other federally financed program. In addition, the *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies* provides that shared funds may not be used for purchases of food and beverages except for meals for officers engaged in local emergency operations such as an earthquake or hurricane.
Condition and Context:	A nonstatistical sample of 24 procurement transactions were selected for testing. Sample size approximated $100,000 of $436,345 in federal expenditures under CFDA 16.922. Food purchases made in conjunction with community events supplies were included as grant expenditures for two transactions.
Questioned Costs:	None reported.
Effect:	Amounts were charged to the grant award that may not be allowable costs.
Cause:	City of Sparks did not have adequate controls in place to ensure expenditures charged to the grant were allowable under the *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies*.
Repeat Finding from Prior Year(s):	No.
Recommendation:	We recommend City of Sparks enhance internal controls to ensure costs charged to the grant are allowable.
Views of Responsible Officials:	Management agrees with the finding.

NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2017 and 2016

PREPARED BY: **Michele Sullivan, CPA**
Chief Financial Officer

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TRUCKEE MEADOWS WATER AUTHORITY
www.tmh2o.com

1355 Capital Blvd. • PO Box 30013 • Reno, NV 89520-3013
P 775.834.8080 • F 775.834.8003

November 29, 2017

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Truckee Meadows Water Authority (TMWA) for the Fiscal Year ended June 30, 2017. The purpose of the report is to provide the Board of Directors, our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the CAFR in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board of Directors audit TMWA's financial statements on an annual basis. Eide Bailly, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2017 and 2016. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The CAFR consists of four sections:

Introduction Section - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

Financial Section - This section consists of TMWA's basic financial statements, supplementary financial information and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

Statistical Section - This section is comprised of selected financial, operational and demographic information generally presented annually and includes statistics for the past ten years.

Compliance Section - This section consists of information regarding TMWA's compliance with state statutes, in particular, conformance with the Local Government Finance Act.

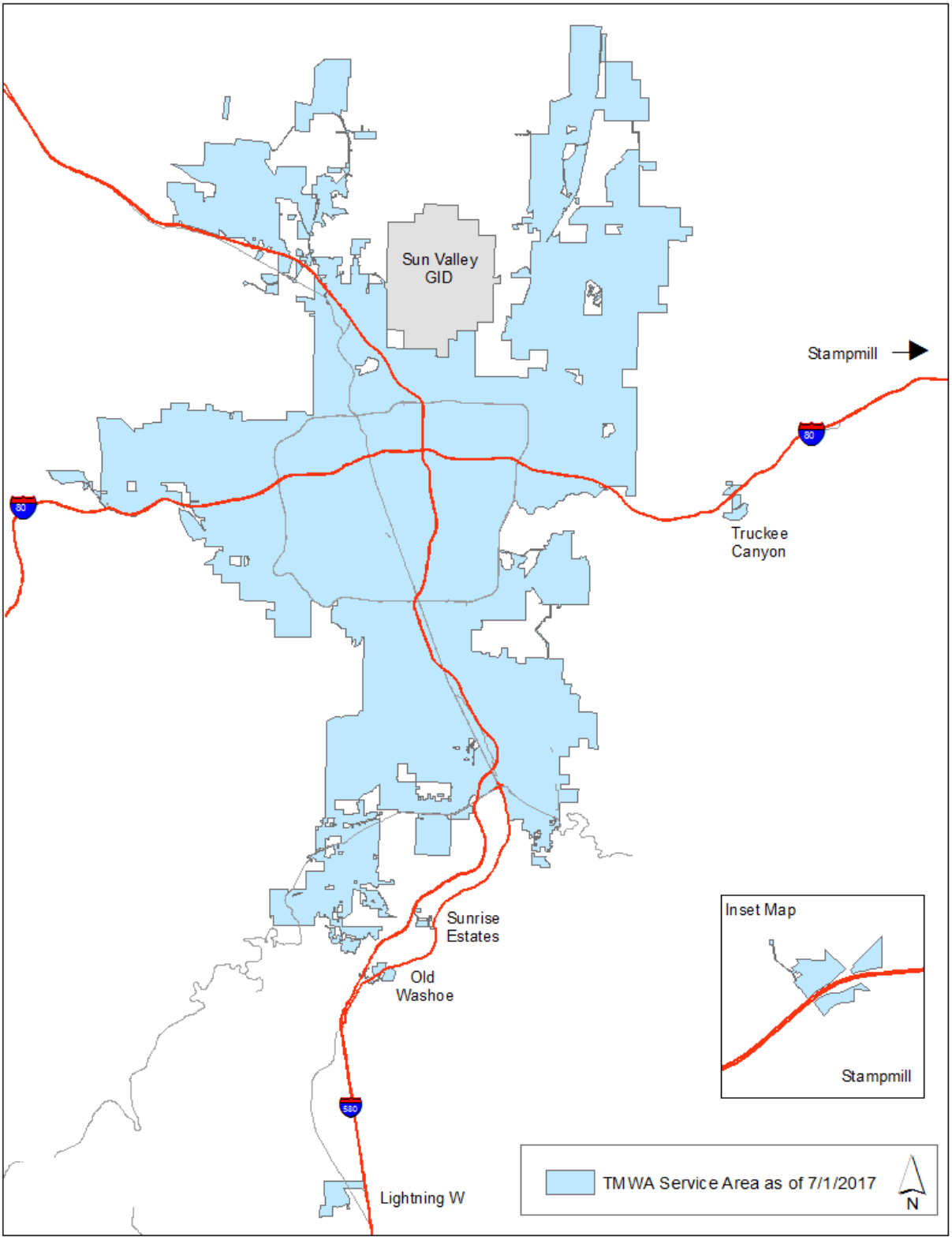
REPORTING ENTITY

TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources ("SRP"), now known as NV Energy (NVE), with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County's water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the surviving entity. There are no component units associated with this financial reporting entity.

TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board of Directors, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

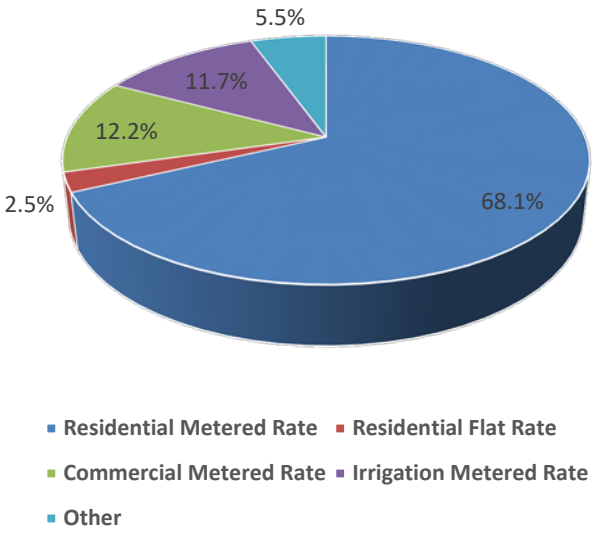
TMWA has over 125,000 service connections and one wholesale customer. TMWA operates within the Truckee Meadows Service Area (TMSA). TMWA has only one wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The following map reflects the TMSA.


Sun Valley GID
Stampmill
80
80
Truckee Canyon
Sunrise Estates
Old Washoe
580
Lightning W
Inset Map
Stampmill
TMWA Service Area as of 7/1/2017
N

The following graph depicts the proportion of operating revenues by class for fiscal year 2017:

TMWA Operating Revenues $97.3 Million



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. In early fiscal year 2016, there were still approximately 4,300 customers who continued to pay the flat rate, but the TMWA Board mandated that essentially all remaining flat rate customers be converted to a metered rate. TMWA accomplished this goal by the first billing cycle of October 2015. Currently, there are less than 300 water services that remain to have a meter installed, and these primarily represent problematic services with multiple customers on a single service line. TMWA is mindful of the revenue impact from the conversion to metered billing in its financial planning, and also accounts for the changing water demands in its water facility and resource planning efforts. Regardless, it is recognized that any system-wide equity in customer rates can only be achieved when all customers are charged based on the water they use. Also, with drought conditions intermittently facing the region the final conversion of flat rate customers to metered billing was essential.

The Board adopted a goal in August 2003, to maintain a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual debt service. This calculation excludes developer facility charges and other fees associated with new development. This coverage target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien coverage (excluding developer fees and charges) was approximately 3.15x and with certain developer fees and charges was approximately 3.80x as of June 30, 2017. The debt coverage ratio is significantly higher than previous years due to deferral of $12.5 million in principal payments in a 2016 refunding transaction.

ECONOMIC OUTLOOK AND WATER RESOURCES

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of over 25 percent. Taxable sales in Washoe County increased by 10.7% in fiscal year 2016, and 5.8% in fiscal year 2017. Unemployment rates have decreased significantly since the recession, from highs in 2011 of over 13% to an unemployment rate of 4.0% in June of 2017, which was slightly lower than the national average of 4.4%. There has been improvement in the local economy in fiscal years 2016 and 2017 with the return of meaningful residential and commercial construction activity.

To meet water demands in the future, TMWA prepared a very detailed Water Resource Plan (WRP) for the years 2016-2035 during fiscal year 2016. That plan was adopted by the Board in March 2016, and was previously updated during fiscal year 2010. This extensive plan document addresses current water resources, future water resources, and water rights availability as well as defined drought standards which conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

Historically, to complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2010-2030 was developed. The original WFP was adopted by the TMWA Board in December of 2004 and updated in 2010. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements in Capital Improvement Plan needs to serve growth based upon population and water demand forecasts in the WRP. An updated WFP is currently being developed based on water demand projections defined in the 2016-2035 WRP. For fiscal year 2017, TMWA's Board approved a 2017-2021 Capital Improvement Plan with a five year spending level of $153.4

million which focuses spending primarily on water system reconstruction. Spending on the acquisition of water rights has been essentially suspended because TMWA has a sufficient inventory of water rights to issue will-serve commitments for the foreseeable future, although opportunistic purchases will be considered.

TMWA is a very active supporter and participant in the process of negotiating and implementing the Truckee River Operating Agreement (TROA), as are the TMWA member agencies including the cities of Reno and Sparks, and Washoe County. TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and the Federal Government. TROA is intended to provide TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015 remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

Additional upstream reserves were acquired when TMWA reached an agreement with the Truckee-Carson Irrigation District (TCID) to purchase TCID's half interest in Donner Lake assets. This purchase grants TMWA 100% interest in Donner Lake water rights and storage rights thus increasing TMWA's rights by 4,750 acre feet. On December 16, 2015 the TMWA Board agreed to purchase TCID's Donner Lake assets for the appraised value of $17,445,000 less credits for various dam improvements previously performed by TMWA. On March 29, 2016 the final settlement was executed and TMWA paid TCID $17,187,041 to acquire the rights to Donner Lake assets.

To further drought resiliency for the community that TMWA serves, TMWA constructed the North Valley's Integration Project which ties in the Fish Springs Ranch infrastructure into TMWA's North Valleys water system providing access to approximately 8,000 acre feet of groundwater resources in the Honey Lake ground water basin which is located approximately 35 miles north of the Reno-Sparks metropolitan area. This project was completed in fiscal year 2017.

Since the implementation of TROA, TMWA's Privately Owned Stored Water (POSW) has more than doubled. Record precipitation in Western Nevada during the last winter season ended drought conditions for the TMWA service area. TMWA does not expect to need to use POSW to serve customers for the next two to three years. When combining TMWA's existing POSW surface water resources, the groundwater resources of the Honey Lake basin, the extensive drought storage benefits of TROA and the expansion of Aquifer Storage and Recovery (ASR) groundwater recharge efforts, the TMWA service area will benefit significantly from a drought resiliency standpoint.

WATER QUALITY

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries to the Truckee River, travels into Nevada through the Reno-Sparks Metropolitan area with the terminus of the river at Pyramid Lake, a distance of approximately 120 miles. The river's water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 84 million gallons per day (MGD) Chalk Bluff Water Treatment Plant and the 37.5 MGD Glendale Water Treatment Plant. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the President's Award from the Partnership for Safe Water in 2015. This prestigious recognition places the Chalk Bluff plant as one of 29 surface water treatment plants in the United States that have been so recognized. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has requalified for this award successfully on an annual basis.

TMWA spends approximately $1 million annually monitoring water quality by analyzing nearly 11,000 samples at over 150+ locations throughout the TMWA water system. TMWA strictly complies with current drinking water standards, including the revised arsenic standards as promulgated by the United States Environmental Protection Agency, and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

Water conservation has been and will continually be a high priority at TMWA. Prudent use of the area's water resources extends this vital resource through periods of dry weather patterns in this high desert climate. These conservation efforts also reduce or defer further investments in expensive new plant infrastructure which moderates the fiscal impact on water rates. The purpose of water conservation at TMWA is to promote wise use of water through a number of initiatives. TMWA's conservation programs were designed to achieve 10% annual water savings as part of the conservation goal agreed to in the 1996 Water Conservation Agreement between TMWA's predecessor SPPCo, the Pyramid Lake Paiute Tribe, and the United States. The backbone of water conservation in the Truckee Meadows has been the Water Meter Retrofit Program. With the success of that program the final conversion of flat rate customers to metered billing occurred in October of 2015 resulting in essentially all TMWA and former Washoe County customers paying for the water they use.

The Water Meter Retrofit Program

In 1995, the conversion of Sierra Pacific's (now TMWA's) 44,651 flat rate services to metered services began. As of June 30, 2015, TMWA estimates that less than 300 small unit residential and multi-unit metering facilities remain to be installed. Developers, through a charge of $1,830 for every acre-foot of new water demand, provide funding for this project. These funds are considered restricted cash assets as represented on TMWA's statement of net position.

Assigned Day Watering

TMWA implemented a three days a week watering schedule during the summer of 2010 supplanting the twice a week watering schedule which had been in effect for two decades prior. This new program was well received by the community and resulted in no more water usage than the twice a week schedule and a reduced peak day demand on the water system facilities.

Landscape Efficiency Program

This program promotes the use of attractive drought tolerant plants for the high desert climate experienced in Western Nevada. The program includes help with landscape augmentation that is available to institutional irrigation customers as well as certain commercial customers participating in an irrigation program based on data supplied by evaporation-transpiration sensing equipment. This equipment controls the amount of irrigation based upon moisture levels in turf areas. Also during periods of wet weather patterns, irrigation is deferred until such time as turf moisture levels indicate irrigation must be applied.

Water Audit Program

This program assists TMWA customers in the evaluation of both indoor and outdoor water use. TMWA water conservation consultants visit residents and businesses to measure the amount of water applied to lawns and landscape. After evaluation of information, recommendations are made to the customer on how to minimize consumption while preserving their landscape. This program also looks for leaks within and outside the home and promotes efficient indoor water use.

FINANCIAL INFORMATION

Internal Controls

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Another purpose of internal controls is to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

Budgetary Controls

TMWA is legally required to prepare, present to the TMWA Board and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Administration of Local Government Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal year period. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five year financial forecasts in conjunction with the Capital Improvement Plan.

BUDGET ANALYSIS AND VARIANCES

Actual total operating revenues of $97.3 million were $1.8 million or 1.9% above the revised budget for fiscal year ended June 30, 2017. Charges for water sales were $1.5 million or 1.6% over budget. TMWA water sales were higher due to a record number of days with no precipitation in the area during July and August of 2016, the peak of the irrigation season. Even so, customers continue to practice responsible water use. As a consolidated water utility, even with population growth in the service area, water usage has decreased by 5% since fiscal year 2014, mainly due to conservation efforts implemented during drought periods.

Total operating expenses of $82.5 million were approximately $3.5 million under the budget of $86.0 million. Operating expenses before depreciation were $2.5 million under budget. Service and supplies expenses were $1.7 million under budget due to savings on electrical expenses of $1.1 million as operators continue to apply power management practices to the consolidated water systems. Claims for Mt. Rose domestic well mitigation (see footnote 8 Contingent Liabilities) were $0.2 million under budget. Spending on operating salaries and wages was $1.1 million less than budget due mainly to vacant positions and turnover, while employee benefit spending was $0.3 million higher than budget. Actuarial evaluations related to GASB No. 68 resulted in proportionately higher pension expense and liability allocated to TMWA due to employee headcount increases in fiscal year 2016.

Total net nonoperating revenues and expenses were $3.5 million favorable to budget. This variance was primarily due to higher investment earnings. As part of the 2017 bond refunding, there were releases of forward delivery agreements with JP Morgan and Bank of New York Mellon. These banks will no longer be required to provide a 5.5% interest rate on a portion of TMWA's debt reserves and O&M reserves balances, so they paid TMWA $5.1 million dollars total for the release of this commitment. Offsetting were higher bond issuance costs of $0.7 million. TMWA originally budgeted for a competitive sale of its 2017 bond refunding, but decided to use an underwriter due to the volatility in the bond market at the time of the offering.

Capital contributions of $43.4 million were $11.9 million above budget. Cash contributions from developers were $1.1 million greater than budget and were attributable to increasing levels of residential construction activity as the local economy improves. Developer infrastructure contributions are not included in the budget, but total $10.8 million in noncash contributions in fiscal year 2017.

Total capital spending was approximately $31.1 million for fiscal year 2017, which was approximately $0.8 million less than the $31.9 million planned in the augmented capital budget.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2017, TMWA has approximately $132.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2017 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at $10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained $8.8 million as of June 30, 2017. TMWA still retains a $1.8 million water rate stabilization reserve of which $0.5 million is restricted and $1.3 million included as a reservation of unrestricted net position.

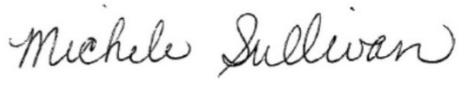
TMWA MILESTONES

TMWA, now in its sixteenth year of operation, was successful in obtaining an upgrade in its credit rating with Standard and Poor's from AA to AA+, and retaining its credit rating (Aa2) with Moody's. Both rating agencies continued to maintain a stable outlook for TMWA.

ACKNOWLEDGEMENTS

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board of Directors, TMWA customers, and the development community, for their commitment to the long-term operational and financial stewardship of TMWA.

Mark Foree, P.E.
General Manager



Michele Sullivan, CPA
Chief Financial Officer

Truckee Meadows Water Authority
List of Principal Officials
June 30, 2017

TMWA Board of Directors

Geno Martini, City of Sparks Mayor, Chairman of the Board

Vaughn Hartung, Washoe County Commissioner, Vice Chair

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Jeanne Herman, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

Ron Smith, Sparks Council Member

Management

Mark Foree, PE, General Manager

Scott Estes, PE, Director of Engineering

Mike Pagni, General Counsel

John Enloe, Director of Natural Resources Planning and Management

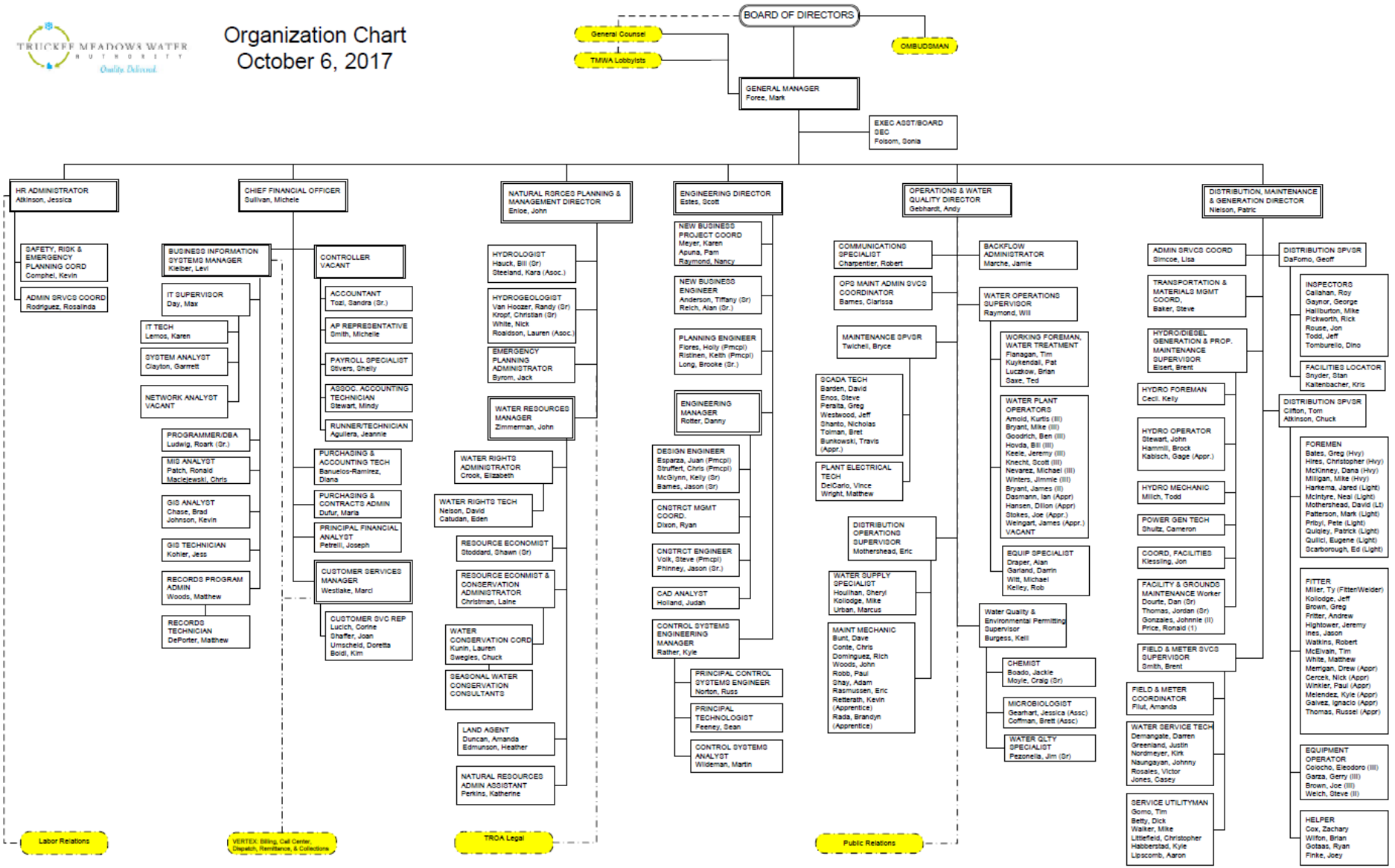
Andy Gebhardt, Director of Operations and Water Quality

Pat Nielson, Director of Distribution, Maintenance, and Generation

Michele Sullivan, CPA, Chief Financial Officer

TRUCKEE MEADOWS WATER AUTHORITY
Quality Delivered.

Organization Chart
October 6, 2017



Government Finance Officers Association

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Presented to

Truckee Meadows Water Authority

Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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Independent Auditor's Report

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying statements of net position of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA), as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the TMWA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Truckee Meadows Water Authority, as of June 30, 2017 and 2016, and the respective changes in financial position and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 17 through 26, the schedule of funding progress – other postemployment benefit plans on page 62, the schedule of TMWA's share of net pension liability on page 63, and the schedule of TMWA's contributions on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TMWA's basic financial statements. The introductory section, the schedules of revenues, expenses and changes in net position – budget and actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The schedules of revenues, expenses and changes in net position – budget and actual and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses and changes in net position – budget and actual 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of TMWA'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 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 TMWA'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 TMWA's internal control over financial reporting and compliance.

Reno, Nevada
November 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Comprehensive Annual Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

Transfer of operations of the Washoe County Water Utility (WCWU) and the merger of the South Truckee Meadows General Improvement District (STMGID) into TMWA in fiscal year 2015, had a material impact on TMWA's financial statements. The assets and liabilities and net position of the WCWU transfer of operations were measured and incorporated in TMWA's financial statements as of January 1, 2015, with operating and non-operating revenues and expenses accounted for prospectively from that date. The asset, liabilities and net position of the STMGID combination were measured as of July 1, 2014 and the entire fiscal year of operating and non-operating revenues and expenses were accounted for in TMWA's financial statements from that date.

FINANCIAL HIGHLIGHTS

TMWA's Net Position
(in millions)

	June 30, 2017	June 30, 2016	June 30, 2015
Unrestricted Current Assets	$ 149.2	$ 116.0	$ 130.2
Restricted Current Assets	8.6	21.5	22.4
Long-Term Restricted and Other Assets	33.7	66.8	69.1
Capital Assets, net	941.7	930.8	905.6
Total Assets	1,133.2	1,135.1	1,127.3
Deferred Outflow of Resources	17.4	10.2	9.2
Total Assets & Deferred Outflow of Resources	1,150.6	1,145.3	1,136.5
Total Current Liabilities	108.5	123.1	133.8
Long Term Debt Outstanding	372.3	406.7	410.8
Net Pension Liability	35.8	26.9	22.3
Total Liabilities	516.6	556.7	566.9
Deferred Inflow of Resources	2.5	3.6	5.7
Net Investment in Capital Assets	529.7	478.5	444.4
Restricted	28.6	40.6	42.2
Unrestricted	73.2	65.9	77.3
Total Net Position	$ 631.5	$ 585.0	$ 563.9

Financial Position

Fiscal Year 2017 Summary

In the fiscal year ended June 30, 2017, total net position increased by approximately $46.5 million, the result of recording operating income, net nonoperating income and increasing capital contributions.

Total Unrestricted Current Assets increased by $33.2 million from June 30, 2016. Unrestricted cash increased $32.4 million due to several transactions, some of which were one-time in nature. Cash received in an insurance settlement of $11.8 million was related to damage at the Farad hydroelectric plant. After many years of litigation, this case was settled in fiscal year 2017. $5.1 million in cash was received related to the release of commitments with two banks which provided guaranteed interest rates of 5.5% on TMWA's Debt Service Reserve Fund and Operating and Maintenance Reserve balances. In fiscal year 2017, TMWA refunded it's 2007 Bonds, and is no longer required to keep a minimum debt service reserve fund related to Senior Lien Debt. This released $32.9 million from Long-Term Restricted and Other Assets, which drives the change of $32.5 million in that asset category. The $32.9 million was used to pay down the senior lien debt outstanding in the 2017 bond refunding. Restricted Current Assets decreased by $12.9 million. This is mainly due to a decrease in cash reserved for current debt service. Total cash balances, both restricted and unrestricted decreased by $13.0 million in fiscal year 2017.

Most of TMWA's net position is in Capital Assets. Capital Assets, net of accumulated depreciation increased by $10.9 million in fiscal year 2017 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Depreciation expense was $32.2 million.

Deferred Outflows of Resources increased $7.2 million due to higher allocations for pension liabilities based on the actuarial analysis performed for Nevada Public Employees Retirement System (NVPERS).

Long Term Debt Outstanding decreased $34.4 million due to the 2017 bond refunding, and Total Current Liabilities also decreased $14.6 million due to lower current portion of debt and interest outstanding. Net Pension Liability increased $8.9 million and relates to TMWA's proportionate share of the net pension liability of the NVPERS.

Fiscal Year 2016 Summary

In the fiscal year ended June 30, 2016, total net position increased by approximately $21.1 million, the result of recording operating income, net nonoperating income and capital contributions.

Total Unrestricted Current Assets decreased by $14.2 million from June 30, 2015. The overall decrease was mainly due to a decrease in due from other governments by $10.1 million as a result of final cash balances transferred in fiscal year 2016 related to WCWU and STMGID treasury balances, and a decrease in unrestricted cash by $5.2 million. Offsetting was an increase in accounts receivable of $1.0 million due to slightly greater water sales at year end. Total Restricted Current Assets decreased by $1.0 million, mainly due to a decrease in current bond debt service

reserves. Long-Term Restricted and Other Assets decreased by $2.3 million due to a decrease in restricted renewal and replacement reserve of $4.6 million mainly due to the use of STMGID reserves for rehabilitation on the former STMGID service area. Offsetting were increases in restricted cash for bond debt service by $1.6 million and an increase in the operations and maintenance reserve by $1.2 million due to an increase in the operating expense budget as a result of a full year of merged water utility operations.

Capital Assets, net of accumulated depreciation increased by a net $25.2 million during the year ended June 30, 2016 as increases in capital assets from capital expenditures and contributions were greater than depreciation expenses. TMWA purchased water rights in Donner Lake for an appraised value of $17.4 million. Capital spending also included $9.3 million in construction spending for a 24-inch main in the North portion of the service area to integrate water from Fish Springs, providing a new source of water for this portion of the system. Depreciation expense was $32.1 million.

Deferred Outflow of Resources increased by $1.0 million mainly due to $3.4 million increase in deferred outflows of resources recorded related to pensions, and an increase in deferred outflows of $3.1 million recorded for the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2016 refunding of its 2006 bonds. Offsetting was amortization to interest expense of the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2006, 2007, 2014, 2015A and 2016 advanced refundings of $5.5 million.

Total Current Liabilities decreased $10.7 million. Current portion of long term debt decreased by $6.9 million mainly due to paydown of Commercial Paper by $7.2 million. Other decreases were in accounts payable which decreased by $1.5 million and due to other governments which decreased by $0.7 million. Current interest payable decreased by $2.7 million, while principal payments due increased by $1.4 million. Net Pension Liability increased by $4.6 million and relates to TMWA's proportionate share of the net pension liability of the NVPERS.

TMWA's Changes in Net Position
(in millions)

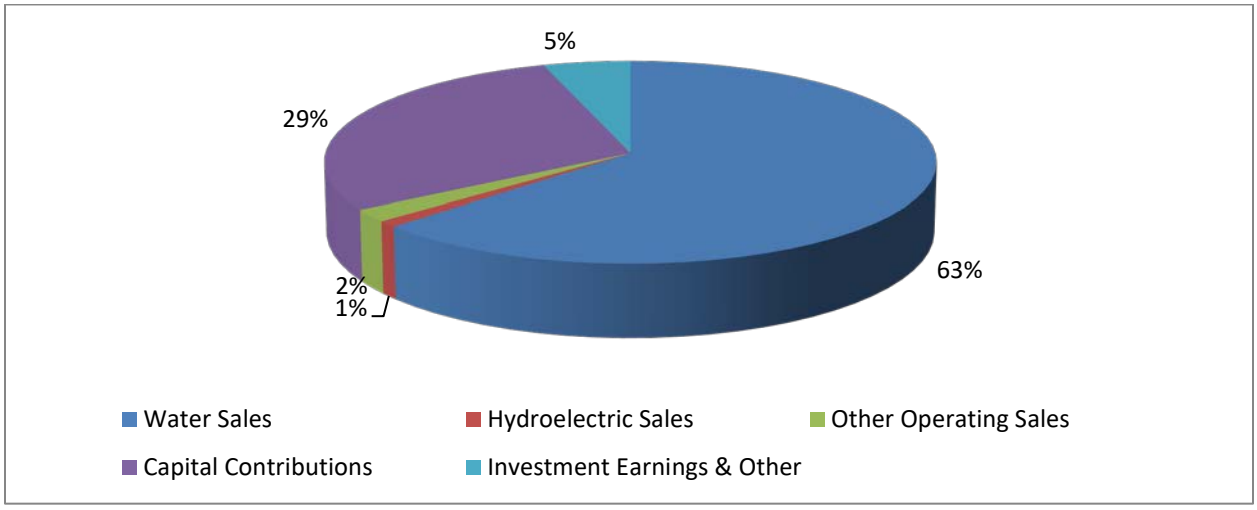
	June 30, 2017	June 30, 2016	June 30, 2015
Operating Revenues	$ 97.3	$ 91.9	$ 90.0
Operating Expenses	82.5	80.6	70.1
Operating Income	14.8	11.3	19.9
Nonoperating Revenues (Expenses) net	(11.7)	(9.5)	(23.5)
Income before Capital Contributions	3.1	1.8	(3.6)
Capital Contributions	43.4	19.3	19.6
Special Item - WCWU transfer of operations	-	-	231.5
Change in Net Position	46.5	21.1	247.5
Net Position - BOY, as previously reported	585.0	563.9	311.6
Prior period adjustment for GASB 68	-	-	(24.9)
Prior period adjustment for STMGID merger	-	-	29.7
Net Position - BOY, as restated	585.0	563.9	316.4
Net Position - EOY	$ 631.5	$ 585.0	$ 563.9

TMWA's Revenues
(In millions)

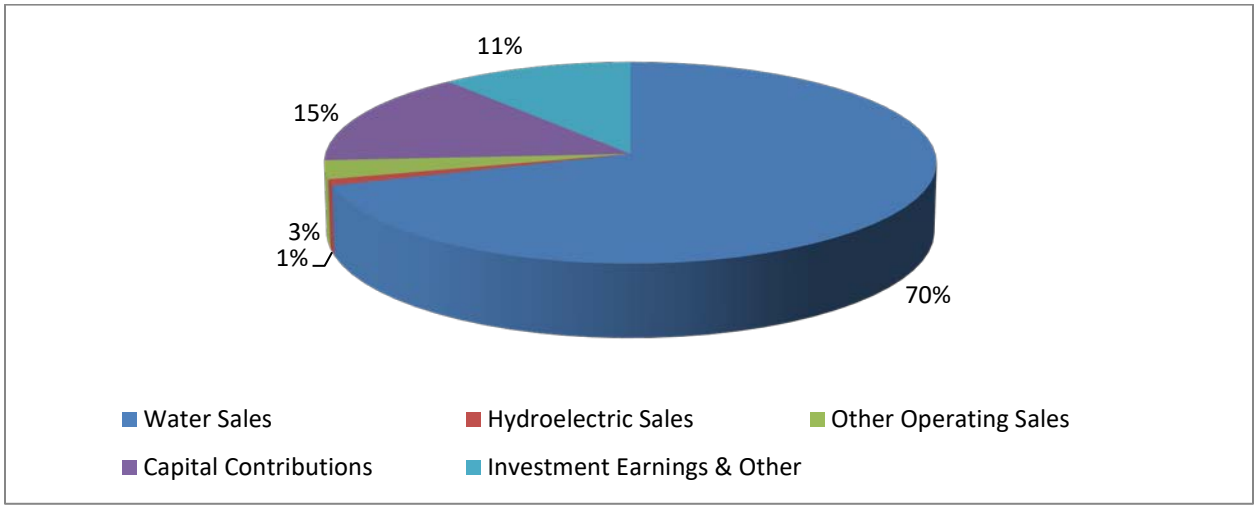
	June 30, 2017	June 30, 2016	June 30, 2015
Revenues			
Operating Revenues			
Water Sales	$ 92.7	$ 87.5	$ 86.2
Hydroelectric Sales	1.8	1.2	1.4
Other Operating Sales	2.8	3.2	2.4
	97.3	91.9	90.0
Nonoperating Revenues			
Investment Earnings	7.2	6.7	2.1
Other	-	6.5	0.3
	7.2	13.2	2.4
Capital Contributions	43.4	19.3	19.6
Total Revenues	$ 147.9	$ 124.4	$ 112.0

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2017, 2016 and 2015:

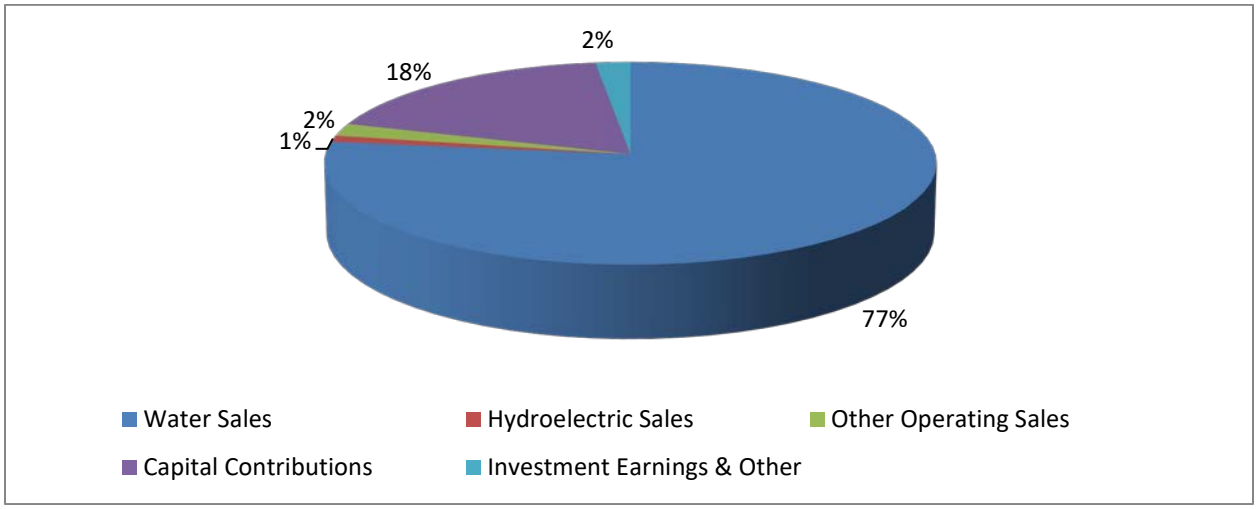
Total Revenues for the Year Ended June 30, 2017



Total Revenues for the Year Ended June 30, 2016



Total Revenues for the Year Ended June 30, 2015



Results of Operations-Revenues

Fiscal Year 2017 Summary

For fiscal year 2017, total operating revenues increased $5.4 million from fiscal year 2016. Water Sales were $92.7 million, $5.2 million or 5.9% greater than in fiscal year 2016. Water Sales were higher mainly due to a record number of days with no precipitation in the service area during July and August of 2016, the peak of the irrigation season, which resulted in significant increases in water usage. A 3% rate increase implemented in the first billing cycle of May, 2017 also contributed $0.5 million in additional Water Sales revenue to fiscal year 2017. Hydroelectric Sales were $0.6 million or 52.2% greater than fiscal year 2016, due to higher river flows which allowed for more opportunity to operate hydroelectric generation plants. Other Operating Sales were $0.4 million lower than fiscal year 2016, mainly due to additional fees collected in fiscal year 2016.

Investment Earnings were $7.2 million in fiscal year 2017, $0.5 million or 7.0% greater than fiscal year 2016. This is mainly due to termination of two forward delivery agreements, one with JP Morgan, and one with Bank of New York Mellon, as part of the 2017 bond refunding. These banks are no longer required to provide a 5.5% interest rate on a portion of TMWA's debt reserves and O&M reserves balances, so they paid TMWA $5.1 million dollars for the release of these commitments. In the prior year ended 2016, TMWA received a similar settlement from Bank of America for $4.4 million as part of the 2016 bond refunding. In fiscal year 2017, there were no Other Nonoperating Revenues, and in fiscal year 2016 there were $6.2 million mainly due to $7.0 million in water rights sold to the Pyramid Lake Paiute Tribe as part of the implementation of TROA, offset by a $0.6 million loss on disposal of assets.

For fiscal year 2017, Capital Contributions increased by $24.1 million. This increase was primarily due to a contribution from NV Energy from a court awarded payment by their insurers for flood damage to the Farad Hydroelectric Plant river diversion dam for $11.8 million, that was paid to TMWA in accordance with an agreement with NVE. Various developer connection fees and water rights will-serve sales increased by $9.4 million or 95.8% due to more robust residential construction, as the economy improves in the TMWA service area. Developer contributed infrastructure was $10.8 million, an increase of $2.3 million or 27.7% due to increased construction in the service area. Grants received were $1.2 million, or $1.0 million greater than fiscal year 2016 due to grants received related to TROA implementation.

Fiscal Year 2016 Summary

For fiscal year 2016, total operating revenues increased $1.9 million from fiscal year 2015. Water Sales were $87.5 million, $1.3 million or 1.56% greater than in fiscal year 2015. Water Sales were less than expected from the first full year as a consolidated water utility by $7.8 million due mainly due to conservation. Hydroelectric Sales decreased by $0.2 million or 14.0% due to lower river levels early in the fiscal year 2016. Other Operating Sales increased by $0.8 million or 30.0% due to additional fees collected related to increasing construction activity. Investment Earnings were higher by $4.6 million in fiscal year 2016 due to a payment from Bank of America. As part of the 2016 bond refunding, there was a partial release of a forward delivery agreement with Bank of America, and they will no longer be required to provide a 5.5% interest rate on a portion of TMWA's debt reserves balance. Bank of America paid TMWA $4.4 million dollars for the release

of this commitment. Other Nonoperating Revenue increased $6.2 million mainly due to $7.0 million in water rights sold to the Pyramid Lake Paiute Tribe as part of the implementation of TROA. Offsetting was a $0.6 million loss on disposal of assets.

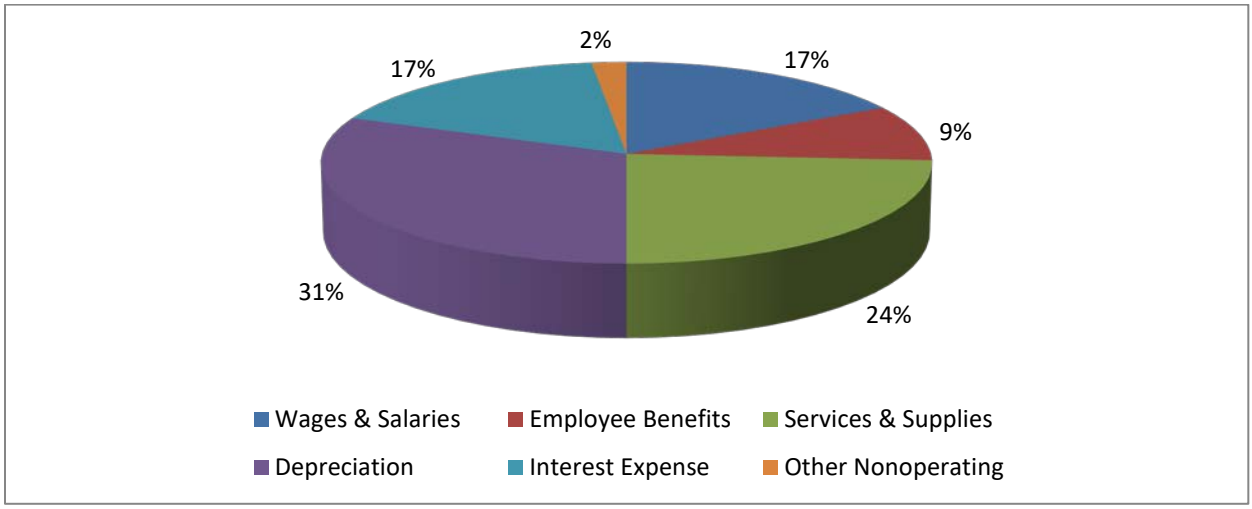
For fiscal year 2016, Capital Contributions decreased by $0.3 million from fiscal year 2015. This decrease was mainly due to the Farad Hydroelectric Plant river diversion dam settlement payment for $9.6 million received from NV Energy as settlement with their insurers in fiscal year 2015. Offsetting were developer infrastructure contributions of $8.5 million, $5.8 million higher than fiscal year 2015. This is mainly due to increasing residential construction activity. Sales of water rights will-serves of $4.4 million, $2.5 million higher than fiscal year 2015, were also indicative of this construction trend.

TMWA's Expenses
(in millions)

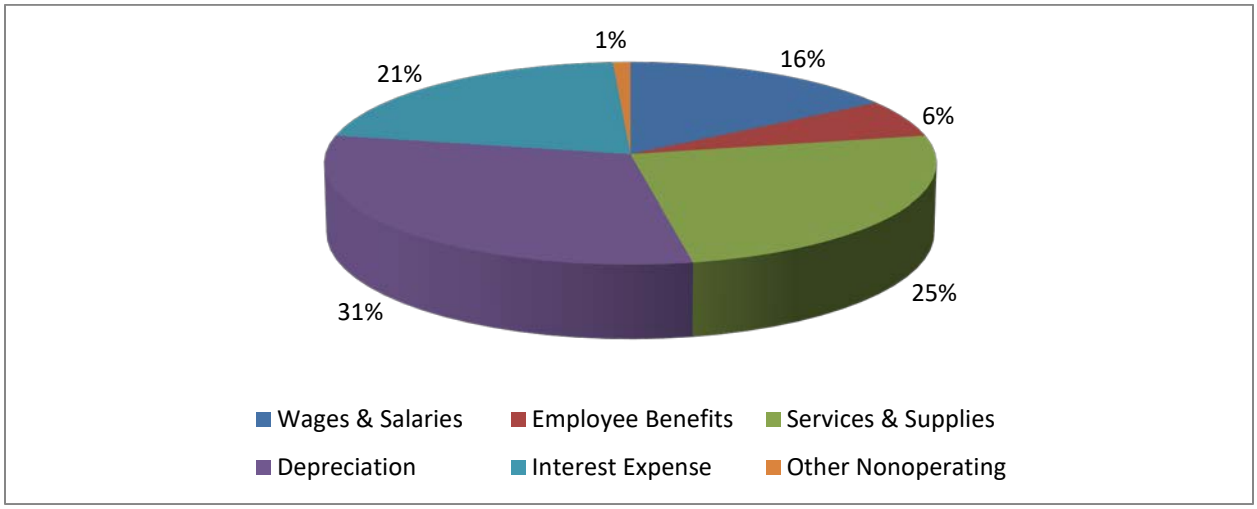
	June 30, 2017	June 30, 2016	June 30, 2015
Expenses			
Operating Expenses			
Wages & Salaries	$ 17.3	$ 16.5	$ 13.8
Employee Benefits	9.0	6.4	5.2
Services & Supplies	24.0	25.6	23.2
Depreciation	32.2	32.1	27.9
	82.5	80.6	70.1
Nonoperating Expenses			
Interest Expense	17.0	21.5	21.3
Other Nonoperating Expenses	1.9	1.2	4.6
	18.9	22.7	25.9
Total Expenses	$ 101.4	$ 103.3	$ 96.0

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2017, 2016 and 2015:

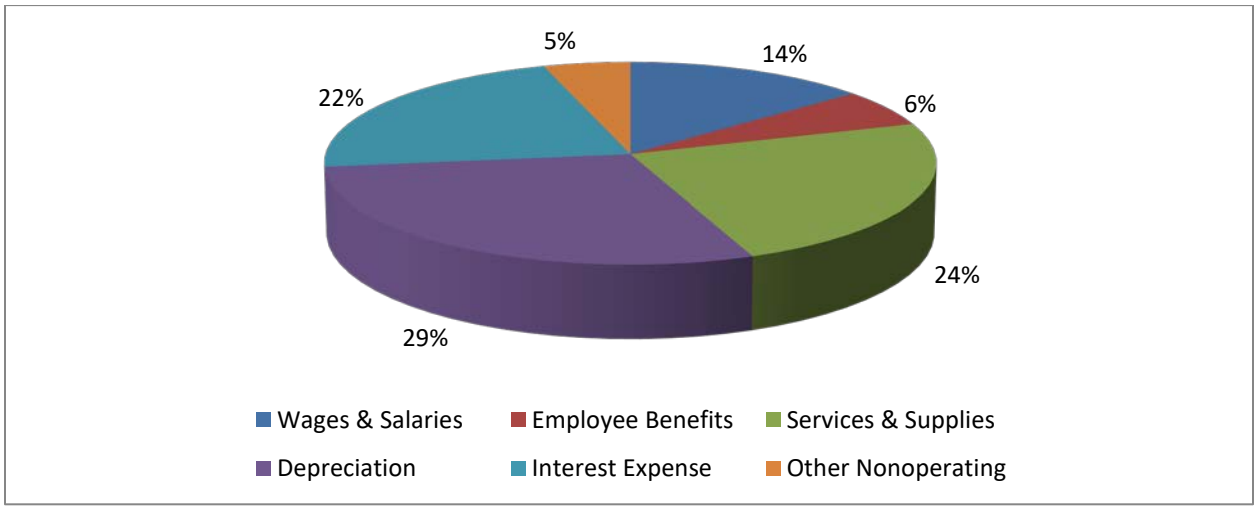
Total Expenses for the Year Ended June 30, 2017



Total Expenses for the Year Ended June 30, 2016



Total Expenses for the Year Ended June 30, 2015



Results of Operations-Expenses

Fiscal Year 2017 Summary

Operating expenses were $82.5 million, $1.9 million or 2.3% higher than fiscal year 2016. Spending on Wages and Salaries was $0.8 million or 4.32% higher, due to a modest wage increase of approximately 2%, promotions and addition of two employees. Employee Benefits were $2.6 million or 42.2% higher mainly due to a $2.3 million increase in NVPERS actuarial estimates related to the proportion of TMWA's pension liability. Spending on Services and Supplies was $1.6 million or 6.2% less than prior year. Expenses related to the repair of Fleish penstock project were expensed for a loss of $0.6 million in the prior year. Power costs were lower by $0.2 million in the current year, and professional services were lower $1.2 million due to work performed internally, especially in hydrology and construction engineering. Offsetting were $0.2 million in higher chemicals expenses.

Net Nonoperating Expenses were favorable $3.8 million as compared to prior year. Lower interest expense in 2017 by $4.5 million was due to the 2016 bond refunding. Other Nonoperating Expenses were $0.7 million unfavorable due to decrease in fair value of investments by $0.4 million, and payment of $0.2 million in litigation settlements.

Fiscal Year 2016 Summary

Operating expenses were $80.6 million, $10.5 million or 15% higher than fiscal year 2015. Wages and Salaries increased $2.8 million mainly due to the transfer of 25 positions from the Washoe County Water Utility (WCWU) to TMWA, which occurred halfway though fiscal year 2015. In 2016, those employees were with TMWA for a full year. A modest wage increase of approximately 2% added approximately $0.3 million to total operating wages and salaries. Also, three key directors retired in 2016, and several months of overlapping payroll were required to ensure a smooth transition of duties to new management. Employee Benefits increased by $1.1 million. The main contributor to this increase was WCWU employees were with TMWA for a full year in 2016. TMWA's employee health benefits premiums also increased by 20% in January of 2016. Health insurance premiums had not changed for three years prior. Services and Supplies expense increased $2.4 million, and Depreciation expense increased $4.2 million and are both directly attributable to the water utility merger.

Total Nonoperating Expenses decreased by $3.2 million to $22.7 million in fiscal year 2016 from $25.9 million in fiscal year 2015. The primary reason for the decrease is non-operating expenses related to the merger of $3.0 million incurred in fiscal year 2015. Offsetting were higher net interest expense of $0.3 million, and higher amortization of bond/note issuance costs of $0.2 million year over year.

CAPITAL ASSETS

At June 30, 2017, TMWA's total capital assets were $1,330.9 million before accumulated depreciation of $389.2 million, for a net book value of $941.7 million. Included in the total capital assets reported on the Statement of Net Position was $20.8 million in construction work in progress.

At June 30, 2016, TMWA's total capital assets were $1,288.1 million before accumulated depreciation of $357.3 million, for a net book value of $930.8 million. Included in the total capital assets reported on the Statement of Net Position was $17.7 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

LONG-TERM DEBT

At June 30, 2017, TMWA had $458.3 million in total reported debt outstanding. This amount reflects $407.1 million in total outstanding principal indebtedness, and $51.2 million net bond premium. Of the $407.1 million in total reported debt outstanding, $86.1 million was due within in one year and is classified as short term indebtedness. Included in short term debt is TMWA's tax exempt commercial paper notes (TECP). TMWA intends to re-market the $83.4 million in outstanding tax-exempt commercial paper notes as maturities come due, but all the TECP is classified as a short term indebtedness since the TECP notes mature in less than or equal to 270 days.

Total outstanding principal indebtedness of $407.1 million as of June 30, 2017 reflects a decrease of $73.2 million or 15.2% from total outstanding principal of $480.3 million as of June 30, 2016. Total outstanding principal indebtedness of $480.3 million as of June 30, 2016 reflects a decrease of $34.4 million or 6.7% from total outstanding principal of $514.7 million as of June 30, 2015.

During fiscal year 2017, TMWA received credit ratings from Standard and Poor's of AA+, an upgrade from AA in fiscal year 2016, and maintained ratings from Moody's of Aa2.

Detailed information about TMWA's indebtedness can be found in Note 6 to TMWA's financial statements.

CONTACTING TMWA's FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Comprehensive Annual Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89509-3013.

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and investments	$ 132,203,954	$ 99,764,684
Accounts receivable, net	14,803,390	13,580,981
Due from others	333,417	313,955
Due from other governments	9,559	45,969
Interest receivable	595,161	1,048,498
Prepaid assets and other assets	1,222,604	1,243,125
	149,168,085	115,997,212
Restricted current assets		
Cash and investments		
Water meter retrofit program	2,369,793	2,084,980
Current bond debt service	6,250,183	19,395,405
	8,619,976	21,480,385
Total current assets	157,788,061	137,477,597
Restricted noncurrent assets		
Cash and investments		
Future bond debt service	3,242,632	35,390,010
Operations and maintenance	8,797,778	8,739,954
Renewal and replacement	20,672,290	21,160,870
Water rate stabilization	500,000	500,000
	33,212,700	65,790,834
Noncurrent assets		
Capital assets, not depreciated	150,655,018	147,064,145
Capital assets, depreciated	791,037,884	783,728,106
Prepaid bond insurance and other assets	510,360	1,013,985
	942,203,262	931,806,236
Total noncurrent assets	975,415,962	997,597,070
Total assets	1,133,204,023	1,135,074,667
Deferred Outflow of Resources		
Deferred amount on bond refundings	3,154,276	3,053,052
Deferred amount on net pension liability	14,239,295	7,156,688
Total deferred outflow of resources	17,393,571	10,209,740
Total Assets and Deferred Outflow of Resources	$ 1,150,597,594	$ 1,145,284,407

	2017	2016
Liabilities		
Current liabilities payable from unrestricted current assets		
Accounts payable	$ 3,028,060	$ 2,909,126
Contracts and retention payable	3,305,406	2,185,872
Accrued liabilities	3,912,372	4,000,137
Due to other governments	3,738,649	2,137,679
Accrued interest payable	384,147	315,707
Current portion of long-term debt	85,205,701	89,414,845
Customer deposits and amounts due to developers	2,729,962	2,757,239
	102,304,297	103,720,605
Current liabilities payable from restricted current assets		
Current portion of long-term debt	850,000	12,620,000
Interest payable	5,400,183	6,775,405
	6,250,183	19,395,405
Total current liabilities	108,554,480	123,116,010
Noncurrent liabilities		
Net pension liability	35,783,246	26,869,406
Long-term debt, net of current portion	372,259,981	406,696,538
Total noncurrent liabilities	408,043,227	433,565,944
Total liabilities	516,597,707	556,681,954
Deferred Inflow of Resources		
Deferred amount on net pension liability	2,410,007	3,486,191
Deferred amount on bond refundings	127,250	133,948
Total deferred inflows of resources	2,537,257	3,620,139
Total liabilities and deferred inflow of resources	519,134,964	560,302,093
Net Position		
Net investment in capital assets	506,700,472	478,543,111
Restricted for water meter retrofit program	2,369,793	2,084,980
Restricted for debt service	850,000	12,620,000
Restricted for operations and maintenance reserve	4,197,778	4,139,954
Restricted for renewal and replacement reserve	20,672,290	21,160,870
Restricted for water rate stabilization	500,000	500,000
Unrestricted	96,172,297	65,933,399
Total net position	631,462,630	584,982,314
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 1,150,597,594	$ 1,145,284,407

Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for water sales	$ 92,687,260	$ 87,534,332
Hydroelectric sales	1,788,934	1,175,195
Other operating sales	2,791,989	3,219,416
Total operating revenues	97,268,183	91,928,943
Operating Expenses		
Salaries and wages	17,257,014	16,541,811
Employee benefits	9,047,279	6,364,279
Services and supplies	23,980,864	25,575,227
Total operating expenses before depreciation	50,285,157	48,481,317
Depreciation	32,169,578	32,134,190
Total operating expenses	82,454,735	80,615,507
Operating Income	14,813,448	11,313,436
Nonoperating Revenues (Expenses)		
Investment earnings	7,209,113	6,737,745
Net increase (decrease) in fair value of investments	(342,257)	80,042
Gain (loss) on disposal of assets	(155,722)	6,460,373
Amortization of bond/note issuance costs	(1,183,526)	(1,219,746)
Interest expense	(16,968,911)	(21,549,864)
Other nonoperating expense	(243,000)	-
Total nonoperating revenues (expenses)	(11,684,303)	(9,491,450)
Income (Loss) before Capital Contributions	3,129,145	1,821,986
Capital Contributions		
Grants	1,226,863	224,138
Water meter retrofit program	341,074	482,081
Developer infrastructure contributions	10,797,854	8,454,980
Developer will-serve contributions (net of refunds)	7,950,666	4,363,692
Developer capital contributions-other	6,062,247	2,473,163
Developer facility charges (net of refunds)	5,116,956	2,931,940
Contributions from others	11,855,511	356,200
Net capital contributions	43,351,171	19,286,194
Change in Net Position	46,480,316	21,108,180
Net Position, Beginning of Year	584,982,314	563,874,134
Net Position, End of Year	$ 631,462,630	$ 584,982,314

	2017	2016
Operating Activities		
Cash received from customers	$ 95,999,034	$ 90,753,299
Cash paid to employees	(25,619,259)	(24,132,183)
Cash paid to suppliers	(22,492,461)	(26,198,864)
Net Cash from Operating Activities	47,887,314	40,422,252
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(31,121,251)	(49,416,333)
Interest paid on financing	(16,172,525)	(18,904,799)
Principal paid on financing	(14,004,694)	(12,568,107)
Proceeds from refunding bonds	172,268,662	149,354,337
Redemption of commercial paper notes	(4,400,000)	(7,200,000)
Proceeds transferred to refunding escrow	(207,049,766)	(151,026,620)
Proceeds from capital debt issuance	732,529	8,239,034
Proceeds from capital asset disposal	5,340	6,460,373
Contributions for water meter retrofit program	341,074	482,081
Contributions from developers-will-serve letters	7,950,666	4,363,692
Contributions from developers-other	6,062,247	2,473,163
Contributions from developers-facility charges	5,116,956	2,931,940
Contributions from others	11,855,511	356,200
Grants	1,262,453	253,131
Bond/note issuance costs	(1,158,127)	(1,298,798)
Net Cash used for Capital and Related Financing Activities	(68,310,924)	(65,500,706)
Investing Activities		
Cash received in connection with WCWU transfer of operations	-	9,678,076
Cash received from STMGID subsequent to merger	-	162,770
Payments received on Verdi business park receivable	20,793	22,244
Interest received	7,403,545	7,233,417
Net Cash from Investing Activities	7,424,338	17,096,507
Net Change in Cash and Cash Equivalents	(12,999,273)	(7,981,947)
Cash and Cash Equivalents, Beginning of Year (including $87,271,219 in restricted accounts)	187,035,903	195,017,850
Cash and Cash Equivalents, End of Year (including $41,832,676 in restricted accounts)	$ 174,036,630	$ 187,035,903

	2017	2016
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ 14,813,448	$ 11,313,436
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	32,169,578	32,134,190
Other nonoperating expenses	(243,000)	-
Pension expense	5,792,926	3,459,922
Pension contributions	(5,037,877)	(4,534,811)
Changes in assets and liabilities		
Accounts receivable, net	(1,222,409)	(964,744)
Due from others	(19,462)	(294,389)
Due from other governments	-	132,406
Prepaid assets	29,246	(62,219)
Accounts payable	118,934	(738,224)
Accrued liabilities	(87,763)	45,199
Due to customers and developers	(27,277)	(48,917)
Due to other governments	1,600,970	(19,597)
Total adjustments	33,073,866	29,108,816
Net Cash from Operating Activities	$ 47,887,314	$ 40,422,252
Non-Cash Capital and Related Financing Activities		
Developer infrastructure contributions	$ 10,797,854	$ 8,454,980
Amortization of bond insurance expenses	474,107	417,757
Amortization of net bond premium	(2,242,859)	(486,796)
Amortization of refunding allowances to interest expense	181,981	2,735,233
Supplemental Cash Flows Information		
Capitalization of interest expense	283,987	486,001
Capitalization of interest revenue	92,155	165,059

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity and Purpose

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations, and to develop, manage, and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven-member Board of Directors appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

Basis of Accounting

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. The financial statements for TMWA are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes 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.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

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

Budgets and Budgetary Accounting

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, the General Manager of TMWA submits to the Board of Directors a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held on the third Wednesday in May.
- Prior to June 1, at a public hearing, the Board of Directors 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 Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at year end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

The budget reflected in the financial statements has been amended from the original amounts in accordance with State statute for the years ended June 30, 2017 and 2016. This presentation for fiscal year 2017 and 2016 is included as Supplementary Information.

Cash and Investments

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by state statutes and TMWA's bond resolutions include, but are not limited to, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP), an external investment pool which is administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. Investments are reported at fair value, including the investment with LGIP which is equal to TMWA's original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. Exceptions to the fair valuation of investments are the guaranteed investment contracts which are valued at cost.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of 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.

Accounts Receivable

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA's customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year end.

Restricted Assets

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit program as mandated by Public Law 101-618.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

Capital Assets

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least $5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Interest cost incurred during the construction phase of the asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	Years		Years
Distribution mains	60-75	Hydroelectric facilities	20-80
Plants	15-50	Canals	15-50
Services	15-60	Reservoirs	20-75
Pump stations	15-50	Vehicles	5-10
Tanks	65-75	Furniture and fixtures	10
Wells	15-50	Computer hardware and software	3-5
Pressure reducing stations	25	Lab equipment	5
		Administration buildings	50

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources is its deferred charge on refunding which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions.

In addition to liabilities, the Statements of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to bond refundings and pensions.

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.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation.

Compensated Absences

Under contract, employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in accrued liabilities in the accompanying Statements of Net Position.

Classification of Revenues

Operating revenues consist of water sales, hydroelectric sales, miscellaneous fee income, and various reimbursements of operating expenses. Nonoperating revenues consist essentially of income derived from investments, and reimbursement for nonoperating activities. Developer facility charges, will-serve contributions, and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

Implementation of GASB Statement No. 82

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

Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

TMWA conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Accounts Receivable, Net

Accounts receivable, net consisted of the following:

	June 30, 2017	June 30, 2016
Billed amounts	$ 6,185,181	$ 5,142,543
Earned, but unbilled amounts	8,868,924	8,675,516
	15,054,105	13,818,059
Allowance for uncollectibles	(250,715)	(237,079)
Accounts receivable, net	$ 14,803,390	$ 13,580,981

Note 4 - Cash and Investments

In accordance with state statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. At June 30, 2017, the carrying amount of TMWA's deposits of $- was less than the respective bank balance of $1,019,399 by $1,019,399. At June 30, 2016, the carrying amount of TMWA's deposits of $1,564,692 was greater than the respective bank balance of $963,018 by $601,674. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

As of June 30, 2017, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	$ 18,931,822	$ -	$ 18,931,822
U.S. Agencies	31,326,931	56,012,317	87,339,248
LGIP	3,242,632	-	3,242,632
Money Market Mutual Funds	34,916,307	-	34,916,307
Corporate Notes	17,811,237	9,073,890	26,885,127
Corporate Commercial Paper	2,979,690	-	2,979,690
	$ 109,208,619	$ 65,086,207	$ 174,294,826

As of June 30, 2016, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	$ 2,156,094	$ -	$ 2,156,094
U.S. Agencies	43,470,850	21,664,723	65,135,573
Guaranteed Investment Contracts	29,752,798	-	29,752,798
LGIP	3,219,035	-	3,219,035
Money Market Mutual Funds	67,793,723	-	67,793,723
Corporate Notes	2,376,328	15,021,300	17,397,628
	$ 148,768,828	$ 36,686,023	$ 185,454,851

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On July 7, 2005 the TMWA Board adopted an investment policy which further limited its investment choices. Nevada Revised Statutes and TMWA’s investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below. TMWA’s investment policy does not allow for investment in asset backed securities even though such investments are permitted by law.

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. As a means of limiting TMWA's exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows state statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within ten years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows state statute for reducing exposure to investment credit risk by investing in guaranteed investment contracts, U.S. Agencies securities; "AAA" rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 310 days at June 30, 2017, and 142 days at June 30, 2016. In addition, guaranteed investment contracts in which TMWA invests are unrated. Investments in U.S. Agencies are rated "AAA" and when investments are made in corporate commercial paper these investments are rated "A-1+"/"P-1". Investments in corporate notes are rated "AAA".

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 TMWA or by TMWA's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

At June 30, 2017 and 2016, the following investments by issuer, exceeded 5% of TMWA's total investments:

	June 30, 2017	
Federal National Mortgage Association	$ 39,347,575	22.58%
Federal Home Loan Bank	25,580,936	14.68%
Federal Home Loan Mortgage Corporation	22,410,737	12.86%
	June 30, 2016	
Federal Home Loan Bank	$ 28,229,498	15.09%
Bank of America Guaranteed Investment Contract	29,752,798	15.91%
Federal National Mortgage Association	13,912,523	7.44%

Investments Measured at Fair Value

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. TMWA does not have any investments that are measured using level 3 inputs.

TMWA has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using	
	Fair Value June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	$ 18,931,822	$ 18,931,822	$ -
U.S. Agencies	87,339,248	-	87,339,248
Money Market Mutual Funds	34,916,307	34,916,307	-
Corporate Notes	26,885,127	-	26,885,127
Corporate Commercial Paper	2,979,690	-	2,979,690
	171,052,194	$ 53,848,129	$ 117,204,065
LGIP	3,242,632		
	$ 174,294,826		

TMWA has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurements Using	
	Fair Value June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	$ 2,156,094	$ 2,156,094	$ -
U.S. Agencies	65,135,574	-	65,135,574
Money Market Mutual Funds	67,793,723	67,793,723	
Corporate Notes	17,397,628	-	17,397,628
	152,483,019	$ 69,949,817	$ 82,533,202
LGIP	3,219,035		
	$ 155,702,054		

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

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

Corporate notes and commercial paper – Valued based on cash flow models that maximize the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2017 follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	$ 17,666,963	$ 19,153,325	$ (16,014,570)	$ 20,805,718
Land	19,821,360	321,804	391	20,143,555
Water rights	109,575,822	129,923	-	109,705,745
Total capital assets, not being depreciated	147,064,145	19,605,052	(16,014,179)	150,655,018
Capital assets, being depreciated				
Distribution mains	488,098,466	20,705,741	-	508,804,207
Water treatment (plants)	182,072,974	2,824,046	-	184,897,020
Services	138,518,880	2,800,849	-	141,319,729
Pump stations	63,979,314	223,914	(158,404)	64,044,824
Treated water storage (tanks)	89,572,480	480,947	(102,308)	89,951,119
Wells	64,622,905	6,482,027	-	71,104,932
Pressure regulating stations	8,846,137	1,260,543	(99,891)	10,006,789
Canals	40,689,804	565,079	-	41,254,883
Reservoirs	18,564,775	-	-	18,564,775
Vehicles	4,989,617	819,673	(123,930)	5,685,360
Furniture and fixtures	603,066	-	-	603,066
Computer hardware and software	2,574,691	86,300	-	2,660,991
Lab equipment	197,578	-	-	197,578
Hydroelectric facilities	24,989,996	3,272,894	-	28,262,890
Administrative buildings	12,720,435	118,796	-	12,839,231
Total capital assets, being depreciated	1,141,041,118	39,640,809	(484,533)	1,180,197,394
Less accumulated depreciation:				
Distribution mains	(101,217,796)	(9,217,543)	(1,232)	(110,436,571)
Water treatment (plants)	(74,606,063)	(5,575,904)	(7,793)	(80,189,760)
Services	(85,349,814)	(7,500,271)	-	(92,850,085)
Pump stations	(17,672,994)	(2,030,854)	80,913	(19,622,935)
Treated water storage (tanks)	(23,124,556)	(1,987,293)	100,673	(25,011,176)
Wells	(27,227,902)	(2,107,940)	(14,152)	(29,349,994)
Pressure regulating stations	(5,403,379)	(404,829)	56,816	(5,751,392)
Canals	(8,471,476)	(938,384)	-	(9,409,860)
Reservoirs	(5,168,494)	(544,493)	-	(5,712,987)
Vehicles	(2,190,609)	(538,127)	107,855	(2,620,881)
Furniture and fixtures	(398,276)	(57,555)	-	(455,831)
Computer hardware and software	(1,253,844)	(446,238)	-	(1,700,082)
Lab equipment	(77,196)	(34,394)	-	(111,590)
Hydroelectric facilities	(3,061,985)	(501,395)	-	(3,563,380)
Administrative buildings	(2,088,628)	(284,358)	-	(2,372,986)
Total accumulated depreciaton	(357,313,012)	(32,169,578)	323,080	(389,159,510)
Total capital assets, being depreciated, net	783,728,106	7,471,231	(161,453)	791,037,884
Total Capital Assets, Net	$ 930,792,251	$ 27,076,283	$ (16,175,632)	$ 941,692,902

Capital asset activity for the year ended June 30, 2016 follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	$ 11,419,506	$ 16,031,241	$ (9,783,784)	$ 17,666,963
Land	19,686,804	134,556	-	19,821,360
Water rights	92,128,154	17,447,668	-	109,575,822
Total capital assets, not being depreciated	123,234,464	33,613,465	(9,783,784)	147,064,145
Capital assets, being depreciated				
Distribution mains	477,529,680	10,568,786	-	488,098,466
Water treatment (plants)	179,849,523	2,223,451	-	182,072,974
Services	134,919,335	3,599,545	-	138,518,880
Pump stations	61,382,245	2,820,065	(222,996)	63,979,314
Treated water storage (tanks)	85,293,141	4,279,340	-	89,572,481
Wells	62,507,165	2,115,740	-	64,622,905
Pressure regulating stations	8,671,021	175,116	-	8,846,137
Canals	40,087,788	602,016	-	40,689,804
Reservoirs	13,434,262	5,130,513	-	18,564,775
Vehicles	4,007,826	981,791	-	4,989,617
Furniture and fixtures	603,066	-	-	603,066
Computer hardware and software	2,405,854	187,837	(19,000)	2,574,691
Lab equipment	197,578	-	-	197,578
Hydroelectric facilities	24,804,788	185,208	-	24,989,996
Administrative buildings	12,042,500	677,935	-	12,720,435
Total capital assets, being depreciated	1,107,735,771	33,547,343	(241,996)	1,141,041,118
Less accumulated depreciation:				
Distribution mains	(92,169,125)	(9,048,671)	-	(101,217,796)
Water treatment (plants)	(68,919,145)	(5,686,918)	-	(74,606,063)
Services	(78,131,960)	(7,217,854)	-	(85,349,814)
Pump stations	(15,868,711)	(2,002,930)	198,647	(17,672,994)
Treated water storage (tanks)	(21,043,199)	(2,081,357)	-	(23,124,556)
Wells	(24,849,481)	(2,378,421)	-	(27,227,902)
Pressure regulating stations	(4,998,801)	(404,577)	-	(5,403,378)
Canals	(7,514,604)	(956,872)	-	(8,471,476)
Reservoirs	(4,634,181)	(534,313)	-	(5,168,494)
Vehicles	(1,740,904)	(449,705)	-	(2,190,609)
Furniture and fixtures	(324,746)	(73,530)	-	(398,276)
Computer hardware and software	(808,744)	(464,100)	19,000	(1,253,844)
Lab equipment	(42,802)	(34,394)	-	(77,197)
Hydroelectric facilities	(2,556,391)	(505,594)	-	(3,061,985)
Administrative buildings	(1,793,675)	(294,953)	-	(2,088,627)
Total accumulated depreciaton	(325,396,470)	(32,134,190)	217,647	(357,313,012)
Total capital assets, being depreciated, net	782,339,301	1,413,153	(24,349)	783,728,106
Total Capital Assets, Net	$ 905,573,765	$ 35,026,619	$ (9,808,133)	$ 930,792,251

Note 6 - Long-Term Debt

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling $4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, as well as any future senior lien bonds.

On November 15, 2005, TMWA issued $40,000,000 in Series 2005A water revenue bonds which constituted special limited obligations of TMWA. The principal and interest were payable solely from, and secured by an irrevocable pledge of the net revenues derived by TMWA from the operation of the Water System. On May 14, 2015, $33,050,000 of the bonds were refunded with the Series 2015A Refunding Bonds (see below) on a current basis, with the remaining balance of $890,000 paid on July 1, 2015.

On May 3, 2006, TMWA issued $150,745,000 in Series 2006 Refunding Bonds which constituted special limited obligations of TMWA. These bonds were sold to refund $145,970,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability was removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $5,901,299. The unamortized balance was being amortized as a component of interest expense over the remaining life of the newly issued debt, which had a shorter remaining life than the original life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over 27 years by $10,016,065 and resulted in an economic gain of $5,152,424. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. On April 12, 2016, $148,015,000 of the bonds were refunded with the Series 2016 Refunding Bonds (see below) on a current basis, with the remaining balance of $400,000 paid on July 1, 2016.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to $160,000,000 in TECP notes. After $23,000,000 of redemptions, total authorized issuance stands at $137,000,000 in TECP notes. Of the total authorization, TMWA has outstanding $83,400,000 as of June 30, 2017 and $87,800,000 as of June 30, 2016. The first draw was on August 16, 2006 for $30,000,000, a second draw was on December 5, 2006 for $13,000,000, a third draw was made on February 15, 2008 for $25,000,000, and a fourth draw was made on June 28, 2011 for $11,400,000, for a total issuance of $79,400,000. TMWA redeemed the $11,400,000 issued in the fourth draw on December 10, 2012, leaving $68,000,000 outstanding at June 30, 2014. TMWA issued a fifth draw for $27,000,000 on December 17, 2014, for a total issuance of $95,000,000. On various dates in fiscal year 2016, TMWA redeemed $7,200,000. On September 7, 2016 TMWA redeemed $4,400,000. TMWA has remaining authorization to issue $53.6 million as of June 30, 2017 and 2016, respectively. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. The third draw was to fund certain construction projects on an interim basis; the fourth draw was for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. The fifth draw was to refund, on an advanced basis, $26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as

of July 1, 2015, the call date of the bonds. The TECP program is facilitated by a direct pay letter of credit (Liquidity Facility) between TMWA and the Bank of Tokyo-Mitsubishi UFJ. The stated amount of the Liquidity Facility is $103,432,878. The average interest rate on the outstanding balance of TECP as of June 30, 2017 was 0.89% and June 30, 2016 was 0.48%. As of June 30, 2017, the total TECP notes outstanding were comprised of 5 tranches ranging from $10,000,000 to $21,550,000 with maturities ranging from 31 to 67 days. As of June 30, 2016, the total TECP notes outstanding were comprised of 6 tranches ranging from $6,150,000 to $23,150,000 with maturities ranging from 30 to 129 days.

On January 17, 2007, TMWA issued $218,975,000 in Series 2007 Refunding Bonds, which constituted special limited obligations of TMWA. These bonds were sold to refund $212,275,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $15,284,819. The unamortized balance was being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over 24 years by $18,192,500, and resulted in an economic gain of $10,439,350. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. On April 11, 2017, the bonds were refunded with the Series 2017 Refunding Bonds (see below) on a current basis.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling $2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, and the 2017 Refunding Bonds, as well as any future senior lien bonds.

On January 28, 2010, TMWA issued $28,240,000 in Series 2010 Refunding Bonds which constituted special limited obligations of TMWA. These bonds were sold to refund $29,515,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $1,657,234. The unamortized balance was being amortized as a component of interest expense over the remaining life of the old and new debt, which has the same remaining life. This advance refunding was undertaken to reduce total debt service payments over approximately 3.5 years by $2,332,160, and resulted in an economic gain of $1,947,941. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. Final debt service payments on the 2010 Refunding Bonds were made on July 1, 2015.

On February 11, 2010, TMWA entered into a loan contract with DWSRF to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total

amount of $4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the, senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, and the 2017 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of $9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was $14,162,268. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. This loan has remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, 2017 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued $28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis $33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease that callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by $140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by $6,563,813 and resulted in an economic gain of $4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling $8,239,034 by June 30, 2016. Additional draws in fiscal year 2017 of $732,529 brought the final loan balance to $8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien, 2015A Refunding Bonds, the 2016 Refunding Bonds, and the 2017 Refunding Bonds as well as any future senior lien bonds.

On April 12, 2016, TMWA issued $124,790,000 in Series 2016 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund $148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a

shorter remaining life in comparison to the remaining life of the refunding bonds. This current refunding was undertaken to reduce total debt service payments over 22 years by $4,332,501, and resulted in an economic gain of $15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

On April 11, 2017, TMWA issued $147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund $214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with $32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by $15,301,534, and resulted in an economic gain of $15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

The following schedules summarize the changes in long-term obligations as of June 30, 2017:

	Final Matrurity Date	Authorized	Balance July 1,2016	Additions	Deletions	Balance June 30,2017	Due in 2017-2018
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	$ 4,669,565	$ 2,613,744	$ -	$ 254,818	$ 2,358,926	$ 263,065
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	400,000	-	400,000	-	-
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,290,000	-	214,290,000	-	-
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0.00%	7/1/2029	2,401,120	1,669,527	-	123,669	1,545,859	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2030	4,381,614	3,772,013	-	216,660	3,555,353	223,757
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	7,965,667	-	789,547	7,176,120	811,889
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	28,750,000	-	830,000	27,920,000	850,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	8,971,562	8,239,034	732,529	-	8,971,562	383,321
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	-	-	124,790,000	-
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	-	147,415,000	-	147,415,000	-
Subtotal		700,208,298	392,489,985	148,147,529	216,904,694	323,732,820	2,655,701
Plus unamortized net bond premium			28,441,399	24,853,662	2,112,199	51,182,862	
Total debt before tax exempt commercial paper			420,931,384	173,001,191	219,016,893	374,915,682	
TMWA Tax-Exempt Commercial Paper		137,000,000	87,800,000	-	4,400,000	83,400,000	83,400,000
Total Debt		$ 837,208,298	$ 508,731,384	$ 173,001,191	$ 223,416,893	$ 458,315,682	$ 86,055,701

The following schedules summarize the changes in long-term obligations as of June 30, 2016:

	Final Matrurity Date	Authorized	Balance July 1,2015	Additions	Deletions	Balance June 30,2016	Due in 2016-2017
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	$ 4,669,565	$ 2,860,578	$ -	$ 246,834	$ 2,613,744	$ 254,810
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	890,000	-	890,000	-	-
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	148,415,000	-	148,015,000	400,000	400,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,800,000	-	510,000	214,290,000	11,390,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0.00%	7/1/2029	2,401,120	1,793,196	-	123,669	1,669,527	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	9,435,000	-	9,435,000	-	-
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,981,798	-	209,785	3,772,013	216,659
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	8,733,487	-	767,820	7,965,667	789,547
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	28,750,000	-	-	28,750,000	830,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	15,000,000	-	8,239,034	-	8,239,034	230,150
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	-	124,790,000	-	124,790,000	-
Subtotal		627,061,736	419,659,059	133,029,034	160,198,108	392,489,985	14,234,835
Plus unamortized net bond premium			3,673,290	24,564,337	(203,772)	28,441,399	
Total debt before tax exempt commercial paper			423,332,349	157,593,371	159,994,336	420,931,384	
TMWA Tax-Exempt Commercial Paper		148,600,000	95,000,000	-	7,200,000	87,800,000	87,800,000
Total Debt		$ 775,661,736	$ 518,332,349	$ 157,593,371	$ 167,194,336	$ 508,731,384	$102,034,835

Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2018	$ 86,055,700	$ 13,420,803	$ 99,476,503
2019	2,738,723	15,360,498	18,099,221
2020	2,829,058	15,273,963	18,103,021
2021	13,460,867	14,983,254	28,444,121
2022	13,599,193	14,419,778	28,018,971
2023-2027	76,823,773	61,557,949	138,381,722
2028-2032	98,496,564	41,100,903	139,597,467
2033-2037	104,923,942	12,456,746	117,380,688
2038	8,205,000	205,125	8,410,125
Total	$ 407,132,820	$ 188,779,019	$ 595,911,839

Because commercial paper notes have a maturity of less than 270 days, they are presented as maturing in the current year. It is the intent of TMWA that as TECP matures, the interest and principal will be remarketed into new commercial paper notes.

Note 7 - Net Position

Restricted Net Position

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program as mandated by Public Law 101-618.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of $10,672,290 and $11,160,870 as of June 30, 2017 and 2016, respectively, is included in the amount restricted for renewal and replacement.

Board Designation

The TMWA Board of Directors has designated $1,300,000 for water rate stabilization. This designation is not reflected as restricted net position, but is considered a designated portion of unrestricted net position.

Note 8 - Contingent Liabilities

Boca Dam and Reservoir: The Truckee Storage Project was constructed to provide a supplemental supply of irrigation water to approximately 29,000 acres of land in the Truckee Meadows surrounding Reno and Sparks, Nevada. Boca Dam and Reservoir (the "Boca Dam"), the major feature of the Truckee Storage Project, was constructed by the United States and is operated by the Washoe County Water Conservation District (the "Conservation District"). As part of the Safety of Dams retrofit being conducted by the Bureau of Reclamation (the "BOR"), the BOR is currently working on conceptual designs for an earthquake hardening project at the base of Boca Dam. The construction costs for an earthquake hardening project are currently estimated at $36.0 million, plus additional design and engineering costs. Under federal law, the beneficiary of the authorized purposes of the structure must pay 15% of the total project cost. Given the complexities of TROA, pending litigation and other matters which complicate identifying who is the beneficiary of the authorized purposes of the structures, the Conservation District is in negotiations with the BOR as to how that 15% is allocated between irrigation and municipal uses. Cost allocation issues have yet to be resolved. Based upon information received by the Authority, the Conservation District currently expects its portion of beneficiary cost to range from $4.395 million to $6.0 million based on cost estimates at this time. As of June 30, 2017, the BOR had spent approximately $6.2 million in design and engineering costs on the project. The Authority expects its portion of the potential responsibility for the cost being assessed the Conservation District will be between $0 and $2.2 million.

Mt. Rose Fan Domestic Well Program: As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan. In addition, TMWA's 2017-2021 Capital Improvement Plan lists several major construction projects to move surface water into the affected area during certain times of the year to mitigate adverse effects on groundwater levels.

Note 9 - Risk Management

TMWA 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. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

Note 10 - Pensions and Other Employee Benefits

Defined Benefit Pension Plan

Plan Description

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. 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. 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

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with 33 1/3 years of service.

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

Contributions

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

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

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

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

The Employer-pay contribution (EPC) rate was 28% for both fiscal years June 30, 2017 and 2016.

TMWA's contributions were $5,037,877 and $4,534,811 for the years ended June 30, 2017 and 2016, respectively.

PERS Investment Policy

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2016 and 2015:

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

As of June 30, 2016 and 2015, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2017, TMWA reported a liability for its proportionate share of the net pension liability of $35,783,246. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, TMWA reported a liability for its proportionate share of the net pension liability of $26,869,406. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2016 and 2015, TMWA's proportion was .2674 and .2351 percent, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2016 and 2015, calculated using the discount rate of 8.00%, as well as what TMWA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability, June 30, 2016	$ 52,753,951	$ 35,783,246	$ 22,042,152
Net Pension Liability, June 30, 2015	41,058,088	26,869,406	15,208,145

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

TMWA's June 30, 2017 net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's June 30, 2016 net pension liability was measured as of June 30, 2015, 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:

	June 30, 2016	June 30, 2015
Inflation Rate	3.50%	3.50%
Payroll Growth	5.00% including inflation	5.00% including inflation
Investment Rate of Return	8.00%	8.00%
Productivity Pay Increase	0.75%	0.75%
Projected Salary Increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases
Consumer Price Index	3.50%	3.50%
Other Assumptions	Same as those used in the June 30, 2015 funding actuarial valuation	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years. Life expectancy at age 65 is assumed to be 21.0 years.

Actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016 and June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016 and 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016 and June 30, 2015.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, TMWA recognized pension expense of $5,792,926. At June 30, 2017, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,410,007
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	3,345,751	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	5,855,667	-
TMWA contributions subsequent to the measurement date	5,037,877	-
	$ 14,239,295	$ 2,410,007

$5,037,877 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

For the year ended June 30, 2016, TMWA recognized pension expense of $3,459,922. At June 30, 2016, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,026,696
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,459,495
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	2,621,877	-
TMWA contributions subsequent to the measurement date	4,534,811	-
	$ 7,156,688	$ 3,486,191

$4,534,811 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017 will be recognized in pension expense as follows:

Year Ending June 30:	
2018	$ (875,805)
2019	(875,805)
2020	(2,339,423)
2021	(1,719,594)
2022	(704,524)
Thereafter	(276,260)

Additional Information

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

Deferred Compensation Plans

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the year ended June 30, 2017, TMWA had matching contributions totaling $1,066,019, and $1,007,308 for the year ended June 30, 2016.

Other Post-Employment Benefit Plans (OPEB)

TMWA has two "Other Post –Employment Benefit Plans", (OPEB). The first plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all new hires. The second plan was formed to provide post-employment benefits for benefitted employees who transferred from Washoe County as a result of the water utility consolidation. The first plan is referred to as the §501-c-9 Plan and the second plan is referred to as the §115 Plan. Both Plans reference the Internal Revenue Code sections that the plans were formed under.

§501-c-9 Plan

Plan Description. The §501-c-9 plan known as The Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with post-employment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board of Directors, two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel regardless of date of hire. Eligibility requirements benefit levels, employee contributions and employer contributions are amended through TMWA's collective bargaining agreements for its represented employees and by the TMWA Board of Directors with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group dependents are also covered. The post-December 31, 1997 group of represented employees will receive a total subsidy of $1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period. For MPAT employees, the annual subsidy is $235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is $105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes 62. There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

The number of active participants and retirees as of July 1, 2016, the effective date of the most recent OPEB valuation was 173 and 31, respectively. As of June 30, 2017 and 2016 there were 35 and 29 retirees, respectively, receiving benefits from the Plan.

Funding Policy, Annual OPEB Cost and Net OPEB Obligation. Beginning in fiscal year 2011, the Plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the post-employment health benefits.

TMWA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 445,063	$ 445,063	100%	$ -
2016	244,429	244,429	100%	-
2015	244,429	244,429	100%	-

The net OPEB obligation as of June 30, 2017 and 2016 was calculated as follows:

	2017	2016
Normal cost	$ 330,786	$ 303,827
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	114,277	(59,398)
Annual OPEB Cost (ARC)	445,063	244,429
Total Contributions	(445,063)	(244,429)
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	-	-
Net OPEB Obligation, End of Year	$ -	$ -

Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (July 1, 2016) was as follows:

Actuarial Accrued Liability (AAL) (a)	$ 10,407,569
Actuarial Value of Plan Assets (b)	8,948,929
Unfunded/(Overfunded) Actuarial Accrued Liability (UAAL) (a-b)	$ 1,458,640
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	85.98%
Covered Payroll (c)	$ 13,944,136
UAAL as a Percentage of Covered Payroll [(a-b)]/(c)	10.46%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides current year information and multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	22 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

§115 Plan

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. Twenty-five employees transferred from Washoe County to TMWA, of which two had no post-employment benefits, and were subsequently enrolled in the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (§501-c-9 Plan). Of the remaining 23 transferred employees, one left the employment of TMWA to work for another public agency, which disqualified the individual from future benefits from the §115 Plan, resulting in 22 remaining transferred employees that are entitled to benefits as of June 30, 2017. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this Plan.

Eligibility. There are two employee classifications eligible for benefits in this Plan: Tier I and Tier II classifications.

For Tier I employees/retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 100% of the premium for coverage of such retiree under the benefit plans. Tier I employees who have attained the Medicare Eligibility Age during a Trust Plan Year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage and TMWA will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II employees/retirees the maximum benefits to be paid by the Trust who have not attained the age of 65 is to be the same amount of the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree's behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the Trust towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

For Tier II employees/retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive the equivalent of the State of Nevada's Medicare Exchange Retiree HRA contribution subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. Medicare then becomes the primary carrier, and the Benefits Plans funded by the Trust are to become secondary. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

The number of active participants and retirees as of July 1, 2016, the effective date of the most recent OPEB valuation was 22 and 0. As of June 30, 2017 and 2016 there were one and zero retirees, respectively, receiving benefits from the Plan.

The net OPEB obligation as of June 30, 2017 and 2016 was calculated as follows:

	2017	2016
Normal cost	$ 76,771	$ 45,592
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	26,670	29,997
Annual OPEB Cost (ARC)	103,441	75,589
Total Contributions	(103,441)	(75,589)
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	-	-
Net OPEB Obligation, End of Year	$ -	$ -

Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (July 1, 2016) was as follows:

Actuarial Accrued Liability (AAL) (a)	$ 1,453,919
Actuarial Value of Plan Assets (b)	695,940
Unfunded Actuarial Accrued Liability (UAAL) (a-b)	$ 757,979
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	47.87%
Covered Payroll (c)	$ 1,658,227
UAAL as a Percentage of Covered Payroll [(a-b)]/(c)	45.71%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	28 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

Note 11 - Commitments

TMWA has committed $1,400,000 to further enhancement of the Truckee River as mitigation for operation of the Farad hydroelectric plant, which has yet to be transferred.

TMWA has committed a maximum of 1.5% of its combined operating expense budget and total annual debt service in fiscal year 2017 as a contribution in fiscal year 2017 to the Truckee River Fund of the Community Foundation of Western Nevada, for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA.

Note 12 - Subsequent Events

On September 7, 2017 TMWA reduced its outstanding commercial paper balance from $83,400,000 to $74,200,000 with a payment from unrestricted cash of $9,200,000.

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Required Supplementary Information

Truckee Meadows Water Authority

Plan	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b)/c]
501c9 Plan	July 1, 2016	$10,407,569	$ 8,948,929	$ 1,458,640	85.98%	$13,944,136	10.46%
115 Plan	July 1, 2016	1,453,919	695,940	757,979	47.87%	1,658,227	45.71%
		$11,861,488	$ 9,644,869	$ 2,216,619	81.31%	$15,602,363	14.21%
501c9 Plan	July 1, 2014	$ 8,196,010	$ 8,443,923	$ (247,913)	103.02%	$12,941,448	-1.92%
115 Plan	January 1, 2015	1,357,972	546,873	811,099	40.27%	1,612,906	50.29%
		$ 9,553,982	$ 8,990,796	$ 563,186	94.11%	$14,554,354	3.87%
501c9 Plan	July 1, 2012	$ 6,228,631	$ 6,181,506	$ 47,125	99.24%	$11,618,408	0.41%

501c9 Plan:

The July 1, 2016 Actuarial Valuation reflected an increase in the AAL due to a one time 20% increase in health insurance premiums effective January, 2016. July 1, 2014 Actuarial Valuation reflected a reduced discount rate assumption from 6.5% to 6% which is the primary reason for the increase in the AAL from the July 1, 2012 valuation.

115 Plan:

The July 1, 2016 Actuarial Valuation reflected an increase in the AAL. A one time 20% increase in health insurance premiums effective January, 2016 was off set by a decrease in the number of eligible employees and reductions related to assumptions around implicit subsidy.

Truckee Meadows Water Authority
Schedule of TMWA's Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	2016	2015	2014
TMWA's portion of net the pension liability	0.2674%	0.2345%	0.2139%
TMWA's proportionate share of the net pension liability	$ 35,783,246	$ 26,869,406	$ 22,293,306
TMWA's covered payroll	$ 16,314,669	$ 14,077,995	$ 12,573,558
TMWA's proportional share of the net pension liability as a percentage of its covered payroll	219.33%	190.86%	177.30%
Plan fiduciary net position as a percentage of the total pension liability	72.23%	75.13%	76.30%

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

Truckee Meadows Water Authority
Schedule of TMWA Contributions
Public Employees' Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

	2017	2016	2015
Statutorily required contribution	$ 5,037,877	$ 4,534,811	$ 3,629,441
Contributions in relation to the statutorily required contribution	$ 5,037,877	$ 4,534,811	$ 3,629,441
Contribution (deficiency) excess	$ -	$ -	$ -
Employer's covered payroll	$ 17,947,692	$ 16,314,669	$ 14,077,995
Contributions as a percentage of covered payroll	28.07%	27.80%	25.78%

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

Supplementary Information
June 30, 2017 and 2016

Truckee Meadows Water Authority

Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Year Ended June 30, 2017

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	$ 91,196,093	$ 92,687,260	$ 1,491,167
Hydroelectric sales	1,755,890	1,788,934	33,044
Other operating sales	2,471,500	2,791,989	320,489
Total operating revenues	95,423,483	97,268,183	1,844,700
Operating Expenses			
Salaries and wages	18,319,615	17,257,014	1,062,601
Employee benefits	8,736,336	9,047,279	(310,943)
Services and supplies	25,730,715	23,980,864	1,749,851
Total operating expenses before depreciation	52,786,666	50,285,157	2,501,509
Depreciation	33,247,620	32,169,578	1,078,042
Total operating expenses	86,034,286	82,454,735	3,579,551
Operating Income	9,389,197	14,813,448	5,424,251
Nonoperating Revenues (Expenses)			
Investment earnings	2,231,304	7,209,113	4,977,809
Net change in fair value of investments	-	(342,257)	(342,257)
Gain (loss) on disposal of assets	-	(155,722)	(155,722)
Bond/note issue costs and amortization of bond insurance	(474,444)	(1,183,526)	(709,082)
Interest expense	(16,930,176)	(16,968,911)	(38,735)
Other nonoperating expense	-	(243,000)	(243,000)
Total nonoperating revenues (expenses)	(15,173,316)	(11,684,303)	3,489,013
Income (Loss) before Capital Contributions	(5,784,119)	3,129,145	8,913,264
Capital Contributions			
Grants	1,191,168	1,226,863	35,695
Water meter retrofit program	450,000	341,074	(108,926)
Developer infrastructure contributions	-	10,797,854	10,797,854
Developer will-serve contributions (net of refunds)	8,189,633	7,950,666	(238,967)
Developer capital contributions-other	5,328,086	6,062,247	734,161
Developer facility charges (net of refunds)	4,509,144	5,116,956	607,812
Contributions from others	11,805,511	11,855,511	50,000
Net capital contributions	31,473,542	43,351,171	11,877,629
Change in Net Position	$ 25,689,423	46,480,316	$ 20,790,893
Net Position, Beginning of Year		584,982,314	
Net Position, End of Year		$ 631,462,630	

Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Year Ended June 30, 2016

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	$ 88,328,024	$ 87,534,332	$ (793,692)
Hydroelectric sales	945,552	1,175,195	229,643
Other operating sales	2,580,867	3,219,416	638,549
Total operating revenues	91,854,443	91,928,943	74,500
Operating Expenses			
Salaries and wages	16,609,056	16,541,811	67,245
Employee benefits	8,164,236	6,364,279	1,799,957
Services and supplies	27,666,431	25,575,227	2,091,204
Total operating expenses before depreciation	52,439,723	48,481,317	3,958,406
Depreciation	33,207,312	32,134,190	1,073,122
Total operating expenses	85,647,035	80,615,507	5,031,528
Operating Income	6,207,408	11,313,436	5,106,028
Nonoperating Revenues (Expenses)			
Investment earnings	2,357,604	6,737,745	4,380,141
Net change in fair value of investments	-	80,042	80,042
Gain (loss) on disposal of assets	(625,000)	6,460,373	7,085,373
Bond/note issue costs and amortization of bond insurance	(1,105,128)	(1,219,746)	(114,618)
Interest expense	(21,191,268)	(21,549,864)	(358,596)
Total nonoperating revenues (expenses)	(20,563,792)	(9,491,450)	11,072,342
Income (Loss) before Capital Contributions	(14,356,384)	1,821,986	16,178,370
Capital Contributions			
Grants	-	224,138	224,138
Water meter retrofit program	540,684	482,081	(58,603)
Developer infrastructure contributions	-	8,454,980	8,454,980
Developer will-serve contributions (net of refunds)	1,152,288	4,363,692	3,211,404
Developer capital contributions-other	906,612	2,473,163	1,566,551
Developer facility charges (net of refunds)	1,505,652	2,931,940	1,426,288
Contributions from others	6,995,000	356,200	(6,638,800)
Net capital contributions	11,100,236	19,286,194	8,185,958
Change in Net Position	$ (3,256,148)	21,108,180	$ 24,364,328
Net Position, Beginning of Year		563,874,134	
Net Position, End of Year		$ 584,982,314	

Statistical Section

Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Section Contents	Schedule No.
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	**1-6**
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its water sales and other revenues.	**7-8**
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt, and its ability to issue additional future debt.	**9**
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other utilities.	**10-12**
Operating Information These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services it provides and the activities it performs.	**13-17**
Debt Ratios These schedules contain information about changes in the Authority's debt and its debt in relation to service connections.	**18-19**

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

	Fiscal Year			
	2017*	2016*	2015*	2014
Net Position				
Net investment in capital assets	$ 506,700,472	$ 478,543,111	$ 444,402,572	$ 232,327,785
Restricted	28,589,861	40,505,804	42,158,803	25,198,683
Unrestricted	96,172,297	65,933,399	77,312,759	54,036,550
Total Net Position	$ 631,462,630	$ 584,982,314	$ 563,874,134	$ 311,563,018

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Truckee Meadows Water Authority
Schedule No. 1 – Net Position by Component
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
$ 227,319,870	$ 222,418,497	$ 223,410,534	$ 220,473,195	$ 204,972,595	$ 177,972,803
22,644,404	13,678,852	22,873,643	23,515,136	23,947,116	16,387,385
51,471,349	57,107,888	41,907,040	43,968,725	56,186,497	87,278,594
$ 301,435,623	$ 293,205,237	$ 288,191,217	$ 287,957,056	$ 285,106,208	$ 281,638,782

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Truckee Meadows Water Authority
Schedule No. 2 – Changes in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Special Item	Change in Net Position
2017*	$ 97,268,183	$ 82,454,735	$ 14,813,448	$ (11,684,303)	$ 3,129,145	$ 43,351,171	$ -	$ 46,480,316
2016*	91,928,943	80,615,507	11,313,436	(9,491,450)	1,821,986	19,286,194	-	21,108,180
2015*	90,029,316	70,114,860	19,914,456	(23,526,380)	(3,611,924)	19,638,821	231,516,024	247,542,921
2014	84,315,390	59,317,860	24,997,530	(20,386,339)	4,611,191	5,516,204	-	10,127,395
2013	85,577,107	59,619,074	25,958,033	(20,675,251)	5,282,782	2,947,604	-	8,230,386
2012	81,790,499	56,622,273	25,168,226	(19,023,050)	6,145,176	1,109,062	-	7,254,238
2011	76,246,433	55,542,274	20,704,159	(21,802,941)	(1,098,782)	1,332,941	-	234,159
2010	75,667,848	58,388,775	17,279,073	(20,269,550)	(2,990,477)	5,841,325	-	2,850,848
2009	75,013,826	62,216,261	12,797,565	(19,873,120)	(7,075,555)	10,542,981	-	3,467,426
2008	78,220,168	60,591,754	17,628,414	(17,224,464)	403,950	25,884,509	-	26,288,459

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

	Fiscal Year			
	2017*	2016*	2015*	2014
Operating Revenues				
Revenues from water sales				
Residential unmetered water sales	$ 2,446,144	$ 3,725,916	$ 9,366,307	$ 9,731,811
Residential metered water sales	65,829,635	60,198,267	51,796,871	44,137,033
Commercial metered water sales	11,369,179	11,026,132	11,339,953	10,755,824
Irrigation metered & fire protection	11,887,395	11,554,063	11,123,168	10,720,156
Wholesale sales	1,154,907	1,029,954	2,560,399	3,845,593
Total water sales	92,687,260	87,534,332	86,186,698	79,190,417
Hydroelectric revenue	1,788,934	1,175,195	1,366,786	3,045,147
Other operating revenues	2,791,989	3,219,416	2,475,832	2,079,826
Total operating revenues	$ 97,268,183	$ 91,928,943	$ 90,029,316	$ 84,315,390

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Truckee Meadows Water Authority
Schedule No. 3 – Operating Revenues by Customer Class
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
$ 10,288,324	$ 10,899,330	$ 11,611,351	$ 13,115,143	$ 14,216,666	$ 15,310,296
43,957,551	41,476,536	37,636,859	35,962,518	34,646,185	34,940,141
10,885,539	10,473,659	10,214,401	10,112,854	9,812,718	10,326,007
11,031,924	10,129,233	9,007,523	8,894,110	8,716,187	8,880,817
3,748,276	3,473,100	2,938,106	3,136,081	2,833,330	3,228,785
79,911,614	76,451,858	71,408,240	71,220,706	70,225,086	72,686,046
3,557,965	3,519,897	3,079,158	2,577,660	2,769,918	2,836,521
2,107,528	1,818,744	1,759,035	1,869,482	2,018,822	2,697,601
$ 85,577,107	$ 81,790,499	$ 76,246,433	$ 75,667,848	$ 75,013,826	$ 78,220,168

	Fiscal Year			
	2017*	2016*	2015*	2014
Salaries and wages	$ 17,257,014	$ 16,541,811	$ 13,763,006	$ 12,007,022
Employee benefits	9,047,279	6,364,279	5,271,735	5,045,922
Contract services	6,204,863	7,335,521	6,321,061	4,826,066
Utilities/power	5,201,870	5,386,413	5,449,347	5,189,312
Prof services (general/legal/media/leg)	2,258,454	2,512,154	3,132,132	2,538,097
Supplies	2,635,229	2,700,906	2,572,699	1,736,763
Chemicals	1,984,300	1,803,614	1,554,496	1,383,824
Insurance and claims	719,604	742,006	684,021	501,300
Leases and rentals	146,999	96,290	79,640	70,196
Other expenses	4,829,545	4,998,323	3,387,273	3,802,687
Total operating expenses before depreciation	50,285,157	48,481,317	42,215,411	37,101,189
Depreciation	32,169,578	32,134,190	27,899,449	22,517,885
Total Operating Expenses	$ 82,454,735	$ 80,615,507	$ 70,114,860	$ 59,619,074

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Truckee Meadows Water Authority
Schedule No. 4 – Operating Expenses
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
$ 11,128,162	$ 11,049,337	$ 11,180,101	$ 11,619,701	$ 11,665,974	$ 10,083,912
4,819,187	4,537,531	4,378,347	4,429,266	4,528,891	3,967,687
4,868,532	5,090,741	5,488,432	6,623,576	5,848,255	5,489,563
4,571,453	4,432,932	6,639,620	7,384,879	7,292,830	7,055,167
1,610,614	1,254,751	1,909,575	2,751,236	2,755,823	2,331,511
1,522,106	1,155,351	1,112,419	1,319,905	1,496,065	1,427,467
1,333,002	1,361,144	1,653,424	1,443,177	1,231,681	1,165,321
534,577	608,352	647,983	611,405	644,638	645,064
74,596	84,844	69,472	124,563	-	58,181
3,810,820	3,645,076	3,318,784	3,754,603	4,310,112	4,087,764
34,273,048	33,220,057	36,398,157	40,062,310	39,774,269	36,311,637
22,349,225	22,322,217	21,990,618	22,153,951	20,817,485	19,241,869
$ 56,622,273	$ 55,542,274	$ 58,388,775	$ 62,216,261	$ 60,591,754	$ 55,553,506

Truckee Meadows Water Authority
Schedule No. 5 – Nonoperating Revenues and Expenses
Last Ten Fiscal Years

Fiscal Year	Investment Earnings	Interest Expense	Grants	Gain/(Loss) on Disposal of Assets	Other Revenue or Expenses	Total Nonoperating Expenses
2017*	$ 7,209,113	$ (16,968,911)	$ -	$ (155,722)	$ (1,768,783)	$ (11,684,303)
2016*	6,737,745	(21,549,864)	-	6,460,373	(1,139,704)	(9,491,450)
2015*	2,127,009	(21,281,117)	-	(653,698)	(3,718,574)	(23,526,380)
2014	2,051,156	(21,282,412)	-	(136,300)	(1,018,783)	(20,386,339)
2013	2,007,375	(21,791,975)	-	(21,463)	(869,188)	(20,675,251)
2012	2,277,298	(21,786,675)	791,773	(611,086)	305,640	(19,023,050)
2011	2,322,169	(22,431,967)	274,837	(4,705)	(1,963,275)	(21,802,941)
2010	1,894,518	(22,291,259)	861,091	8,848	(742,748)	(20,269,550)
2009	3,635,126	(23,481,043)	564,277	3,557	(595,037)	(19,873,120)
2008	6,841,981	(24,106,569)	483,631	(91,170)	(352,337)	(17,224,464)

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Truckee Meadows Water Authority
Schedule No. 6 – Capital Contributions by Source
Last Ten Fiscal Years

Fiscal Year	Developer Water Rights/ Will Serves	Developer Infrastructure	Developer Other	Water Meter Retrofit Program	Developer Facility Charges	From Other Governments	From Others	Total
2017*	$ 7,950,666	$ 10,797,854	$ 6,062,247	$ 341,074	$ 5,116,956	$ 1,226,863	$ 11,855,511	$ 43,351,171
2016*	4,363,692	8,454,980	2,473,163	482,081	2,931,940	224,138	356,200	19,286,194
2015*	1,864,446	2,703,092	1,588,158	1,013,896	2,494,434	276,260	9,698,535	19,638,821
2014	1,529,129	1,723,023	410,447	479,488	963,660	343,628	66,829	5,516,204
2013	201,871	702,699	469,732	174,698	1,047,715	208,227	142,662	2,947,604
2012	173,599	263,249	153,475	173,094	263,089	-	82,556	1,109,062
2011	125,123	507,970	126,899	170,201	252,748	-	150,000	1,332,941
2010	133,305	4,088,095	184,791	248,618	437,933	-	748,583	5,841,325
2009	(25,229)	6,905,953	541,325	359,297	773,955	179,242	1,808,438	10,542,980
2008	2,978,057	8,092,373	2,401,248	1,408,879	3,412,118	7,591,834	-	25,884,509

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Truckee Meadows Water Authority
Schedule No. 7 – Gallons of Water Sold and Revenues by Category
Last Ten Fiscal Years

Category	2017* Gallons Sold (000)	2017* Revenue	2016* Gallons Sold (000)	2016* Revenue
Residential-Unmetered [1]	--	$ 2,446,145	--	$ 3,725,916
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other [2]	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	$ 92,687,260	21,841,659	$ 87,534,332

Category	2015* Gallons Sold (000)	2015* Revenue	2014 Gallons Sold (000)	2014 Revenue
Residential-Unmetered [1]	--	$ 9,366,307	--	$ 9,731,811
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other [2]	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	$ 86,186,698	20,253,396	$ 79,190,417

Category	2013 Gallons Sold (000)	2013 Revenue	2012 Gallons Sold (000)	2012 Revenue
Residential-Unmetered [1]	--	$ 10,288,324	--	$ 10,899,330
Residential Metered	11,916,455	43,957,551	11,077,177	41,476,536
Commercial	4,083,972	10,885,539	3,902,183	10,473,659
Other [2]	2,816,474	11,031,924	2,543,132	10,129,233
Wholesale	1,982,557	3,748,276	1,831,821	3,473,100
Total	20,799,458	$ 79,911,614	19,354,313	$ 76,451,858

Category	2011 Gallons Sold (000)	2011 Revenue	2010 Gallons Sold (000)	2010 Revenue
Residential-Unmetered [1]	--	$ 11,611,351	--	$ 13,115,143
Residential Metered	10,233,494	37,636,859	9,940,587	35,962,518
Commercial	3,925,081	10,214,401	4,642,286	10,112,854
Other [2]	2,279,226	9,007,523	1,858,589	8,894,110
Wholesale	1,573,720	2,938,106	1,284,293	3,136,081
Total	18,011,521	$ 71,408,240	17,725,755	$ 71,220,706

Category	2009 Gallons Sold (000)	2009 Revenue	2008 Gallons Sold (000)	2008 Revenue
Residential-Unmetered [1]	--	$ 14,216,666	--	$ 15,310,296
Residential Metered	11,319,330	34,646,185	10,385,949	34,940,141
Commercial	3,051,746	9,812,718	4,547,882	10,326,007
Other [2]	3,059,335	8,716,187	2,677,005	8,880,817
Wholesale	1,659,709	2,833,330	1,763,412	3,228,785
Total	19,090,120	$ 70,225,086	19,374,248	$ 72,686,046

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

[1] Complete consumption information is not available for unmetered customers.

[2] These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial

Truckee Meadows Water Authority
Schedule No. 8 – Ten Largest Customers
June 30, 2017

	Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1	Sun Valley Water	613,051	$ 1,169,318	1.3%
2	Washoe County School District	281,880	843,548	0.9%
3	City of Reno	262,900	895,149	1.0%
4	Washoe County	166,341	500,413	0.5%
5	City of Sparks	137,884	471,955	0.5%
6	Nevada Properties (Peppermill)	174,416	441,686	0.5%
9	GSR Holdings, LLC	219,515	407,345	0.4%
7	University of Nevada Reno	153,134	387,555	0.4%
8	Somersett HOA	109,268	375,384	0.4%
10	Sparks LLC Nugget	112,997	297,456	0.3%
	Totals	2,231,386	$ 5,789,809	6.2%

City of Reno includes the Reno Housing Authority.

	Fiscal Year			
	2017*	2016*	2015*	2014
Operating revenues [1]	$ 92,687	$ 87,534	$ 86,187	$ 79,190
Nonoperating revenues [2]	11,790	11,132	5,970	7,176
Gross revenues	104,477	98,666	92,157	86,366
Operation and maintenance expenses [3]	49,823	48,030	41,772	35,850
Contribution to water rate stabilization	-	-	-	-
Taxes other than income taxes [4]	462	451	443	440
Total expenses	50,285	48,481	42,215	36,290
Net Revenues	$ 54,192	$ 50,185	$ 49,942	$ 50,076
Senior Lien Annual Debt Service [5]	$ 18,916	$ 31,780	$ 29,955	$ 31,285
Senior Lien Debt Coverage excluding SDCs	2.86	1.58	1.67	1.60
System Development Charges (SDCs):				
Developer facility charges	$ 5,117	$ 2,932	$ 2,494	$ 964
Developer capital contributions - other	6,062	2,473	1,588	410
Senior Lien Debt Coverage including SDCs [6]	3.46	1.75	1.80	1.64

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

[1] Includes retail residential, commercial, irrigation water sales, and wholesale water sales net of bad debt expense.

[2] Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income before reduction by capitalized investment income as required by Financial Accounting Standards Board Pronouncement (FASB) 62.

[3] Includes water supply, treatment, distribution, hydroelectric power plant maintenance customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and services and supplies comprise these expenses.

[4] The Authority is required to pay property taxes on water rights and storage facilities located in California. During the reported fiscal years TMWA paid various counties in California for hydroelectric facilities, and water storage rights in California.

(5) This schedule does not include the payments on the DWSRF loan or the tax-exempt commercial paper, which are subordinate to the 2015-A, 2016 and 2017 Refunding Bonds.
Excludes capitalized interest expense which would reduce total interest expense pursuant to FASB 34.

[6] TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001-A bonds. This resulted in a one-time increase in the senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x.
In fiscal year 2017, TMWA deferred principal payments on debt which increased the debt coverage ratio.

Truckee Meadows Water Authority
Schedule No. 9 – Debt Service Coverage Ratios
Last Ten Fiscal Years

Fiscal Year						
2013	2012	2011	2010	2009	2008
$ 79,912	$ 76,452	$ 71,408	$ 71,221	$ 70,225	$ 72,686
7,672	7,643	7,253	6,669	9,197	13,822
87,584	84,095	78,661	77,890	79,422	86,508
36,672	33,851	32,802	35,979	39,646	39,342
-	-	-	-	-	-
429	422	418	419	416	432
37,101	34,273	33,220	36,398	40,062	39,774
$ 50,483	$ 49,822	$ 45,441	$ 41,492	$ 39,360	$ 46,734
$ 29,672	$ 21,295	$ 31,191	$ 31,124	$ 31,420	$ 31,427
1.70	2.34	1.46	1.33	1.25	1.49
$ 1,048	$ 263	$ 253	$ 438	$ 774	$ 3,412
470	153	127	185	541	2,401
1.75	2.36	1.47	1.35	1.29	1.67

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Truckee Meadows Water Authority

Schedule No. 10 – Schedule of Total Building Permits Issued by Jurisdiction/Member Entity

Last Ten Fiscal Years

Fiscal Year	Washoe County	City of Reno	City of Sparks
2017	2,615	5,399	3,636
2016	2,121	5,144	3,712
2015	1,807	4,792	3,581
2014	1,669	4,316	2,579
2013	1,516	3,214	2,393
2012	1,578	2,917	2,463
2011	1,272	2,919	1,763
2010	1,279	3,030	2,007
2009	1,586	3,592	2,579
2008	2,222	4,744	3,636

Source: As reported by each local governmental entity.

Fiscal Year	Population [1]	Per Capita Income [2]	Median Age [3]	School Enrollment [4]	Total Personal Income [1]	Unemployment Rate (Percent) [5]
2017	459,142	$ 48	37.5	63,919	$ 21,265,000	4.0%
2016	451,248	51	37.5	63,670	20,165,000	5.9%
2015	441,165	48	37.4	63,108	19,077,000	6.4%
2014	436,647	48	37.6	62,986	18,833,000	7.2%
2013	434,120	47	37.6	62,424	18,284,145	9.8%
2012	427,704	45	37.4	62,323	17,849,009	12.3%
2011	421,593	49	37.2	62,324	17,944,975	13.2%
2010	417,379	47	37.0	62,452	17,421,365	13.6%
2009	416,632	45	36.4	63,310	18,550,337	11.7%
2008	423,833	46	36.5	63,635	19,392,856	6.8%

Sources:

[1] US Census-Nevada, 2008 - 2012.
Washoe County Community Development, 2013 - 2017.

(2) U.S. Department of Commerce, 2008.
Washoe County Community Demographic Information 2009 - 2017.

(3) Center for Regional Studies, University of Nevada, Reno 2009 - 2017.

[4] Washoe County School District.

[5] State Department of Employment, Training and Rehabilitation (DETR).

[6] Washoe County Building and Safety Department.

[7] Nevada State Department of Taxation.

[8] Nevada State Gaming Control Board.

[9] Reno/Tahoe International Airport. (RTIA)

Total Labor Force [5]	Construction Activity Total Value [6]	Number of New Family Units [6]	Taxable Sales [7]	Gross Income Gaming Revenue [8]	Total Passenger Air Traffic [9]
232,719	240,534,583	394	$ 7,989,009,111	$ 805,557,000	3,819,896
231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
222,607	225,096,997	198	6,370,684,534	744,962,250	3,312,839
219,607	126,468,377	159	5,824,726,136	741,038,030	3,514,421
221,764	95,875,949	83	5,522,605,351	738,151,877	3,561,557
212,480	67,721,019	55	5,282,935,192	751,466,957	3,795,421
221,954	55,952,010	35	5,176,981,699	788,545,658	3,777,701
224,089	85,657,662	103	5,707,791,051	867,202,273	3,979,015
221,785	202,519,159	240	6,823,701,000	996,615,975	4,841,257

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Truckee Meadows Water Authority
Schedule No. 12 – Principal Employers
Current and Nine Years Ago

	June 30, 2017			June 30, 2008		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	4.16%	7,250	1	3.24%
University of Nevada - Reno	4,750	2	2.26%	4,250	2	1.90%
Renown (Washoe) Medical Center	3,250	3	1.55%	2,250	5	1.01%
Washoe County	2,750	4	1.31%	3,250	3	1.45%
Peppermill Hotel Casino - Reno	2,250	5	1.07%	2,250	7	1.01%
Grand Sierra Resort	2,250	6	1.07%	-	-	
International Gaming Technology	1,750	7	0.83%	2,750	4	1.23%
Atlantis Casino Resort	1,750	8	0.83%	1,750	9	0.78%
Silver Legacy Resort Casino	1,750	9	0.83%	2,250	6	1.01%
St. Mary's	1,750	10	0.83%	-	-	
Sparks Nugget	-			1,750	10	0.78%
City of Reno	-			2,250	8	1.01%
Total Washoe Covered Employment	210,251			223,590		

Note: Each of the years reflect respective 4th quarter information. Nevada Revised Statute Chapter 612 stipulates that ac employment for individual employers may not be published. The number of employees is estimated using the midpoint.

Source: Nevada Department of Employment Training and Rehabilitation (DETR)

Customers by Category as of June 30, 2017*

Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	695	0.6%	$ 2,446,145	2.6%
Residential Metered	109,939	91.2%	65,829,634	71.0%
Commercial and Irrigation	9,931	8.2%	11,887,395	12.8%
Other [2]	2	0.0%	11,369,179	12.3%
Wholesale	2	0.0%	1,154,907	1.2%
Total	120,569	100.0%	$ 92,687,260	100.0%

Customers by Category as of June 30, 2016*

Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	2,062	1.7%	$ 3,725,916	4.3%
Residential Metered	106,730	89.9%	60,198,267	68.8%
Commercial and Irrigation	9,873	8.3%	11,026,132	12.6%
Other [2]	3	0.0%	11,554,063	13.2%
Wholesale	1	0.0%	1,029,954	1.2%
Total	118,669	100.0%	$ 87,534,332	100.0%

Customers by Category as of June 30, 2015*

Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	6,224	5.2%	$ 9,366,307	10.7%
Residential Metered	100,446	84.6%	51,796,871	59.2%
Commercial and Irrigation	9,648	8.1%	11,339,953	13.0%
Other [2]	4,528	3.8%	11,123,168	12.7%
Wholesale	2	0.0%	2,560,399	2.9%
Total	120,848	101.8%	$ 86,186,698	98.5%

Customers by Category as of June 30, 2014

Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	6,379	6.7%	$ 9,731,811	12.3%
Residential Metered	76,422	80.0%	44,137,033	55.7%
Commercial and Irrigation	8,743	9.1%	10,755,824	13.6%
Other [2]	4,008	4.3%	10,720,156	13.5%
Wholesale	2	0.0%	3,845,593	4.9%
Total	95,554	100.0%	$ 79,190,417	100.0%

Customers by Category as of June 30, 2013

Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	6,927	7.3%	$ 10,288,324	12.9%
Residential Metered	75,113	79.3%	43,957,551	55.0%
Commercial and Irrigation	8,702	9.2%	10,885,539	13.6%
Other [2]	3,965	4.2%	11,031,924	13.8%
Wholesale	2	0.0%	3,748,276	4.7%
Total	94,709	100.0%	$ 79,911,614	100.0%

Customers by Category as of June 30, 2012				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	7,699	8.2%	$ 10,899,330	14.3%
Residential Metered	73,836	78.3%	41,476,536	54.3%
Commercial and Irrigation	8,695	9.2%	19,245,940	25.2%
Other [2]	4,088	4.3%	1,356,952	1.8%
Wholesale	2	0.0%	3,473,100	4.5%
Total	94,320	100.0%	$ 76,451,858	100.0%

Customers by Category as of June 30, 2011				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	8,685	9.3%	$ 11,611,351	16.3%
Residential Metered	72,457	77.3%	37,636,859	52.7%
Commercial and Irrigation	8,564	9.1%	17,921,409	25.1%
Other [2]	4,078	4.3%	1,300,515	1.8%
Wholesale	2	0.0%	2,938,106	4.1%
Total	93,786	100.0%	$ 71,408,240	100.0%

Customers by Category as of June 30, 2010				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	10,403	11.1%	$ 13,115,143	18.4%
Residential Metered	70,556	75.6%	35,962,518	50.5%
Commercial and Irrigation	8,465	9.1%	17,872,178	25.1%
Other [2]	3,943	4.2%	1,134,786	1.6%
Wholesale	7	0.0%	3,136,081	4.4%
Total	93,374	100.0%	$ 71,220,706	100.0%

Customers by Category as of June 30, 2009				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential -Unmetered	12,590	13.5%	$ 14,216,666	20.2%
Residential Metered	68,557	73.4%	34,646,185	49.3%
Commercial and Irrigation	8,397	9.0%	17,573,511	25.0%
Other [2]	3,808	4.1%	955,394	1.4%
Wholesale	7	0.0%	2,833,330	4.0%
Total	93,359	100.0%	$ 70,225,086	100.0%

Customers by Category as of June 30, 2008				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues [1]	% of Total Revenues
Residential-Unmetered	14,063	15.1%	$ 15,310,296	21.1%
Residential Metered	67,357	72.3%	34,940,141	48.1%
Commercial and Irrigation	8,203	8.8%	18,305,887	25.2%
Other [2]	3,595	3.9%	900,937	1.2%
Wholesale	7	0.0%	3,228,785	4.4%
Total	93,225	100.0%	$ 72,686,046	100.0%

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

[1] Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

[2] Includes non metered private fire protection services located on the premises of commercial and some residential customers.

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Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2015 to 6/11/2017	Blanket limit of $245,000,000 per occurrence with sub-limits of $50,000,000 for earthquake for Earth Movement (excluding CA properties) and $10,000,000 for flood (excluding Glendale plant). Equipment Breakdown $100,000,000. Deductibles for flood and earth movement are $100,000 per occurrence for each location; general policy deductible is $25,000.
General Liability and Business Automobile Policy	Arch Insurance Company	6/11/2016 to 6/11/2017	First $1,000,000 in liability limits. General Liability Aggregate limit of $3,000,000 Inland Marine Physical Damage $834,750 General liability deductible of $25,000 per occurrence. Auto Physical Damage deductible 0f $1,000.
Excess Umbrella Liability Policy	Arch Insurance Company	6/11/2016 to 6/11/2017	First Layer Excess Liability limit of $10,000,000.
	Travelers Insurance Company	6/11/2016 to 6/11/2017	Second Layer Excess Liability Limit of $10,000,000
Workers' Compensation	Employer's Insurance Company of Nevada	6/11/2016 to 6/11/2017	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides $1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2016 to 6/11/2017	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2016 to 6/11/2017	Employee Theft / Forgery or Alteration Computer Fraud/Funds Transfer Fraud $3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance, Telephone Toll $1,000,000.
	Zurich		Fraudulent Impersonation $250,000
Network Security/ Cyber Risk	Travleres Insurance Company	6/11/2016 to 6/11/2017	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption $3,000,000 Each claim $25,000 Deductible
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2017	Ransom, In-Transit Delivery, Expenses, Judgements Settlements, and Defense $3,000,000 Death or Dismemberment $250,000 / $1,250,00 person/event. Disappearance /Threat $100,000 Hostage Crisis $500,000

	Fiscal Year			
	2017*	2016*	2015*	2014
Administration/IT	28	28	22	20
Supply/Treatment Operations	39	32	30	31
Distribution Maintenance	66	63	62	48
Hydroelectric	7	6	6	6
Customer Service/Conservation	23	25	24	20
Water Planning/Resources	15	19	19	13
Engineering/Construction	28	24	23	14
Total Authorized Employees	206	197	186	152

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Fiscal Year					
2013	2012	2011	2010	2009	2008
18	20	22	22	25	23
26	27	28	28	32	28
45	44	42	45	45	45
7	8	7	5	6	7
26	33	28	41	42	39
15	12	13	14	11	10
15	11	14	15	17	22
152	155	154	170	178	174

Customer Charges By Meter Size	2017* TMWA	2017* WC	2017* STMGID	2016* TMWA	2016* WC	2016* STMGID	2015* TMWA	2015* WC	2015* STMGID
3/4"	$ 19.10	$ 17.95	$ 9.77	$ 18.54	$ 17.43	$ 9.49	$ 18.54	$ 17.43	$ 9.49
1"	21.01	23.09	11.96	20.40	22.42	11.61	20.40	22.42	11.61
1 1/2"	23.90	33.03	16.96	23.20	32.07	16.47	23.20	32.07	16.47
2"	27.71	44.04	n/a	26.90	42.76	n/a	26.90	42.76	n/a
3"	31.52	70.92	n/a	30.60	68.85	n/a	30.60	68.85	n/a
4"	36.26	103.87	n/a	35.20	100.84	n/a	35.20	100.84	n/a
6"	42.02	189.37	n/a	40.80	183.85	n/a	40.80	183.85	n/a
Commodity Charge (all meter sizes)									
TMWA Tier 1	1.77			1.72			1.72		
TMWA Tier 2	2.86			2.78			2.78		
TMWA Tier 3	3.35			3.25			3.25		
WC Tier 1		2.70			2.62			2.62	
WC Tier 2		3.37			3.27			3.27	
WC Tier 3		4.05			3.93			3.93	
WC Tier 4		5.41			5.25			5.25	
STMGID Tier 1			1.40			1.36			1.36
STMGID Tier 2			1.85			1.80			1.80
STMGID Tier 3			2.28			2.21			2.21
STMGID Tier 4			2.66			2.58			2.58
STMGID Tier 5			2.81			2.73			2.73
Monthly Base Rates (Meter Size)									
3/4"	$100.63	$ 89.82	$ 46.26	$100.63	$ 89.82	$ 44.91	$100.63	$ 89.82	$ 44.91
1"	144.90	90.18	46.26	144.90	90.18	44.91	144.90	90.18	44.91
1 1/2"	262.60	92.12	46.26	262.60	92.12	44.91	262.60	92.12	44.91
2"	374.30	93.55	46.26	374.30	93.55	44.91	374.30	93.55	44.91
3"	469.90	94.96	46.26	469.90	94.96	44.91	469.90	94.96	44.91
4"	595.70	99.18	46.26	595.70	99.18	44.91	595.70	99.18	44.91
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Above rates are for metered single family residential service.

Above rates are for unmetered single family residential service.

TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016 and May 2017

*2017, 2016 and 2015 rates reflect differences in charges between TMWA and the former Washoe County and South Truckee Meadows General Improvement District customers after consolidation.

Truckee Meadows Water Authority
Schedule No. 16 – Current and Historical Water Rates
Last Ten Fiscal Years

Fiscal Year							
2014	2013	2012	2011	2010	2009	2008
$ 18.54	$ 17.12	$ 17.12	$ 15.70	$ 15.70	$ 15.70	$ 15.70
20.40	18.80	18.80	17.30	17.30	17.30	17.20
23.20	21.40	21.40	19.60	19.60	19.60	19.60
26.90	24.80	24.80	22.80	22.80	22.80	22.80
30.60	28.20	28.20	25.90	25.90	25.90	25.90
35.20	32.50	32.50	29.80	29.80	29.80	29.80
40.80	37.70	37.70	34.50	34.50	34.50	34.50
1.72	1.72	1.72	1.72	1.72	1.63	1.58
2.78	2.78	2.78	2.78	2.78	2.64	2.50
3.25	3.25	3.25	3.25	3.25	3.05	2.91
$ 100.63	$ 94.10	$ 94.10	$ 86.30	$ 86.30	$ 84.20	$ 74.90
144.90	135.50	135.50	124.30	124.30	121.20	106.20
262.60	245.60	245.60	225.20	225.20	219.80	184.90
374.30	350.10	350.10	321.00	321.00	313.20	264.10
469.90	439.40	439.40	403.00	403.00	393.20	331.90
595.70	557.10	557.10	510.00	510.00	498.50	420.30
n/a	n/a	n/a	n/a	n/a	n/a	n/a

	Fiscal Year			
	2017*	2016*	2015*	2014
Miles of water mains	1,961	1,940	1,915	1,341
Number of storage tanks	93	93	93	42
Number of Finished Water Storage	2	2	2	2
Number of pump stations	113	121	112	93
Number of wells	81	79	86	32
Treatment capacity (millions of gallons/day)				
Glendale Plant	34.5	34.5	37.5	37.5
Chalk Bluff	90	90	95	95
Longley Lane	3.6	3.6	4	

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

MGD = millions of gallons per day

Fiscal Year					
2013	2012	2011	2010	2009	2008
1,337	1,352	1,339	1,332	1,330	1,310
42	42	42	42	42	38
2	2	2	2	2	2
94	95	94	96	108	96
32	32	32	32	32	32
37.5	37.5	25	25	25	25
95	95	95	95	89	89

	Final Maturity Date	Authorized	Balance June 30, 2017	Balance June 30, 2016	Balance June 30, 2015
2001 A Water Revenue (Tax Exempt) Bonds 3.70%-5.50%	7/1/2034	$448,810,000	$ -	$ -	$ -
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	4,669,565	2,358,926	2,613,744	2,860,578
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	-	-	890,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	-	400,000	148,415,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	-	214,290,000	214,800,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,545,859	1,669,527	1,793,197
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	-	-	9,435,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,555,353	3,772,013	3,981,798
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	7,176,120	7,965,667	8,733,487
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	27,920,000	28,750,000	28,750,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	1/1/2035	15,000,000	8,971,562	8,239,034	-
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	124,790,000	124,790,000	124,790,000	-
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50% -5.00%	1/1/2025	147,415,000	147,415,000	-	-
Subtotal			323,732,820	392,489,985	419,659,060
Less unamortized net bond discount (premium)			(51,182,862)	(28,441,399)	(3,673,290)
Total debt before tax exempt commercial paper			374,915,682	420,931,384	423,332,350
Tax-Exempt Commercial Paper		137,000,000	83,400,000	87,800,000	95,000,000
Total Debt			$458,315,682	$508,731,384	$518,332,350

Truckee Meadows Water Authority
Schedule No. 18 – Schedule of Changes in Debt
Last Ten Fiscal Years

Balance June 30, 2014	Balance June 30, 2013	Balance June 30, 2012	Balance June 30, 2011	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2008
$ -	$ -	$ -	$ 8,810,000	$ 28,590,000	$ 66,035,000	$ 73,600,000
3,099,675	3,331,277	3,555,620	3,772,931	3,983,431	4,187,333	4,384,844
34,795,000	35,620,000	36,415,000	37,180,000	37,920,000	38,635,000	39,330,000
148,785,000	149,140,000	149,485,000	149,815,000	150,135,000	150,445,000	150,745,000
215,285,000	215,745,000	216,185,000	216,605,000	217,005,000	217,385,000	217,745,000
1,916,866	2,040,534	2,164,202	2,282,661	2,309,945	-	-
19,855,000	28,240,000	28,240,000	28,240,000	28,240,000	-	-
4,184,928	4,381,614	4,381,614	3,921,904	201,110	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
427,921,468	438,498,425	440,426,436	450,627,496	468,384,486	476,687,333	485,804,844
(35,590)	(661,198)	(1,286,806)	(3,440,321)	(4,371,510)	(2,267,963)	(2,672,587)
427,957,058	439,159,623	441,713,242	454,067,817	472,755,996	478,955,296	488,477,431
68,000,000	68,000,000	79,400,000	79,400,000	68,000,000	68,000,000	68,000,000
$ 495,957,058	$ 507,159,623	$ 521,113,242	$ 533,467,817	$ 540,755,996	$ 546,955,296	$ 556,477,431

	Fiscal Year			
	2017*	2016*	2015*	2014
Total Debt	$ 407,132,820	$ 480,289,985	$ 514,659,060	$ 495,921,468
Total Service Connections	118,348	116,653	114,529	89,070
Debt per Service Connection	$ 3,440	$ 4,117	$ 4,494	$ 5,568

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection, and wholesale connections have been excluded.

*2017, 2016 and 2015 Service Connections reflect the increase as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

Fiscal Year					
2013	2012	2011	2010	2009	2008
$ 506,498,425	$ 519,826,436	$ 530,027,496	$ 536,384,486	$ 544,687,333	$ 553,804,844
88,268	87,464	87,013	86,781	86,948	87,163
$ 5,738	$ 5,943	$ 6,091	$ 6,181	$ 6,265	$ 6,354

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Compliance Section

Truckee Meadows Water Authority

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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 Board of Directors
Truckee Meadows Water Authority
Reno, 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, the financial statements of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 29, 2017.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
November 29, 2017

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

The Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

Report on Compliance for the Major Federal Program
We have audited Truckee Meadows Water Authority's (TMWA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TMWA's major federal program for the year ended June 30, 2017. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance of TMWA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TMWA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Major Federal Program
As described in the accompanying Schedule of Findings and Questioned Costs, TMWA did not comply with requirements regarding CFDA 15.508, Providing Water to At-Risk Natural Desert Terminal Lakes, as described in finding number 2017-001 for Period of Performance. Compliance with such requirements is necessary, in our opinion, for TMWA to comply with the requirements applicable to that program.

Qualified Opinion
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, TMWA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its 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, 2017.

Other Matters
Truckee Meadows Water Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of TMWA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered TMWA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Truckee Meadows Water Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a material weaknesses.

TMWA's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Eide Bailly LLP

Reno, Nevada
November 29, 2017

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Auditor's Comments

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. 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 TMWA'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
TMWA conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2016.

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

Current Year Recommendations
See the Schedule of Findings and Questioned Costs.

Eide Bailly LLP

Reno, Nevada
November 29, 2017

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of the Interior				
Direct Award				
Bureau of Reclamation				
Providing Water to At-Risk Natural Desert Terminal Lakes - Truckee River Operating Agreement (TROA - Desert Terminal Lakes Program - TROA Completion and Implementation)	15.508	R10AP20768	$ 1,164,254	$ -
Reclamation States Emergency Drought Relief Drought Contingency Plan Update	15.514	R15AC00077	62,609	-
Total U.S. Department of the Interior			1,226,863	-
U.S. Environmental Protection Agency				
Pass-through from State of Nevada				
Department of Conservation and Natural Resources - Division of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Funds - North Valleys Integration Project	66.468	DW1601	659,899	
Total U.S. Environmental Protection Agency			659,899	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,886,762	$ -

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the TMWA, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. TMWA received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TMWA's summary of significant accounting policies is presented in Note 1 in TMWA's basic financial statements. The organization has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None reported
Noncompliance material to financial statements notes?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Providing Water to At-Risk Natural Desert Terminal Lakes – Truckee River Operating Agreement (TROA – Desert Terminal Lakes Program – TROA Completion and Implementation)	15.508
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

None reported in the current year.

Section III – Federal Award Findings and Questioned Costs

2017-001: U.S. Bureau of Reclamation
Providing Water to At-Risk Natural Desert Terminal Lakes, CFDA 15.508

Period of Performance
Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number:	Potentially affects grant award #R10AP20768 included under CFDA 15.508 on the Schedule of Expenditures of Federal Awards.
Criteria:	The *OMB Compliance Supplement* requires that when Federal awards specify a time period during which non-Federal entities may use Federal funds, the non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period.
Condition:	Expenditures incurred outside of the period of performance were submitted for reimbursement, resulting in payments being made for obligations that were incurred outside of the grant's period of performance.
Cause:	TMWA did not have adequate internal controls to ensure that amounts charged to Federal awards were for obligations incurred during the period of performance.
Effect:	TMWA may be required to repay these funds at a later date.
Questioned Costs:	CFDA 15.508- $83,791 (Award #R10AP20768)
Context/Sampling:	A nonstatistical sample of 17 out of 112 expenditures was selected for testing. We noted five instances where amounts were paid for obligations incurred outside of the period of performance. After further review of the population, we noted 22 total instances of amounts paid for obligations outside of the period of performance.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend TMWA enhance internal controls to ensure that amounts charged to Federal awards are for obligations incurred during the period of performance.
Views of Responsible Officials:	TMWA agrees with this finding.