

**COMMUNICATIONS AND REPORTS**  
**JANUARY 20, 2026**

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

**COMMUNICATIONS**

- A. Letter from NV Energy to public officials, dated December 30, 2025, regarding natural gas safety.

**MONTHLY STATEMENTS/REPORTS**

- A. Clerk of the Court, Monthly Statement for the month ending December 31, 2025.
- B. Washoe County Treasurer, Monthly Statement for the month ending November 30, 2025.

**ANNUAL STATEMENTS/REPORTS**

- A. City of Sparks Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.
- B. City of Sparks Federal Awards Reports for the Fiscal Year ended June 30, 2025.
- C. Palomino Valley General Improvement District Financial Statement for Fiscal Year ending June 30, 2025.
- D. Truckee Meadows Water Authority Annual Comprehensive Financial Report for Fiscal Years ended June 30, 2024, and June 30, 2025.
- E. Truckee Meadows Water Reclamation Facility Financial Statements for Fiscal Year ended June 30, 2025.



***Please review this letter regarding safety resources for NV Energy's natural gas system.***

December 30, 2025

Greetings Public Officials,

This letter is to inform you that NV Energy operates and maintains a natural gas distribution system in the Reno/Sparks area. The system contains a combination of services, mains, and transmission pipelines that deliver safe, efficient, clean burning energy to our customers. As part of our comprehensive safety program, we work closely with the communities we serve to educate them about pipeline safety. We use several methods to communicate our safety messages to increase awareness to prevent gas related incidents, especially during excavation activities.

NV Energy believes that you're highly committed to providing a safe and healthy environment for our communities. We have a brochure in English and Spanish about "Natural Gas/Propane Safety" for you to review and provide to anyone necessary within our communities. We also offer in-person "Natural Gas Safety Training" for any local contractors and/or homeowners. If there is anyone that would like to attend the class, contact us at [GasSafety@nvenergy.com](mailto:GasSafety@nvenergy.com). Other safety communications include the "Call Before You Dig" program, Public Service Announcements, Social Media posts, and pipeline markers.

The brochure is also provided to anyone that attends the "Natural Gas Safety Training" and is sent out twice a year to all NV Energy customers that reside along our gas distribution system. It provides individuals with the following information:

- Pipeline Purpose and Reliability
- Awareness of Hazards and Prevention Measures Taken
- Damage Prevention Awareness - Call Before You Dig
- Leak Recognition and Response
- How to get additional information

***Link to Natural Gas/Propane Safety brochure - [NV Energy Natural Gas/ Propane Safety](#)***

To report unauthorized excavations, suspicious activities at NV Energy Gas facilities/Pipeline right-of-way, or if a gas leak is suspected, please call our **24-HOUR EMERGENCY NUMBER at (775) 834-4100.**

Remember, it is part of Nevada's law (NRS455/NAC455) to Call Before You Dig. This includes anyone using hand tools. Make sure you call 811 or go online at [usanorth811.org](http://usanorth811.org) at least two (2) working days before you dig. 811 is a free service that will ensure the utility lines in your intended excavation area are marked.

If you need additional information or have questions about natural gas safety, please visit our website at <http://www.nvenergy.com/safety/gas-safety> or email us at [GasSafety@nvenergy.com](mailto:GasSafety@nvenergy.com).

Sincerely,  
Nick Aboumrad

Vice President, Gas Delivery  
NV Energy





CLERK OF THE COURT  
MONTHLY FINANCIAL STATEMENT  
STATE OF NEVADA, COUNTY OF WASHOE  
Month Ending December 31, 2025

Alicia L. Lerud, 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 month:

Clerk of the Court	Law Library Fund	\$	6,555.00
	Additional Divorce Filing Fee	\$	160.00
	*County General Fund	\$	115,178.50
	eFile Fee (General Fund)	\$	28,525.00
	State Civil Fee	\$	24,908.00
	Legal Aid Filing Fee	\$	25,889.00
	TOTAL		<u>\$201,215.50</u>

  
Alicia L. Lerud  
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 5, 2026

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 Dec 2025

CR/GF/OP	ACCOUNT DESCRIPTION	ACCOUNTS TO BE CREDITED			AMOUNT
		ORDER	COST CENTER	ACCOUNT	
OP	Legal Aid (Washoe Legal Services) (01)		990023	441007	13,584.00
OP	Legal Aid (Elderly Indigent) Sr. Center (02)		250411	460720	4,725.00
OP	State Civil (03)		990019	441022	13,888.00
GF	Law Library (04)		123100	460222	6,555.00
GF	Clerk Fees (05,6,7)		120101	460210	30,245.50
CR	DC Technology SB106 (06)	20038	120105	460210	456.00
OP	Legal Aid (Washoe Legal Services) (08)		990023	441078	7,580.00
GF	Additional Divorce Answer Fee (09)		120231	460220	160.00
GF	Mediation (10)		120331	471205	2,890.00
OP	Neighborhood Justice Center (10J)		270710	460225	2,890.00
GF	Arbitration (11)		120111	471215	180.00
OP	Displaced Homemakers (12)		990019	441021	3,630.00
GF	Divorce Training (13)		120231	460223	610.00
GF	Family Mediation Fee (14)		120331	471210	1,875.00
GF	CD Recording/Record on CD (15,17)		120311	485300	400.00
OP	Vital Statistics (State of NV) (18)		990019	441004	1,200.00
OP	State of NV (OAC / Tech) (19)		990019	441020	580.00
OP	State of NV (OAC / Judges) (20)		990019	441019	5,630.00
CR	Court Expansion Fees AB65 (21)	20326		460211	63,972.00
CR	Court Security Fees AB65 (22)	20335		460213	10,820.00
CR	Mtn to Modify Div SB388	20408		460214	-
CR	Opp Mtn to Mod Div SB388	20409		460215	764.00
GF	eFile Subscription		120106	460212	28,525.00
GF	Attorney ID Badge Fee		120101	485320	75.00
GF	Attorney ID Badge Fee PW		160100	485100	-
GF	Law Library Fine/Fee		123100	485100	-
OP	Foreclosure Mediation State (34)		990019	460121	-
GF	Foreclosure Mediator (35)	20444		460220	-
GF	Over/Short (Filing Office)		120231	711300	1.00
TOTAL					\$ 201,215.50

legalaid \$ 25,889.00  
state civil \$ 24,908.00  
law library \$ 6,555.00  
general \$ 143,703.50  
add'l div \$ 160.00  
TOTAL: \$ 201,215.50

Prepared By: Valerie Moser

ACCEPTED BY: Justin Taylor  
Washoe County Treasurer



# OFFICE OF THE WASHOE COUNTY TREASURER

MONTHLY STATEMENT OF WASHOE COUNTY TREASURER FOR  
MONTH ENDING November 30, 2025

BOARD OF COUNTY COMMISSIONERS  
WASHOE COUNTY  
RENO, NEVADA

RE: NRS 354.280

Honorable Commissioners:

I hereby submit this summary record of the source and amount of all receipts, apportionments to, payments from and balances in all funds and separate accounts as required by referenced statute. Detailed information is available in my office.

CASH ON DEPOSIT	OUTSTANDING	BOOK BALANCE
\$21,315,633.74	\$2,793,176.25	\$18,522,457.49

INVESTMENTS (Reported at Market – All Groups)
\$1,037,866,481.65

Unapportioned Funds (Secured & Unsecured)			
Washoe County	Restricted Funds	Other Agencies	Total
\$5,435,831.73	\$1,597,658.64	\$10,822,715.36	\$17,856,205.73

## November 2025 Monthly Commentary – Washoe County Total Portfolio

Short-term Treasury yields edged lower in November as markets digested the Federal Reserve's October rate cut to 3.75-4.00%. The 2-year Treasury yield declined from around 3.58% to 3.49% during the month benefiting the portfolio given its 2.31-year effective duration.

November generated strong results with \$3.2 million in realized income and \$2.3 million in unrealized gains from the favorable rate movement, contributing to total income before expenses of \$5.5 million for the month.

Fiscal year-to-date through November, the portfolio has generated \$23.3 million in total income before expenses. Realized income (not including unrealized gains), through the first five months of the FY26 year is \$16.9mm, which represents a 12.8% increase over the same period in FY25.

---

Linda Jacobs, Chief Deputy Treasurer



CITY OF SPARKS  
NEVADA

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

# City of Sparks, Nevada

## Annual Comprehensive Financial Report

for the Fiscal Year Ended  
June 30, 2025

Prepared by the Compliance Division of the Financial Services Department  
Jeffrey D Cronk, CPA – Chief Financial Officer  
Tiffany Pugh, CPA – Accounting Manager  
Derek Haren – Accountant  
Monica Nall – Accountant

Special Thanks to the Budgeting and Operating Divisions

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November 25, 2025

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

The Annual Comprehensive Financial Report (ACFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2025, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

Responsibility for both the accuracy of the data and fairness of the presentation, including all note disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Sparks, in accordance with generally accepted accounting principles.

The City's external auditors, Eide Bailly LLP, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this ACFR fairly and materially represent the financial position and results of operations of the City of Sparks. Their report is located on page 10 of the financial section of this report.

The ACFR is presented in four sections:

1. **Introductory Section** - the Introductory Section is unaudited and includes this letter of transmittal, the City's organizational chart, list of principal officials and the GFOA Certificate of Achievement for fiscal year 2023-2024.
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, which includes the City's annual Single Audit Report, will be issued separately at a later date. As of the date of this report, the U.S. Office of Management and Budget (OMB) has not yet released the 2025 Compliance Supplement, which is required for completion of the Single Audit. Once issued, the report will include the independent auditor's opinion on the City's compliance with the Single Audit Act of 1984 (as amended in 1996) and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), along with the Schedule of Expenditures of Federal Awards, the Schedule of Findings and Questioned Costs, and the auditor's report on internal control and compliance in accordance with Government Auditing Standards.

### **Profile of the Government**

The City of Sparks, incorporated in 1905, with an estimated population of 113,816 as reported by the Nevada Department of Taxation for fiscal year 2024-2025, is the fifth largest incorporated city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

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

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

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

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created January 23, 1978 and expired on June 30, 2023.

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

## **Local Economy**

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

Following the Great Recession, which was triggered by a significant drop in property values, the local economy has stabilized, largely due to a strong recovery in property values, boosting the City's revenue. However, revenue growth from Consolidated Taxes, primarily made up of sales taxes, has been even more robust, reflecting increased economic diversification.

Before the COVID-19 pandemic, the Reno-Sparks Metropolitan Statistical Area has enjoyed a long period of economic growth and relatively low unemployment rates. This was largely due to the region's diversification efforts, expanding from traditional industries such as gaming and tourism to sectors like technology, advanced manufacturing, and logistics. Large employers like Tesla, Google, and Switch established significant operations in the region, creating a surge in demand for labor. As a result, unemployment in the region was consistently below the national average during this period. The City has seen a slight decrease in the unemployment rate to 4.0% as of August 2025 and is considered to be stable.

The continuing growth in the number of companies locating to the area has improved the local economy and created a demand for housing which will have to be met in order to prevent the shifting of jobs to other more affordable areas. While challenges like housing affordability persist, the region's strong growth in varied sectors suggests continued economic stability and moderate unemployment rates in the near future. The population of Sparks has grown an additional 1.9% in the last year.

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

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

Thus the combination of property tax caps and depreciation of land improvements has led Nevada local governments to rely upon property tax revenue generated from new development (which is exempt from property tax cap laws and depreciation during the first year on the tax rolls) to help keep pace with the

rising cost to provide services. The property tax laws in their current form have resulted in a situation whereby property tax revenues are not keeping pace with the overall economic recovery and are hindering the ability of local governments throughout Nevada to meet the growing service needs within their communities. A resulting consequence is that the City of Sparks must continually rely more on the less stable Consolidated Tax revenue source which is primarily derived from taxable sales.

Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall property tax rate is at the statutory maximum of \$3.66 per \$100 of assessed value. This includes two cents that were added to the state tax rate by the Nevada Legislature for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64 per \$100 of assessed value.

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

The City of Sparks, like many municipalities in Nevada, participates in tax abatement agreements as part of broader economic development efforts designed to attract and retain businesses within the state. These agreements are typically structured in coordination with the State of Nevada and aim to incentivize business investments, job creation, and economic diversification in key industries such as aviation, technology and manufacturing.

### **Long-Term Financial Planning**

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

### **Relevant Financial Policies**

#### **Accounting and Budget Controls**

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

State statutes require the City's Chief Financial Officer to submit a tentative budget for the ensuing fiscal year to the Nevada Department of Taxation by April 15. The Department of Taxation notifies the City whether or not the budget is in compliance with the law and related regulations. The City is required to hold a public hearing to review public input on the tentative budget no sooner than the third Monday in

May and not later than the last day in May. The City Council must adopt a final budget no later than June 1, which is then filed with the Department of Taxation. State statutes allow for the local government entities to file amended final budgets for a fiscal year which is impacted by actions approved by the Nevada State Legislature.

#### Cash Management

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

The City, in effect, pools its cash for investment purposes and has invested primarily in certificates of deposit, money market instruments and agency securities. Due to the federal fiscal policies reversing course and raising interest rates, investment earnings have increased from prior years. For fiscal year 2024-2025, the average interest rate earned on investments maturing during the year was 4.57 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. We expect any significant changes to this liability in the future will continue to be primarily driven by legislation enacted by the Nevada Legislature.

#### Pension Information

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

In addition to PERS, sworn police personnel with at least ten years of service are eligible for a supplemental retiree pension stipend.

### Postemployment Benefits Other Than Pensions (OPEB)

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

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

### **Awards and Acknowledgments**


The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Annual Comprehensive Financial Report (ACFR) for each fiscal year ended June 30, 1981, through 2024. Fiscal year 2023-2024 was the forty-fourth consecutive year in which the City of Sparks received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one fiscal year only. We believe that fiscal year 2024-2025 ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

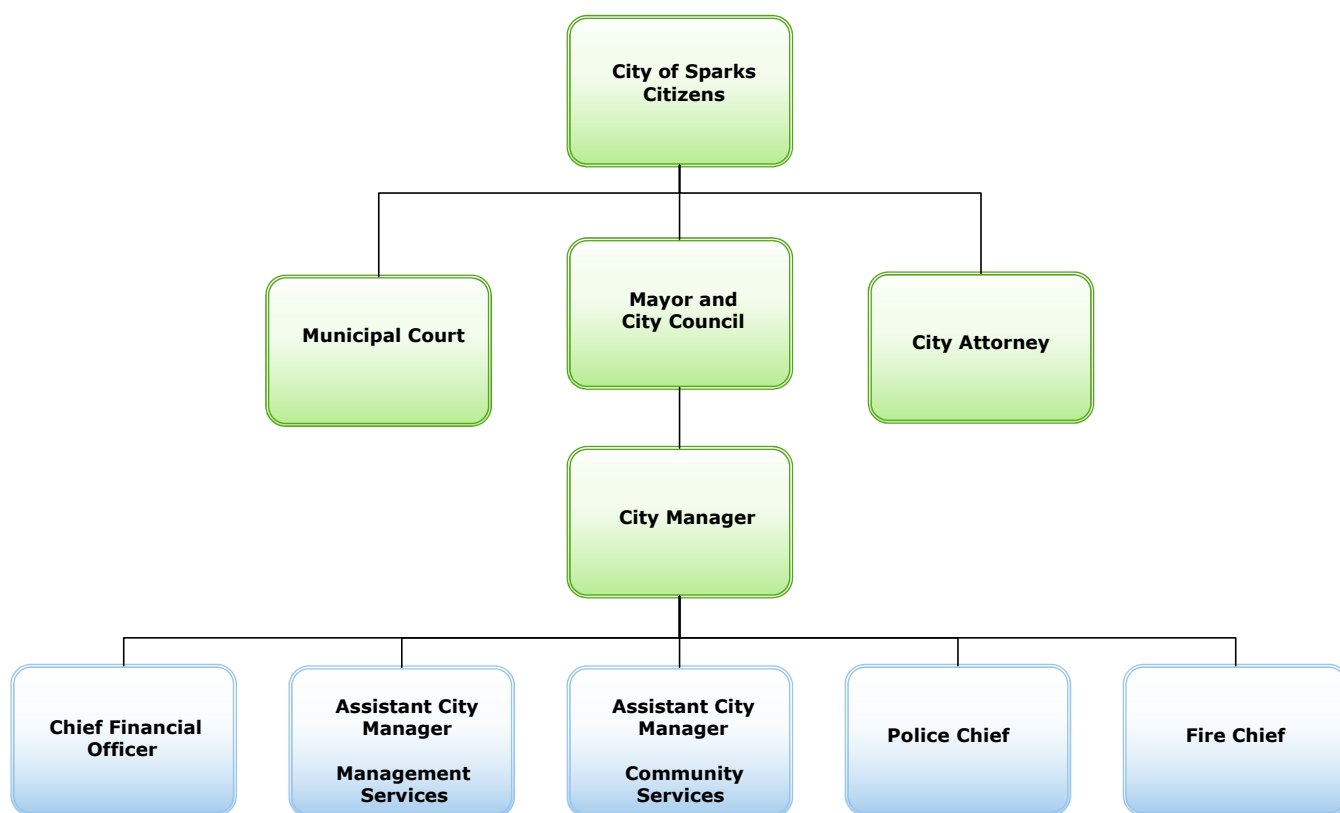
This report would not have been possible without the dedicated, year-round efforts of the entire Financial Services Department staff and the certified public accounting firm, Eide Bailly LLP. We extend our gratitude for their expertise and guidance throughout the year, which not only contributed to the completion of this report but also enhanced our overall financial reporting capabilities.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jeff Cronk', followed by a horizontal line.

Jeff Cronk, CPA  
Chief Financial Officer





**City of Sparks  
Principal Officials  
As of June 30, 2025**

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Ed Lawson	4 years	November 2026
Council Member Ward 1	Donald Abbott	4 years	November 2028
Council Member Ward 2	Dian VanderWell	4 years	November 2026
Council Member Ward 3	Paul Anderson	4 years	November 2028
Council Member Ward 4	Charlene Bybee	4 years	November 2026
Council Member Ward 5	Joe Rodriguez	4 years	November 2028
City Attorney	Wes Duncan	4 years	November 2026
Municipal Judge, District 1	Shirle Eiting	6 years	November 2026
Municipal Judge, District 2	Robert Delong	6 years	November 2030
City Manager	Dion Louthan	Appointed	
Assistant City Manager	Alyson McCormick	Appointed	
Chief Financial Officer	Jeff Cronk	Appointed	
City Clerk	Lisa Hunderman	Appointed	
Community Services Director	Jim Rundle	Appointed	
Fire Chief	Walt White	Appointed	
Human Resources Director	Shonna Halterman	Appointed	
Information Technology Director	Rich Brown	Appointed	
Parks & Recreation Director	Nancy O'Connor	Appointed	
Police Chief	Chris Crawforth	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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

**eidebailly.com**

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the City's total other post-employment benefits liability and other related ratios, the schedule of the City's share of net pension liability, the schedule of the City's contributions and the schedule of total pension liability (together RSI) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules 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.

### ***Other Information***

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

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

### ***Report on Summarized Comparative Information***

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Summarized comparative information from the schedules of revenues, expenditures, and changes in fund balances – budget and actual for the year ended June 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Boise, Idaho  
November 25, 2025



## Management's Discussion and Analysis



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## Introduction

The management of the City of Sparks (the City) 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, 2025. This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

## Financial Highlights

- The assets and deferred outflows of resources of the City of Sparks (government-wide) exceeded its liabilities and deferred inflows of resources on June 30, 2025 by \$826,038,724 (net position), an increase of 9.6 percent from the prior year net position. The net position is primarily represented by the City's net investment in capital assets.
- The Net Pension and Total Pension liability of the City is \$143,615,081, an increase of \$11,926,159 from the prior year liability of \$131,688,922. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to report a proportionate share of the Net Pension and Total Pension Liability reported by the Public Employee's Retirement System of Nevada (PERS). A new retiree stipend pension plan is being reported for the fiscal year ended June 30, 2025. As a result of recording the increase in the City's portion of net/total pension liability (\$11,926,159), an increase in deferred pension inflows (\$13,974,038), and an increase in deferred pension outflows (\$4,965,418), net position was decreased by \$20,934,779. See Note 11 of the financial statements for more information.
- Governmental activity revenues were \$213,454,684 as compared to \$190,782,286 for the year ended June 30, 2024. The increase of \$22,672,398 is primarily driven by; an increase in contributed capital of \$25,477,433, mostly due to an increase in contributions from developers, an increase in Ad Valorem taxes of \$3,149,916, and an increase of consolidated tax of \$989,868. These increases offset a reduction in operating grants of \$4,609,035 and dedicated sales tax from improvement districts of \$3,871,009 received in fiscal year 2024-2025 compared to the prior fiscal year. The decline in dedicated sales tax was due to a reporting error by a single taxpayer within the Legends Tourism Improvement District, which occurred during an 8-month period beginning November 2024 and lasting through June 2025 following the Nevada Department of Taxation's transition to a new reporting system. The issue was corrected as of October 2025. Business-type activity revenues were \$62,000,575 in fiscal year 2024-2025, representing an increase of \$4,008,333 from the prior year revenues of \$57,992,242. The increase is primarily driven by an increase of residential sanitary sewer connection fees of \$2,216,536 and an increase of contributed capital of \$1,527,876.
- Sparks' governmental funds reported combined ending fund balances of \$117,587,141 as of June 30, 2025 which is a decrease of \$6,956,411 from fiscal year 2023-2024 total of \$124,543,552. The decrease was primarily due to a decrease in governmental activity revenues and an increase in governmental activity expenditures.
- Governmental Accounting Standards Board Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2025, the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$13,703,553, which represents approximately 12.8 percent of General Fund expenditures (excluding capital). Of that amount, \$727,964 is assigned for open purchase orders and the remaining \$12,975,589 is an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 72.6 percent of total General Fund revenues and have increased by 5.4 percent from last year's results. Consolidated tax revenues increased 2.6 percent, and property taxes increased by 8.6 percent compared to the previous fiscal year.
- Unrestricted cash and investments of \$270,310,715 can cover current liabilities of \$41,517,877 6.5 times on a government-wide basis.

## **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 the City's 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 distinct redevelopment area are often reported in the community support function. Business-type activities in the City include sanitary sewer, storm drain and effluent services, and development and building services.

### **Fund Financial Statements**

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

### ***Governmental Funds***

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

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

Financial statements are provided separately for the major funds including the General Fund, Redevelopment Agency Area No. 2 Revolving Fund, and the General Obligation Debt Service Fund. Financial results for the other non-major governmental funds are combined into a single segregated presentation and are also provided in the form of combining statements and individual fund schedules deeper into the report.

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

### ***Proprietary Funds***

Under current generally accepted accounting principles, the City of Sparks maintains two types of proprietary funds: enterprise funds and internal service funds. The business-type activities presented in the government-wide financial statements are those that are accounted for in enterprise funds. The major enterprise funds reported in this manner are the Sewer Operations Fund, and the Development Services Fund.

Internal service funds are commonly used as an accounting structure to accumulate and allocate costs of services provided internally between and amongst various City of Sparks funds and functions. The City uses such funds to account for its self-insurance activities and its central motor vehicle services. Since these services predominantly benefit governmental rather than business-type functions (although there is an element in these funds that provides services to enterprise/business-type activities) their financial data have been included in the governmental activities section of the government-wide financial statements. Financial information for the internal service funds is provided in the aggregate in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and individual funds elsewhere in the report.

### ***Fiduciary Funds***

Resources held for the benefit of parties outside the government are accounted for in fiduciary funds, which are not reflected in the government-wide financial statements because resources of those funds are not available to support the City of Sparks' own programs.

### **Notes to the Financial Statements**

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

### **Other Information**

The combining nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

## Government-Wide Analysis

Over time, values reported as “net position” can provide an indication of a government’s financial position. As noted previously, the City’s net position increased by 9.6 percent during fiscal year 2024-2025. This is primarily due to an increase in current and other assets, and an increase in capital assets.

	City of Sparks' Statement of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 159,598,504	\$ 164,358,506	\$ 184,729,533	\$ 162,646,534	\$ 344,328,037	\$ 327,005,040
Capital assets	557,445,830	494,985,394	180,813,444	181,094,156	738,259,274	676,079,550
Total assets	717,044,334	659,343,900	365,542,977	343,740,690	1,082,587,311	1,003,084,590
Deferred outflow bond refundings	136,990	228,616	-	-	136,990	228,616
Deferred outflows related to pensions	45,366,700	40,669,544	5,121,403	4,853,141	50,488,103	45,522,685
Deferred outflows related to OPEB	5,296,627	7,705,306	592,829	658,328	5,889,456	8,363,634
Total deferred outflow of resources	50,800,317	48,603,466	5,714,232	5,511,469	56,514,549	54,114,935
Total assets and deferred outflows	767,844,651	707,947,366	371,257,209	349,252,159	1,139,101,860	1,057,199,525
Long term liabilities outstanding	223,372,672	228,641,711	17,752,382	19,534,530	241,125,054	248,176,241
Other liabilities	35,009,921	34,065,020	6,507,956	5,372,611	41,517,877	39,437,631
Total liabilities	258,382,593	262,706,731	24,260,338	24,907,141	282,642,931	287,613,872
Deferred inflows related to pensions	15,030,198	1,958,686	902,526	-	15,932,724	1,958,686
Deferred inflows related to OPEB	13,590,916	12,962,124	896,565	749,998	14,487,481	13,712,122
Total deferred inflows of resources	28,621,114	14,920,810	1,799,091	749,998	30,420,205	15,670,808
Total liabilities and deferred inflows	287,003,707	277,627,541	26,059,429	25,657,139	313,063,136	303,284,680
Net investment in capital assets	535,247,080	481,181,449	174,936,675	175,719,779	710,183,755	656,901,228
Restricted	102,911,213	92,275,374	-	-	102,911,213	92,275,374
Unrestricted (deficit)	(157,317,349)	(143,136,998)	170,261,105	147,875,241	12,943,756	4,738,243
Total net position	\$ 480,840,944	\$ 430,319,825	\$ 345,197,780	\$ 323,595,020	\$ 826,038,724	\$ 753,914,845

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, subscriptions, intangible assets, storm drains and sewer lines. The value, \$710,183,755, 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 \$102,911,213, 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 \$10,635,839 is comprised of increases related to amounts restricted for capital projects, developer agreements, and self-insurance claims.

Unrestricted net position is the amount of funds available to meet the City’s ongoing obligations. The unrestricted net position value of \$12,943,756 in fiscal year 2024-2025 is comprised of a deficit of \$157,317,349 related to governmental activities and a surplus of \$170,261,105 related to business-type activities. While the combined governmental and business-type activities net to a surplus, the portion related to the deficit is largely comprised of three factors. Firstly, it is the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued by the City and the City's Redevelopment Agency can be found in Note 9 of the financial statements. A second large component is related to the Public Employee's Retirement System (PERS) pension liability

City of Sparks  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025

that is required to be reported by the City as well as the Retiree Stipend Pension. More information related to the pension liability can be found in Note 11 of the financial statements. The third large component is related to the post-employment benefits other than pension (OPEB) liability that is required to be reported by the City. More information related to the OPEB liability can be found in Note 15 of the financial statements.

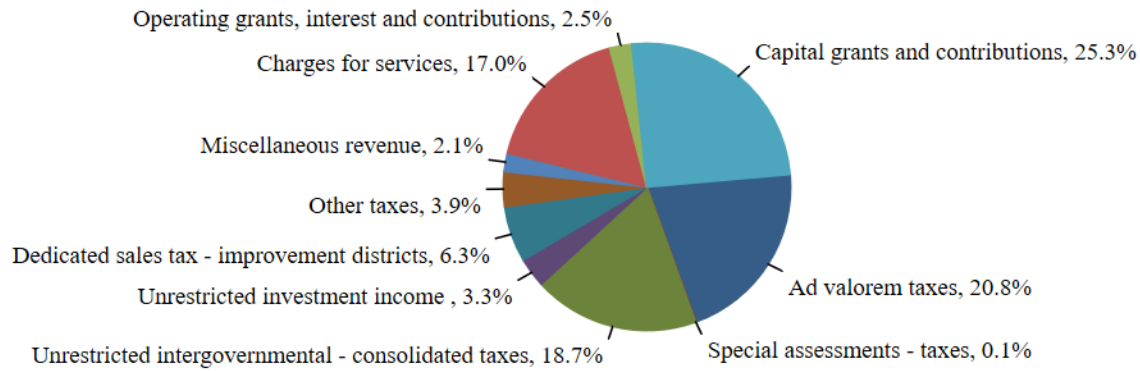
	City of Sparks' Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 36,243,570	\$ 35,480,116	\$ 41,410,131	\$ 39,193,595	\$ 77,653,701	\$ 74,673,711
Operating grants, interest and contributions	5,349,212	9,958,247	116,371	182,016	5,465,583	10,140,263
Capital grants and contributions	53,900,889	28,423,456	14,559,460	13,031,584	68,460,349	41,455,040
	<u>95,493,671</u>	<u>73,861,819</u>	<u>56,085,962</u>	<u>52,407,195</u>	<u>151,579,633</u>	<u>126,269,014</u>
General revenues:						
Ad valorem taxes	44,441,386	41,291,470	-	-	44,441,386	41,291,470
Special assessments - taxes	109,099	132,190	-	-	109,099	132,190
Unrestricted intergovernmental - consolidated taxes	39,785,877	38,796,009	-	-	39,785,877	38,796,009
Dedicated sales tax - improvement districts	13,448,418	17,319,427	-	-	13,448,418	17,319,427
Other taxes	8,536,013	8,399,034	-	-	8,536,013	8,399,034
Unrestricted investment income (loss)	7,190,992	7,652,094	5,895,636	5,111,768	13,086,628	12,763,862
Miscellaneous revenue	4,449,228	3,330,243	18,977	473,279	4,468,205	3,803,522
	<u>117,961,013</u>	<u>116,920,467</u>	<u>5,914,613</u>	<u>5,585,047</u>	<u>123,875,626</u>	<u>122,505,514</u>
Total revenues	<u>213,454,684</u>	<u>190,782,286</u>	<u>62,000,575</u>	<u>57,992,242</u>	<u>275,455,259</u>	<u>248,774,528</u>
Expenses:						
General government	23,854,703	23,803,673	-	-	23,854,703	23,803,673
Judicial	3,459,036	3,398,406	-	-	3,459,036	3,398,406
Public safety						
Police	66,020,591	52,811,399	-	-	66,020,591	52,811,399
Fire	30,413,278	28,649,511	-	-	30,413,278	28,649,511
Management services	2,715	-	-	-	2,715	-
Community services	1,841,810	2,038,498	-	-	1,841,810	2,038,498
Public works	16,076,998	15,718,900	-	-	16,076,998	15,718,900
Culture and recreation	16,961,092	15,540,060	-	-	16,961,092	15,540,060
Community support	2,412,599	2,679,760	-	-	2,412,599	2,679,760
Utility enterprise	43,706	-	-	-	43,706	-
Interest	1,763,008	2,790,470	-	-	1,763,008	2,790,470
Sewer	-	-	34,051,172	33,301,827	34,051,172	33,301,827
Development services	-	-	6,430,672	6,350,908	6,430,672	6,350,908
Total expenses	<u>162,849,536</u>	<u>147,430,677</u>	<u>40,481,844</u>	<u>39,652,735</u>	<u>203,331,380</u>	<u>187,083,412</u>
Increase (Decrease) in net position before transfers & special items	50,605,148	43,351,609	21,518,731	18,339,507	72,123,879	61,691,116
Transfers	(84,029)	(217,870)	84,029	217,870	-	-
Increase (Decrease) in net position	50,521,119	43,133,739	21,602,760	18,557,377	72,123,879	61,691,116
Net position, July 1, as Originally Reported	430,319,825	387,754,882	323,595,020	305,169,365	753,914,845	692,924,247
Restatement	-	(568,796)	-	(131,722)	-	(700,518)
Net position, July 1, as Restated	430,319,825	387,186,086	323,595,020	305,037,643	753,914,845	692,223,729
Net position, June 30	<u>\$ 480,840,944</u>	<u>\$ 430,319,825</u>	<u>\$ 345,197,780</u>	<u>\$ 323,595,020</u>	<u>\$ 826,038,724</u>	<u>\$ 753,914,845</u>

### **Governmental Activities**

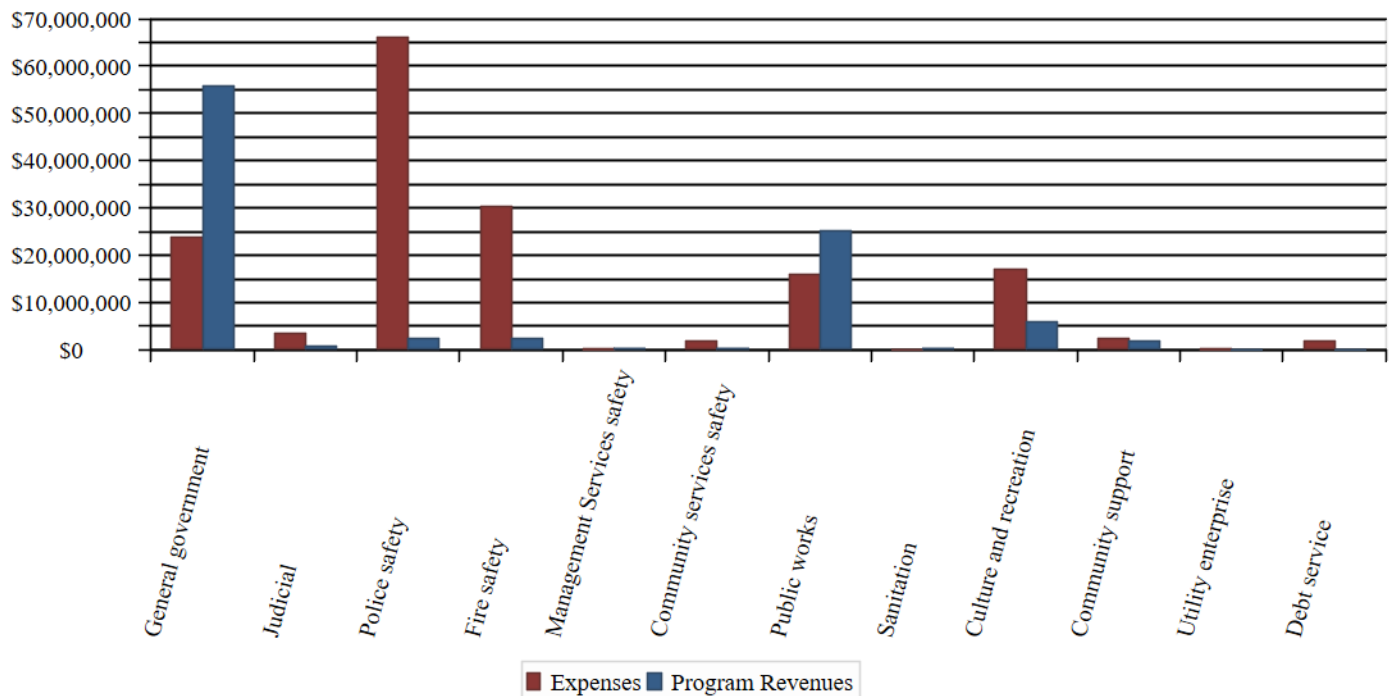
Governmental activities in fiscal year 2024-2025, increased the City's net position by \$50,521,119. Of the more significant results for governmental activities that contributed to this change the following was observed:

- In fiscal year 2024-2025, capital grants, interest and contributions increased 89.6 percent, or \$25,477,433, from the prior year. The change is primarily attributed to an increase in contributions from developers;
- Ad valorem tax revenues increased 7.6 percent, or \$3,149,916 from fiscal year 2023-2024 on a government wide basis. This increase is due to assessed home values and new development which are exempt from property tax caps;
- Consolidated taxes increased by 2.6 percent, or \$989,868, from fiscal year 2023-2024. Sales taxes comprise over 80 percent of consolidated tax revenues, and the increase reflects various economic growth factors in the area, including new development projects;
- Charges for service increased by 2.2 percent, or \$763,454, from fiscal year 2023-2024. This change was due to an increase in various revenues including recreation program fees and ambulance transportation service fees.

### Revenues by Source - Governmental Activities



### Expenses and Program Revenues Governmental Activities



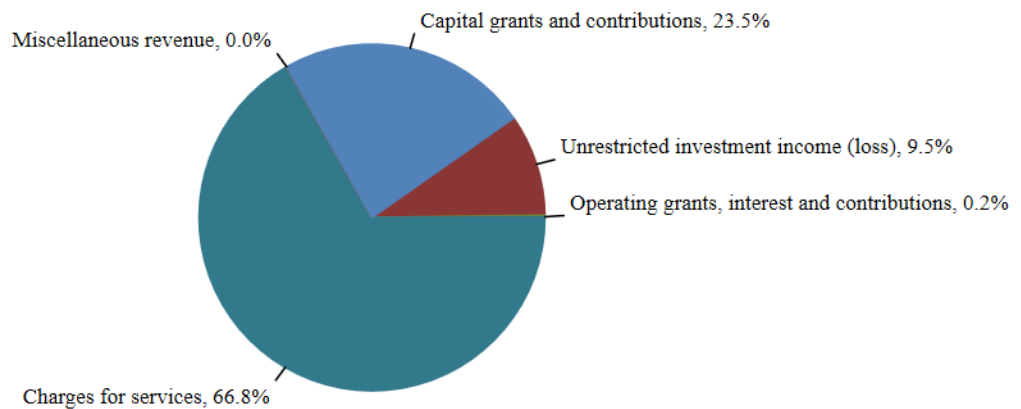


### Business-type Activities

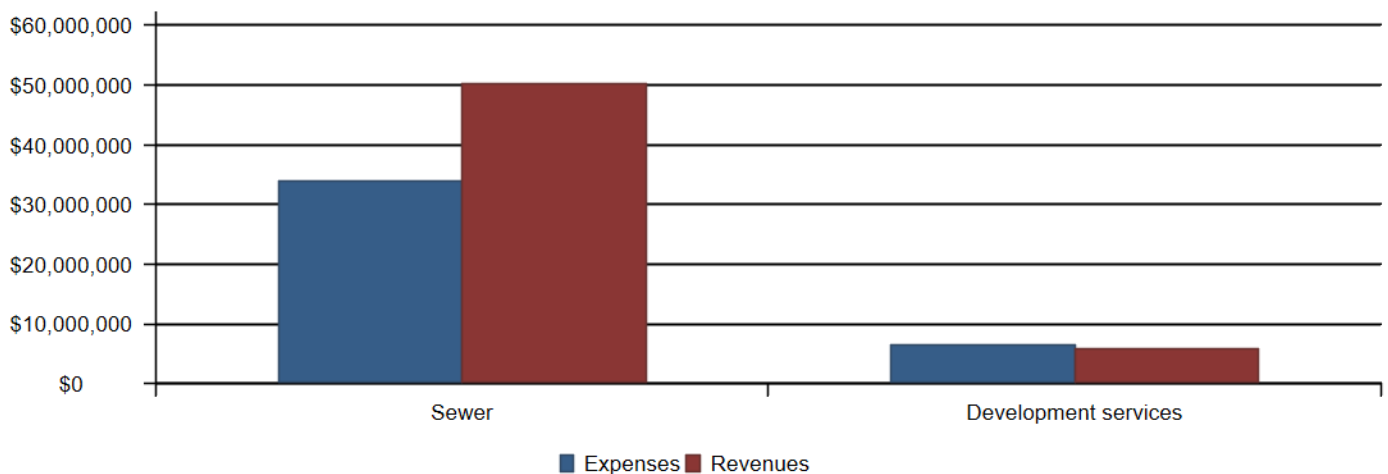
Business-type activities, in fiscal year 2024-2025, increased the City's net position by \$21,602,760. Significant results include:

- Revenues from business-type activities increased by 6.9 percent, or \$4,008,333, which was driven primarily by an increase in investment income, an increase in contributions from developers such as streets and rights of ways, and residential connection fees.
- Expenses of business-type activities increased from \$39,652,735 to \$40,481,844, an increase of \$829,109, or 2.1 percent, and were related to an increase in salaries and benefits, maintenance and repairs, and a loss of the disposition of assets.

**Revenues by Source - Business-type Activities**



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



## Financial Analysis of the City's Funds

### *Governmental Funds*

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

- As of June 30, 2025, Sparks' governmental funds reported combined ending fund balances of \$117,587,141, which is a decrease of \$6,956,411 from fiscal year 2023-2024 ending fund balance of \$124,543,552. The decrease was primarily driven by a decrease in governmental activity revenues and an increase in governmental activity expenditures.
- The combined ending fund balance of \$117,587,141 is comprised of: \$88,145,798 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$29,441,343 which is unrestricted (includes committed, assigned and unassigned balances).
- Approximately 25.0 percent of the combined ending fund balances, or \$29,441,343, is unrestricted. Of the unrestricted balance, \$4,066,784 has been committed by City Council action for items such as road repairs and economic stabilization, and \$12,398,970 has been assigned by the Chief Financial Officer (a designee of City Council) for encumbered purchase orders and capital projects. The remaining \$12,975,589 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, 2025, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$13,703,553, which is 29.5 percent lower than the prior year's unrestricted balance of \$19,438,762. The decline is largely due to increased salaries and employee benefit expenditures. For fiscal year 2024-2025, expenditures and transfers-out exceeded revenues and transfers-in which resulted in a decrease of the City's unrestricted fund balance to 12.8 percent of departmental expenditures (excluding capital outlay). This remains above the established policy goal adopted by City Council as part of the annual budget process to achieve a minimum unrestricted ending fund balance equal to 8.3 percent. The unrestricted fund balance is 12.9 percent of General Fund revenues, which is down from 19.0 percent of General Fund revenues from fiscal year 2023-2024.

Although the City's General Fund balance was \$13,703,553 at June 30, 2025, it should be noted that \$727,964 is considered assigned for next year's open purchase orders. This leaves \$12,975,589 as an unassigned ending fund balance available for various purposes.

The primary impacts upon the General Fund include a \$1,070,982 (1.0 percent) increase in revenues and transfers-in and a \$6,978,893 (6.3 percent) increase in expenditures and transfers-out. The most significant change in revenue was a \$2,922,815 (8.6 percent) increase in property taxes. Additionally, intergovernmental revenues grew by \$1,063,725 (2.5 percent), primarily due to higher consolidated tax and fair share distributions collected by the state. The primary factor behind the rise in expenditures and transfers-out was a \$7,282,786 (10.2 percent) increase in public safety expenses, mostly attributed to higher salaries and employee benefits. The cumulative result is that the ending fund balance within the General Fund decreased by \$5,735,209, or 29.5 percent, from the prior year.

## **Redevelopment Agency Area No. 2 Revolving Fund**

This fund is used 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.

The Redevelopment Agency Area No. 2 Revolving Fund is a major fund for fiscal year 2024-2025. Total fund balance within the fund was \$30,690,305 compared to \$23,756,967 for the prior year, an increase of 29.2 percent. The change was primarily driven by a \$3,928,225 (96.3 percent) decrease in expenditures due to no capital projects being undertaken during the fiscal year.

## **General Obligation Debt Service Fund**

The existing debt in this fund is either backed by sales tax revenues (STAR bonds), local improvement district assessments, or consolidated tax revenues. Total fund balance within the General Obligation Debt Service Fund was \$16,600,819 compared to \$18,451,303 for the prior year, a decrease of 10.0 percent. All revenue collected within this fund is pledged for debt service.

## **Proprietary Funds**

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

The net position of the Sewer Operations Enterprise Fund was \$340,256,108 as of June 30, 2025, an increase of \$21,166,914 or 6.6 percent, over the prior year's balance of \$319,089,194. The major contributors to the increase in net position include; a \$2,633,374 (194.1 percent) increase in sewer lines and storm drain capital contributions and a \$1,544,448 (4.6 percent) increase in sewer charges for service.

Net position of the Development Services Enterprise Fund was \$2,235,610 as of June 30, 2025, a decrease of \$216,963 or 8.8 percent, over the prior year's balance of \$2,452,573. Operating revenues increased by \$668,596 (13.0%) while operating expenses increased by \$86,523 (1.4 percent). Increased operating revenues was primarily related to an increase in building permits and building and planning fees.

### **General Fund Budgetary Highlights**

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

Actual revenues were \$1,814,209 less than budgeted, primarily due to decreases in licenses and permit revenues, intergovernmental revenues, and investment income below budgeted expectations. The decreases in these particular revenues were the result of decreased license and permit revenues based on gross revenues as well as lower interest rates.

Actual expenditures were 4.0 percent below final amended budget, which was primarily due to underspends related to position vacancies across the city.

The following functions are highlighted:

- The General Government function achieved \$2,723,370, or 11.6 percent, in budgetary savings primarily from an underspend in services and supplies within the Management Services, Community Services, and Legal Departments;
- Spending within the Public Safety function achieved \$582,463, or 0.7 percent, in budgetary savings primarily related to reduced expenditures related to services and supplies;
- The Community Services Department achieved \$401,380, or 11.7 percent, in budgetary savings within the Public Works function primarily from savings in reduced salaries and benefits related to position vacancies and reduced expenditures related to services and supplies. In addition, the department achieved \$104,566, or 1.8 percent, in budgetary savings within the Culture and Recreation function primarily from reduced salaries and benefits related to position vacancies;
- Spending within the Community Support function was \$361,175, or 53.7 percent, less than budgeted mostly due to reduced expenditures related to local community support as designated by City Council.

### **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, 2025, amounted to \$738,259,274, an increase of \$62,179,724 compared to \$676,079,550 from the prior year. Capital assets include tangible items such as land, construction in progress, buildings, improvements, machinery and equipment, leases, subscriptions, infrastructure, storm drains and sewer lines. Additionally, the City has intangible assets in the form of right of way easements, water rights, and software development. The total increase from fiscal year 2024-2025 operations for governmental activities was \$62,460,436, (from \$494,985,394 to \$557,445,830), while business-type activities decreased by \$280,712 (from \$181,094,156 to \$180,813,444).

Significant capital asset activities that occurred during fiscal year 2024-2025 included:

- Assets under construction, Construction in Progress (CIP), increased by \$15,090,295. New projects were started in the amount of \$34,877,817, while completed projects amounted to \$19,529,678. A significant portion of the increase in CIP was attributable to the Sparks Boulevard Capacity Improvement Project, the Oddie to Wells Corridor Infrastructure Project, the Los Altos Resurfacing Project, and the Glendale to Greg Infrastructure Project, all of which were donated by the Regional Transportation Commission, as well as ongoing construction of Fire Station No. 6.

City of Sparks' Capital Assets  
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 93,892,678	\$ 61,244,618	\$ 1,873,105	\$ 1,873,105	\$ 95,765,783	\$ 63,117,723
Intangibles	3,240,118	3,244,940	1,108	1,108	3,241,226	3,246,048
Buildings	15,122,013	16,118,668	705,459	745,180	15,827,472	16,863,848
Improvements other than buildings	33,109,977	27,518,390	414,065	453,052	33,524,042	27,971,442
Right-to-use lease buildings	260,551	171,180	24,280	32,605	284,831	203,785
Machinery and equipment	14,206,421	12,211,636	630,373	388,440	14,836,794	12,600,076
Right-to-use lease equipment	2,570,981	548,403	723	1,512	2,571,704	549,915
Right-to-use IT subscription assets	1,535,409	692,075	-	-	1,535,409	692,075
Infrastructure	324,419,468	320,122,283	162,927,156	162,477,261	487,346,624	482,599,544
Construction in progress	68,999,333	53,024,320	7,210,673	8,095,391	76,210,006	61,119,711
Water rights	88,881	88,881	7,026,502	7,026,502	7,115,383	7,115,383
Total	<u>\$ 557,445,830</u>	<u>\$ 494,985,394</u>	<u>\$ 180,813,444</u>	<u>\$ 181,094,156</u>	<u>\$ 738,259,274</u>	<u>\$ 676,079,550</u>

Additional information on the City of Sparks' capital assets can be found in Note 7 to the financial statements.

### Debt Administration

As of June 30, 2025, the City of Sparks had a total of \$241,125,054 of long-term liabilities outstanding. Of this amount, \$143,615,081 is related to pension benefits, \$40,597,679 is related to Other Post-Employment Benefits (OPEB), and \$56,912,294 is outstanding for all other long-term liabilities.

Other noncurrent liabilities not related to pension, OPEB, and deposits, amounting to \$81,776,846 are comprised of \$75,139,210 of governmental activities and \$6,637,636 of business-type activities. Governmental activity includes: general obligation bonds of \$16,256,012; revenue bonds of \$13,383,000; private placement tax allocation bonds of \$7,771,301; and accrued compensated absences, sick leave conversion, lease and subscription liabilities and insurance claim liabilities totaling \$37,728,897. Business-type activity includes: Private placement bonds and notes payable totaling \$3,754,533; and accrued compensated absences, sick leave conversion, and lease liabilities of \$2,883,103. The City of Sparks' outstanding liabilities, including debt of the Redevelopment Agency, decreased by \$16,622,149, or 16.9 percent, during the fiscal year ended June 30, 2025.

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

### Other Factors

- The unemployment rate in the Reno-Sparks area was 4.5 percent on June 30, 2025 compared to 5.0 percent as of June 30, 2024. Unemployment remained steady in August 2025, reflecting a rate of 4.0 percent.
- In the fiscal year 2015-2016, Washoe County's taxable sales exceeded the previous peak of \$7.3 billion set in 2005-2006, marking a significant milestone in its post-recession recovery. During the recession's lowest point in fiscal year 2009-2010, taxable sales in the county were \$5.2 billion. Since then, they have grown to \$12.6 billion in the fiscal year 2024-2025, representing a 141.3 percent increase over the past fifteen year and 4.0 percent compared to fiscal year 2023-2024. As previously noted, the Department of Taxation implemented a new reporting system, which resulted in revisions to prior-year reported taxable sales, making year-to-year comparisons more difficult. Accordingly, fiscal year 2024–2025 results were compared to the updated fiscal year 2023–2024 figures.
- During the years subsequent to the Great Recession, the median home values within Sparks have seen a significant rise. After peaking at approximately \$332,000 prior to the recession, the median home value plummeted to about \$140,000 during the recession. In September 2025, median home values in Sparks was \$525,000.
- As mentioned previously, the City's ad valorem tax revenues increased by 7.6 percent in fiscal year 2024-2025. This was due to an increase of 4.8 percent in the assessed valuation and additional new revenue from housing and other development that is exempt from property tax caps when comparing fiscal year 2024-2025 and fiscal year 2023-2024. We anticipate ad valorem revenues to increase over the next several years due to growth in the area. However, this increase in revenue will not necessarily match the more rapid growth in assessed valuation due to the limits on revenue growth resulting from the property tax caps put in place during the 2005 Legislative session.
- The City of Sparks' estimated population increased during fiscal year 2024-2025 by 1.9 percent and the Nevada State Demographer's office projects a population increase of 1.3 percent for fiscal year 2025-2026. In December 2018, the US Census Bureau data showed Nevada was the nation's fastest growing state and the Northern Nevada Regional Growth Forecast reported that Washoe County, which includes the city of Sparks, had seen a 13.5 percent increase in jobs and an 8 percent increase in the number of occupied households. The growth from several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to continue to attract thousands of new residents to the City of Sparks over the next decade.
- In December of 2018, the City Council voted to increase sewer and storm drain user rates by 5% annually from July 1, 2019 through July 1, 2022, to set multi-family residential and mobile home user rates equal to single family rates on July 1, 2019 and to annually adjust sewer and storm drain connection fees per the Engineering New Record Construction Cost Index beginning on January 1. This represents the most recent rate increase approved by City Council.

All of these factors and others were considered in preparing the City's budget for the subsequent 2025-2026 fiscal year.

### Requests for Information

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

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## Basic Financial Statements



City of Sparks  
Statement of Net Position  
June 30, 2025  
(with Comparative Totals for June 30, 2024)

	Governmental Activities	Business-Type Activities	Total	2024
<b>Assets</b>				
Cash and investments	\$ 129,241,977	\$ 141,068,738	\$ 270,310,715	\$ 254,722,780
Accounts receivable, net	7,242,457	3,309,392	10,551,849	10,659,232
Internal balances	(2,706,062)	2,706,062	-	-
Due from other governments	14,962,716	459,104	15,421,820	13,849,588
Inventories	555,321	-	555,321	485,532
Deposits	290,072	-	290,072	290,072
Notes receivable, net	812,254	967,508	1,779,762	2,209,261
Restricted assets				
Cash and investments	9,199,769	-	9,199,769	9,205,364
Investment in the Truckee Meadows Water Reclamation Facility	-	36,218,729	36,218,729	35,583,211
Capital assets				
Land, construction in progress, intangible assets, and water rights	166,210,257	16,111,388	182,321,645	134,583,290
Other capital assets, net of depreciation	386,868,632	164,677,053	551,545,685	540,050,485
Right-to-use lease assets, net of amortization	2,831,532	25,003	2,856,535	753,700
Right-to-use IT subscription assets, net of amortization	1,535,409	-	1,535,409	692,075
Total assets	<u>717,044,334</u>	<u>365,542,977</u>	<u>1,082,587,311</u>	<u>1,003,084,590</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflow bond refundings	136,990	-	136,990	228,616
Deferred outflows related to pensions	45,366,700	5,121,403	50,488,103	45,522,685
Deferred outflows related to OPEB	5,296,627	592,829	5,889,456	8,363,634
Total deferred outflows of resources	<u>50,800,317</u>	<u>5,714,232</u>	<u>56,514,549</u>	<u>54,114,935</u>
<b>Total assets and deferred outflows of resources</b>	<u>767,844,651</u>	<u>371,257,209</u>	<u>1,139,101,860</u>	<u>1,057,199,525</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	5,199,300	428,249	5,627,549	5,119,883
Accrued interest payable	185,137	29,761	214,898	387,022
Contracts and retentions payable	1,410,998	2,243,616	3,654,614	3,784,783
Deposits	42,955	225,804	268,759	212,839
Due to other governments	3,876,602	891,554	4,768,156	3,401,613
Unearned revenue	843,417	346,572	1,189,989	1,363,531
Noncurrent liabilities, due within one year				
Bonds and notes payable	12,389,241	1,602,575	13,991,816	14,094,111
Compensated absences payable	5,063,493	560,238	5,623,731	5,068,725
Sick leave conversion payable	826,749	107,741	934,490	838,071
Claims liabilities	3,487,308	-	3,487,308	3,364,199
Lease liabilities	609,002	9,293	618,295	518,413
IT Subscription liabilities	208,912	-	208,912	404,943
Total OPEB liability	866,807	62,553	929,360	879,498
Noncurrent liabilities, due in more than one year				
Bonds and notes payable	25,021,072	2,151,958	27,173,030	47,674,547
Compensated absences payable	13,828,090	1,757,819	15,585,909	14,616,856
Sick leave conversion payable	3,655,376	430,674	4,086,050	4,483,419
Claims liabilities	6,979,225	-	6,979,225	7,118,512
Lease liabilities	2,114,052	17,338	2,131,390	196,930
IT Subscription liabilities	956,690	-	956,690	20,269
Net/ total pension liabilities	132,150,840	11,464,241	143,615,081	131,688,922
Total OPEB liability	<u>38,667,327</u>	<u>1,930,352</u>	<u>40,597,679</u>	<u>42,376,786</u>
Total liabilities	<u>258,382,593</u>	<u>24,260,338</u>	<u>282,642,931</u>	<u>287,613,872</u>

City of Sparks  
Statement of Net Position  
June 30, 2025  
(with Comparative Totals for June 30, 2024)

	Governmental Activities	Business-Type Activities	Total	2024
Deferred Inflows of Resources				
Deferred inflows related to pensions	\$ 15,030,198	\$ 902,526	\$ 15,932,724	\$ 1,958,686
Deferred inflows related to OPEB	13,590,916	896,565	14,487,481	13,712,122
Total	<u>28,621,114</u>	<u>1,799,091</u>	<u>30,420,205</u>	<u>15,670,808</u>
Total liabilities and deferred inflows of resources	<u>287,003,707</u>	<u>26,059,429</u>	<u>313,063,136</u>	<u>303,284,680</u>
Net position				
Net investment in capital assets	535,247,080	174,936,675	710,183,755	656,901,228
Restricted for				
Court improvements	924,407	-	924,407	949,496
Road and street projects	6,721,813	-	6,721,813	6,508,982
Grants	1,337,736	-	1,337,736	1,561,799
Claims	13,328,367	-	13,328,367	10,179,232
Debt service	17,577,498	-	17,577,498	9,500,583
Capital projects	60,874,400	-	60,874,400	61,195,538
Promotion of special events	79,914	-	79,914	106,848
Public safety	2,067,078	-	2,067,078	2,272,896
Unrestricted (deficit)	<u>(157,317,349)</u>	<u>170,261,105</u>	<u>12,943,756</u>	<u>4,738,243</u>
Total Net Position	<u>\$ 480,840,944</u>	<u>\$ 345,197,780</u>	<u>\$ 826,038,724</u>	<u>\$ 753,914,845</u>

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 23,854,703	\$ 22,926,489	\$ 153,845	\$ 32,824,634
Judicial	3,459,036	909,776	-	-
Public safety				
Police	66,020,591	341,171	1,895,342	39,568
Fire	30,413,278	1,755,636	721,813	-
Management services	2,715	-	288,342	-
Community services	1,841,810	263,833	-	-
Public works	16,076,998	4,378,423	-	20,805,228
Sanitation	-	155,443	-	-
Culture and recreation	16,961,092	5,512,799	322,737	231,459
Community support	2,412,599	-	1,967,133	-
Utility enterprise	43,706	-	-	-
Debt service				
Interest	1,763,008	-	-	-
Total governmental activities	162,849,536	36,243,570	5,349,212	53,900,889
Business-type activities				
Sewer	34,051,172	35,615,613	116,371	14,559,460
Development services	6,430,672	5,794,518	-	-
Total business-type activities	40,481,844	41,410,131	116,371	14,559,460
Total primary government	\$ 203,331,380	\$ 77,653,701	\$ 5,465,583	\$ 68,460,349

General revenues:

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

Transfers

Total general revenues and transfers

Change in Net Position

Net Position - Beginning of Year, as Originally Reported

Restatement

Net Position - Beginning of Year, as Restated

Net Position - End of Year

City of Sparks  
Statement of Activities  
Year Ended June 30, 2025  
(with Comparative Totals for the Year Ended June 30, 2024)

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	2024
\$ 32,050,265	\$ -	\$ 32,050,265	\$ 1,873,377
(2,549,260)	-	(2,549,260)	(2,751,282)
(63,744,510)	-	(63,744,510)	(48,749,093)
(27,935,829)	-	(27,935,829)	(28,168,696)
285,627	-	285,627	746,814
(1,577,977)	-	(1,577,977)	1,360,599
9,106,653	-	9,106,653	14,436,918
155,443	-	155,443	274,055
(10,894,097)	-	(10,894,097)	(9,352,596)
(445,466)	-	(445,466)	(448,484)
(43,706)	-	(43,706)	-
(1,763,008)	-	(1,763,008)	(2,790,470)
(67,355,865)	-	(67,355,865)	(73,568,858)
-	16,240,272	16,240,272	13,979,447
-	(636,154)	(636,154)	(1,224,987)
-	15,604,118	15,604,118	12,754,460
(67,355,865)	15,604,118	(51,751,747)	(60,814,398)
44,441,386	-	44,441,386	41,291,470
109,099	-	109,099	132,190
39,785,877	-	39,785,877	38,796,009
13,448,418	-	13,448,418	17,319,427
3,189,233	-	3,189,233	3,156,258
3,047,891	-	3,047,891	2,898,124
383,175	-	383,175	374,033
126,807	-	126,807	127,628
1,611,335	-	1,611,335	1,665,419
177,572	-	177,572	177,572
7,190,992	5,895,636	13,086,628	12,763,862
4,449,228	18,977	4,468,205	3,803,522
(84,029)	84,029	-	-
117,876,984	5,998,642	123,875,626	122,505,514
50,521,119	21,602,760	72,123,879	61,691,116
430,319,825	323,595,020	753,914,845	692,924,247
-	-	-	(700,518)
430,319,825	323,595,020	753,914,845	692,223,729
\$ 480,840,944	\$ 345,197,780	\$ 826,038,724	\$ 753,914,845

City of Sparks  
Balance Sheet  
Governmental Funds  
June 30, 2025

(with Comparative Totals for June 30, 2024)

	General Fund	Redevelopment Agency Area No. 2 Revolving	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2024
<b>Assets</b>						
Cash and investments	\$ 9,672,331	\$ 30,468,745	\$ 5,127,086	\$ 57,112,360	\$ 102,380,522	\$ 110,032,607
Accounts receivable, net	3,859,030	1,250	1,459,750	1,036,126	6,356,156	7,550,192
Due from other funds	203,091	-	-	-	203,091	39,799
Due from other governments	10,172,010	269,868	3,016,354	1,504,484	14,962,716	13,050,742
Notes receivable, net	-	-	-	812,254	812,254	750,570
Restricted cash and investments	-	-	8,471,269	728,500	9,199,769	9,205,364
Total assets	<u>\$ 23,906,462</u>	<u>\$ 30,739,863</u>	<u>\$ 18,074,459</u>	<u>\$ 61,193,724</u>	<u>\$ 133,914,508</u>	<u>\$ 140,629,274</u>
<b>Liabilities</b>						
Accounts payable	\$ 1,319,658	\$ 2,270	\$ -	\$ 1,036,037	\$ 2,357,965	\$ 2,342,678
Accrued liabilities	2,070,071	543	-	225,403	2,296,017	1,993,714
Contracts payable	50,681	-	-	1,013,259	1,063,940	2,476,193
Contract retentions payable	-	-	-	305,140	305,140	156,916
Refundable deposits	41,455	-	-	1,500	42,955	60,535
Unearned revenues	353,847	-	-	489,570	843,417	1,051,688
Due to other funds	-	-	-	203,091	203,091	39,799
Due to other governments	3,668,442	1,057	-	175,424	3,844,923	2,777,825
Total liabilities	<u>7,504,154</u>	<u>3,870</u>	<u>-</u>	<u>3,449,424</u>	<u>10,957,448</u>	<u>10,899,348</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - grants	-	-	-	1,151,836	1,151,836	877,097
Unavailable revenue - property taxes and other	163,117	45,688	-	-	208,805	224,268
Unavailable revenue - special assessments	-	-	1,473,640	-	1,473,640	2,139,008
Unavailable revenue - other	965,912	-	-	-	965,912	389,273
Unavailable revenue - opioid	1,569,726	-	-	-	1,569,726	1,556,728
Total deferred inflows of resources	<u>2,698,755</u>	<u>45,688</u>	<u>1,473,640</u>	<u>1,151,836</u>	<u>5,369,919</u>	<u>5,186,374</u>
<b>Fund Balances</b>						
<b>Restricted for</b>						
Grants and donations	-	-	-	83,969	83,969	276,586
Law enforcement	-	-	-	497,352	497,352	716,168
Promotion of special events	-	-	-	79,914	79,914	106,848
Various judicial uses	-	-	-	259,707	259,707	339,295
Municipal facilities construction	-	-	-	295,572	295,572	254,273
Court fee collection programs	-	-	-	369,129	369,129	355,930
Developer agreements	-	-	-	6,863,254	6,863,254	6,546,259
Bond proceeds defined projects	-	-	-	3,518,421	3,518,421	12,712,006
Debt service reserve	-	-	16,600,819	2,419,221	19,020,040	20,802,079
Parks and recreation	-	-	-	9,177,315	9,177,315	8,717,977
Street improvements & rehabilitation	-	-	-	6,694,342	6,694,342	6,215,970
Capital projects	-	30,690,305	-	951,240	31,641,545	24,601,721
Improvements to Victorian Square	-	-	-	9,645,238	9,645,238	8,537,880
<b>Committed for</b>						
Economic development	-	-	-	93,272	93,272	72,083
Parks and recreation	-	-	-	589,977	589,977	359,547
Road surface repairs	-	-	-	1,120,421	1,120,421	501,627
Economic Stabilization	-	-	-	2,263,114	2,263,114	1,913,146
Improvements to 5 Ridges development	-	-	-	-	-	29,283
<b>Assigned for</b>						
Purchases on order	727,964	-	-	-	727,964	1,055,060
Specific capital projects	-	-	-	5,479,333	5,479,333	5,855,518
Next year's budget deficit	-	-	-	-	-	3,120,876
Other capital projects	-	-	-	6,191,673	6,191,673	6,190,594
Unassigned	<u>12,975,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,975,589</u>	<u>15,262,826</u>
Total fund balances	<u>13,703,553</u>	<u>30,690,305</u>	<u>16,600,819</u>	<u>56,592,464</u>	<u>117,587,141</u>	<u>124,543,552</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,906,462</u>	<u>\$ 30,739,863</u>	<u>\$ 18,074,459</u>	<u>\$ 61,193,724</u>	<u>\$ 133,914,508</u>	<u>\$ 140,629,274</u>

City of Sparks  
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2025

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

Total fund balances - total governmental funds		\$ 117,587,141
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 777,902,441	
Less accumulated depreciation/ amortization	<u>(237,372,925)</u>	540,529,516
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds payable	(16,256,012)	
Revenue bonds payable	(13,383,000)	
Tax allocation bonds payable	(7,771,301)	
Compensated absences payable	(18,504,553)	
Net/ Total pension liabilities	(130,647,579)	
Total OPEB liability	(39,300,056)	
Sick leave conversion payable	(4,370,191)	
Lease liabilities	(2,723,054)	
IT Subscription liabilities	<u>(1,165,602)</u>	(234,121,348)
Interest payable		(185,137)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		
		5,369,919
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and, therefore, are not reports in the governmental funds.		
Deferred outflows of resources related to pensions	44,693,360	
Deferred outflows of resources related to OPEB	5,189,019	
Deferred outflows of resources related to bond refundings	136,990	
Deferred inflows of resources related to pensions	(14,800,936)	
Deferred inflows of resources related to OPEB	<u>(13,549,036)</u>	21,669,397
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.		
		32,697,518
Internal balances is a receivable from/(payable to) business-type activities		<u>(2,706,062)</u>
Net position of governmental activities		<u><u>\$ 480,840,944</u></u>

City of Sparks  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2025  
(with Comparative Totals for Year Ended June 30, 2024)

	General Fund	Redevelopment Agency Area No. 2 Revolving	General Obligation Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	2024
<b>Revenues</b>						
Taxes	\$ 37,033,192	\$ 5,593,230	\$ 774,467	\$ 3,808,335	\$ 47,209,224	\$ 44,555,947
Licenses and permits	17,710,749	-	-	6,926,420	24,637,169	25,968,161
Intergovernmental revenues	44,216,342	177,572	13,448,418	10,292,003	68,134,335	74,354,428
Charges for services	5,090,433	-	-	2,910,769	8,001,202	6,174,009
Fines and forfeits	716,532	-	-	-	716,532	591,289
Miscellaneous	1,103,585	1,286,701	808,834	3,841,592	7,040,712	7,513,687
Total revenues	105,870,833	7,057,503	15,031,719	27,779,119	155,739,174	159,157,521
<b>Expenditures</b>						
Current						
General government	20,721,115	-	-	1,033,483	21,754,598	20,919,063
Judicial	2,914,631	-	-	333,384	3,248,015	3,006,606
Public safety	74,650,761	-	-	2,360,581	77,011,342	74,942,442
Public works	2,967,362	-	-	6,764,199	9,731,561	9,425,397
Culture and recreation	5,546,237	-	-	8,189,660	13,735,897	12,026,721
Community support	310,875	150,650	-	617,171	1,078,696	1,740,457
Total current expenditures	107,110,981	150,650	-	19,298,478	126,560,109	122,060,686
Capital outlay						
General government	104,099	-	-	188,961	293,060	3,740,279
Public safety	4,290,420	-	-	9,919,083	14,209,503	3,363,783
Public works	61,395	-	-	2,150,006	2,211,401	2,506,646
Culture and recreation	137,710	-	-	2,647,595	2,785,305	2,923,518
Community support	-	-	-	944,956	944,956	4,466,187
Total capital outlay	4,593,624	-	-	15,850,601	20,444,225	17,000,413
Debt service						
Principal	-	-	18,204,452	1,365,000	19,569,452	20,412,022
Interest	-	-	1,645,639	183,626	1,829,265	2,016,848
Fiscal charges and other	-	-	2,160	32,693	34,853	87,732
Bond issuance costs	-	-	-	-	-	345,453
Total debt service	-	-	19,852,251	1,581,319	21,433,570	22,862,055
Total expenditures	111,704,605	150,650	19,852,251	36,730,398	168,437,904	161,923,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,833,772)	6,906,853	(4,820,532)	(8,951,279)	(12,698,730)	(2,765,633)
<b>Other Financing Sources (Uses)</b>						
Sale of assets	-	26,485	-	-	26,485	-
Bond issuance proceeds	-	-	-	-	-	15,000,000
Bond issuance premium	-	-	-	-	-	1,256,012
Leases	2,942,114	-	-	-	2,942,114	12,112
IT Subscriptions	1,358,921	-	-	134,956	1,493,877	63,375
Transfers						
Transfers in	1,400,000	-	2,970,048	4,028,897	8,398,945	13,121,730
Transfers out	(5,602,472)	-	-	(1,516,630)	(7,119,102)	(12,745,128)
Total other financing sources (uses)	98,563	26,485	(2,970,048)	2,647,223	5,742,319	16,708,101
Net Change in Fund Balances	(5,735,209)	6,933,338	(1,850,484)	(6,304,056)	(6,956,411)	13,942,468
Fund Balances, Beginning of Year, as Originally Reported	19,438,762	-	-	86,653,487	106,092,249	110,601,084
Adjustments	-	23,756,967	-	(23,756,967)	-	-
Fund Balances, Beginning of Year, as Restated	19,438,762	23,756,967	18,451,303	62,896,520	124,543,552	110,601,084
Fund Balances, End of Year	\$ 13,703,553	\$ 30,690,305	\$ 16,600,819	\$ 56,592,464	\$ 117,587,141	\$ 124,543,552

City of Sparks

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds \$ (6,956,411)

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	20,444,225	
Proceeds from sale of assets	(26,485)	
Sale/disposition of assets	(2,557,420)	
Less current year depreciation/ amortization	<u>(13,127,450)</u>	4,732,870

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

Change in unavailable revenue-grants	274,739	
Change in unavailable revenue-property & other taxes	(15,463)	
Change in unavailable revenue-special assessments	(665,368)	
Change in unavailable revenue-other	576,639	
Change in unavailable revenue-opioid	12,998	
Donated capital assets	<u>53,629,861</u>	53,813,406

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	<u>20,061,848</u>	20,061,848
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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 premiums and discounts	(298)	
Amortization of bond refundings	(91,626)	
Change in accrued interest	158,181	
Change in long-term compensated absences payable	(1,574,693)	
Change in OPEB liability related amounts	(1,429,323)	
Change in sick leave conversion payable	548,639	
Lease proceeds	(2,942,114)	
IT Subscription proceeds	<u>(1,493,877)</u>	(6,825,111)

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	7,551,930	
City pension expense	<u>(28,020,343)</u>	(20,468,413)

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.

6,162,930

Change in net position of governmental activities		<u>\$ 50,521,119</u>
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City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues					
Taxes					
Real property	\$ 34,500,000	\$ 34,500,000	\$ 34,526,446	\$ 26,446	\$ 31,966,750
Personal property	2,150,000	2,150,000	2,506,746	356,746	2,143,627
Total taxes	36,650,000	36,650,000	37,033,192	383,192	34,110,377
Licenses and permits					
Business licenses and permits					
Business licenses	9,405,000	9,405,000	8,760,895	(644,105)	8,960,585
Business license penalties	375,000	375,000	269,436	(105,564)	403,325
Liquor licenses	450,000	450,000	363,684	(86,316)	323,020
City gaming licenses	550,000	550,000	599,748	49,748	632,461
Telecommunication licenses	1,250,000	1,250,000	1,212,424	(37,576)	1,220,891
Franchise fees					
Gas	1,200,000	1,200,000	607,353	(592,647)	1,000,230
Electric	2,415,000	2,415,000	1,954,762	(460,238)	2,067,914
Water	500,000	500,000	575,991	75,991	523,219
Sanitation	2,400,000	2,400,000	2,438,999	38,999	2,390,215
Other	575,000	575,000	538,373	(36,627)	619,939
Other licenses and permits	358,250	358,250	389,084	30,834	508,009
Total licenses and permits	19,478,250	19,478,250	17,710,749	(1,767,501)	18,649,808
Intergovernmental revenues					
State shared revenue					
Consolidated taxes payment	40,000,000	40,000,000	39,785,877	(214,123)	38,796,009
Fair share distribution	3,225,000	3,225,000	3,189,233	(35,767)	3,156,258
Marijuana shared revenue	110,000	110,000	126,807	16,807	127,628
Other local government shared revenues					
County gaming licenses (City's share)	400,000	400,000	383,175	(16,825)	374,033
Other	731,250	731,250	731,250	-	698,689
Total intergovernmental revenues	44,466,250	44,466,250	44,216,342	(249,908)	43,152,617
Charges for services					
General government					
Building and zoning fees	-	-	-	-	2,915
Other	3,799,832	4,894,832	5,090,433	195,601	3,561,746
Total charges for services	3,799,832	4,894,832	5,090,433	195,601	3,564,661
Fines and forfeits					
Fines - Court	528,200	528,200	682,000	153,800	488,272
Forfeits - Bail	2,500	2,500	7,600	5,100	5,500
Forfeits - Other	50,000	50,000	26,932	(23,068)	96,517
Total fines and forfeits	580,700	580,700	716,532	135,832	590,289
Miscellaneous					
Investment income	1,300,000	1,300,000	756,926	(543,074)	1,642,528
Rents and royalties	87,700	87,700	98,078	10,378	88,191
Other	227,310	227,310	248,581	21,271	451,380
Total miscellaneous	1,615,010	1,615,010	1,103,585	(511,425)	2,182,099
Total revenues	106,590,042	107,685,042	105,870,833	(1,814,209)	102,249,851

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures					
General government					
Executive (Mayor)					
Salaries and wages	\$ 70,025	\$ 70,025	\$ 66,642	\$ 3,383	\$ 66,044
Employee benefits	48,025	48,025	46,274	1,751	45,119
Services and supplies	6,614	6,614	2,222	4,392	2,070
Total executive (mayor)	124,664	124,664	115,138	9,526	113,233
Legislative (City Council)					
Salaries and wages	288,542	288,542	279,686	8,856	278,318
Employee benefits	239,772	239,772	238,451	1,321	234,945
Services and supplies	35,888	35,888	39,517	(3,629)	35,109
Total legislative (city council)	564,202	564,202	557,654	6,548	548,372
Management services					
Salaries and wages	3,141,954	3,141,954	2,851,852	290,102	2,902,466
Employee benefits	2,777,389	2,777,389	2,418,685	358,704	2,244,773
Services and supplies	4,956,354	4,956,725	4,161,421	795,304	4,117,619
Total management services	10,875,697	10,876,068	9,431,958	1,444,110	9,264,858
Legal (City Attorney)					
Salaries and wages	1,909,969	1,909,969	1,759,940	150,029	1,777,227
Employee benefits	1,054,463	1,054,463	863,339	191,124	915,210
Services and supplies	188,957	188,957	71,794	117,163	43,182
Total legal (city attorney)	3,153,389	3,153,389	2,695,073	458,316	2,735,619
Finance					
Salaries and wages	3,212,785	3,212,785	3,433,402	(220,617)	2,653,546
Employee benefits	1,768,002	1,768,002	1,763,407	4,595	1,414,419
Services and supplies	1,970,324	1,969,953	1,627,291	342,662	1,801,537
Capital outlay	222,391	326,490	104,099	222,391	-
Total finance	7,173,502	7,277,230	6,928,199	349,031	5,869,502
Community services					
Salaries and wages	660,688	660,688	557,540	103,148	578,174
Employee benefits	411,397	411,397	321,421	89,976	335,371
Services and supplies	480,946	480,946	218,231	262,715	66,723
Total community services	1,553,031	1,553,031	1,097,192	455,839	980,268
Total general government	23,444,485	23,548,584	20,825,214	2,723,370	19,511,852
Judicial					
Municipal Court					
Salaries and wages	1,787,433	1,787,433	1,650,502	136,931	1,589,617
Employee benefits	1,113,960	1,113,960	984,270	129,690	948,572
Services and supplies	295,015	295,015	279,859	15,156	269,923
Total judicial	3,196,408	3,196,408	2,914,631	281,777	2,808,112
Public safety					
Police department					
Salaries and wages	24,485,763	24,485,763	24,616,832	(131,069)	24,609,700
Employee benefits	14,356,962	14,356,962	14,211,462	145,500	13,985,511
Services and supplies	5,976,036	5,976,004	5,602,055	373,949	5,449,626
Capital outlay	74,375	4,100,213	4,089,575	10,638	149,967
Total police department	44,893,136	48,918,942	48,519,924	399,018	44,194,804

City of Sparks

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Fire department					
Salaries and wages	\$ 14,304,471	\$ 15,399,471	\$ 15,532,011	\$ (132,540)	\$ 13,776,205
Employee benefits	9,332,373	9,332,373	9,680,448	(348,075)	8,751,889
Services and supplies	3,901,987	3,901,987	3,422,926	479,061	3,264,370
Capital outlay	-	171,098	200,845	(29,747)	-
Total fire department	27,538,831	28,804,929	28,836,230	(31,301)	25,792,464
Community services					
Salaries and wages	85,248	85,248	87,831	(2,583)	85,280
Employee benefits	65,334	65,334	68,864	(3,530)	63,053
Services and supplies	1,649,191	1,649,191	1,428,332	220,859	1,521,764
Total community services	1,799,773	1,799,773	1,585,027	214,746	1,670,097
Capital outlay	198,210	-	-	-	-
Total public safety	74,429,950	79,523,644	78,941,181	582,463	71,657,365
Public works					
Community services					
Salaries and wages	811,640	811,640	757,153	54,487	759,833
Employee benefits	525,038	525,038	455,314	69,724	439,103
Services and supplies	2,033,000	2,033,000	1,754,895	278,105	1,515,748
Capital outlay	63,103	60,459	61,395	(936)	60,138
Total public works	3,432,781	3,430,137	3,028,757	401,380	2,774,822
Culture and recreation					
Community services					
Salaries and wages	1,041,797	1,041,797	959,649	82,148	914,502
Employee benefits	769,619	769,619	689,769	79,850	636,265
Services and supplies	3,818,380	3,818,380	3,896,819	(78,439)	2,702,734
Capital outlay	158,717	158,717	137,710	21,007	87,417
Total culture and recreation	5,788,513	5,788,513	5,683,947	104,566	4,340,918
Community support					
Management services					
Services and supplies	473,840	672,050	310,875	361,175	750,340
Total expenditures	110,765,977	116,159,336	111,704,605	4,454,731	101,843,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,175,935)	(8,474,294)	(5,833,772)	2,640,522	406,442
Other Financing Sources (Uses)					
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers					
Transfers in	2,400,000	2,400,000	1,400,000	(1,000,000)	3,950,000
Transfers out	(5,023,799)	(5,023,799)	(5,602,472)	(578,673)	(8,484,775)
Leases	-	2,942,114	2,942,114	-	12,112
IT Subscriptions	-	1,358,921	1,358,921	-	-
Total other financing sources (uses)	(3,623,799)	677,236	98,563	(578,673)	(4,522,663)
Net Change in Fund Balances	(7,799,734)	(7,797,058)	(5,735,209)	2,061,849	(4,116,221)
Fund Balances, Beginning of Year	19,258,479	19,255,803	19,438,762	182,959	23,554,983
Fund balances, End of Year	\$ 11,458,745	\$ 11,458,745	\$ 13,703,553	\$ 2,244,808	\$ 19,438,762

City of Sparks  
Statement of Net Position - Proprietary Funds  
June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets				
Cash, cash equivalents and investments	\$ 134,067,271	\$ 7,001,467	\$ 141,068,738	\$ 26,861,455
Accounts receivable, net	3,280,826	28,566	3,309,392	886,301
Notes receivable	475,948	-	475,948	-
Due from other governments	459,104	-	459,104	-
Deposits	-	-	-	290,072
Inventory of supplies	-	-	-	555,321
Total current assets	138,283,149	7,030,033	145,313,182	28,593,149
Noncurrent assets				
Capital assets				
Land	1,873,105	-	1,873,105	-
Construction in progress	7,210,673	-	7,210,673	5,522,058
Intangible assets	1,108	-	1,108	-
Buildings	982,424	342,931	1,325,355	496,505
Right-to-use lease building	42,341	-	42,341	-
Site improvements	3,663,556	70,045	3,733,601	245,445
Machinery and equipment	1,102,056	13,873	1,115,929	36,258,213
Right-to-use lease office equipment	3,901	-	3,901	-
Water rights	7,026,502	-	7,026,502	-
Roads and streets	15,104,897	-	15,104,897	-
Storm drains	144,465,419	-	144,465,419	-
Sewer lines	158,940,025	-	158,940,025	-
	340,416,007	426,849	340,842,856	42,522,221
Less accumulated depreciation	(159,916,932)	(91,241)	(160,008,173)	(25,605,907)
Less accumulated amortization	(21,239)	-	(21,239)	-
Capital assets, net	180,477,836	335,608	180,813,444	16,916,314
Other noncurrent assets				
Investment - Truckee Meadows Water Reclamation Facility	36,218,729	-	36,218,729	-
Notes receivable	491,560	-	491,560	-
Total other noncurrent assets	36,710,289	-	36,710,289	-
Total noncurrent assets	217,188,125	335,608	217,523,733	16,916,314
Total assets	355,471,274	7,365,641	362,836,915	45,509,463
Deferred Outflows of Resources				
Deferred outflows related to pension	3,227,943	1,893,460	5,121,403	673,340
Deferred outflows related to OPEB	203,403	389,426	592,829	107,608
Total deferred outflows of resources	3,431,346	2,282,886	5,714,232	780,948
Total Assets and Deferred Outflows of Resources	358,902,620	9,648,527	368,551,147	46,290,411

City of Sparks  
Statement of Net Position - Proprietary Funds  
June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 69,174	\$ 69,765	\$ 138,939	\$ 519,049
Accrued liabilities	159,999	129,311	289,310	26,269
Contracts payable	2,063,711	63,373	2,127,084	41,918
Contract retentions payable	116,532	-	116,532	-
Refundable deposits	-	225,804	225,804	-
Unearned revenues	346,572	-	346,572	-
Due to other governments	755,702	135,852	891,554	31,679
Interest payable	29,761	-	29,761	-
Compensated absences payable (current maturities)	301,452	258,786	560,238	89,566
Total OPEB liability (current maturities)	32,749	29,804	62,553	6,520
Sick leave conversion payable (current maturities)	24,171	83,570	107,741	46,919
Claims liabilities (current maturities)	-	-	-	3,487,308
Matured principal payable	1,602,575	-	1,602,575	-
Lease liabilities (current maturities)	9,293	-	9,293	-
Total current liabilities	5,511,691	996,265	6,507,956	4,249,228
Noncurrent liabilities				
Compensated absences payable (net of current maturities)	939,428	818,391	1,757,819	297,464
Total OPEB liability	823,683	1,106,669	1,930,352	227,558
Net pension liability	8,097,841	3,366,400	11,464,241	1,503,261
Sick leave conversion payable (net of current maturities)	116,657	314,017	430,674	65,015
Claims liabilities (net of current maturities)	-	-	-	6,979,225
General obligation bonds & notes (net of current)	2,151,958	-	2,151,958	-
Lease liabilities (net of current maturities)	17,338	-	17,338	-
Total noncurrent liabilities	12,146,905	5,605,477	17,752,382	9,072,523
Total liabilities	17,658,596	6,601,742	24,260,338	13,321,751
Deferred Inflows of Resources				
Deferred inflows related to pensions	510,511	392,015	902,526	229,262
Deferred inflows related to OPEB	477,405	419,160	896,565	41,880
Total deferred inflows of resources	987,916	811,175	1,799,091	271,142
Total liabilities and deferred inflows of resources	18,646,512	7,412,917	26,059,429	13,592,893
Net Position				
Net investment in capital assets	174,601,068	335,607	174,936,675	16,916,312
Restricted for claims	-	-	-	13,328,365
Unrestricted	165,655,040	1,900,003	167,555,043	2,452,841
Total net position	\$ 340,256,108	\$ 2,235,610	342,491,718	\$ 32,697,518

Adjustment to reflect the consolidation of internal  
service fund activities related to enterprise funds 2,706,062  
Net Position of Business-Type Activities \$ 345,197,780

City of Sparks  
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds  
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Operations	Development Services	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Licenses and permits	\$ 148,140	\$ 3,048,320	\$ 3,196,460	\$ -
Charges for services	35,467,474	2,746,198	38,213,672	27,470,169
Miscellaneous	19,812	-	19,812	1,517,448
Total operating revenues	<u>35,635,426</u>	<u>5,794,518</u>	<u>41,429,944</u>	<u>28,987,617</u>
Operating Expenses				
Salaries and wages	4,297,072	2,876,439	7,173,511	869,300
Employee benefits	2,893,124	1,642,921	4,536,045	617,490
Services and supplies	17,691,502	1,927,645	19,619,147	21,135,397
Depreciation	7,370,219	19,724	7,389,943	1,572,422
Net loss from Truckee Meadows Water Reclamation Facility	2,093,975	-	2,093,975	-
Total operating expenses	<u>34,345,892</u>	<u>6,466,729</u>	<u>40,812,621</u>	<u>24,194,609</u>
Operating Income (Loss)	<u>1,289,534</u>	<u>(672,211)</u>	<u>617,323</u>	<u>4,793,008</u>
Non-operating Revenues (Expenses)				
Investment income	5,408,481	487,154	5,895,635	1,407,866
Interest expense	(55,037)	-	(55,037)	-
Grants	116,371	-	116,371	-
Miscellaneous/Other	(2,492)	1,657	(835)	-
Gain (loss) on sale	(266,995)	-	(266,995)	(17,174)
Total non-operating revenues (expenses)	<u>5,200,328</u>	<u>488,811</u>	<u>5,689,139</u>	<u>1,390,692</u>
Income (Loss) Before Capital Contributions and Transfers	<u>6,489,862</u>	<u>(183,400)</u>	<u>6,306,462</u>	<u>6,183,700</u>
Capital Contributions				
Vehicles	-	-	-	1,995,911
Sewer connection fees	10,569,250	-	10,569,250	-
Sewer lines and storm drains	3,990,210	-	3,990,210	-
Total capital contributions	<u>14,559,460</u>	<u>-</u>	<u>14,559,460</u>	<u>1,995,911</u>
Transfers				
Transfers in	159,314	-	159,314	68,120
Transfers out	(41,722)	(33,563)	(75,285)	(1,431,992)
Total transfers	<u>117,592</u>	<u>(33,563)</u>	<u>84,029</u>	<u>(1,363,872)</u>
Change in Net Position	<u>21,166,914</u>	<u>(216,963)</u>	<u>20,949,951</u>	<u>6,815,739</u>
Net Position, Beginning of Year	<u>319,089,194</u>	<u>2,452,573</u>		<u>25,881,779</u>
Net Position, End of Year	<u>\$ 340,256,108</u>	<u>\$ 2,235,610</u>		<u>\$ 32,697,518</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>652,809</u>	
Change in net position of business-type activities			<u>\$ 21,602,760</u>	

City of Sparks  
Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Development Services	Total Enterprise Funds	
Operating activities				
Cash received from customers and users	\$ 35,738,926	\$ 5,856,346	\$ 41,595,272	\$ 3,984,032
Cash received from interfund services provided	-	-	-	22,875,484
Cash received from reimbursements of insurance claims	-	-	-	1,320,408
Cash paid to employees	(6,843,581)	(4,067,849)	(10,911,430)	(1,499,201)
Cash paid to suppliers	(16,171,973)	(1,933,690)	(18,105,663)	(21,139,943)
Cash paid to Truckee Meadows Water Reclamation Facility	(2,729,493)	-	(2,729,493)	-
Net cash from (used for) operating activities	9,993,879	(145,193)	9,848,686	5,540,780
Noncapital financing activities				
Subsidy from federal, state and other grants	116,371	-	116,371	-
Transfers in	159,314	-	159,314	-
Transfers out	(5,594)	(33,563)	(39,157)	(1,400,000)
Net cash from (used for) noncapital financing activities	270,091	(33,563)	236,528	(1,400,000)
Capital and related financing activities				
Bond and lease obligation principal payments	(2,203,523)	-	(2,203,523)	-
Bond and lease interest expense paid	(68,980)	-	(68,980)	-
Acquisition of capital assets	(3,422,145)	-	(3,422,145)	(3,655,260)
Cash contributions - sewer connection fees	10,569,250	-	10,569,250	-
Net cash from (used for) capital and related financing activities	4,874,602	-	4,874,602	(3,655,260)
Investing activities				
Investment income	5,408,481	487,154	5,895,635	1,407,866
Principal received on notes receivable	491,183	-	491,183	-
Net cash from investing activities	5,899,664	487,154	6,386,818	1,407,866
Net change in cash and cash equivalents	21,038,236	308,398	21,346,634	1,893,386
Cash and cash equivalents, Beginning of Year	113,029,035	6,693,069	119,722,104	24,968,069
Cash and cash equivalents, End of Year	\$ 134,067,271	\$ 7,001,467	\$ 141,068,738	\$ 26,861,455

City of Sparks  
Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Development Services	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 1,289,534	\$ (672,211)	\$ 617,323	\$ 4,793,008
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:				
Depreciation	7,370,219	19,724	7,389,943	1,572,422
Miscellaneous cash receipts/payments	(2,492)	1,657	(835)	-
Changes in				
Accounts receivable	(189,406)	(12,569)	(201,975)	(884,678)
Due from other governments	262,754	-	262,754	76,989
Inventory of supplies	-	-	-	(69,788)
Investment in Truckee Meadows Water Reclamation Facility	(635,518)	-	(635,518)	-
Pension related amounts	251,582	159,512	411,094	55,273
OPEB related amounts	23,207	70,284	93,491	(2,522)
Accounts payable	(22,948)	4,074	(18,874)	177,625
Accrued liabilities	19,693	11,752	31,445	(120)
Contracts payable	1,243,402	(15,753)	1,227,649	(93,789)
Unearned revenue	34,729	-	34,729	-
Due to other governments	296,990	4,874	301,864	(2,419)
Refundable deposits	-	73,500	73,500	-
Compensated absences	(758)	21,900	21,142	(71,776)
Sick leave conversion payable	52,891	188,063	240,954	6,734
Claims liabilities	-	-	-	(16,178)
Total adjustments	8,704,345	527,018	9,231,363	747,773
Net cash from (used for) operating activities	\$ 9,993,879	\$ (145,193)	\$ 9,848,686	\$ 5,540,781
Noncash investing and capital and related financing activities:				
Contributions of capital assets from (to) other funds	\$ (36,128)	\$ -	\$ (36,128)	\$ 2,064,031
Contributions of capital assets from developers	\$ 3,990,210	\$ -	\$ 3,990,210	\$ -



City of Sparks  
Statement of Fiduciary Net Position  
June 30, 2025

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	Custodial Funds	
	TMWRF Investment Pool	Other Custodial Funds
Assets		
Cash and investments	\$ 1,525,381	\$ 2,163,985
Accounts payable	-	1,248,647
Total liabilities	-	1,248,647
Net Position		
Restricted for:		
Individuals, organizations and other governments	1,525,381	915,338
Total liabilities and net position	\$ 1,525,381	\$ 2,163,985

City of Sparks  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2025

	Custodial Funds	
	TMWRF Investment Pool	Other Custodial Funds
Additions:		
Contributions		
Joint Venture owner contributions	\$ 29,406,940	\$ -
Police evidence additions	-	9,463
Collections from special assessment district	-	11,019,130
Total contributions	29,406,940	11,028,593
Other income		
Interest, dividends, and other	84,651	86,409
Receipts from TMWRF sales and services	1,173,449	-
Total other income	1,258,100	86,409
Total additions	30,665,040	11,115,002
Deductions:		
Medical, dental, and life insurance - retirees	-	13,405
Disbursements for operating costs of joint venture	28,625,978	-
Disbursements for capital costs of joint venture	768,841	-
Police Evidence Deductions	-	36,853
Interest and fiscal charges	-	10,221,144
Administrative costs	-	514
Total deductions	29,394,819	10,271,916
Change in Net Position	1,270,221	843,086
Net position, beginning of year	255,160	72,252
Net position, end of year	\$ 1,525,381	\$ 915,338

## Note 1 - Summary of Significant Accounting Policies

### Reporting Entity

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

The accounting policies of the City of Sparks, including the Redevelopment Agency of the City of Sparks (a blended component unit), 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 unit, an entity for which the City is considered to be financially accountable. The blended component unit is, in substance, part of the City's operations, even though the Agency is a legally separate entity. Thus, the following blended component unit is appropriately presented as funds of the primary government.

#### Redevelopment Agency (Area No. 2) of the City of Sparks

Although legally separate from the City, the Redevelopment Agency is governed by a Board comprised of City Council Members and Mayor, the Agency is dependent upon the City's taxing authority, and the City has operational responsibility for the Area established within Agency boundaries. Separate financial statements for the Redevelopment Agency Area are not available. Agency Area No. 2 is set to expire on June 30, 2029. The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created January 23, 1978, and expired on June 30, 2023.

### 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 unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

The City reports the following major governmental funds:

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

The *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 Agency.

The *Redevelopment Agency Area No. 2 Revolving Fund* are 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.

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

### **Cash and Investments**

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City's Chief Financial Officer. Investments consist primarily of money market mutual funds, negotiable certificates of deposits, corporate notes and obligations of agencies of the United States. Nevada Revised Statutes (NRS) Section 355.170 and Section 355.171 authorizes the City to invest in obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers' acceptances, commercial paper, negotiable certificates of deposit, certain bonds, notes or other obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the International Finance Corporations or the Inter-American Development Bank, Nevada Local Government Investment Pool, and money market mutual funds. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*, as amended except for money market mutual funds which are reported at amortized cost. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Investment income earned is distributed to the appropriate funds based on each fund's proportional share in the investment.

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

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

### **Inventories and Prepaids**

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

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

### **Restricted Assets**

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

### **Capital Assets**

Capital assets, which include land, construction in progress, intangible assets, water rights, property, plant, equipment and infrastructure, are capitalized and reported in the applicable governmental activities and business-type activities columns of the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The City defines capital assets as having an initial, individual cost of more than \$10,000 for non-infrastructure assets, \$100,000 for infrastructure assets, and an estimated useful life in excess of two years. The City will capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in aggregate are significant where significant is defined as 3% or more of capital assets from the most recent fiscal year end.

Capital assets are recorded at cost for purchased or constructed assets. Donated capital assets are recorded at acquisition value at the date of donation, with the exception of road infrastructure donations constructed by the Regional Transportation Commission which are recorded at the start of the year of notification as either construction in progress for uncompleted projects or in their respective categories for completed projects.

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

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

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

Buildings	10-40 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-20 years
Sewer lines	10-50 years
Storm drains	40-50 years
Infrastructure, including roads and streets	15-40 years
Intangibles	3-10 years
Right-to-use lease assets	3-10 years
IT Subscription assets	3-5 years

### Long-Term Liabilities

Government-wide and proprietary fund type financial statements:

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

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences was calculated under the provisions of GASB Statement No. 101, *Compensated Absences*. In the government-wide and proprietary fund statements, all vacation and sick pay is accrued as earned by employees to the extent it is likely that those benefits will be paid. Sick leave payment and conversion benefits vary by bargaining unit or resolution and range from ten percent to one hundred percent depending on years of service, which ranges from five to twenty-five years.

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

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

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

**Governmental fund type financial statements:**

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

**Pensions**

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

The City also sponsors a separate single-employer defined benefit retirement stipend program for eligible retired police employees (the Police Retiree Stipend Pension). The program provides an annual stipend to qualifying retirees for the purpose of paying premiums for medical, dental, vision, life, or other insurance coverage selected by the retiree. Stipend benefits are provided on a pay-as-you-go basis, and no separate trust or fiduciary fund has been established to accumulate assets for future benefit payments. Accordingly, the plan has no fiduciary net position, and the City reports the related total pension liability in the government-wide financial statements. For purposes of measuring the Police Retiree Stipend Program's total pension liability, pension expense, and related deferred outflows of resources, information is prepared on the same basis as the underlying actuarial valuation. Benefit payments are recognized when due and payable in accordance with the plan's benefit terms. Because the plan is unfunded, contributions reported consist solely of amounts paid directly by the City to retirees during the year.

**Postemployment Benefits Other Than Pensions (OPEB)**

For the purposes of measuring the City's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, 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.

**Deferred Inflows and Outflows of Resources**

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



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

### Equity Classifications

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

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

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

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

The City Council adopted an order of expenditures policy on October 24, 2011. 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 on June 27, 2011, and has been affirmed each year during the annual budget cycle. 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, less capital outlay.

### **Estimates**

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

### **Comparative Data**

Comparative data shown for the prior year has been extracted from the 2023-2024 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 2023-2024. Such information can only be obtained by referring to the audited financial statements for that year.

### **Rounding**

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

## Note 2 - Stewardship, Compliance and Accountability

### Budgetary Information

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

- On or before April 15, the Chief Financial Officer files with the Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
- A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
- Prior to June 1, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Council. The final budget is then submitted to the Nevada Department of Taxation.
- All budget amounts presented in these financial statements and schedules reflect the budget as amended by legally authorized revisions during the year. Original budgets are provided for the General Fund in compliance with reporting requirements. The Chief Financial Officer or designee may approve budget adjustments within a function. Budget adjustments between functions may be approved by the Chief Financial Officer with City Council notification. Adjustments that increase the original budget and therefore affect fund balance, or affect the contingency account, require City Council approval.
- Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end. Encumbered appropriations are re-appropriated in the ensuing year.
- In accordance with State statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General, Special Revenue, and Capital Projects Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and non-operating expenses in Proprietary Funds also may not exceed total appropriations.
- Budgets are adopted for all governmental fund types and for all proprietary fund types. Additional control over spending activities of these funds is achieved through required approval of all purchases over \$100,000 by the City Council and certain expenditures are restricted by bond indenture provisions.

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

### Compliance with Nevada Revised Statutes and Administrative Code

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

- Actual expenditures exceeded those budgeted for the year in the Parks & Recreation Program Fund by \$363,308.

### Deficit Fund Net Position

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$6,069,658 at June 30, 2025.

### Note 3 - Cash and Investments

#### Deposits and Money Market Mutual Funds

At June 30, 2025, the City's carrying amount of deposits was \$3,520,771 and the bank balance was \$4,726,637. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Bank balances were greater than the City's carrying amount by \$1,205,866.

At June 30, 2025, the City had \$223,234,362 in money market mutual funds. These funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

#### Investments

At June 30, 2025, 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	\$ 41,484,041	\$ 3,965,590	\$ 34,819,461	\$ 2,698,990
U.S. treasuries	3,686,500	-	3,686,500	-
Negotiable certificates of deposit	7,100,720	725,350	5,632,961	742,409
State of Nevada, Local Government Investment Pool	4,173,455	4,173,455	-	-
	<u>\$ 56,444,716</u>	<u>\$ 8,864,395</u>	<u>\$ 44,138,922</u>	<u>\$ 3,441,399</u>

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

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

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

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

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the City or by the City's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2025, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security - Federal Home Loan Bank	6.95 %
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Investment Pool – In addition to the cash and investments of the City of Sparks, the City administers the cash deposits and investments of the Redevelopment Agency Area 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 Area is a blended component unit, 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, 2025, the City had the following recurring fair value measurements:

	June 30, 2025	N/A	Fair Value Measurements Using		
			Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Instruments by fair value level					
U.S. agencies	\$ 41,484,041	\$ -	\$ -	\$ 41,484,041	\$ -
Negotiable certificates of deposit	7,100,721	-	-	7,100,721	-
US Treasuries	3,686,500	-	3,686,500	-	-
State of Nevada, Local Government					
Investment Pool	<u>4,173,455</u>	<u>4,173,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investment measured at fair value	<u>\$ 56,444,717</u>	<u>\$ 4,173,455</u>	<u>\$ 3,686,500</u>	<u>\$ 48,584,762</u>	<u>\$ -</u>

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

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

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

The State of Nevada Local Government Investment Pool (LGIP) is an external investment pool administered by the Treasurer of the State of Nevada, with oversight provided by the Board of Finance. The LGIP operates in accordance with all applicable NRS. The fair value of the City's investments in the pool as reported is based upon the City's pro-rata share of the fair value provided by LGIP. As of June 30, 2025, the City's balance in LGIP was \$4,173,455, and had a weighted maturity of 91 days.

### Summary of Deposit and Investment Balances

A reconciliation of the City's deposits and investment balances as of June 30, 2025 follows:

Deposits and Money Market Mutual Funds	\$ 226,755,133
Investments	<u>56,444,717</u>
	<u>\$ 283,199,850</u>
Governmental activities	
Cash and investments	\$ 129,241,977
Cash and investments - restricted	9,199,769
Business-type activities	
Cash and investments	141,068,738
Fiduciary Funds	<u>3,689,366</u>
	<u>\$ 283,199,850</u>

**Note 4 - Accounts Receivable and Notes Receivable**

**Governmental Activities**

	General Fund	Redevelopment Agency Area No. 2 Revolving	General Obligation Debt Service	NonMajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
<b>Accounts receivable, net</b>							
Miscellaneous	\$ 2,311,999	\$ 1,250	\$ -	\$ 1,036,126	\$ 3,349,375	\$ 886,301	\$ 4,235,676
Special Assessments	-	-	1,459,750	-	1,459,750	-	1,459,750
Opioid Settlements	1,569,726	-	-	-	1,569,726	-	1,569,726
Less allowance for uncollectibles	(22,695)	-	-	-	(22,695)	-	(22,695)
Total accounts receivable	<u>\$ 3,859,030</u>	<u>\$ 1,250</u>	<u>\$ 1,459,750</u>	<u>\$ 1,036,126</u>	<u>\$ 6,356,156</u>	<u>\$ 886,301</u>	<u>\$ 7,242,457</u>

Accounts receivable not expected to be collected within one year are \$1,456,787 of Opioid Settlements reported in the General Fund. Accounts receivable not expected to be collected within one year are \$685,284 of special assessments reported in the General Obligation Debt Service Fund.

	NonMajor Governmental Funds
<b>Notes receivable, net</b>	
Housing Rehab Notes	\$ 894,898
Housing Rehab Notes - allowance for doubtful	(82,644)
Total notes receivable	<u>\$ 812,254</u>

Notes receivable related to housing rehabilitation loans of \$894,898 less the allowance of \$82,644 are reported in the Community Development Block Grant Special Revenue Fund (Nonmajor Governmental Fund).

**Business-type Activities**

	Sewer Operations	Development Services	Total Business-Type Activities
<b>Accounts receivable, net</b>			
Sewer services	\$ 3,280,826	\$ -	\$ 3,280,826
Miscellaneous	-	28,566	28,566
Total accounts receivable	<u>\$ 3,280,826</u>	<u>\$ 28,566</u>	<u>\$ 3,309,392</u>
<b>Notes receivable</b>			
Effluent connection fees	\$ 101,070	\$ -	\$ 101,070
Sun Valley GID	866,438	-	866,438
Total notes receivable	<u>\$ 967,508</u>	<u>\$ -</u>	<u>\$ 967,508</u>

The current portion of notes receivable was \$475,948 as of June 30, 2025. These notes receivable include Sun Valley GID note with interest rate of 1.25%, principal and interest payable semi-annually through January 2027. Also included are effluent connection fees, which generally include a 4.5% interest rate and various maturity dates depending on the customer.

## Note 5 - Interfund Balances and Activity

### Due To/From Other Funds

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2025 is as follows:

Due From	Due To General Fund
Nonmajor Governmental Funds	\$ 203,091

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

### Transfers

Transfers reported on the fund financial statements at June 30, 2025 are as follows:

Transfers Out	Transfers In							Total
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Development Services	Internal Service	
General Fund	\$ -	\$ 1,573,575	\$ 4,028,897	\$ 5,602,472	\$ -	\$ -	\$ -	\$ 5,602,472
Nonmajor Governmental	-	1,357,316	-	1,357,316	159,314	-	-	1,516,630
Total governmental	-	2,930,891	4,028,897	6,959,788	159,314	-	-	7,119,102
Sewer	-	5,594	-	5,594	-	-	36,128	41,722
Development Services	-	33,563	-	33,563	-	-	-	33,563
Total business-type	-	39,157	-	39,157	-	-	36,128	75,285
Internal Service	1,400,000	-	-	1,400,000	-	-	31,992	1,431,992
Total	\$ 1,400,000	\$ 2,970,048	\$ 4,028,897	\$ 8,398,945	\$ 159,314	\$ -	\$ 68,120	\$ 8,626,379

Transfers are used to move (1) revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.

Further, during the year ended June 30, 2025, the City of Sparks made the following one-time transfer:

- \$1.4M to the General Fund from the Motor Vehicle Fund to utilize Fire Station #6 bond proceeds to purchase Fire Department apparatus that were previously approved during the year ended June 30, 2024 to be purchased and paid from the Motor Vehicle Fund.



## 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, 2025, the City of Sparks' share of TMWRF's net loss before capital contributions recorded in the Sewer Operations Enterprise Fund, was \$2,093,975.

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, 2025, is \$36,218,729.

Summary June 30, 2025 financial information for TMWRF is as follows:

Assets	
Current assets	\$ 7,532,879
Capital assets, net of accumulated depreciation	<u>122,769,594</u>
Total assets	<u>130,302,473</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	4,441,316
Deferred outflows related to OPEB	<u>414,654</u>
Total deferred outflows of resources	<u>4,855,970</u>
Total assets and deferred outflows of resources	<u>135,158,443</u>
Liabilities	
Current liabilities	2,672,292
Noncurrent liabilities	<u>12,419,375</u>
Total liabilities	<u>15,091,667</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	1,207,845
Deferred inflows related to OPEB	<u>839,597</u>
Total liabilities and deferred inflows of resources	<u>17,139,109</u>
Net Position	
Net investment in capital assets	122,769,594
Unrestricted	<u>(4,750,260)</u>
Total net position	<u>\$ 118,019,334</u>
Operating Revenues	\$ 30,753,939
Operating expenses before depreciation	(31,064,340)
Depreciation	(6,513,329)
Non-operating revenues (expenses)	63,237
Capital contributions	<u>8,700,965</u>
Change in net position	<u>\$ 1,940,472</u>

Commitments outstanding for construction projects at TMWRF at June 30, 2025 totaled approximately \$8.71 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2025, the City of Sparks has recorded \$41,386 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

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

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2025, 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, 2025, 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, 2025, 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, 2025, was as follows:

### Governmental Activities

	Balance July 1, 2024	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2025
Capital assets, not being depreciated					
Land	\$ 61,244,618	\$ 32,785,539	\$ (142,460)	\$ 4,981	\$ 93,892,678
Construction in progress	53,024,320	31,813,200	(195,711)	(15,642,476)	68,999,333
Intangible assets	3,229,365	-	-	-	3,229,365
Water rights	88,881	-	-	-	88,881
Total capital assets, not being depreciated	117,587,184	64,598,739	(338,171)	(15,637,495)	166,210,257
Capital assets, being depreciated					
Intangible assets	708,437	-	-	-	708,437
Buildings	43,967,689	-	(22,860)	-	43,944,829
Improvements other than buildings	110,629,523	2,508,702	(10,120)	8,106,850	121,234,955
Machinery and equipment	43,101,312	844,811	(1,151,612)	3,338,059	46,132,570
Infrastructure	426,670,179	5,377,232	-	4,192,586	436,239,997
Total capital assets, being depreciated	625,077,140	8,730,745	(1,184,592)	15,637,495	648,260,788
Less accumulated depreciation for					
Intangible assets	(692,862)	(4,822)	-	-	(697,684)
Buildings	(27,849,021)	(994,373)	20,578	-	(28,822,816)
Improvements other than buildings	(83,111,133)	(5,023,965)	10,120	-	(88,124,978)
Machinery and equipment	(30,889,676)	(2,135,693)	1,099,220	-	(31,926,149)
Infrastructure	(106,547,896)	(5,272,633)	-	-	(111,820,529)
Total accumulated depreciation	(249,090,588)	(13,431,486)	1,129,918	-	(261,392,156)
Total capital assets, being depreciated, net	375,986,552	(4,700,741)	(54,674)	15,637,495	386,868,632
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	222,292	171,098	-	-	393,390
Right-to-use lease equipment	1,264,209	2,771,016	(1,163,938)	-	2,871,287
Total right-to-use lease assets, being amortized	1,486,501	2,942,114	(1,163,938)	-	3,264,677
Less accumulated amortization for					
Right-to-use lease buildings	(51,112)	(81,727)	-	-	(132,839)
Right-to-use lease equipment	(715,806)	(565,843)	981,343	-	(300,306)
Total accumulated amortization for right-to-use lease assets	(766,918)	(647,570)	981,343	-	(433,145)
Total right-to-use lease assets, being amortized, net	719,583	2,294,544	(182,595)	-	2,831,532
Right-to-use IT subscription assets, being amortized					
IT Subscription assets	1,402,068	1,493,877	(207,005)	-	2,688,940
Less accumulated amortization for					
IT Subscription assets	(709,993)	(620,816)	177,278	-	(1,153,531)
Total right-to-use IT subscription assets, being amortized, net	692,075	873,061	(29,727)	-	1,535,409
Governmental activities capital assets, net	\$ 494,985,394	\$ 63,065,603	\$ (605,167)	\$ -	\$ 557,445,830

Business-type Activities

	Balance June 30, 2024	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2025
Capital assets, not being depreciated					
Construction in progress	\$ 8,095,391	\$ 3,064,617	\$ (62,133)	\$ (3,887,202)	\$ 7,210,673
Water rights	7,026,502	-	-	-	7,026,502
Land	1,873,105	-	-	-	1,873,105
Intangible assets	1,108	-	-	-	1,108
Total capital assets, not being depreciated	16,996,106	3,064,617	(62,133)	(3,887,202)	16,111,388
Capital assets, being depreciated					
Buildings	1,325,354	-	-	-	1,325,354
Improvements other than buildings	3,738,087	-	(4,486)	-	3,733,601
Machinery and equipment	1,020,897	30,827	(238,716)	302,922	1,115,930
Roads and streets	13,851,166	1,253,731	-	-	15,104,897
Storm drains	139,810,901	2,088,814	(120,014)	2,685,715	144,465,416
Sewer lines	159,063,318	938,238	(1,960,095)	898,565	158,940,026
Total capital assets, being depreciated	318,809,723	4,311,610	(2,323,311)	3,887,202	324,685,224
Less accumulated depreciation for					
Buildings	(580,174)	(39,721)	-	-	(619,895)
Improvements other than buildings	(3,285,035)	(38,987)	4,486	-	(3,319,536)
Machinery and equipment	(632,457)	(91,816)	238,716	-	(485,557)
Roads and streets	(5,715,041)	(980,595)	-	-	(6,695,636)
Storm drains	(57,929,984)	(3,036,797)	52,098	-	(60,914,683)
Sewer lines	(86,603,099)	(3,192,913)	1,823,148	-	(87,972,864)
Total accumulated depreciation	(154,745,790)	(7,380,829)	2,118,448	-	(160,008,171)
Total capital assets, being depreciated, net	164,063,933	(3,069,219)	(204,863)	3,887,202	164,677,053
Right-to-use lease assets, being amortized					
Right-to-use lease buildings	42,341	-	-	-	42,341
Right-to-use lease equipment	3,901	-	-	-	3,901
Total right-to-use lease assets being amortized	46,242	-	-	-	46,242
Less accumulated amortization for					
Right-to-use lease buildings	(9,736)	(8,325)	-	-	(18,061)
Right-to-use lease equipment	(2,389)	(789)	-	-	(3,178)
Total accumulated amortization	(12,125)	(9,114)	-	-	(21,239)
Total right-to-use lease assets, being amortized, net	34,117	(9,114)	-	-	25,003
Business-type activities capital assets, net	<u>\$ 181,094,156</u>	<u>\$ (13,716)</u>	<u>\$ (266,996)</u>	<u>\$ -</u>	<u>\$ 180,813,444</u>

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

Governmental Activities	
General Government	\$ 496,170
Judicial	59,739
Public Safety	1,465,186
Public works	6,131,050
Culture and recreation	3,448,035
Community support	1,483,565
Utility enterprise	43,705
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,572,422</u>
Total depreciation/ amortization expenses - governmental activities	<u><u>\$ 14,699,872</u></u>
Business-type Activities	
Sewer	\$ 7,370,219
Development Services	<u>19,724</u>
Total depreciation/ amortization expenses - business-type activities	<u><u>\$ 7,389,943</u></u>

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

### **Leases**

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

The City has entered into various agreements to lease office equipment, vehicles, and a building with initial terms ranging from 3 years to 5 years. The various leases terminate between November 2025 and December 2029. The City also pays additional expenses based on usage for the copiers, which is not included in the measurement of the lease liability as they are variable in nature. During the year, the City recorded \$10,139 in variable expenses based on copier usage. At June 30, 2025, the City recognized right-to-use assets of \$3,310,919 and a lease liability of \$2,749,685 related to those agreements. During the year, the City recorded \$656,686 in amortization expense and \$14,070 in interest expense. The City used discount rates ranging from 1.34% to 4.93% based on the US Treasury monthly average rate based on the term length as described above.

### **SBITAs**

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

The City has entered into various SBITA agreements with initial terms ranging from 18 months to 5 years. The various SBITAs terminate between October 2024 and September 2026. At June 30, 2025, the City has recognized right-to-use IT subscription assets of \$2,688,940 and an IT Subscription liability of \$1,165,602 related to these agreements. During the fiscal year, the City recorded \$620,815 in amortization expense and \$30,597 in interest expense. The City used discount rates ranging from 3.65% to 4.99% based on the US Treasury monthly average rate based on the term length as described above.

**Note 9 - Long-Term Liabilities**

**Changes to Long-Term Liabilities as of June 30, 2025, are as follows:**

	Issue Date	Interest Rate	Final Maturity Date
<b>Governmental Activities</b>			
<b>General Obligation Bonds</b>			
Supported by consolidated tax revenues			
General Obligation Firestation Bonds Series (Additionally Secured by Pledged Revenues), Series 2023	10/4/2023	4.09%	5/1/2043
Plus deferred amounts for issuance premiums			
<b>Revenue Bonds</b>			
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A	12/19/2019	2.50-2.75%	6/15/2028
Supported by consolidated tax revenues			
Consolidated Tax Revenue Refunding Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
<b>Direct Placement Tax Allocation Bonds</b>			
Supported by Special Assessments within the LID 3			
2016 Limited Obligation Improvement Refunding Bonds	12/22/2016	3.83%	9/1/2027
Supported by incremental property tax revenues within R/A2			
2016 Tax Increment Obligation Refunding Bonds (Redevelopment Agency)	10/1/2016	2.33%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2014 Subordinate Lien Tax Increment Revenue Refunding Bonds	8/14/2014	3.25%	6/1/2029
Less deferred amounts for issuance discounts			
Total governmental long-term debt			
<b>Other Long-Term Liabilities</b>			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Lease Liabilities			
IT Subscription Liabilities			
Claims Liabilities			
Total other governmental long-term liabilities			
Total governmental debt and long-term liabilities			

For governmental activities, 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, 2024	Additions	Deletions	Balance June 30, 2025	Due in 2025-2026
<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>
<u>-</u>	<u>1,256,012</u>	<u>-</u>	<u>-</u>	<u>1,256,012</u>	<u>-</u>
<u>15,000,000</u>	<u>16,256,012</u>	<u>-</u>	<u>-</u>	<u>16,256,012</u>	<u>-</u>
79,905,000	27,620,000	-	15,240,000	12,380,000	9,135,000
<u>7,330,000</u>	<u>1,976,000</u>	<u>-</u>	<u>973,000</u>	<u>1,003,000</u>	<u>1,003,000</u>
<u>87,235,000</u>	<u>29,596,000</u>	<u>-</u>	<u>16,213,000</u>	<u>13,383,000</u>	<u>10,138,000</u>
13,498,290	3,294,015	-	831,302	2,462,713	855,241
9,660,000	3,614,000	-	875,000	2,739,000	891,000
<u>7,285,000</u>	<u>3,060,000</u>	<u>-</u>	<u>490,000</u>	<u>2,570,000</u>	<u>505,000</u>
30,443,290	9,968,015	-	2,196,302	7,771,713	2,251,241
<u>-</u>	<u>711</u>	<u>-</u>	<u>299</u>	<u>412</u>	<u>-</u>
<u>30,443,290</u>	<u>9,967,304</u>	<u>-</u>	<u>2,196,003</u>	<u>7,771,301</u>	<u>2,251,241</u>
<u>132,678,290</u>	<u>55,819,316</u>	<u>-</u>	<u>18,409,003</u>	<u>37,410,313</u>	<u>12,389,241</u>
-	17,388,666	6,259,028	4,756,111	18,891,583	5,063,493
-	5,024,029	273,111	815,015	4,482,125	826,749
-	679,999	2,942,114	899,059	2,723,054	609,002
-	425,212	1,493,877	753,487	1,165,602	208,912
<u>-</u>	<u>10,482,711</u>	<u>15,438,939</u>	<u>15,455,117</u>	<u>10,466,533</u>	<u>3,487,308</u>
<u>-</u>	<u>34,000,617</u>	<u>26,407,069</u>	<u>22,678,789</u>	<u>37,728,897</u>	<u>10,195,464</u>
<u>\$ 132,678,290</u>	<u>\$ 89,819,933</u>	<u>\$ 26,407,069</u>	<u>\$ 41,087,792</u>	<u>\$ 75,139,210</u>	<u>\$ 22,584,705</u>



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

City of Sparks  
Notes to the Financial Statements  
June 30, 2025

Authorized	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due in 2025-2026
\$ 27,099,691	\$ 5,690,236	\$ -	\$ 1,977,089	\$ 3,713,147	\$ 1,561,189
<u>5,998,790</u>	<u>259,106</u>	<u>-</u>	<u>217,720</u>	<u>41,386</u>	<u>41,386</u>
<u>33,098,481</u>	<u>5,949,342</u>	<u>-</u>	<u>2,194,809</u>	<u>3,754,533</u>	<u>1,602,575</u>
-	2,296,915	822,662	801,520	2,318,057	560,238
-	297,461	335,080	94,126	538,415	107,741
-	<u>35,344</u>	<u>-</u>	<u>8,713</u>	<u>26,631</u>	<u>9,293</u>
-	<u>2,629,720</u>	<u>1,157,742</u>	<u>904,359</u>	<u>2,883,103</u>	<u>677,272</u>
<u>33,098,481</u>	<u>8,579,062</u>	<u>1,157,742</u>	<u>3,099,168</u>	<u>6,637,636</u>	<u>2,279,847</u>
<u>\$ 165,776,771</u>	<u>\$ 98,398,995</u>	<u>\$ 27,564,811</u>	<u>\$ 44,186,960</u>	<u>\$ 81,776,846</u>	<u>\$ 24,864,552</u>

### Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds, notes, leases, and subscriptions outstanding at June 30, 2025 are as follows:

Governmental Activities										
Year Ending June 30	Subscriptions		Leases		Revenue Bonds		Direct Placement Tax Allocation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 242,430	\$ 4,010	\$ 609,002	\$ 10,140	\$ 10,138,000	\$ 371,443	\$ 2,251,241	\$ 225,262	\$ -	\$ 732,413
2027	253,261	13,516	610,074	29,399	3,245,000	89,238	2,320,004	154,864	580,000	732,413
2028	225,677	22,800	546,663	50,085	-	-	2,200,468	85,705	610,000	703,413
2029	222,690	34,586	480,077	74,561	-	-	1,000,000	32,490	640,000	672,913
2030	221,544	47,026	477,238	101,303	-	-	-	-	675,000	640,913
2031-2035	-	-	-	-	-	-	-	-	3,910,000	2,664,063
2036-2040	-	-	-	-	-	-	-	-	4,990,000	1,583,063
2041-2044	-	-	-	-	-	-	-	-	3,595,000	338,163
Total	\$ 1,165,602	\$ 121,938	\$ 2,723,054	\$ 265,488	\$ 13,383,000	\$ 460,681	\$ 7,771,713	\$ 498,321	\$ 15,000,000	\$ 8,067,354

Business-Type Activities*										
Year Ending June 30	Leases				Private Placement Bond and Note from Direct Borrowing					
	Principal		Interest		Principal		Interest			
2026	\$		\$ 9,294	\$	898	\$	1,602,575	\$	32,243	
2027			9,156		535		938,126		16,628	
2028			8,181		154		475,521		10,725	
2029			-		-		488,808		4,657	
2030			-		-		249,503		-	
Total	\$		\$ 26,631	\$	1,587	\$	3,754,533	\$	64,253	

\*Full accrual basis of accounting.

### Compliance

For the fiscal year ending June 30, 2025, the City's outstanding debt obligations were within the limitations established by the Nevada Revised Statutes, and the City was in compliance with all covenants, limitations and restrictions as outlined within existing bond indentures and agreements. The statutory debt limit is 20% of assessed value of all taxable property in the City of Sparks, as set forth in City Charter Article VII, Section 7.010. For the fiscal year ended June 30, 2025, the legal debt margin is \$1,082,605,994.

### Redemption Options, Default Impacts, and Pledged Revenues

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

#### Governmental activities

In fiscal year 2024, the City issued the *General Obligation (Limited Tax) Fire Station Bonds (Additionally Secured by Pledged Revenues), Series 2023 bonds*. Proceeds from the bonds were used to acquire, improve, and equip fire protection projects. In addition to being a general obligation of the City, up to 15% of Consolidated Tax revenues has been pledged for payment of the debt service. Bonds maturing on or after May 1, 2033, are eligible for optional redemption at a price equal to their principal amount, plus any accrued interest up to the redemption date. The total principal and interest remaining to be paid on the bonds is \$23,067,350 payable through fiscal year 2043. The first principal payment is due during fiscal year 2027. During fiscal year 2025, interest due on the bonds totaled \$732,413. Pledged revenues totaled \$5,967,812 at June 30, 2025.

The City issued the *Consolidated Tax Revenue Refunding Bonds, Series 2014* during fiscal year 2013-2014. Proceeds from the bonds were used to extinguish the principal owed on the *Consolidated Tax Revenue Bonds, Series 2007*. On or after May 21, 2021, the City may prepay the bonds at a redemption price equal to the principal and accrued interest without paying a premium. There are no acceleration clauses upon default, however, the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. The City has pledged up to 15% of the Consolidated Tax revenues for the repayment of the bonds. The total principal and interest remaining to be paid on the bonds is \$1,033,993 payable through fiscal year 2026. During fiscal year 2025 principal and interest paid for the bonds totaled \$1,034,058 and pledged revenues totaled \$5,967,882.

In fiscal year 2020, the City issued Senior Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A, Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series B (Tax-Exempt), and Subordinate Sales Tax Anticipation Revenue Refunding Bonds, Series C (Taxable), (2019 AB&C Bonds) to refund the existing Senior Sales Tax Anticipation Revenue Bonds, Series A, and Subordinate Sales Tax Anticipation Revenue Bonds, Series A that were issued in 2008 (2008 Bonds). The proceeds of the 2008 Bonds were used to acquire, improve, and equip certain real and personal properties at the Legends at Sparks Marina. The City may prepay the bonds prior to their maturity date at a redemption price equal to the principal and accrued interest without paying a premium. The City has pledged 75% (less a State collection fee) of the State Sales & Use Taxes, the Local School Support Sales & Use Taxes, and the City-County Relief Taxes, that are collected in the Tourism Improvement District, for the repayment of the bonds. In fiscal year 2021, the Subordinate Sales Tax Anticipation Revenue Bonds, Series C (Taxable) were repaid. In fiscal year 2022, the Subordinate Sales Tax Anticipation Revenue Bonds, Series B (Taxable) were repaid. Sales tax revenues collected after the Sales Tax Pledge Termination Date of June 30, 2028, will not be available to pay debt service on outstanding Sales Tax Anticipation Revenue Refunding bonds even if they are delinquent at that time. The bonds are secured and payable solely from pledged revenues and the City has no obligation to pay the debt from any other source. Nonpayment of principal and interest due to insufficient pledged Net Sales Tax Revenues is not considered a default under the indenture. There are no acceleration clauses upon default, however, the Trustee may pursue legal remedies to enforce payment from pledged revenues. The total principal and interest remaining to be paid on the bonds is \$12,809,688 payable through fiscal year 2027. During fiscal year 2025, principal and interest due on the bonds totaled \$15,938,500. Pledged revenues totaled \$13,448,418 at June 30, 2025.

The Redevelopment Agency of the City of Sparks issued the *Tax Increment Revenue Refunding Bonds, Series 2016* (2016 Bonds) during fiscal year 2016-2017, and the *Subordinate Lien Tax Increment Refunding Bonds, Series 2014* (2014 Bonds) during fiscal year 2014-2015. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The City may prepay the 2016 Bonds prior to their maturity by paying a redemption price equal to the principal and accrued interest plus the following premiums: 3% through May 31, 2020, 2% through May 31, 2022, and 1% through May 31, 2023, with no premium after May 31, 2023. After June 1, 2024, the City may prepay the 2014 Bonds by paying the redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the 2016 Bonds interest will accrue at the default rate of 5.33% and the Trustee, on behalf of the bond holders, may pursue legal remedies to enforce payment. If the City defaults on the 2014 Bonds, interest will accrue at the default rate of 6.249%. There are no payment acceleration clauses should the City default on either of the bond agreements. The bonds are a special, limited obligation of the Redevelopment Agency and are payable solely from incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The

pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. The total principal and interest remaining to be paid on the bonds is \$5,670,732, payable through fiscal year 2029. During fiscal year 2025, principal and interest paid for the two bonds totaled \$1,548,626 and pledged revenues totaled \$7,093,230.

#### Special Assessment Debt

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

During fiscal year 2016-2017, the City issued *Local Improvement District No. 3 Limited Obligation, Series 2016* bonds (2016 LID Bonds). Proceeds from the 2016 LID Bonds were used to extinguish the principal owed on the *Local Improvement District No. 3, Series 2008* (2008 Bonds) in an amount of \$13,440,000. Proceeds from the 2008 Bonds were used to provide financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. On or after September 1, 2026, at the option of the City, the bonds may be prepaid at a redemption price equal to the principal and accrued interest without paying a premium. If property owners prepay their assessment at least 61 days prior to payment due date, the City is mandated to redeem bonds of equal value on the upcoming payment date. If the City defaults on the bond agreement the Trustee may start a foreclosure action, begin litigation, and appoint receivers to represent the best interest of the bond holders. There are no payment acceleration clauses should the City default on the bonds. The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay the bonds. The bonds are intended to be paid solely from assessment revenues and are payable through fiscal year 2028. The total principal and interest remaining to be paid on the bonds is \$2,599,302. During fiscal year 2025, principal and interest paid for the bonds totaled \$941,543 and pledged revenues totaled \$774,467.

#### Business-type activities

Through the Nevada State Revolving Fund, the City issued the *General Obligation Sewer Refunding Bonds, Series 2016* during fiscal year 2016-2017. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The City may prepay the bonds prior to their maturity date with the approval of the Nevada State Treasurer at a redemption price equal to the principal and accrued interest without paying a premium. If the City defaults on the bonds a penalty of one-tenth of one percent of the defaulted payment will be due for each day of nonpayment beyond the 10-day grace period. There are no payment acceleration clauses should the City default on the bond agreement. The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay the sewer utility general obligation bonds through fiscal year 2030. The total principal and interest remaining to be paid on the bonds is \$3,799,613. During fiscal year 2025, principal and interest paid for the bonds totaled \$2,042,081. Net pledged revenues totaled \$21,329,632.

### Note 10 - Stabilization Arrangements

In June 2011, the City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund. Each year during the budget process Council reaffirms this policy. At June 30, 2025, the Stabilization Special Revenue Fund has a committed fund balance of \$2,263,114.

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 - Pension Plans

Pension Liability for the fiscal year ended June 30, 2025 are as follows:

	<u>Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERS Pension	\$ 129,373,153	\$ 50,488,103	\$ 13,669,722	\$ 15,458,230
Retiree Stipend Pension	<u>14,241,928</u>	<u>-</u>	<u>2,263,002</u>	<u>1,757,121</u>
Total Pension Plans	<u>\$ 143,615,081</u>	<u>\$ 50,488,103</u>	<u>\$ 15,932,724</u>	<u>\$ 17,215,351</u>

Detailed disclosures for each plan follow.

### Public Employees' Retirement System of the State of Nevada (PERS)

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

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

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

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

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

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

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

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

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

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

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

For the fiscal years ended June 30, 2024, the statutory employer-pay contribution (EPC) rate was 33.50% for Regular members and 50.00% for Police/Fire. For the fiscal year ended June 30, 2025, the statutory EPC rate was 33.50% for Regular members and 50.00% for Police/Fire.

The City's contributions were \$22,077,378 for the year ended June 30, 2025. Of this amount, \$11,038,689 was classified as Employer contributions and \$11,038,689 was classified as Member contributions.

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	34%	5.50%
International stocks	14%	5.50%
U.S. Bonds	28%	2.25%
Private markets	12%	6.65%
Short-term investments	12%	0.50%

As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability - At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability of \$129,373,153. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City does not disclose the amount due within one year because the pension plan's fiduciary net position exceeds the expected benefit payments for that period. 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, 2024, the City's proportion was 0.71604 percent, which was a decrease of 0.00543 percent from its proportion measured as of June 30, 2023.

Pension Liability Discount Rate Sensitivity - The following presents the net pension liability of the City as of June 30, 2025, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 208,047,692	\$ 129,373,153	\$ 64,465,802

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

Actuarial Assumptions - The City's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.50%
Investment Rate of Return/ Discount Rate	7.25%, including inflation
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.20% to 9.10% depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2024 funding actuarial valuation



Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for healthy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 5% for females. For ages before age 35 through 45, the rates were smoothed between the above tables.

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

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

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

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

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The actuary funding method used is the Entry Age 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 7.25% as of June 30, 2024. 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, 2024, 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, 2024.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Based on the City’s proportionate share of PERS net pension liability, for the year ended June 30, 2025, the City recognized pension expense of \$15,458,230. At June 30, 2025, 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	\$ 27,081,227	\$ -
Changes of assumptions or other inputs	8,237,001	-
Net difference between projected and actual earnings on pension plan investments	-	12,593,653
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	4,131,186	1,076,069
City contributions subsequent to the measurement date	11,038,689	-
	<u>\$ 50,488,103</u>	<u>\$ 13,669,722</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$11,038,689 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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,

2026	\$ 4,726,448
2027	17,485,157
2028	1,508,510
2029	81,989
2029	1,977,591

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at June 30, 2024, is 5.64 years.

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

## Retiree Stipend Pension

**Plan Description** - The City sponsors a single-employer defined benefit stipend pension that provides an annual payment to certain eligible retired employees of the Police Department for the purpose of paying premiums for medical, dental, vision, life, and/or any other insurance plan that the retiree chooses. The retiree may use the stipend to pay for the City's group health insurance plan premiums but is not required to do so. The annual stipend is not intended as wages for hours worked prior to retirement, is not reported to Nevada PERS as past wages, and is contingent upon the retiree's bona fide separation from City employment and eligibility for retirement benefits under Nevada PERS.

If the City is not the retiree's last Nevada public employer for purposes of Nevada PERS, the retiree is not entitled to receive the annual stipend.

**Eligibility and Benefit Provisions** - Participation is limited to qualifying bargaining units within the Police Department, including Deputy Chiefs, Police Lieutenants, Police Sergeants, and Police Non-Supervisory employees.

Eligibility is based on City service (or, for injury retirements on or after July 1, 2026, Sparks Police Department service). The stipend is a percentage of the annual group health insurance premium rate in effect on either January 1 (for Deputy Chiefs and Police Non-Supervisory employees) or July 1 (for Lieutenants and Sergeants), depending on classification.

Years of Service	Pre-Medicare Coverage	Post-Medicare Coverage
20 years	70% of retiree + spouse premium	40% of retiree-only premium
15 years	60% of retiree-only premium	N/A
10 years*	40% of retiree-only premium	N/A

\*Ten-year tier applies only to Police Lieutenants and Sergeants retiring due to injury on or after July 1, 2026.

At June 30, 2025, 7 retirees received benefits and 117 current active employees are covered.

**Contributions and Funding** - The retiree stipend program is funded on a pay-as-you-go basis from the City's General Fund. There are no separately issued financial statements for this plan. The City retains the right to amend or discontinue the program at any time through the collective bargaining process.

At June 30, 2025, the City reported a total pension liability for the retiree stipend pension of \$14,241,928. The total pension liability was measured as of July 1, 2025, and the total pension liability was determined by an actuarial valuation as of July 1, 2024.

**Actuarial Assumptions** - This note is based on the actuarial valuation as of July 1, 2024, with results rolled forward to the measurement date of June 30, 2025, for which the City first adopted GASB 68 reporting for this plan.

Inflation Rate	2.60%
Salary Increases	None
Discount rate – prior measurement date	4.21%
Discount rate – measurement date	4.81%
Mortality	Pub-2010 Headcount-Weighted Employee / Retiree table (Public Safety for police and fire, General for all others), fully generationally projected using MP-2021

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

Sensitivity of the total pension liability to changes in the discount rate - The following presents the total pension liability of the City related to the retiree stipend pension, calculated using a discount rate of 4.81%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate:

	1% Decrease in Discount Rate (3.81%)	Discount Rate (4.81%)	1% Increase in Discount Rate (5.81%)
Total Pension Liability	\$ 17,168,238	\$ 14,241,928	\$ 11,944,639

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2025, the City recognized pension expense of \$1,757,121. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the retiree stipend program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	2,263,002
Total	<u>\$ -</u>	<u>\$ 2,263,002</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the retiree stipend pension will be recognized in pension expense as follows:

Year Ending June 30,

2026	\$ 225,399
2027	225,399
2028	225,399
2029	225,399
2029	225,399
Thereafter	1,136,007

The average expected remaining service life of active and inactive employees is 11.04 years.

## **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, 2025, 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, 2025, is \$3,159,024.

## **Note 13 - Commitments**

As of June 30, 2025, the City entered into an interlocal agreement with Washoe County to help fund the construction and infrastructure of the Washoe County P25 Radio System, a regional emergency response system. On September 16, 2020, Washoe County issued debt in the amount of \$9,135,000 related to the project. The amount allocated to Sparks was estimated to be \$1,382,780 payable over fifteen years and is subject to change annually based on the participation and usage levels of other regional partners. As of June 30, 2025, the City has a remaining estimated amount of \$879,126.

Significant commitments include the encumbrances outstanding in the Motor Vehicle Maintenance and Capital Projects Fund, which have been included in the appropriate classifications, are shown below.

	<u>Encumbrances</u>
Motor Vehicle Maintenance	\$ 1,047,424
Capital Projects	<u>1,571,727</u>
	<u>\$ 2,619,151</u>

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

## **Note 14 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports its material risk management activities in the Internal Service Funds in accordance with GASB Statements No. 10 and No. 30, as amended. 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, 2025			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,317,811	\$ 12,239,391	\$ (12,324,268)	\$ 1,232,934
Municipal Self-Insurance Fund	-	1,201,689	(1,201,689)	-
Workers' Compensation Fund	9,164,900	1,997,859	(1,929,160)	9,233,599
	<u>\$ 10,482,711</u>	<u>\$ 15,438,939</u>	<u>\$ (15,455,117)</u>	<u>\$ 10,466,533</u>

	Fiscal Year Ended June 30, 2024			
	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
Group Insurance Self-Insurance Fund	\$ 1,559,403	\$ 12,467,779	\$ (12,709,371)	\$ 1,317,811
Municipal Self-Insurance Fund	-	1,303,705	(1,303,705)	-
Workers' Compensation Fund	9,258,773	1,817,889	(1,911,762)	9,164,900
	<u>\$ 10,818,176</u>	<u>\$ 15,589,373</u>	<u>\$ (15,924,838)</u>	<u>\$ 10,482,711</u>

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

Group Insurance Self-Insurance – This insurance charges the City's Group Health Fund a fixed per member monthly premium. Member claims that exceed the \$325,000 deductible are subjected to utilizing the City's Stop Loss insurance.

Excess Workers' Compensation Insurance – This insurance / coverage charges the City's Workers' Compensation Insurance Fund an annual premium per employee, which varies by employee type and may be capped per State statutory limits. The City utilizes a self-funded plan for workers' compensation claims. Excess coverage for the claims exceeding \$3,000,000 for City police and firefighters and \$1,500,000 for all other City employees, per occurrence would apply to the State statutory limits.

Municipal Self-Insurance – The City is self-insured for property and liability claims in amounts from \$5,000 to \$500,000 for each occurrence (depending on the type of claim or damage), after which claims are covered by excess insurance. This fund charges other funds maintained by the City a premium derived from prior year actual claims and administrative costs allocated based on the number of employees in each fund.

## Note 15 - Post-Employment Benefits

### Accumulated Sick Leave

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

For the year ended June 30, 2025, the City paid \$909,141 in health insurance premiums on behalf of 131 retirees who opted for the conversion of their accumulated sick leave.

### **Post-employment Benefits Other than Pensions (OPEB)**

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

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

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

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

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

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2025 by the City to NPEBP range from \$4.16 to \$1,460.46. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters and fire chief officers who retired after July 1, 2005 receive a subsidy equal to 60% of retiree and dependent health insurance premiums up to age 65, and 50% of retiree premiums after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 credit towards health insurance premiums for each year of service. These subsidies range from \$30.00 to \$1,880.15 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, 2025, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 1,074.59	\$ 1,981.54	\$ 1,887.33	\$ 2,821.72
Retiree, No Medicare	1,074.59	1,981.54	1,887.33	2,821.72
Spouse, with Medicare	899.89	1,806.84	-	2,647.02
Retiree, Medicare	899.89	1,632.14	1,712.63	2,472.32
Spouse, No Medicare	1,074.59	1,806.84	-	2,647.02

At June 30, 2025, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	131	81	212
Active employees	472	-	472
	<u>603</u>	<u>81</u>	<u>684</u>

Total OPEB Liability - The City's total OPEB liability of \$41,527,039, of which \$38,108,355 is related to the Sparks Plan and \$3,418,684 is related to NPEBP, was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024. The City's total OPEB liability expected to be due within one year is \$929,360, of which \$702,644 is related to the Sparks Plan and \$226,717 is related to NPEBP.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2024 for both plans was based on the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.60%	2.60%
Salary increases, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.6% to 14.50% for police and fire, based on years of service	Ranges from 4.20% to 9.10% for regular employees and from 4.6% to 14.50% for police and fire, based on years of service
Discount rate	4.81%	4.81%
Healthcare cost trend rate	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075
Retiree share of benefit costs	Range from \$899.89 to \$1,985.44	Range from \$0.00 to \$1,359.36



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

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

The demographic and payroll growth actuarial assumptions used in the July 1, 2024, valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2022, which was first adopted in the June 30, 2021, valuation.

#### Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2024	\$ 38,594,174	\$ 4,662,110	\$ 43,256,284
Changes for the year:			
Service Costs	1,633,771	-	1,633,771
Interest	1,667,118	190,531	1,857,649
Changes of benefit terms	-	-	-
Differences between expected and actual experience	912,392	(982,295)	(69,903)
Changes in assumptions or other inputs	(3,428,153)	(175,936)	(3,604,089)
Benefit payments	(1,270,947)	(275,726)	(1,546,673)
Net changes	(485,819)	(1,243,426)	(1,729,245)
Balance at June 30, 2025	\$ 38,108,355	\$ 3,418,684	\$ 41,527,039

Significant changes of assumptions and other inputs since the measurement date of June 30, 2025, are noted below:

- Initial health care trend rate has been updated from 9.00% for Non-Medicare and 11.82% for Medicare based on actual premium rates increase from 2022 to 2023 to 6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075. This change caused a decrease in liability.
- Discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024. This change caused a decrease in liability.
- The discount rate changed from 4.21% to 4.81%.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, calculated using a discount rate of 4.81%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Sparks Plan	\$ 43,993,287	\$ 38,108,355	\$ 33,411,871
NPEBP	3,946,619	3,418,684	2,997,364
Total OPEB Liability	<u>\$ 47,939,906</u>	<u>\$ 41,527,039</u>	<u>\$ 36,409,235</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates of 6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% 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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% for 2024 to 2025, decreasing to an ultimate rate of 3.04% by 2075)	Healthcare Cost Trend Rates (6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075)	1% Increase (7.75% for 2024 to 2025, decreasing to an ultimate rate of 5.04% by 2075)
Sparks Plan	\$ 32,495,341	\$ 38,108,355	\$ 45,343,631
NPEBP	2,915,143	3,418,684	4,067,758
Total OPEB Liability	<u>\$ 35,410,484</u>	<u>\$ 41,527,039</u>	<u>\$ 49,411,389</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2025 the City recognized an OPEB expense (expense offset) of \$3,066,961, of which \$3,252,416 is related to the Sparks Plan and (\$185,455) is related to NPEBP. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ 1,963,850	\$ 2,258,275
Differences between changes of economic and demographic assumptions or of other inputs	3,456,137	9,368,647
NPEBP		
Differences between expected and actual experience	154,913	2,068,366
Differences between changes of economic and demographic assumptions or of other inputs	314,556	792,193
Total	<u>\$ 5,889,456</u>	<u>\$ 14,487,481</u>

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

<u>Year ended June 30</u>	Sparks Plan	NPEBP
2026	\$ (160,950)	\$ (330,214)
2027	(925,422)	(500,491)
2028	(2,009,201)	(493,571)
2029	(2,009,190)	(493,573)
2030	(571,999)	(301,514)
Thereafter	(530,173)	271,727

#### 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 2025 intergovernmental revenues of the City by \$203,877.

#### State of Nevada Tax Abatements

Aviation Tax Abatement (NRS 360.753)	\$ 45,666
Data Centers Abatement (NRS 360.754)	158,179
Renewable Energy Abatement (NRS 701A.370)	32
	<u>\$ 203,877</u>

\*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 \$275,862 on the following:

City Hall - IT Door and Office Remodel Design	\$ 23,500
City Hall - Cooling Tower Replacement Design	19,050
Citywide Re-Keying/Security Infrastructure	43,659
Muni Court - Parking Lot Updates	85,996
Fire Alarm Cellular Upgrades	8,190
Police Dept. - Gate Security System	13,708
Elevator Wireless Comm. Upgrades	10,800
Fire Dept - Fire Station Purvis System	12,885
Deer Pool Boiler & Water Heater Replacement	38,071
Fire Station #1 - 1st Floor Carpet Replacement	20,003
	<u>\$ 275,862</u>

**Note 18 - Subsequent Events**

Revenue Bond Issuance and Defeasance

On November 13, 2025, the City issued \$30,850,000 Sales Tax Anticipation Revenue Bonds, Series 2025, which represent the final series of these bonds. The issuance was requested by the developer of the Legends at Sparks Marina, Sparks Legends Development, Inc. (RED Development), pursuant to the provisions of the Disposition, Development and Financing Agreement dated March 30, 2006, as amended and restated on April 2, 2008. Additionally, the outstanding Sales Tax Anticipation Revenue Refunding Bonds, Series 2019A, were fully defeased.

The bonds bear an interest coupon rate of 3.875% with a final maturity on June 15, 2028. The City has pledged 75% of the State Sales & Use Taxes (less a State collection fee), the Local School Support Sales & Use Taxes, and the City-County Relief Taxes, that are collected in the Tourism Improvement District, for the repayment of the bonds. The bonds are secured and payable solely from pledged revenues and the City has no obligation to pay the debt from any other source.

Land Purchase

On August 25, 2025, the Sparks Redevelopment Agency purchased 7.8-acre parcel of land at 650 Marina Gateway Drive in Sparks, Nevada for \$10 million. The property is intended for the creation of a new City Hall.

No other subsequent events requiring disclosure were identified.

**Note 19 - Changes in Reporting Entity (Addition of a Major Fund)**

GASB Statement No. 100 – Accounting Changes and Error Corrections

During the fiscal year ended June 30, 2025, the City implemented a change in reporting entity in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The Redevelopment Agency Area No. 2 Revolving Fund is being reported as a major governmental fund for the first time. This change is the result of increases in the fund's financial activity during the current fiscal year that caused it to meet the quantitative thresholds for major fund determination under GASB reporting standards.

Previously, the Redevelopment Agency Area No. 2 Revolving Fund was included within the City's nonmajor governmental funds. As a result of this change in reporting entity, the City restated beginning fund balances for comparability. Beginning fund balance for the Redevelopment Agency Area No. 2 Revolving Fund increased by \$23,756,967, representing the amount previously reported within nonmajor governmental funds. The beginning fund balance for Nonmajor Governmental Funds decreased by the same amount. This restatement did not affect the beginning net position of governmental activities.

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Required Supplementary Information

City of Sparks  
Required Supplementary Information

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

	2025		2024	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability				
Service Cost	\$ 1,633,771	\$ -	\$ 1,380,605	\$ -
Interest	1,667,118	190,531	1,437,375	183,739
Changes in benefit terms	-	-	2,160,189	-
Differences between expected and actual experience	912,392	(982,295)	1,246,304	181,003
Changes of assumptions or other inputs	(3,428,153)	(175,936)	(456,063)	(38,425)
Benefit payments	(1,270,947)	(275,726)	(1,181,824)	(223,927)
Net change in total OPEB liability	(485,819)	(1,243,426)	4,586,586	102,390
Total OPEB liability-beginning	38,594,174	4,662,110	34,007,588	4,559,720
Total OPEB liability-ending	\$ 38,108,355	\$ 3,418,684	\$ 38,594,174	\$ 4,662,110
Covered-employee payroll	\$ 64,961,338	\$ -	\$ 61,019,238	\$ -
Total OPEB liability as a percentage of covered-employee payroll	58.66 %	-	63.25 %	-

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

Notes to Schedule:

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

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

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

	2025	2024
Discount rate	4.81%	4.21%
Payroll growth	Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service	<i>Ranges from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for Police and Fire, based on years of service</i>
Healthcare cost trend rate	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075	9.00% Non-Medicare and 11.82% Medicare for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076
Mortality Table - Employee's	Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021	<i>Pub-2010 Headcount-Weighted Employee (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>
Mortality Table - Retiree's	Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021	<i>Pub-2010 Headcount-Weighted Retiree table (Public Safety for police and fire and General for all others) projected fully generationally using MP-2021</i>



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

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

Notes to Schedule:

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

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

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

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

City of Sparks  
Required Supplementary Information

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

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

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

	2024	2023	2022	2021
City's portion of the net pension liability	0.71604 %	0.72147 %	0.70532 %	0.71872 %
City's proportionate share of the net pension liability	\$ 129,373,153	\$ 131,688,922	\$ 127,345,514	\$ 65,542,565
City's covered payroll	\$ 50,033,531	\$ 45,318,948	\$ 41,921,546	\$ 41,214,127
City's proportional share of the net pension liability as a percentage of its covered payroll	258.57 %	290.58 %	303.77 %	159.03 %
Plan fiduciary net position as a percentage of the total pension liability	78.11 %	76.16 %	75.12 %	86.51 %

Notes to Schedule:

	2024	2023	2022	2021
Inflation rate	2.50 %	2.50 %	2.50 %	2.50 %
Payroll growth	3.50 %	3.50 %	3.50 %	3.50 %
Investment rate of return	7.25 %	7.25 %	7.25 %	7.25 %
Productivity pay increases	0.50 %	0.50 %	0.50 %	0.50 %
Projected salary increases				
Regular**	4.20% to 9.10	4.20% to 9.10%	4.25% to 9.15%	4.25% to 9.15%
Police/Fire**	4.60% to 14.50%	4.60% to 14.50%	4.55% to 13.90%	4.55% to 13.90%
Consumer price index	2.50 %	2.50 %	2.50 %	2.50 %
Mortality rate				
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee
Future mortality improvement	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020

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

\*\*\* Amount-Weighted Above-Median

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

2020	2019	2018	2017	2016	2015
0.65699 %	0.65591 %	0.65035 %	0.65133 %	0.63750 %	0.66963 %
\$ 91,507,090	\$ 89,439,220	\$ 88,692,434	\$ 86,625,696	\$ 87,624,211	\$ 77,407,621
\$ 37,976,678	\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554	\$ 31,672,326
240.96 %	247.06 %	257.21 %	248.77 %	266.84 %	244.40 %
77.00 %	76.50 %	75.20 %	74.40 %	72.20 %	75.10 %
2020	2019	2018	2017	2016	2015
2.75 %	2.75 %	2.75 %	2.75 %	3.50 %	3.50 %
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
7.50 %	7.50 %	7.50 %	7.50 %	8.00 %	8.00 %
0.50 %	0.50 %	0.50 %	0.50 %	0.75 %	0.75 %
4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%
4.55% to 13.90%	4.55% to 13.90%	5.25% to 14.50%	5.25% to 14.50%	5.25% to 14.50%	5.25% to 14.50%
2.75 %	2.75 %	2.75 %	2.75 %	3.50 %	3.50 %
Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Headcount- Weighted RP-2014 Disabled	Headcount- Weighted RP-2014 Disabled	Headcount- Weighted RP-2014 Disabled	Headcount- Weighted RP-2014 Disabled	N/A	RP-2000 Disabled Retiree Mortality Table
Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	N/A	N/A
Headcount- Weighted RP-2014 Employee	Headcount- Weighted RP-2014 Employee	Headcount- Weighted RP-2014 Employee	N/A	N/A	N/A
6 years	6 years	6 years	6 years	N/A	N/A

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	2025	2024	2023
Statutorily required contribution	\$ 11,038,689	\$ 10,283,541	\$ 8,312,163
Contributions in relation to the statutorily required contribution	11,038,689	10,283,541	8,312,163
Contribution deficiency (excess)	-	-	-
City's covered payroll	\$ 53,074,008	\$ 50,033,531	\$ 45,318,948
Contributions as a percentage of covered payroll	20.80 %	20.55 %	18.34 %

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

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 7,692,091	\$ 7,359,447	\$ 6,729,996	\$ 6,194,100	\$ 5,901,799	\$ 5,718,019	\$ 5,405,048
7,692,091	7,359,447	6,729,996	6,194,100	5,901,799	5,718,019	5,405,048
-	-	-	-	-	-	-
\$ 41,921,546	\$ 41,214,127	\$ 37,976,678	\$ 36,201,228	\$ 34,483,164	\$ 34,821,590	\$ 32,837,554
18.35 %	17.86 %	17.72 %	17.11 %	17.12 %	16.42 %	16.46 %

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City of Sparks  
Schedule of Total Pension Liability  
Schedule of Changes in the City's Total Pension Liability and Other Related Ratios  
Last Ten Fiscal Years\*

	<u>2025</u>
Total Pension Liability	
Service Cost	\$ 1,304,630
Interest	677,890
Changes of assumptions or other inputs	(2,488,401)
Benefit payments	<u>(98,919)</u>
Net change in total Pension Liability	(604,800)
Total Pension liability-beginning	<u>14,846,728</u>
Total Pension liability-ending	<u><u>\$ 14,241,928</u></u>
Covered-employee payroll **	\$ 11,667,340
Total Pension liability as a percentage of covered-employee payroll **	122.1 %

\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

\*\* Since these amounts are not driven by payroll the term "covered employee" is included.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.



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Supplementary Information

City of Sparks  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
<b>Assets</b>				
Cash and investments	\$ 13,383,931	\$ 1,690,721	\$ 42,037,708	\$ 57,112,360
Accounts receivable, net	30,055	-	1,006,071	1,036,126
Due from other governments	801,608	-	702,876	1,504,484
Notes receivable, net	812,254	-	-	812,254
Restricted cash and investments	-	728,500	-	728,500
<b>Total assets</b>	<b>\$ 15,027,848</b>	<b>\$ 2,419,221</b>	<b>\$ 43,746,655</b>	<b>\$ 61,193,724</b>
<b>Liabilities</b>				
Accounts payable	\$ 252,177	\$ -	\$ 783,860	\$ 1,036,037
Accrued liabilities	156,597	-	68,806	225,403
Contracts payable	342,080	-	671,179	1,013,259
Contract retentions payable	22,785	-	282,355	305,140
Refundable deposits	500	-	1,000	1,500
Unearned revenues	489,570	-	-	489,570
Due to other funds	203,091	-	-	203,091
Due to other governments	102,362	-	73,062	175,424
<b>Total liabilities</b>	<b>1,569,162</b>	<b>-</b>	<b>1,880,262</b>	<b>3,449,424</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grants	1,151,836	-	-	1,151,836
<b>Fund Balances</b>				
Restricted for				
Grants and donations	83,969	-	-	83,969
Law enforcement	497,352	-	-	497,352
Promotion of special events	79,914	-	-	79,914
Various judicial uses	259,707	-	-	259,707
Municipal facilities construction	295,572	-	-	295,572
Court fee collection programs	369,129	-	-	369,129
Developer agreements	6,318,763	-	544,491	6,863,254
Bond proceeds defined projects	-	-	3,518,421	3,518,421
Debt service reserve	-	2,419,221	-	2,419,221
Parks and recreation	335,660	-	8,841,655	9,177,315
Street improvements & rehabilitation	-	-	6,694,342	6,694,342
Capital projects	-	-	951,240	951,240
Improvements to Victorian Square	-	-	9,645,238	9,645,238
Committed for				
Economic development	93,272	-	-	93,272
Parks and recreation	589,977	-	-	589,977
Road surface repairs	1,120,421	-	-	1,120,421
Economic Stabilization	2,263,114	-	-	2,263,114
Assigned for				
Specific capital projects	-	-	5,479,333	5,479,333
Other capital projects	-	-	6,191,673	6,191,673
<b>Total fund balances</b>	<b>12,306,850</b>	<b>2,419,221</b>	<b>41,866,393</b>	<b>56,592,464</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 15,027,848</b>	<b>\$ 2,419,221</b>	<b>\$ 43,746,655</b>	<b>\$ 61,193,724</b>

City of Sparks  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
Revenues				
Taxes	\$ 196,000	\$ 1,500,000	\$ 2,112,335	\$ 3,808,335
Licenses and permits	2,119,265	-	4,807,155	6,926,420
Intergovernmental revenues	4,810,532	-	5,481,471	10,292,003
Charges for services	2,710,919	-	199,850	2,910,769
Miscellaneous	1,377,013	120,481	2,344,098	3,841,592
Total revenues	11,213,729	1,620,481	14,944,909	27,779,119
Expenditures				
Current				
General government	112,842	-	920,641	1,033,483
Judicial	333,384	-	-	333,384
Public safety	2,209,102	-	151,479	2,360,581
Public works	394,426	-	6,369,773	6,764,199
Culture and recreation	7,156,520	-	1,033,140	8,189,660
Community support	593,852	-	23,319	617,171
Total current expenditures	10,800,126	-	8,498,352	19,298,478
Capital outlay				
General government	-	-	188,961	188,961
Public safety	679,063	-	9,240,020	9,919,083
Public works	-	-	2,150,006	2,150,006
Culture and recreation	392,755	-	2,254,840	2,647,595
Community support	135,900	-	809,056	944,956
Total capital outlay	1,207,718	-	14,642,883	15,850,601
Debt service				
Principal	-	1,365,000	-	1,365,000
Interest	-	183,626	-	183,626
Fiscal charges and other	-	32,693	-	32,693
Total debt service	-	1,581,319	-	1,581,319
Total expenditures	12,007,844	1,581,319	23,141,235	36,730,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(794,115)	39,162	(8,196,326)	(8,951,279)
Other Financing Sources (Uses)				
IT Subscriptions	134,956	-	-	134,956
Transfers				
Transfers in	3,125,000	-	903,897	4,028,897
Transfers out	(1,362,071)	-	(154,559)	(1,516,630)
Total other financing sources (uses)	1,897,885	-	749,338	2,647,223
Net Change in Fund Balances	1,103,770	39,162	(7,446,988)	(6,304,056)
Fund Balances, Beginning of Year, as Originally Reported	11,203,080	2,380,059	73,070,348	86,653,487
Adjustments	-	-	(23,756,967)	(23,756,967)
Fund Balances, Beginning of Year, as Restated	11,203,080	2,380,059	49,313,381	62,896,520
Fund Balances, End of Year	\$ 12,306,850	\$ 2,419,221	\$ 41,866,393	\$ 56,592,464

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**Nonmajor Special Revenue Funds**

**Community Development Block Grant Fund**

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

**Community Development Entitlement Grant Fund**

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

**Sparks Grants and Donations Fund**

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

**Tourism and Marketing Fund**

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

**Parks and Recreation Program Fund**

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

**Court Administrative Assessment Fund**

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

**Street Cut Fund**

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

**Impact Fee Service Area No. 1 Fund**

To account for impact fees collected in the Impact Fee Service Area No. 1.

**Stabilization Fund**

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

**Landscape Maintenance Fund**

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

	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants & Donations	Tourism and Marketing
<b>Assets</b>				
Cash and investments	\$ 84,549	\$ 203,510	\$ 339,193	\$ 285,164
Accounts receivable, net	-	-	661	-
Due from other governments	-	15,891	785,717	-
Notes receivable, net	812,254	-	-	-
<b>Total assets</b>	<b>\$ 896,803</b>	<b>\$ 219,401</b>	<b>\$ 1,125,571</b>	<b>\$ 285,164</b>
<b>Liabilities</b>				
Accounts payable	\$ 750	\$ -	\$ 15,938	\$ 9,250
Accrued liabilities	-	34	31,065	-
Contracts payable	-	15,657	187,732	-
Contract retentions payable	-	-	-	-
Refundable deposits	-	-	-	-
Unearned revenues	-	-	13,254	196,000
Due to other funds	-	203,091	-	-
Due to other governments	-	619	40,478	-
<b>Total liabilities</b>	<b>750</b>	<b>219,401</b>	<b>288,467</b>	<b>205,250</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grants	812,254	-	339,582	-
<b>Fund Balances</b>				
Restricted for				
Grants and donations	83,799	-	170	-
Law enforcement	-	-	497,352	-
Promotion of special events	-	-	-	79,914
Various judicial uses	-	-	-	-
Municipal facilities construction	-	-	-	-
Court fee collection programs	-	-	-	-
Developer agreements	-	-	-	-
Parks and recreation	-	-	-	-
Committed for				
Economic development	-	-	-	-
Parks and recreation	-	-	-	-
Road surface repairs	-	-	-	-
Economic Stabilization	-	-	-	-
<b>Total fund balances</b>	<b>83,799</b>	<b>-</b>	<b>497,522</b>	<b>79,914</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 896,803</b>	<b>\$ 219,401</b>	<b>\$ 1,125,571</b>	<b>\$ 285,164</b>

City of Sparks  
Combining Balance Sheet - Nonmajor Special Revenue Funds  
June 30, 2025

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ 1,254,302	\$ 935,279	\$ 1,277,986	\$ 6,383,933	\$ 2,263,114	\$ 356,901	\$ 13,383,931
26,705	-	-	-	-	2,689	30,055
-	-	-	-	-	-	801,608
-	-	-	-	-	-	812,254
<u>\$ 1,281,007</u>	<u>\$ 935,279</u>	<u>\$ 1,277,986</u>	<u>\$ 6,383,933</u>	<u>\$ 2,263,114</u>	<u>\$ 359,590</u>	<u>\$ 15,027,848</u>
\$ 134,766	\$ 10,871	\$ 186	\$ 65,170	\$ -	\$ 15,246	\$ 252,177
122,726	-	2,772	-	-	-	156,597
-	-	130,007	-	-	8,684	342,080
-	-	22,785	-	-	-	22,785
500	-	-	-	-	-	500
280,316	-	-	-	-	-	489,570
-	-	-	-	-	-	203,091
59,450	-	1,815	-	-	-	102,362
<u>597,758</u>	<u>10,871</u>	<u>157,565</u>	<u>65,170</u>	<u>-</u>	<u>23,930</u>	<u>1,569,162</u>
-	-	-	-	-	-	1,151,836
-	-	-	-	-	-	83,969
-	-	-	-	-	-	497,352
-	-	-	-	-	-	79,914
-	259,707	-	-	-	-	259,707
-	295,572	-	-	-	-	295,572
-	369,129	-	-	-	-	369,129
-	-	-	6,318,763	-	-	6,318,763
-	-	-	-	-	335,660	335,660
93,272	-	-	-	-	-	93,272
589,977	-	-	-	-	-	589,977
-	-	1,120,421	-	-	-	1,120,421
-	-	-	-	2,263,114	-	2,263,114
<u>683,249</u>	<u>924,408</u>	<u>1,120,421</u>	<u>6,318,763</u>	<u>2,263,114</u>	<u>335,660</u>	<u>12,306,850</u>
<u>\$ 1,281,007</u>	<u>\$ 935,279</u>	<u>\$ 1,277,986</u>	<u>\$ 6,383,933</u>	<u>\$ 2,263,114</u>	<u>\$ 359,590</u>	<u>\$ 15,027,848</u>



	Community Development Block Grant	Community Development Entitlement Grant	Sparks Grants & Donations	Tourism and Marketing
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 196,000
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	405,449	4,186,682	-
Charges for services	-	-	13,627	-
Miscellaneous	-	-	893,578	8,449
Total revenues	-	405,449	5,093,887	204,449
Expenditures				
Current				
General government	-	-	112,842	-
Judicial	-	-	89,893	-
Public safety	-	-	2,204,469	-
Public works	-	-	-	-
Culture and recreation	-	-	1,602,202	-
Community support	84,578	269,549	8,342	231,383
Total current	84,578	269,549	4,017,748	231,383
Capital outlay				
Public safety	-	-	679,063	-
Culture and recreation	-	-	391,822	-
Community support	-	135,900	-	-
Total expenditures	84,578	405,449	5,088,633	231,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,578)	-	5,254	(26,934)
Other Financing Sources (Uses)				
IT Subscriptions	-	-	134,956	-
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	(467,065)	-
Total other financing sources (uses)	-	-	(332,109)	-
Net Change in Fund Balances	(84,578)	-	(326,855)	(26,934)
Fund Balances, Beginning of Year	168,377	-	824,377	106,848
Fund Balances, End of Year	\$ 83,799	\$ -	\$ 497,522	\$ 79,914

City of Sparks  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2025

Parks & Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Stabilization	Landscape Maintenance Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,000
9,111	-	971,307	888,847	250,000	-	2,119,265
-	218,401	-	-	-	-	4,810,532
2,616,672	-	-	-	-	80,620	2,710,919
2,196	-	41,913	316,295	99,968	14,614	1,377,013
<u>2,627,979</u>	<u>218,401</u>	<u>1,013,220</u>	<u>1,205,142</u>	<u>349,968</u>	<u>95,234</u>	<u>11,213,729</u>
-	-	-	-	-	-	112,842
-	243,491	-	-	-	-	333,384
-	-	-	4,633	-	-	2,209,102
-	-	394,426	-	-	-	394,426
5,372,148	-	-	13,300	-	168,870	7,156,520
-	-	-	-	-	-	593,852
<u>5,372,148</u>	<u>243,491</u>	<u>394,426</u>	<u>17,933</u>	<u>-</u>	<u>168,870</u>	<u>10,800,126</u>
-	-	-	-	-	-	679,063
933	-	-	-	-	-	392,755
-	-	-	-	-	-	135,900
<u>5,373,081</u>	<u>243,491</u>	<u>394,426</u>	<u>17,933</u>	<u>-</u>	<u>168,870</u>	<u>12,007,844</u>
<u>(2,745,102)</u>	<u>(25,090)</u>	<u>618,794</u>	<u>1,187,209</u>	<u>349,968</u>	<u>(73,636)</u>	<u>(794,115)</u>
-	-	-	-	-	-	134,956
3,000,000	-	-	-	-	125,000	3,125,000
(3,279)	-	-	(891,727)	-	-	(1,362,071)
<u>2,996,721</u>	<u>-</u>	<u>-</u>	<u>(891,727)</u>	<u>-</u>	<u>125,000</u>	<u>1,897,885</u>
<u>251,619</u>	<u>(25,090)</u>	<u>618,794</u>	<u>295,482</u>	<u>349,968</u>	<u>51,364</u>	<u>1,103,770</u>
<u>431,630</u>	<u>949,498</u>	<u>501,627</u>	<u>6,023,281</u>	<u>1,913,146</u>	<u>284,296</u>	<u>11,203,080</u>
<u>\$ 683,249</u>	<u>\$ 924,408</u>	<u>\$ 1,120,421</u>	<u>\$ 6,318,763</u>	<u>\$ 2,263,114</u>	<u>\$ 335,660</u>	<u>\$ 12,306,850</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Community Development Block Grant  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

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	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Federal grant-Housing Rehab loan reimbursements	\$ -	\$ -	\$ -	\$ 42,645
Expenditures				
Community support				
Services and supplies	168,378	84,578	83,800	20,015
Net Change in Fund Balances	(168,378)	(84,578)	83,800	22,630
Fund Balances, Beginning of Year	284,125	168,377	(115,748)	145,747
Fund Balances, End of Year	\$ 115,747	\$ 83,799	\$ (31,948)	\$ 168,377

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Community Development Entitlement Grant  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Department of Housing and Urban Development	\$ 1,295,554	\$ 405,449	\$ (890,105)	\$ 743,355
Expenditures				
Community support				
Salaries and wages	108,310	101,659	6,651	109,007
Employee benefits	52,677	55,771	(3,094)	55,500
Services and supplies	538,271	112,119	426,152	150,248
Capital outlay	620,614	135,900	484,714	428,600
Total expenditures	1,319,872	405,449	914,423	743,355
Net Change in Fund Balances	(24,318)	-	24,318	-
Fund Balances, Beginning of Year	30,653	-	(30,653)	-
Fund Balances, End of Year	\$ 6,335	\$ -	\$ (6,335)	\$ -

City of Sparks  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Sparks Grants & Donations  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
Federal awards				
Department of Housing and Urban Development	\$ 66,200	\$ 44,990	\$ (21,210)	\$ -
Department of the Treasury	288,342	288,342	-	3,617,814
Department of Justice	851,562	508,435	(343,127)	1,718,374
Department of Transportation, Traffic Safety	599,717	251,562	(348,155)	62,068
Department of Homeland Security	621,980	639,972	17,992	105,535
Executive Office of the President	16,741	15,273	(1,468)	9,984
National Endowment for the Arts	-	-	-	18,750
State and County awards				
Washoe County	848,036	767,643	(80,393)	851,069
State of Nevada	1,500,000	1,500,000	-	1,500,000
Other local government shared revenues				
Crime forfeitures	58,362	58,362	-	53,889
Other	112,003	112,103	100	65,075
Total intergovernmental revenues	4,962,943	4,186,682	(776,261)	8,002,558
Charges for services				
Recreation	13,627	13,627	-	24,291
Miscellaneous				
Investment income	27,037	29,093	2,056	40,567
Other	923,386	864,485	(58,901)	635,501
Total miscellaneous	950,423	893,578	(56,845)	676,068
Total revenues	5,926,993	5,093,887	(833,106)	8,702,917
Expenditures				
General government				
Services and supplies	147,246	112,842	34,404	-
Capital outlay	-	-	-	2,871,000
Total general government	147,246	112,842	34,404	2,871,000
Judicial				
Salaries and wages	21,102	-	21,102	-
Services and supplies	102,115	89,893	12,222	87,479
Total judicial	123,217	89,893	33,324	87,479
Public safety				
Salaries and wages	810,251	787,478	22,773	691,567
Employee benefits	577,349	581,115	(3,766)	395,818
Services and supplies	1,601,776	835,876	765,900	2,150,220
Capital outlay	877,044	679,063	197,981	133,387
Total public safety	3,866,420	2,883,532	982,888	3,370,992
Culture and recreation				
Services and supplies	1,825,817	1,602,202	223,615	1,550,844
Capital outlay	415,350	391,822	23,528	295,888
Total culture and recreation	2,241,167	1,994,024	247,143	1,846,732
Community support				
Services and supplies	288,342	8,342	280,000	166,815
Total expenditures	6,666,392	5,088,633	1,577,759	8,343,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	(739,399)	5,254	744,653	359,899
Other Financing Sources (Uses)				
IT Subscriptions	-	134,956	134,956	63,375
Transfers				
Transfers out	-	(467,065)	(467,065)	(794,010)
Total other financing sources (uses)	-	(332,109)	(332,109)	(730,635)
Net Change in Fund Balances	(739,399)	(326,855)	412,544	(370,736)
Fund Balance, Beginning of Year	1,741,539	824,377	(917,162)	1,195,113
Fund Balances, End of Year	\$ 1,002,140	\$ 497,522	\$ (504,618)	\$ 824,377

City of Sparks

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

Tourism and Marketing

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 196,000	\$ 196,000	\$ -	\$ 196,000
Miscellaneous				
Investment income	4,299	8,449	4,150	13,346
Total revenues	200,299	204,449	4,150	209,346
Expenditures				
Community support				
Services and supplies	238,000	231,383	6,617	225,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,701)	(26,934)	10,767	(15,654)
Other Financing Sources (Uses)				
Transfers				
Transfers out	-	-	-	(25,000)
Net Change in Fund Balances	(37,701)	(26,934)	10,767	(40,654)
Fund Balances, Beginning of Year	145,502	106,848	(38,654)	147,502
Fund Balances, End of Year	\$ 107,801	\$ 79,914	\$ (27,887)	\$ 106,848

City of Sparks

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

Parks & Recreation Program

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 23,800	\$ 9,111	\$ (14,689)	\$ 22,902
Charges for services				
Recreation program fees	1,883,195	2,125,884	242,689	1,904,717
Other	427,405	490,788	63,383	391,122
Miscellaneous				
Other	-	2,196	2,196	2,534
Total revenues	<u>2,334,400</u>	<u>2,627,979</u>	<u>293,579</u>	<u>2,321,275</u>
Expenditures				
Culture and recreation				
Salaries and wages	3,095,260	3,499,080	(403,820)	3,167,868
Employee benefits	739,027	903,664	(164,637)	890,366
Services and supplies	1,174,553	969,404	205,149	1,058,655
Capital outlay	933	933	-	25,933
Total expenditures	<u>5,009,773</u>	<u>5,373,081</u>	<u>(363,308)</u>	<u>5,142,822</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,675,373)</u>	<u>(2,745,102)</u>	<u>(69,729)</u>	<u>(2,821,547)</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	3,000,000	3,000,000	-	2,725,000
Transfers out	-	(3,279)	(3,279)	(3,901)
Total other financing sources (uses)	<u>3,000,000</u>	<u>2,996,721</u>	<u>(3,279)</u>	<u>2,721,099</u>
Net Change in Fund Balances	324,627	251,619	(73,008)	(100,448)
Fund Balances, Beginning of Year	<u>399,480</u>	<u>431,630</u>	<u>32,150</u>	<u>532,078</u>
Fund Balances, End of Year	<u>\$ 724,107</u>	<u>\$ 683,249</u>	<u>\$ (40,858)</u>	<u>\$ 431,630</u>

City of Sparks

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

Court Administrative Assessment

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

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	2025			
	Final Budget	Actual	Variance	2024
Revenues				
Intergovernmental revenues				
Municipal court administrative assessments	\$ 25,100	\$ 36,007	\$ 10,907	\$ 26,316
Court collection fees	60,000	132,365	72,365	88,535
Court facility administrative assessments	40,000	50,029	10,029	35,941
Total revenues	<u>125,100</u>	<u>218,401</u>	<u>93,301</u>	<u>150,792</u>
Expenditures				
Judicial				
Services and supplies	<u>837,600</u>	<u>243,491</u>	<u>594,109</u>	<u>111,015</u>
Net Change in Fund Balances	(712,500)	(25,090)	687,410	39,777
Fund Balances, Beginning of Year	<u>720,646</u>	<u>949,498</u>	<u>228,852</u>	<u>909,721</u>
Fund Balances, End of Year	<u>\$ 8,146</u>	<u>\$ 924,408</u>	<u>\$ 916,262</u>	<u>\$ 949,498</u>



City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Street Cut  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Street cuts	\$ 300,000	\$ 971,307	\$ 671,307	\$ 259,611
Miscellaneous				
Investment income	17,375	41,913	24,538	51,722
Total revenues	317,375	1,013,220	695,845	311,333
Expenditures				
Public works				
Salaries and wages	47,124	43,829	3,295	43,428
Employee benefits	28,702	26,004	2,698	24,207
Services and supplies	767,459	324,593	442,866	737,668
Total expenditures	843,285	394,426	448,859	805,303
Net Change in Fund Balances	(525,910)	618,794	1,144,704	(493,970)
Fund Balances, Beginning of Year	590,058	501,627	(88,431)	995,597
Fund Balances, End of Year	\$ 64,148	\$ 1,120,421	\$ 1,056,273	\$ 501,627

City of Sparks

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

Impact Fee Service Area No. 1

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Flood control fees	\$ 50,000	\$ 25,344	\$ (24,656)	\$ 11,404
Public facility fees	400,000	263,833	(136,167)	528,097
Park fees	250,000	444,227	194,227	428,952
Sanitary sewer fees	200,000	155,443	(44,557)	274,055
Miscellaneous				
Investment income	137,490	316,295	178,805	285,937
Total revenues	<u>1,037,490</u>	<u>1,205,142</u>	<u>167,652</u>	<u>1,528,445</u>
Expenditures				
Public safety				
Services and supplies	18,895	4,633	14,262	-
Capital outlay	-	-	-	1,105
Total public safety	<u>18,895</u>	<u>4,633</u>	<u>14,262</u>	<u>1,105</u>
Culture and recreation				
Services and supplies	25,000	13,300	11,700	5,110
Capital outlay	-	-	-	149,596
Total culture and recreation	<u>25,000</u>	<u>13,300</u>	<u>11,700</u>	<u>154,706</u>
Total expenditures	<u>43,895</u>	<u>17,933</u>	<u>25,962</u>	<u>155,811</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>993,595</u>	<u>1,187,209</u>	<u>193,614</u>	<u>1,372,634</u>
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	42,650
Transfers out	(932,413)	(891,727)	40,686	(280,784)
Net Change in Fund Balances	61,182	295,482	234,300	1,134,500
Fund Balances, Beginning of Year	<u>5,628,403</u>	<u>6,023,281</u>	<u>394,878</u>	<u>4,888,781</u>
Fund Balances, End of Year	<u>\$ 5,689,585</u>	<u>\$ 6,318,763</u>	<u>\$ 629,178</u>	<u>\$ 6,023,281</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Stabilization  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for Year Ended June 30, 2024)

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	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Business licenses and permits	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Miscellaneous				
Investment income	27,752	99,968	72,216	93,755
Total revenues	277,752	349,968	72,216	343,755
Fund Balances, Beginning of Year	1,859,391	1,913,146	53,755	1,569,391
Fund Balances, End of Year	<u>\$ 2,137,143</u>	<u>\$ 2,263,114</u>	<u>\$ 125,971</u>	<u>\$ 1,913,146</u>

City of Sparks

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

Landscape Maintenance Fund

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Charges for services				
Recreation program fees	\$ 83,800	\$ 80,620	\$ (3,180)	\$ 80,648
Miscellaneous				
Investment income	4,007	14,614	10,607	13,486
Total revenues	87,807	95,234	7,427	94,134
Expenditures				
Culture and recreation				
Services and supplies	295,973	168,870	127,103	158,887
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(208,166)	(73,636)	134,530	(64,753)
Other Financing Sources (Uses)				
Transfers				
Transfers in	125,000	125,000	-	100,000
Net Change in Fund Balances	(83,166)	51,364	134,530	35,247
Fund Balances, Beginning of Year	306,113	284,296	(21,817)	249,049
Fund Balances, End of Year	\$ 222,947	\$ 335,660	\$ 112,713	\$ 284,296

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### **Major Debt Service Fund**

#### **General Obligation Debt Service Fund**

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

- General Obligation Firestation Bonds, Series 2023
- Consolidated Tax Refunding Revenue Bonds, Series 2014

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2016 Limited Obligation Improvement Refunding Bond

Special assessments are used to service the debt.

### **Nonmajor Debt Service Funds**

#### **Redevelopment Agency Area No. 2 Debt Service Fund**

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

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

Ad valorem taxes are used to service the debt.

#### **SID No. 1 Debt Service Fund**

To account for the collection and remittance of special assessment revenues used to service special assessment bonds issued for onsite and offsite infrastructure improvements related to the 5 Ridges project. These resources are held in a fiduciary capacity and are no longer reported as part of the City's governmental activities.

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Obligation Debt Service

Year Ended June 30, 2025

(with Comparative Actual Amounts for Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Special assessments	\$ 810,241	\$ 774,467	\$ (35,774)	\$ 771,944
Intergovernmental revenues				
Dedicated sales tax - improvement districts	17,500,000	13,448,418	(4,051,582)	17,319,427
Miscellaneous				
Investment income	296,790	808,834	512,044	854,748
Total revenues	18,607,031	15,031,719	(3,575,312)	18,946,119
Expenditures				
Debt service				
Principal	10,534,302	18,204,452	(7,670,150)	19,088,022
Interest	1,888,076	1,645,639	242,437	1,798,054
Fiscal charges and other	-	2,160	(2,160)	3,260
Total expenditures	12,422,378	19,852,251	(7,429,873)	20,889,336
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	6,184,653	(4,820,532)	(11,005,185)	(1,943,217)
Other Financing Sources (Uses)				
Transfers				
Transfers in	1,766,473	2,970,048	1,203,575	1,468,080
Net Change in Fund Balances	7,951,126	(1,850,484)	(9,801,610)	(475,137)
Fund Balances, Beginning of Year	25,537,528	18,451,303	(7,086,225)	18,926,440
Fund Balances, End of Year	\$ 33,488,654	\$ 16,600,819	\$ (16,887,835)	\$ 18,451,303

City of Sparks  
Combining Balance Sheet - Nonmajor Debt Service Funds  
June 30, 2025

	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Assets			
Cash and investments	\$ 1,690,721	\$ -	\$ 1,690,721
Restricted assets			
Cash and investments	728,500	-	728,500
Total assets	<u>\$ 2,419,221</u>	<u>\$ -</u>	<u>\$ 2,419,221</u>
Liabilities			
Fund Balances			
Restricted for			
Debt service reserve	\$ 2,419,221	\$ -	\$ 2,419,221
Total fund balances	<u>2,419,221</u>	<u>-</u>	<u>2,419,221</u>
Total liabilities and fund balances	<u>\$ 2,419,221</u>	<u>\$ -</u>	<u>\$ 2,419,221</u>



City of Sparks  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Debt Service Funds  
Year Ended June 30, 2025

	Redevelopment Agency Area No. 2 Debt Service Fund	SID No. 1 Debt Service Fund	Total
Revenues			
Taxes	\$ 1,500,000	\$ -	\$ 1,500,000
Miscellaneous	120,481	-	120,481
Total revenues	<u>1,620,481</u>	<u>-</u>	<u>1,620,481</u>
Expenditures			
Debt service			
Principal	1,365,000	-	1,365,000
Interest	183,626	-	183,626
Fiscal charges and other	3,410	29,283	32,693
Total expenditures	<u>1,552,036</u>	<u>29,283</u>	<u>1,581,319</u>
Net Change in Fund Balances	68,445	(29,283)	39,162
Fund Balances, Beginning of Year	<u>2,350,776</u>	<u>29,283</u>	<u>2,380,059</u>
Fund Balances, End of Year	<u>\$ 2,419,221</u>	<u>\$ -</u>	<u>\$ 2,419,221</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Redevelopment Agency Area No. 2 Debt Service Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,500,000
Miscellaneous				
Investment income	30,270	120,481	90,211	133,981
Total revenues	1,530,270	1,620,481	90,211	1,633,981
Expenditures				
Debt service				
Principal	1,365,000	1,365,000	-	1,324,000
Interest	183,626	183,626	-	218,794
Fiscal charges and other	3,410	3,410	-	3,410
Total expenditures	1,552,036	1,552,036	-	1,546,204
Net Change in Fund Balances	(21,766)	68,445	90,211	87,777
Fund Balances, Beginning of Year	2,296,794	2,350,776	53,982	2,262,999
Fund Balances, End of Year	\$ 2,275,028	\$ 2,419,221	\$ 144,193	\$ 2,350,776

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
SID No. 1 Debt Service Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

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	2025			2024
	Final Budget	Actual	Variance	
Expenditures				
Fiscal charges and other	\$ 34,850	\$ 29,283	\$ 5,567	\$ 81,062
Net Change in Fund Balances	(34,850)	(29,283)	5,567	(81,062)
Fund Balances, Beginning of Year	-	29,283	29,283	110,345
Fund Balances, End of Year	<u>\$ (34,850)</u>	<u>\$ -</u>	<u>\$ 34,850</u>	<u>\$ 29,283</u>

## **Major Capital Projects Fund**

### **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.

## **Nonmajor Capital Projects Funds**

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

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

### **Road Fund**

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

### **Capital Projects Fund**

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

### **Capital Facilities Fund**

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

### **Park and Recreation Project Fund**

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

### **Local Improvement District 3 Fund**

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

### **Victorian Square Room Tax Fund**

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

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund
Assets				
Cash and investments	\$ 702,909	\$ 740,974	\$ 4,661,275	\$ 6,331,407
Accounts receivable, net	-	-	-	740,156
Due from other governments	-	-	-	567,939
Total assets	<u>\$ 702,909</u>	<u>\$ 740,974</u>	<u>\$ 4,661,275</u>	<u>\$ 7,639,502</u>
Liabilities				
Accounts payable	\$ -	\$ 595	\$ 5,681	\$ 301,069
Accrued liabilities	-	-	-	47,926
Contracts payable	19,137	7,970	7,500	520,231
Contract retentions payable	-	-	-	19,720
Refundable deposits	-	-	-	-
Due to other governments	-	-	-	56,214
Total liabilities	<u>19,137</u>	<u>8,565</u>	<u>13,181</u>	<u>945,160</u>
Fund Balances				
Restricted for				
Developer agreements	-	-	-	-
Bond proceeds defined projects	-	-	-	-
Parks and recreation	683,772	732,409	4,648,094	-
Street improvements & rehabilitation	-	-	-	6,694,342
Capital projects	-	-	-	-
Improvements to Victorian Square	-	-	-	-
Assigned for				
Specific capital projects	-	-	-	-
Other capital projects	-	-	-	-
Total fund balances	<u>683,772</u>	<u>732,409</u>	<u>4,648,094</u>	<u>6,694,342</u>
Total liabilities and fund balances	<u>\$ 702,909</u>	<u>\$ 740,974</u>	<u>\$ 4,661,275</u>	<u>\$ 7,639,502</u>

City of Sparks  
Combining Balance Sheet - Nonmajor Capital Projects Funds  
June 30, 2025

Capital Projects	Capital Facilities	Park & Recreation Project	Local Improvement District 3	Victorian Square Room Tax	Total
\$ 11,306,881	\$ 981,733	\$ 6,891,104	\$ 544,525	\$ 9,876,900	\$ 42,037,708
9	-	265,906	-	-	1,006,071
-	2,477	-	-	132,460	702,876
<u>\$ 11,306,890</u>	<u>\$ 984,210</u>	<u>\$ 7,157,010</u>	<u>\$ 544,525</u>	<u>\$ 10,009,360</u>	<u>\$ 43,746,655</u>
\$ 95,804	\$ 23,940	\$ 6,067	\$ 34	\$ 350,670	\$ 783,860
-	-	20,880	-	-	68,806
99,655	9,030	6,306	-	1,350	671,179
239,538	-	10,995	-	12,102	282,355
-	-	1,000	-	-	1,000
-	-	16,848	-	-	73,062
<u>434,997</u>	<u>32,970</u>	<u>62,096</u>	<u>34</u>	<u>364,122</u>	<u>1,880,262</u>
-	-	-	544,491	-	544,491
3,518,421	-	-	-	-	3,518,421
-	-	2,777,380	-	-	8,841,655
-	-	-	-	-	6,694,342
-	951,240	-	-	-	951,240
-	-	-	-	9,645,238	9,645,238
1,161,799	-	4,317,534	-	-	5,479,333
<u>6,191,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,191,673</u>
<u>10,871,893</u>	<u>951,240</u>	<u>7,094,914</u>	<u>544,491</u>	<u>9,645,238</u>	<u>41,866,393</u>
<u>\$ 11,306,890</u>	<u>\$ 984,210</u>	<u>\$ 7,157,010</u>	<u>\$ 544,525</u>	<u>\$ 10,009,360</u>	<u>\$ 43,746,655</u>

	Recreation & Parks District 1	Recreation & Parks District 2	Recreation & Parks District 3	Road Fund
Revenues				
Taxes	\$ 2,000	\$ 44,000	\$ 651,000	\$ -
Licenses and permits	-	-	-	3,426,101
Intergovernmental revenues	-	-	-	5,151,044
Charges for services	-	-	-	-
Miscellaneous	42,070	29,746	223,624	295,621
Total revenues	44,070	73,746	874,624	8,872,766
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	6,244,388
Culture and recreation	68,829	69,507	33,281	-
Community support	-	-	-	-
Total current	68,829	69,507	33,281	6,244,388
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	2,150,006
Culture and recreation	104,860	154,890	754,108	-
Community support	-	-	-	-
Total capital outlay	104,860	154,890	754,108	2,150,006
Debt service				
Total expenditures	173,689	224,397	787,389	8,394,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,619)	(150,651)	87,235	478,372
Other Financing Sources (Uses)				
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(129,619)	(150,651)	87,235	478,372
Fund Balances, Beginning of Year	813,391	883,060	4,560,859	6,215,970
Adjustment	-	-	-	-
Fund Balances, Beginning of Year, as Restated	813,391	883,060	4,560,859	6,215,970
Fund Balances, End of Year	\$ 683,772	\$ 732,409	\$ 4,648,094	\$ 6,694,342

City of Sparks  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Capital Projects Funds  
Year Ended June 30, 2025

Capital Projects	Capital Facilities	Park & Recreation Project	Local Improvement District 3	Redevelopment Agency Area No. 2 Revolving	Victorian Square Room Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415,335	\$ 2,112,335
-	-	1,381,054	-	-	-	4,807,155
-	330,427	-	-	-	-	5,481,471
-	-	199,850	-	-	-	199,850
807,312	51,921	347,893	22,417	-	523,494	2,344,098
807,312	382,348	1,928,797	22,417	-	1,938,829	14,944,909
771,996	148,645	-	-	-	-	920,641
123,402	28,077	-	-	-	-	151,479
125,385	-	-	-	-	-	6,369,773
605	7,792	853,126	-	-	-	1,033,140
-	-	-	904	-	22,415	23,319
1,021,388	184,514	853,126	904	-	22,415	8,498,352
146,411	42,550	-	-	-	-	188,961
9,221,501	18,519	-	-	-	-	9,240,020
-	-	-	-	-	-	2,150,006
-	30,279	1,210,703	-	-	-	2,254,840
-	-	-	-	-	809,056	809,056
9,367,912	91,348	1,210,703	-	-	809,056	14,642,883
10,389,300	275,862	2,063,829	904	-	831,471	23,141,235
(9,581,988)	106,486	(135,032)	21,513	-	1,107,358	(8,196,326)
103,897	-	800,000	-	-	-	903,897
(154,559)	-	-	-	-	-	(154,559)
(50,662)	-	800,000	-	-	-	749,338
(9,632,650)	106,486	664,968	21,513	-	1,107,358	(7,446,988)
20,504,543	844,754	6,429,946	522,978	23,756,967	8,537,880	73,070,348
-	-	-	-	(23,756,967)	-	(23,756,967)
20,504,543	844,754	6,429,946	522,978	-	8,537,880	49,313,381
\$ 10,871,893	\$ 951,240	\$ 7,094,914	\$ 544,491	\$ -	\$ 9,645,238	\$ 41,866,393



City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Redevelopment Agency Area No. 2 Revolving  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Ad valorem	\$ 5,400,000	\$ 5,593,230	\$ 193,230	\$ 5,402,822
Fines and forfeits				
Forfeits - Other	-	-	-	1,000
Intergovernmental revenues				
State shared revenues				
Motor vehicle privilege tax	178,000	177,572	(428)	177,572
Miscellaneous				
Investment income	883,420	1,286,688	403,268	1,192,605
Other	-	13	13	5,280
Total revenues	<u>6,461,420</u>	<u>7,057,503</u>	<u>596,083</u>	<u>6,779,279</u>
Expenditures				
Community support				
Salaries and wages	20,184	21,292	(1,108)	20,480
Employee benefits	12,999	12,848	151	11,788
Services and supplies	193,160	116,512	76,648	117,801
Capital outlay	-	-	-	3,928,806
Total expenditures	<u>226,343</u>	<u>150,652</u>	<u>75,691</u>	<u>4,078,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,235,077</u>	<u>6,906,851</u>	<u>671,774</u>	<u>2,700,404</u>
Other Financing Sources (Uses)				
Sale of assets	-	26,485	26,485	-
Net Change in Fund Balances	6,235,077	6,933,336	698,259	2,700,404
Fund Balances, Beginning of Year	<u>22,648,021</u>	<u>23,756,967</u>	<u>1,108,946</u>	<u>21,056,563</u>
Fund Balances, End of Year	<u>\$ 28,883,098</u>	<u>\$ 30,690,303</u>	<u>\$ 1,807,205</u>	<u>\$ 23,756,967</u>

City of Sparks

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

Recreation & Parks District 1

Year Ended June 30, 2025

(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 48,000	\$ 2,000	\$ (46,000)	\$ 14,313
Miscellaneous				
Investment income	24,454	41,620	17,166	57,709
Other	-	450	450	400
Total revenues	<u>72,454</u>	<u>44,070</u>	<u>(28,384)</u>	<u>72,422</u>
Expenditures				
Culture and recreation				
Services and supplies	84,295	68,829	15,466	74,482
Capital outlay	559,611	104,860	454,751	398,749
Total expenditures	<u>643,906</u>	<u>173,689</u>	<u>470,217</u>	<u>473,231</u>
Net Change in Fund Balances	(571,452)	(129,619)	441,833	(400,809)
Fund Balances, Beginning of Year	<u>579,646</u>	<u>813,391</u>	<u>233,745</u>	<u>1,214,200</u>
Fund Balances, End of Year	<u>\$ 8,194</u>	<u>\$ 683,772</u>	<u>\$ 675,578</u>	<u>\$ 813,391</u>

City of Sparks

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

Recreation & Parks District 2

Year Ended June 30, 2025

(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 48,000	\$ 44,000	\$ (4,000)	\$ 106,450
Miscellaneous				
Investment income	4,210	29,296	25,086	35,244
Other	-	450	450	400
Total revenues	<u>52,210</u>	<u>73,746</u>	<u>21,536</u>	<u>142,094</u>
Expenditures				
Culture and recreation				
Services and supplies	77,035	69,507	7,528	63,077
Capital outlay	354,000	154,890	199,110	122,419
Total expenditures	<u>431,035</u>	<u>224,397</u>	<u>206,638</u>	<u>185,496</u>
Net Change in Fund Balances	(378,825)	(150,651)	228,174	(43,402)
Fund Balances, Beginning of Year	<u>516,847</u>	<u>883,060</u>	<u>366,213</u>	<u>926,462</u>
Fund Balances, End of Year	<u>\$ 138,022</u>	<u>\$ 732,409</u>	<u>\$ 594,387</u>	<u>\$ 883,060</u>

City of Sparks

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

Recreation & Parks District 3

Year Ended June 30, 2025

(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Residential park construction tax	\$ 700,000	\$ 651,000	\$ (49,000)	\$ 984,622
Miscellaneous				
Investment income	27,307	223,174	195,867	274,882
Other	-	450	450	400
Total revenues	<u>727,307</u>	<u>874,624</u>	<u>147,317</u>	<u>1,259,904</u>
Expenditures				
Culture and recreation				
Services and supplies	52,721	33,281	19,440	23,903
Capital outlay	1,158,829	754,108	404,721	54,793
Total expenditures	<u>1,211,550</u>	<u>787,389</u>	<u>424,161</u>	<u>78,696</u>
Net Change in Fund Balances	(484,243)	87,235	571,478	1,181,208
Fund Balances, Beginning of Year	<u>3,941,256</u>	<u>4,560,859</u>	<u>619,603</u>	<u>3,379,651</u>
Fund Balances, End of Year	<u>\$ 3,457,013</u>	<u>\$ 4,648,094</u>	<u>\$ 1,191,081</u>	<u>\$ 4,560,859</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Road Fund  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Right of way toll fees	\$ 760,000	\$ 863,986	\$ 103,986	\$ 784,828
Electric franchise fees	2,060,000	1,954,762	(105,238)	2,067,915
Gas franchise fees	950,000	607,353	(342,647)	1,000,230
Intergovernmental revenues				
State shared revenues				
Motor vehicle fuel tax	2,765,000	3,047,892	282,892	2,898,123
Other local government shared revenues	1,100,000	2,103,152	1,003,152	1,602,050
Miscellaneous				
Investment income	62,045	255,621	193,576	248,335
Other	-	40,000	40,000	18,600
Total revenues	<u>7,697,045</u>	<u>8,872,766</u>	<u>1,175,721</u>	<u>8,620,081</u>
Expenditures				
Public works				
Salaries and wages	1,716,676	1,292,889	423,787	1,268,266
Employee benefits	1,089,140	853,435	235,705	775,888
Services and supplies	4,638,159	4,098,064	540,095	3,746,136
Capital outlay	4,334,530	2,150,006	2,184,524	2,409,050
Total expenditures	<u>11,778,505</u>	<u>8,394,394</u>	<u>3,384,111</u>	<u>8,199,340</u>
Net Change in Fund Balances	(4,081,460)	478,372	4,559,832	420,741
Fund Balances, Beginning of Year	<u>5,137,996</u>	<u>6,215,970</u>	<u>1,077,974</u>	<u>5,795,229</u>
Fund Balances, End of Year	<u>\$ 1,056,536</u>	<u>\$ 6,694,342</u>	<u>\$ 5,637,806</u>	<u>\$ 6,215,970</u>

City of Sparks  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Capital Projects  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 14,745	\$ 805,430	\$ 790,685	\$ 474,084
Other	-	1,882	1,882	4,289
Total revenues	14,745	807,312	792,567	478,373
Expenditures				
General government				
Services and supplies	690,060	771,996	(81,936)	1,247,682
Capital outlay	1,379,043	146,411	1,232,632	823,192
Total general government	2,069,103	918,407	1,150,696	2,070,874
Public safety				
Services and supplies	259,497	123,402	136,095	187,987
Capital outlay	14,390,115	9,221,501	5,168,614	3,079,324
Total public safety	14,649,612	9,344,903	5,304,709	3,267,311
Public works				
Services and supplies	179,428	125,385	54,043	115,120
Capital outlay	50,640	-	50,640	37,458
Total public works	230,068	125,385	104,683	152,578
Culture and recreation				
Services and supplies	-	605	(605)	-
Capital outlay	252,476	-	252,476	9,200
Total culture and recreation	252,476	605	251,871	9,200
Debt service				
Bond issuance costs	-	-	-	345,453
Total expenditures	17,201,259	10,389,300	6,811,959	5,845,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,186,514)	(9,581,988)	7,604,526	(5,367,043)
Other Financing Sources (Uses)				
Bond issuance proceeds	-	-	-	15,000,000
Bond issuance premium	-	-	-	1,256,012
Transfers				
Transfers in	103,897	103,897	-	4,036,000
Transfers out	-	(154,559)	(154,559)	(3,156,658)
Total other financing sources (uses)	103,897	(50,662)	(154,559)	17,135,354
Net Change in Fund Balances	(17,082,617)	(9,632,650)	7,449,967	11,768,311
Fund Balances, Beginning of Year	21,719,079	20,504,543	(1,214,536)	8,736,232
Fund Balances, End of Year	\$ 4,636,462	\$ 10,871,893	\$ 6,235,431	\$ 20,504,543

City of Sparks  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Capital Facilities  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Intergovernmental revenues				
County ad valorem taxes	\$ 280,000	\$ 330,427	\$ 50,427	\$ 307,934
Miscellaneous				
Investment income	15,834	51,921	36,087	51,154
Other	-	-	-	2,089
Total revenues	<u>295,834</u>	<u>382,348</u>	<u>86,514</u>	<u>361,177</u>
Expenditures				
General government				
Services and supplies	183,631	148,645	34,986	159,529
Capital outlay	109,826	42,550	67,276	46,087
Total general government	<u>293,457</u>	<u>191,195</u>	<u>102,262</u>	<u>205,616</u>
Public safety				
Services and supplies	8,580	28,077	(19,497)	9,452
Capital outlay	279,200	18,519	260,681	-
Total public safety	<u>287,780</u>	<u>46,596</u>	<u>241,184</u>	<u>9,452</u>
Public works				
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Culture and recreation				
Services and supplies	-	7,792	(7,792)	10,177
Capital outlay	128,974	30,279	98,695	38,662
Total culture and recreation	<u>128,974</u>	<u>38,071</u>	<u>90,903</u>	<u>48,839</u>
Total expenditures	<u>740,211</u>	<u>275,862</u>	<u>464,349</u>	<u>263,907</u>
Net Change in Fund Balances	(444,377)	106,486	550,863	97,270
Fund Balances, Beginning of Year	<u>596,992</u>	<u>844,754</u>	<u>247,762</u>	<u>747,484</u>
Fund Balances, End of Year	<u>\$ 152,615</u>	<u>\$ 951,240</u>	<u>\$ 798,625</u>	<u>\$ 844,754</u>

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Park & Recreation Project  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Licenses and permits				
Concession franchise fees	\$ 90,000	\$ 99,996	\$ 9,996	\$ 99,996
Electric franchise fees	950,000	977,381	27,381	1,033,957
Gas franchise fees	325,000	303,677	(21,323)	500,115
Park fees	-	-	-	56,291
Charges for services				
Other	130,000	199,850	69,850	165,925
Miscellaneous				
Investment income	101,997	346,893	244,896	343,733
Other	-	1,000	1,000	-
Total revenues	<u>1,596,997</u>	<u>1,928,797</u>	<u>331,800</u>	<u>2,200,017</u>
Expenditures				
Culture and recreation				
Salaries and wages	529,928	351,559	178,369	279,753
Employee benefits	321,403	205,615	115,788	154,003
Services and supplies	393,951	295,952	97,999	336,095
Capital outlay	2,715,945	1,210,703	1,505,242	1,740,861
Total expenditures	<u>3,961,227</u>	<u>2,063,829</u>	<u>1,897,398</u>	<u>2,510,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,364,230)	(135,032)	2,229,198	(310,695)
Other Financing Sources (Uses)				
Transfers				
Transfers in	800,000	800,000	-	800,000
Net Change in Fund Balances	(1,564,230)	664,968	2,229,198	489,305
Fund Balances, Beginning of Year	4,804,473	6,429,946	1,625,473	5,940,641
Fund Balances, End of Year	<u>\$ 3,240,243</u>	<u>\$ 7,094,914</u>	<u>\$ 3,854,671</u>	<u>\$ 6,429,946</u>



City of Sparks

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

Local Improvement District 3

Year Ended June 30, 2025

(with Comparative Actual Amounts for the Year Ended June 30, 2024)

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	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Miscellaneous				
Investment income	\$ 6,965	\$ 22,417	\$ 15,452	\$ 24,295
Expenditures				
Community support				
Services and supplies	500,000	904	499,096	608
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(493,035)	21,513	514,548	23,687
Net Change in Fund Balances	(493,035)	21,513	514,548	23,687
Fund Balances, Beginning of Year	503,791	522,978	19,187	499,291
Fund Balances, End of Year	\$ 10,756	\$ 544,491	\$ 533,735	\$ 522,978

City of Sparks

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Victorian Square Room Tax  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Revenues				
Taxes				
Room taxes	\$ 1,550,000	\$ 1,415,335	\$ (134,665)	\$ 1,469,419
Miscellaneous				
Investment income	42,074	523,494	481,420	472,512
Total revenues	1,592,074	1,938,829	346,755	1,941,931
Expenditures				
Community support				
Services and supplies	87,709	22,415	65,294	112,855
Capital outlay	1,269,484	809,056	460,428	108,781
Total expenditures	1,357,193	831,471	525,722	221,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	234,881	1,107,358	872,477	1,720,295
Net Change in Fund Balances	234,881	1,107,358	872,477	1,720,295
Fund Balances, Beginning of Year	8,295,910	8,537,880	241,970	6,817,585
Fund Balances, End of Year	\$ 8,530,791	\$ 9,645,238	\$ 1,114,447	\$ 8,537,880

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**Major Enterprise Funds**

**Sewer Operations Fund**

To account for the provision of sewer services to the residents of the City and some residents of Washoe County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

**Development Services Fund**

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

City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Sewer Operations  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Sanitary sewer fees	\$ 158,750	\$ 148,140	\$ (10,610)	\$ 155,980
Charges for services				
Sewer charges	34,998,240	35,467,474	469,234	33,921,496
Miscellaneous	36,050	19,812	(16,238)	374,386
Total operating revenues	35,193,040	35,635,426	442,386	34,451,862
Operating Expenses				
Salaries and wages	4,729,006	4,297,072	431,934	3,952,510
Employee benefits	3,522,706	2,893,124	629,582	3,073,182
Services and supplies	23,700,636	17,691,502	6,009,134	16,308,133
Depreciation	8,149,897	7,370,219	779,678	7,178,230
Net loss from Truckee Meadows Water Reclamation Facility	2,600,000	2,093,975	506,025	2,741,413
Total operating expenses	42,702,245	34,345,892	8,356,353	33,253,468
Operating Income (Loss)	(7,509,205)	1,289,534	8,798,739	1,198,394
Non-operating Revenues (Expenses)				
Investment income	1,677,505	5,408,481	3,730,976	4,628,049
Interest Expense	(67,740)	(55,037)	12,703	(92,361)
Grants	116,371	116,371	-	182,016
Miscellaneous/Other	38,790	(2,492)	(41,282)	96,893
Gain (loss) on sale	-	(266,995)	(266,995)	(397,040)
Total non-operating revenues (expenses)	1,764,926	5,200,328	3,435,402	4,417,557
Income (loss) Before Capital Contributions and Transfers	(5,744,279)	6,489,862	12,234,141	5,615,951
Capital Contributions				
Sewer connection fees	10,054,000	10,569,250	515,250	11,664,945
Sewer lines and storm drains	-	3,990,210	3,990,210	1,356,836
Total capital contributions	10,054,000	14,559,460	4,505,460	13,021,781
Transfers				
Transfers in	200,000	159,314	(40,686)	280,784
Transfers out	(5,594)	(41,722)	(36,128)	(56,583)
Total transfers	194,406	117,592	(76,814)	224,201
Change in Net Position	\$ 4,504,127	21,166,914	\$ 16,662,787	\$ 18,861,933
Net Position, Beginning of Year		319,089,194		
Net Position, End of Year		\$ 340,256,108		

City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Development Services  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Licenses and permits				
Building permits	\$ 2,433,777	\$ 3,029,224	\$ 595,447	\$ 2,600,104
Other	86,788	19,096	(67,692)	61,476
Charges for services				
Building and planning fees	1,449,343	2,524,546	1,075,203	2,162,147
Engineering fees	433,512	221,652	(211,860)	302,187
Other	-	-	-	8
Total operating revenues	<u>4,403,420</u>	<u>5,794,518</u>	<u>1,391,098</u>	<u>5,125,922</u>
Operating Expenses				
Salaries and wages	2,728,268	2,876,439	(148,171)	2,432,640
Employee benefits	1,680,182	1,642,921	37,261	1,725,860
Services and supplies	2,404,460	1,927,645	476,815	2,202,059
Depreciation	42,225	19,724	22,501	19,647
Total operating expenses	<u>6,855,135</u>	<u>6,466,729</u>	<u>388,406</u>	<u>6,380,206</u>
Operating Income (Loss)	<u>(2,451,715)</u>	<u>(672,211)</u>	<u>1,779,504</u>	<u>(1,254,284)</u>
Non-operating Revenues (Expenses)				
Investment income	200,000	487,154	287,154	483,719
Miscellaneous/Other	388	1,657	1,269	2,000
Gain (loss) on sale	-	-	-	(3,861)
Total non-operating revenues (expenses)	<u>200,388</u>	<u>488,811</u>	<u>288,423</u>	<u>481,858</u>
Income (Loss) Before Transfers	<u>(2,251,327)</u>	<u>(183,400)</u>	<u>2,067,927</u>	<u>(772,426)</u>
Transfers				
Transfers out	<u>(33,564)</u>	<u>(33,563)</u>	<u>1</u>	<u>(6,331)</u>
Change in Net Position	<u>\$ (2,284,891)</u>	<u>(216,963)</u>	<u>\$ 2,067,928</u>	<u>\$ (778,757)</u>
Net Position, Beginning of Year		<u>2,452,573</u>		
Net Position, End of Year		<u>\$ 2,235,610</u>		

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**Internal Service Funds**

**Motor Vehicle Maintenance Fund**

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

**Group Insurance Self-Insurance Fund**

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

**Workers' Compensation Insurance Fund**

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

**Municipal Self-Insurance Fund**

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



	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Assets		
Current assets		
Cash, cash equivalents and investments	\$ 9,877,504	\$ 11,787,956
Accounts receivable, net	-	886,301
Deposits	-	280,072
Inventory of supplies	555,321	-
Total current assets	10,432,825	12,954,329
Noncurrent assets		
Capital Assets		
Construction in progress	5,522,058	-
Buildings	496,505	-
Site improvements	245,445	-
Machinery and equipment	36,258,213	-
Less accumulated depreciation	(25,605,907)	-
Total noncurrent assets	16,916,314	-
Total assets	27,349,139	12,954,329
Deferred Outflows of Resources		
Deferred outflows related to pension	673,340	-
Deferred outflows related to OPEB	107,608	-
Total deferred outflows of resources	780,948	-
Total assets and deferred outflows of resources	28,130,087	12,954,329
Liabilities		
Current liabilities		
Accounts payable	119,022	334,008
Accrued liabilities	26,269	-
Due to other governments	31,679	-
Contracts payable	6,861	-
Compensated absences payable (current maturities)	89,566	-
Sick leave conversion payable (current maturities)	46,919	-
Claims liabilities (current maturities)	-	1,232,933
Total OPEB liability (current maturities)	6,520	-
Total current liabilities	326,836	1,566,941
Noncurrent liabilities		
Compensated absences payable (net of current maturities)	297,464	-
Total OPEB liability	227,558	-
Sick leave conversion payable (net of current maturities)	65,015	-
Claims liabilities (net of current maturities)	-	-
Net pension liability	1,503,261	-
Total noncurrent liabilities	2,093,298	-
Total liabilities	2,420,134	1,566,941
Deferred Inflows of Resources		
Deferred inflows related to pensions	229,262	-
Deferred inflows related to OPEB	41,880	-
Total deferred inflows of resources	271,142	-
Total liabilities and deferred inflows of resources	2,691,276	1,566,941
Net Position		
Net investment in capital assets	16,916,312	-
Restricted for claims	-	11,387,388
Unrestricted	8,522,499	-
Total Net Position	\$ 25,438,811	\$ 11,387,388

City of Sparks  
Combining Statement of Net Position - Internal Service Funds  
June 30, 2025

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 3,156,441	\$ 2,039,554	\$ 26,861,455
-	-	886,301
10,000	-	290,072
-	-	555,321
<u>3,166,441</u>	<u>2,039,554</u>	<u>28,593,149</u>
-	-	5,522,058
-	-	496,505
-	-	245,445
-	-	36,258,213
-	-	(25,605,907)
-	-	<u>16,916,314</u>
<u>3,166,441</u>	<u>2,039,554</u>	<u>45,509,463</u>
-	-	673,340
-	-	<u>107,608</u>
-	-	<u>780,948</u>
<u>3,166,441</u>	<u>2,039,554</u>	<u>46,290,411</u>
2,499	63,520	519,049
-	-	26,269
-	-	31,679
-	35,057	41,918
-	-	89,566
-	-	46,919
2,254,375	-	3,487,308
-	-	<u>6,520</u>
<u>2,256,874</u>	<u>98,577</u>	<u>4,249,228</u>
-	-	297,464
-	-	227,558
-	-	65,015
6,979,225	-	6,979,225
-	-	<u>1,503,261</u>
<u>6,979,225</u>	-	<u>9,072,523</u>
<u>9,236,099</u>	<u>98,577</u>	<u>13,321,751</u>
-	-	229,262
-	-	<u>41,880</u>
-	-	<u>271,142</u>
<u>9,236,099</u>	<u>98,577</u>	<u>13,592,893</u>
-	-	16,916,312
-	1,940,977	13,328,365
<u>(6,069,658)</u>	-	<u>2,452,841</u>
<u>\$ (6,069,658)</u>	<u>\$ 1,940,977</u>	<u>\$ 32,697,518</u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Operating Revenues		
Charges for services	\$ 7,506,732	\$ 14,950,985
Miscellaneous	3,853	1,320,408
Total operating revenues	<u>7,510,585</u>	<u>16,271,393</u>
Operating Expenses		
Salaries and wages	869,300	-
Employee benefits	617,490	-
Services and supplies	2,261,444	13,965,147
Depreciation	1,572,422	-
Total operating expenses	<u>5,320,656</u>	<u>13,965,147</u>
Operating Income (Loss)	<u>2,189,929</u>	<u>2,306,246</u>
Nonoperating Revenues (Expenditures)		
Investment income	521,689	630,866
Gain (loss) on sale	(17,174)	-
Total nonoperating revenues (expenditures)	<u>504,515</u>	<u>630,866</u>
Income (Loss) Before Capital Contributions and Transfers	<u>2,694,444</u>	<u>2,937,112</u>
Capital Contributions		
Vehicles	<u>1,995,911</u>	<u>-</u>
Transfers		
Transfers in	68,120	-
Transfers out	(1,400,000)	-
Total transfers	<u>(1,331,880)</u>	<u>-</u>
Change in net position	<u>3,358,475</u>	<u>2,937,112</u>
Net position, Beginning of Year	<u>22,080,336</u>	<u>8,450,276</u>
Net position, End of Year	<u>\$ 25,438,811</u>	<u>\$ 11,387,388</u>

City of Sparks  
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds  
Year Ended June 30, 2025

Workers' Compensation Insurance	Municipal Self- Insurance	Total Internal Service Funds
\$ 2,501,356	\$ 2,511,096	\$ 27,470,169
138,479	54,708	1,517,448
<u>2,639,835</u>	<u>2,565,804</u>	<u>28,987,617</u>
-	-	869,300
-	-	617,490
2,536,530	2,372,276	21,135,397
-	-	1,572,422
<u>2,536,530</u>	<u>2,372,276</u>	<u>24,194,609</u>
<u>103,305</u>	<u>193,528</u>	<u>4,793,008</u>
204,824	50,487	1,407,866
-	-	(17,174)
<u>204,824</u>	<u>50,487</u>	<u>1,390,692</u>
<u>308,129</u>	<u>244,015</u>	<u>6,183,700</u>
-	-	1,995,911
-	-	68,120
-	(31,992)	(1,431,992)
-	(31,992)	(1,363,872)
<u>308,129</u>	<u>212,023</u>	<u>6,815,739</u>
<u>(6,377,787)</u>	<u>1,728,954</u>	<u>25,881,779</u>
<u>\$ (6,069,658)</u>	<u>\$ 1,940,977</u>	<u>\$ 32,697,518</u>

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	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Operating activities		
Cash received from customers and users	\$ 4,498	\$ 1,208,004
Cash received from interfund services provided	7,506,732	12,857,656
Cash received from reimbursements of insurance claims	-	1,320,408
Cash paid to employees	(1,499,201)	-
Cash paid to suppliers	(2,454,729)	(13,884,903)
Net cash from (used for) operating activities	<u>3,557,300</u>	<u>1,501,165</u>
Noncapital financing activities		
Transfers out	(1,400,000)	-
Capital and related financing activities		
Acquisition of capital assets	(3,623,268)	-
Net cash from (used for) capital and related financing activities	<u>(3,623,268)</u>	<u>-</u>
Investing activities		
Investment income	<u>521,689</u>	<u>630,866</u>
Net change in cash and cash equivalents	(944,279)	2,132,031
Cash and cash equivalents, Beginning of Year	<u>10,821,783</u>	<u>9,655,925</u>
Cash and cash equivalents, End of Year	<u><u>\$ 9,877,504</u></u>	<u><u>\$ 11,787,956</u></u>

City of Sparks  
Combining Statement of Cash Flows - Internal Service Funds  
Year Ended June 30, 2025

Workers' Compensation Insurance	Municipal Self- Insurance	Total
\$ 2,639,833	\$ 131,697	\$ 3,984,032
-	2,511,096	22,875,484
-	-	1,320,408
-	-	(1,499,201)
<u>(2,465,329)</u>	<u>(2,334,982)</u>	<u>(21,139,943)</u>
<u>174,504</u>	<u>307,811</u>	<u>5,540,780</u>
-	-	(1,400,000)
-	(31,992)	(3,655,260)
-	(31,992)	(3,655,260)
<u>204,824</u>	<u>50,487</u>	<u>1,407,866</u>
379,328	326,306	1,893,386
<u>2,777,113</u>	<u>1,713,248</u>	<u>24,968,069</u>
<u><u>\$ 3,156,441</u></u>	<u><u>\$ 2,039,554</u></u>	<u><u>\$ 26,861,455</u></u>

	Motor Vehicle Maintenance	Group Insurance Self- Insurance
Reconciliation of operating income (loss) to net cash from (used for) operating activities:		
Operating income (loss)	\$ 2,189,929	\$ 2,306,246
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	1,572,422	-
Changes in		
Accounts receivable	647	(885,325)
Due from other governments	-	-
Inventory of supplies	(69,788)	-
Pension related amounts	55,273	-
OPEB related amounts	(2,522)	-
Accounts payable	(12,561)	165,122
Accrued liabilities	(120)	-
Contracts payable	(108,519)	-
Due to other governments	(2,419)	-
Compensated absences	(71,776)	-
Sick leave conversion payable	6,734	-
Claims liabilities	-	(84,878)
Total adjustments	1,367,371	(805,081)
Net cash from (used for) operating activities	\$ 3,557,300	\$ 1,501,165
Noncash investing and capital and related financing activities		
Contributions of capital assets from other funds	\$ 2,064,031	\$ -

City of Sparks  
Combining Statement of Cash Flows - Internal Service Funds  
Year Ended June 30, 2025

Workers' Compensation Insurance	Municipal Self- Insurance	Total
<u>\$ 103,305</u>	<u>\$ 193,528</u>	<u>\$ 4,793,008</u>
-	-	1,572,422
-	-	(884,678)
-	76,989	76,989
-	-	(69,788)
-	-	55,273
-	-	(2,522)
2,500	22,564	177,625
-	-	(120)
-	14,730	(93,789)
-	-	(2,419)
-	-	(71,776)
-	-	6,734
<u>68,700</u>	<u>-</u>	<u>(16,178)</u>
<u>71,200</u>	<u>114,283</u>	<u>747,773</u>
<u>\$ 174,505</u>	<u>\$ 307,811</u>	<u>\$ 5,540,781</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,064,031</u>



City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Motor Vehicle Maintenance  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Equipment rent	\$ 6,397,887	\$ 6,817,433	\$ 419,546	\$ 6,356,592
Fuel	821,660	689,299	(132,361)	745,477
Miscellaneous	-	3,853	3,853	4,028
Total operating revenues	7,219,547	7,510,585	291,038	7,106,097
Operating Expenses				
Salaries and wages	924,179	869,300	54,879	849,776
Employee benefits	688,246	617,490	70,756	594,330
Services and supplies	2,665,448	2,261,444	404,004	2,402,101
Depreciation	2,600,389	1,572,422	1,027,967	1,751,944
Total operating expenses	6,878,262	5,320,656	1,557,606	5,598,151
Operating Income (Loss)	341,285	2,189,929	1,848,644	1,507,946
Non-operating Revenues (Expenses)				
Investment income	26,585	521,689	495,104	566,445
Gain (loss) on sale	-	(17,174)	(17,174)	123,424
Total non-operating revenues (expenses)	26,585	504,515	477,930	689,869
Income before Capital Contributions and Transfers	367,870	2,694,444	2,326,574	2,197,815
Capital Contributions				
Vehicles	-	1,995,911	1,995,911	1,289,304
Transfers				
Transfers in	-	68,120	68,120	55,528
Transfers out	(2,400,000)	(1,400,000)	1,000,000	(650,000)
Total transfers	(2,400,000)	(1,331,880)	1,068,120	(594,472)
Change in Net Position	\$ (2,032,130)	3,358,475	\$ 5,390,605	\$ 2,892,647
Net Position, Beginning of Year		22,080,336		
Net Position, End of Year		\$ 25,438,811		

City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Group Insurance Self-Insurance  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Other	\$ 15,311,800	\$ 14,950,985	\$ (360,815)	\$ 14,030,313
Miscellaneous				
Reimbursement from insurance claims	300,000	1,320,408	1,020,408	1,001,458
Total operating revenues	15,611,800	16,271,393	659,593	15,031,771
Operating Expenses				
Employee benefits	-	-	-	22,770
Services and supplies	16,431,050	13,965,147	2,465,903	13,930,610
Operating Income (Loss)	(819,250)	2,306,246	3,125,496	1,078,391
Non-operating Revenues (Expenses)				
Investment income	300,000	630,866	330,866	520,774
Change in Net Position	<u>\$ (519,250)</u>	2,937,112	<u>\$ 3,456,362</u>	<u>\$ 1,599,165</u>
Net Position, Beginning of Year		<u>8,450,276</u>		
Net Position, End of Year		<u>\$ 11,387,388</u>		

City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Workers' Compensation Insurance  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Contributions and reimbursements	\$ 2,500,000	\$ 2,501,356	\$ 1,356	\$ 2,501,657
Miscellaneous				
Reimbursement from insurance claims	-	138,479	138,479	-
Total operating revenues	2,500,000	2,639,835	139,835	2,501,657
Operating Expenses				
Services and supplies	3,163,534	2,536,530	627,004	2,331,299
Operating Income (Loss)	(663,534)	103,305	766,839	170,358
Non-operating Revenues (Expenses)				
Investment income	65,206	204,824	139,618	203,890
Change in Net Position	\$ (598,328)	308,129	\$ 906,457	\$ 374,248
Net Position, Beginning of Year		(6,377,787)		
Net Position, End of Year		\$ (6,069,658)		

City of Sparks  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Municipal Self-Insurance  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Charges for services				
Interfund services provided	\$ 2,511,096	\$ 2,511,096	\$ -	\$ 2,412,088
Miscellaneous				
Reimbursement from insurance claims	-	54,708	54,708	12,456
Total operating revenues	2,511,096	2,565,804	54,708	2,424,544
Operating Expenses				
Services and supplies	2,375,878	2,372,276	3,602	2,429,303
Operating Income (Loss)	135,218	193,528	58,310	(4,759)
Non-operating Revenues (Expenses)				
Investment income	14,945	50,487	35,542	56,363
Income (loss) before Transfers	150,163	244,015	93,852	51,604
Transfers				
Transfers out	-	(31,992)	(31,992)	-
Change in Net Position	\$ 150,163	212,023	\$ 61,860	\$ 51,604
Net Position, Beginning of Year		1,728,954		
Net Position, End of Year		\$ 1,940,977		

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**Custodial Funds**

**Truckee Meadows Water Reclamation Facility Investment Pool**

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

**Sick Leave Retirement Fund**

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

**Postemployment Medical Benefits Fund**

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

**Special Assessment Districts Fund**

To account for the repayment of special assessment district debt for which no assets or revenues of the City have been pledged.

**Police Evidence Account**

To account for cash held until case settlement.

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Special Assessment Districts Fund	Police Evidence Fund	Total Custodial Funds
Assets						
Cash and investments	\$ 1,525,381	\$ 2,547	\$ -	\$ 2,132,481	\$ 28,957	\$ 3,689,366
Liabilities						
Accounts payable	-	-	-	1,248,647	-	1,248,647
Net position						
Restricted for:						
Individuals, organizations and other governments	1,525,381	2,547	-	883,834	28,957	2,440,719
Total net position	\$ 1,525,381	\$ 2,547	\$ -	\$ 883,834	\$ 28,957	\$ 2,440,719

City of Sparks  
Combining Statement of Changes in Fiduciary Funds - Custodial Funds  
Year Ended June 30, 2025

	Truckee Meadows Water Reclamation Facility	Sick Leave Retirement Fund	Postemployment Medical Benefits Fund	Special Assessment Districts Fund	Police Evidence Fund	Total Custodial Funds
<b>Additions</b>						
Contributions						
Joint Venture owner contributions	\$ 29,406,940	\$ -	\$ -	\$ -	\$ -	\$ 29,406,940
Police evidence additions	-	-	-	-	9,463	9,463
Collections from special assessment district	-	-	-	11,019,130	-	11,019,130
Other income						
Interest, dividends, and other	84,651	-	-	86,362	47	171,060
Receipts from TMWRF sales and services	1,173,449	-	-	-	-	1,173,449
Total other income	1,258,100	-	-	86,362	47	1,344,509
Total additions	30,665,040	-	-	11,105,492	9,510	41,780,042
<b>Deductions</b>						
Medical, dental, and life insurance - retirees	-	2,197	11,208	-	-	13,405
Disbursements for operating costs of joint venture	28,625,978	-	-	-	-	28,625,978
Disbursements for capital costs of joint venture	768,841	-	-	-	-	768,841
Police Evidence Deductions	-	-	-	-	36,853	36,853
Interest and fiscal charges	-	-	-	10,221,144	-	10,221,144
Administrative costs	-	-	-	514	-	514
Total deductions	29,394,819	2,197	11,208	10,221,658	36,853	39,666,735
Net increase (decrease) in fiduciary net position	1,270,221	(2,197)	(11,208)	883,834	(27,343)	2,113,307
Net position, beginning of year	255,160	4,744	11,208	-	56,300	327,412
Net position, end of year	\$ 1,525,381	\$ 2,547	\$ -	\$ 883,834	\$ 28,957	\$ 2,440,719



City of Sparks  
Schedule of Fees Imposed Subject to NRS 354.5989 - Limitation of Fees for Business Licenses  
Year Ended June 30, 2025

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Flat Fixed Fees

Business license revenue adjusted base at June 30, 2024 (Base Year)	\$ <u>1,211,066</u>
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Adjustment to Base

Percentage increase in population of the local government	1.86 %
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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)	2.50 % <u>4.36 %</u>
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	<u>52,802</u>
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Adjusted base at June 30, 2025	1,263,868
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Actual Revenue	<u>773,686</u>
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Amount under allowable amount	<u><u>(490,182)</u></u>
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Fee Calculated on a Percentage of Gross Revenue

Base Revenue at June 30, 2024	<u>7,085,520</u>
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Percentage change in CPI	<u>1.025 %</u>
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Adjusted base at June 30, 2025	7,262,658
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Actual Revenue	<u>6,991,300</u>
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Actual amount under allowable amount	<u><u>\$ (271,358)</u></u>
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This part of the City of Sparks' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<b>Section Contents</b>	<b>Schedule #</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	1.1-1.4
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	2.1-2.4
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt, and its ability to issue additional future debt.	3.1-3.4
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	4.1-4.2
<b>Operating Information</b> These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	5.1-5.3

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Activities				
Net investment in capital assets	\$ 535,247,080	\$ 481,181,449	\$ 447,044,071	\$ 436,205,357
Restricted <sup>(1)</sup>	102,911,213	92,275,374	63,682,960	55,145,614
Unrestricted (deficit)	<u>(157,317,349)</u>	<u>(143,136,998)</u>	<u>(122,972,149)</u>	<u>(144,921,593)</u>
Total Governmental Activities	<u>\$ 480,840,944</u>	<u>\$ 430,319,825</u>	<u>\$ 387,754,882</u>	<u>\$ 346,429,378</u>
Business-Type Activities				
Net investment in capital assets	\$ 174,936,675	\$ 175,719,779	\$ 175,175,155	\$ 174,042,473
Unrestricted	<u>170,261,105</u>	<u>147,875,241</u>	<u>129,994,210</u>	<u>115,020,279</u>
Total business-type activities net position	<u>\$ 345,197,780</u>	<u>\$ 323,595,020</u>	<u>\$ 305,169,365</u>	<u>\$ 289,062,752</u>
Primary government				
Net investment in capital assets	\$ 710,183,755	\$ 656,901,228	\$ 622,219,226	\$ 610,247,830
Restricted	102,911,213	92,275,374	63,682,960	55,145,614
Unrestricted (deficit)	<u>12,943,756</u>	<u>4,738,243</u>	<u>7,022,061</u>	<u>(29,901,314)</u>
Total primary government	<u>\$ 826,038,724</u>	<u>\$ 753,914,845</u>	<u>\$ 692,924,247</u>	<u>\$ 635,492,130</u>

Notes:

<sup>(1)</sup> The significant change in 2024 is due to a reclassification of net position for the Redevelopment Agency to Restricted from Unrestricted. Prior year amounts in this schedule have not been updated to reflect this change.

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 413,601,581	\$ 401,168,954	\$ 392,011,088	\$ 363,842,341	\$ 377,956,278	\$ 364,071,812
51,775,060	44,717,383	40,809,634	38,126,693	36,694,210	35,374,824
<u>(175,977,167)</u>	<u>(204,210,323)</u>	<u>(203,877,196)</u>	<u>(212,691,309)</u>	<u>(136,693,294)</u>	<u>(163,874,191)</u>
<u>\$ 289,399,474</u>	<u>\$ 241,676,014</u>	<u>\$ 228,943,526</u>	<u>\$ 189,277,725</u>	<u>\$ 277,957,194</u>	<u>\$ 235,572,445</u>
\$ 167,767,880	\$ 151,475,847	\$ 147,778,186	\$ 137,394,248	\$ 136,405,793	\$ 133,052,926
<u>102,184,328</u>	<u>99,284,144</u>	<u>91,502,404</u>	<u>82,041,562</u>	<u>67,633,391</u>	<u>61,224,746</u>
<u>\$ 269,952,208</u>	<u>\$ 250,759,991</u>	<u>\$ 239,280,590</u>	<u>\$ 219,435,810</u>	<u>\$ 204,039,184</u>	<u>\$ 194,277,672</u>
\$ 581,369,461	\$ 552,644,801	\$ 539,789,274	\$ 501,236,589	\$ 514,362,071	\$ 497,124,738
51,775,060	44,717,383	40,809,634	38,126,693	36,694,210	35,374,824
<u>(73,792,839)</u>	<u>(104,926,179)</u>	<u>(112,374,792)</u>	<u>(130,649,747)</u>	<u>(69,059,903)</u>	<u>(102,649,445)</u>
<u>\$ 559,351,682</u>	<u>\$ 492,436,005</u>	<u>\$ 468,224,116</u>	<u>\$ 408,713,535</u>	<u>\$ 481,996,378</u>	<u>\$ 429,850,117</u>

	2025	2024	2023	2022
Expenses				
Governmental Activities				
General government	\$ 23,854,703	\$ 23,803,673	\$ 21,278,140	\$ 22,795,502
Judicial	3,459,036	3,398,406	3,229,643	2,770,337
Public safety	98,278,394	83,499,408	69,348,520	54,693,488
Public works	16,076,998	15,718,900	13,077,255	13,221,651
Culture and recreation	16,961,092	15,540,060	13,284,068	10,951,486
Community support	2,412,599	2,679,760	3,897,337	2,697,499
Utility enterprise	43,706	-	-	-
Interest	1,763,008	2,790,470	2,651,779	2,873,824
Total governmental activities	162,849,536	147,430,677	126,766,742	110,003,787
Business-type Activities				
Sewer	34,051,172	33,301,827	30,665,606	27,568,958
Development services	6,430,672	6,350,908	6,119,547	5,373,651
Total business-type activities expenses	40,481,844	39,652,735	36,785,153	32,942,609
Total primary government expenses	\$ 203,331,380	\$ 187,083,412	\$ 163,551,895	\$ 142,946,396
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 22,926,489	\$ 23,366,653	\$ 23,193,253	\$ 20,436,521
Judicial	909,776	647,124	677,242	688,804
Public safety	2,360,640	1,135,500	1,726,591	1,858,640
Public works	4,378,423	4,078,386	4,452,515	3,498,115
Sanitation	155,443	274,055	235,689	218,725
Culture, recreation, and community support	5,512,799	5,978,398	5,514,989	4,957,917
Operating grants and contributions	5,349,212	9,958,247	13,306,670	8,040,284
Capital grants, interest, and contributions	53,900,889	28,423,456	9,222,106	25,234,453
Total governmental activities program revenues	95,493,671	73,861,819	58,329,055	64,933,459
Business-type Activities				
Charge for Sewer services	35,615,613	34,077,478	33,824,004	32,012,676
Charge for Development services	5,794,518	5,116,117	4,408,639	6,163,395
Operating grants, interest, and contributions	116,371	182,016	-	-
Capital grants, interest, and contributions	14,559,460	13,031,584	12,632,354	15,275,746
Total business-type activities program revenues	56,085,962	52,407,195	50,864,997	53,451,817
Total primary government program revenue	151,579,633	126,269,014	109,194,052	118,385,276
Net (Expense)/Revenue				
Governmental Activities	(67,355,865)	(73,568,858)	(68,437,687)	(45,070,328)
Business-type Activities	15,604,118	12,754,460	14,079,844	20,509,208
Total primary government net expense	\$ (51,751,747)	\$ (60,814,398)	\$ (54,357,843)	\$ (24,561,120)

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

2021	2020	2019	2018	2017	2016
\$ 21,773,154	\$ 15,441,627	\$ 13,973,087	\$ 13,621,461	\$ 13,628,107	\$ 17,259,801
2,991,334	2,795,918	2,675,432	2,462,689	2,351,052	2,085,243
57,875,859	55,440,833	50,137,012	45,421,001	44,774,035	41,989,882
12,992,663	11,950,915	10,831,434	9,069,840	9,177,840	8,564,996
9,941,535	10,422,820	10,712,073	10,788,462	10,092,377	10,163,718
5,409,239	5,645,107	3,152,349	2,025,939	3,298,425	2,577,879
-	-	-	-	-	-
3,523,685	6,545,310	7,987,116	10,352,937	10,501,091	9,827,453
114,507,469	108,242,530	99,468,503	93,742,329	93,822,927	92,468,972
25,858,663	26,977,731	24,957,376	24,247,795	22,922,462	23,863,114
5,297,017	5,190,503	4,916,464	4,429,416	3,784,497	2,871,068
31,155,680	32,168,234	29,873,840	28,677,211	26,706,959	26,734,182
\$ 145,663,149	\$ 140,410,764	\$ 129,342,343	\$ 122,419,540	\$ 120,529,886	\$ 119,203,154
\$ 18,975,277	\$ 18,789,975	\$ 18,467,769	\$ 17,303,881	\$ 14,401,815	\$ 14,374,893
662,624	724,787	849,504	884,023	858,488	940,585
1,955,162	796,259	828,841	961,350	570,336	718,541
3,452,679	3,203,990	3,163,804	2,033,918	2,725,585	3,124,194
181,329	94,195	117,145	254,414	81,760	112,103
4,026,966	4,127,420	5,335,121	6,722,371	4,927,851	4,703,917
22,245,844	1,493,963	1,777,839	1,404,104	1,725,985	1,534,679
14,863,768	7,793,920	28,115,646	4,620,380	41,463,235	14,611,760
66,363,649	37,024,509	58,655,669	34,184,441	66,755,055	40,120,672
29,365,070	27,840,612	26,129,683	25,421,540	24,000,811	22,858,463
5,290,666	5,782,060	5,426,563	5,683,897	4,713,487	4,153,119
-	-	-	-	13,729	-
16,297,112	8,713,716	16,120,587	14,538,770	7,648,854	6,490,750
50,952,848	42,336,388	47,676,833	45,644,207	36,376,881	33,502,332
117,316,497	79,360,897	106,332,502	79,828,648	103,131,936	73,623,004
(48,143,820)	(71,218,021)	(40,812,834)	(59,557,888)	(27,067,872)	(52,348,300)
19,797,168	10,168,154	17,802,993	16,966,996	9,669,922	6,768,150
\$ (28,346,652)	\$ (61,049,867)	\$ (23,009,841)	\$ (42,590,892)	\$ (17,397,950)	\$ (45,580,150)

	2025	2024	2023	2022
<hr/>				
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Ad valorem taxes	\$ 44,441,386	\$ 41,291,470	\$ 40,034,040	\$ 37,105,637
Special assessments - taxes	109,099	132,190	149,202	178,512
Unrestricted intergovernmental - consolidated taxes	39,785,877	38,796,009	37,595,351	38,026,225
Other taxes	21,984,431	25,718,461	25,389,575	24,622,655
Unrestricted investment income (loss)	7,190,992	7,652,094	4,354,195	(706,656)
Other	4,449,228	3,330,243	2,453,781	2,724,665
Transfers	(84,029)	(217,870)	(212,953)	149,194
Total governmental activities	<u>117,876,984</u>	<u>116,702,597</u>	<u>109,763,191</u>	<u>102,100,232</u>
Business-type Activities				
Unrestricted investment income	5,895,636	5,111,768	1,580,990	(1,311,760)
Other	18,977	473,279	232,826	62,290
Transfers	84,029	217,870	212,953	(149,194)
Total business-type activities	<u>5,998,642</u>	<u>5,802,917</u>	<u>2,026,769</u>	<u>(1,398,664)</u>
Total primary government	<u>\$ 123,875,626</u>	<u>\$ 122,505,514</u>	<u>\$ 111,789,960</u>	<u>\$ 100,701,568</u>
Change in Net Position				
Governmental Activities	\$ 50,521,119	\$ 43,133,739	\$ 41,325,504	\$ 57,029,904
Business-Type Activities	<u>21,602,760</u>	<u>18,557,377</u>	<u>16,106,613</u>	<u>19,110,544</u>
Total primary government change in net position	<u>\$ 72,123,879</u>	<u>\$ 61,691,116</u>	<u>\$ 57,432,117</u>	<u>\$ 76,140,448</u>

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

2021	2020	2019	2018	2017	2016
\$ 34,873,144	\$ 32,559,240	\$ 29,945,770	\$ 27,562,058	\$ 26,361,970	\$ 25,735,620
148,830	324,269	361,665	342,080	889,479	1,197,930
34,501,113	29,030,989	27,846,670	26,549,389	23,195,337	22,695,286
23,615,309	19,536,433	19,930,341	18,804,468	17,167,022	16,199,616
43,842	1,350,566	1,868,169	393,507	243,579	506,173
2,026,954	868,239	508,633	(582,679)	1,625,010	215,107
499,349	280,773	21,281	(228,473)	(25,941)	53,047
95,708,541	83,950,509	80,482,529	72,840,350	69,456,456	66,602,779
(184,969)	1,510,252	1,983,132	69,182	(39,993)	493,674
79,367	81,768	79,936	92,497	105,642	126,503
(499,349)	(280,773)	(21,281)	228,473	25,941	(53,047)
(604,951)	1,311,247	2,041,787	390,152	91,590	567,130
\$ 95,103,590	\$ 85,261,756	\$ 82,524,316	\$ 73,230,502	\$ 69,548,046	\$ 67,169,909
\$ 47,564,721	\$ 12,732,488	\$ 39,669,695	\$ 13,282,462	\$ 42,388,584	\$ 14,254,479
19,192,217	11,479,401	19,844,780	17,357,148	9,761,512	7,335,280
\$ 66,756,938	\$ 24,211,889	\$ 59,514,475	\$ 30,639,610	\$ 52,150,096	\$ 21,589,759



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	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Assigned	\$ 727,964	\$ 4,175,936	\$ 1,466,538	\$ 1,647,241
Unassigned	<u>12,975,589</u>	<u>15,262,826</u>	<u>22,088,445</u>	<u>17,400,201</u>
Total general fund <sup>(1)</sup>	<u>\$ 13,703,553</u>	<u>\$ 19,438,762</u>	<u>\$ 23,554,983</u>	<u>\$ 19,047,442</u>
All Other Governmental Funds				
Restricted <sup>(2)</sup>	\$ 88,145,798	\$ 90,182,992	\$ 50,377,301	\$ 43,169,345
Committed	4,066,784	2,875,686	3,207,411	3,186,082
Assigned	<u>11,671,006</u>	<u>12,046,112</u>	<u>33,461,389</u>	<u>25,721,072</u>
Total all other governmental funds <sup>(1)</sup>	<u>\$ 103,883,588</u>	<u>\$ 105,104,790</u>	<u>\$ 87,046,101</u>	<u>\$ 72,076,499</u>

Notes:

- 1) Fluctuations in total general fund balance and total all other governmental funds balance primarily reflect activity related to large capital projects.
- 2) The significant change in 2024 is due to the reclassification of the Redevelopment Agency as restricted fund balance rather than assigned. Prior year amounts in this schedule were not updated as a result of this change.

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 10,540,145	\$ 510,439	\$ 119,485	\$ 955,058	\$ 332,086	\$ 2,345,634
<u>9,967,747</u>	<u>6,350,345</u>	<u>8,237,017</u>	<u>5,860,155</u>	<u>2,381,986</u>	<u>3,661,772</u>
<u>\$ 20,507,892</u>	<u>\$ 6,860,784</u>	<u>\$ 8,356,502</u>	<u>\$ 6,815,213</u>	<u>\$ 2,714,072</u>	<u>\$ 6,007,406</u>
\$ 43,208,385	\$ 36,488,361	\$ 36,560,228	\$ 33,709,418	\$ 32,696,433	\$ 36,862,093
2,530,762	1,707,029	1,942,449	1,240,812	913,386	1,073,424
<u>15,323,590</u>	<u>10,551,920</u>	<u>10,072,007</u>	<u>7,777,144</u>	<u>6,407,484</u>	<u>3,429,725</u>
<u>\$ 61,062,737</u>	<u>\$ 48,747,310</u>	<u>\$ 48,574,684</u>	<u>\$ 42,727,374</u>	<u>\$ 40,017,303</u>	<u>\$ 41,365,242</u>

	2025	2024	2023	2022
Revenues				
Taxes	\$ 47,209,224	\$ 44,555,947	\$ 43,185,530	\$ 40,354,999
Licenses and permits	24,637,169	25,968,161	25,730,539	22,297,813
Intergovernmental revenues	68,134,335	74,354,428	77,434,341	72,189,993
Charges for services	8,001,202	6,174,009	5,903,560	6,677,002
Fines and forfeits	716,532	591,289	563,717	554,510
Miscellaneous	7,040,712	7,513,687	4,247,387	(110,209)
Total revenues	155,739,174	159,157,521	157,065,074	141,964,108
Expenditures				
General government*	21,754,598	20,919,063	18,092,173	21,931,829
Judicial	3,248,015	3,006,606	2,950,083	2,835,578
Public safety	77,011,342	74,942,442	63,793,055	59,958,021
Public works	9,731,561	9,425,397	7,211,820	7,690,354
Culture and recreation	13,735,897	12,026,721	10,016,216	8,365,601
Community support	1,078,696	1,740,457	3,239,653	2,332,202
Capital/Nonoperating	20,444,225	17,000,413	11,693,578	7,223,549
Debt service				
Principal	19,569,452	20,412,022	21,347,439	18,877,230
Interest	1,829,265	2,016,848	2,132,601	2,724,356
Advance Refunding Escrow	-	-	-	-
Other				
Fiscal charges and other	34,853	87,732	47,074	6,049
Bond issuance costs	-	345,453	-	-
Total expenditures	168,437,904	161,923,154	140,523,692	131,944,769
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(12,698,730)	(2,765,633)	16,541,382	10,019,339
Other Financing Sources (Uses)				
Sale of assets	26,485	-	1,862,068	-
Refunding bonds issued	-	-	-	-
Bond issuance proceeds	-	15,000,000	-	-
Payments to refunded bond escrow agent	-	-	-	-
Leases	2,942,114	12,112	248,373	37,341
IT Subscriptions	1,493,877	63,375	1,276,420	-
Bond issuance discount	-	-	-	-
Bond issuance premium	-	1,256,012	-	-
Transfers in	8,398,945	13,121,730	24,153,706	15,842,719
Transfers out	(7,119,102)	(12,745,128)	(24,604,806)	(16,346,089)
Total other financing sources (uses)	5,742,319	16,708,101	2,935,761	(466,029)
Net Change in Fund Balances	\$ (6,956,411)	\$ 13,942,468	\$ 19,477,143	\$ 9,553,310
Debt service as a percentage of noncapital expenditures	14.5 %	15.5 %	18.2 %	17.3 %

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

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

2021	2020	2019	2018	2017	2016
\$ 39,360,225	\$ 35,176,088	\$ 33,018,266	\$ 35,540,176	\$ 29,734,198	\$ 28,969,948
20,602,169	19,910,793	20,025,849	18,919,475	15,476,836	15,892,828
81,512,068	50,188,454	50,827,309	45,242,085	41,886,672	40,724,097
5,724,750	4,969,720	6,050,050	5,852,395	5,713,677	5,186,023
505,488	586,214	584,391	703,704	622,678	663,882
801,043	1,807,644	1,752,147	770,509	597,537	846,889
148,505,743	112,638,913	112,258,012	107,028,344	94,031,598	92,283,667
20,343,444	14,477,331	12,839,338	12,773,774	13,009,722	10,979,858
2,760,164	2,547,670	2,538,257	2,347,610	2,272,818	1,998,477
55,380,118	50,827,457	47,535,551	43,983,575	43,333,646	41,066,025
6,880,625	5,787,155	4,872,701	4,734,652	4,709,480	4,827,742
7,125,492	7,565,828	7,781,638	7,559,359	7,534,030	7,258,973
5,033,426	6,190,832	2,289,008	1,235,472	994,435	1,802,744
4,460,840	7,441,242	7,617,099	4,268,653	6,726,641	5,918,626
16,696,235	14,124,988	11,476,169	13,644,519	7,852,000	7,398,000
3,313,836	5,558,055	7,673,052	9,423,142	10,165,272	10,920,981
-	-	-	-	2,899,967	-
6,050	3,200	6,238	18,153	23,336	4,366
-	1,066,498	-	-	217,757	-
122,000,230	115,590,256	104,629,051	99,988,909	99,739,104	92,175,792
26,505,513	(2,951,343)	7,628,961	7,039,435	(5,707,506)	107,875
-	-	-	250	1,096,000	934,000
-	96,609,347	-	-	23,158,290	-
-	-	-	-	-	-
-	(93,513,935)	-	-	(23,124,790)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(8,500)	-
-	-	-	-	-	-
21,466,426	8,781,547	5,255,809	2,939,738	7,099,724	6,542,487
(22,168,142)	(10,248,706)	(5,496,173)	(3,168,211)	(7,154,491)	(7,217,575)
(701,716)	1,628,253	(240,364)	(228,223)	1,066,233	258,912
\$ 25,803,797	\$ (1,323,090)	\$ 7,388,597	\$ 6,811,212	\$ (4,641,273)	\$ 366,787
17.0 %	18.2 %	19.7 %	24.1 %	22.5 %	21.2 %

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Real Property Assessed Value					
Fiscal Year ended June 30,	Residential	Commercial	Industrial	Other	
2025	\$ 3,767,421,686	\$ 809,721,263	\$ 630,044,087	\$ 447,535,829	
2024	3,547,162,499	810,243,911	595,760,806	437,316,556	
2023	3,399,740,561	748,472,933	540,031,064	374,950,979	
2022	2,750,064,747	623,065,838	454,450,308	278,128,435	
2021	2,451,376,798	565,369,753	425,197,042	261,393,031	
2020	2,378,635,244	574,305,361	432,462,837	250,417,320	
2019	2,229,900,160	529,486,683	406,704,885	222,190,719	
2018	1,963,226,530	488,494,248	384,454,122	187,065,467	
2017	1,871,245,807	469,525,894	373,049,844	157,678,335	
2016	1,787,356,662	492,590,272	352,196,393	149,465,713	

Source: Washoe County Assessor

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

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

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Personal Property Assessed Value	Less Tax Exempt Property	Taxable Assessed Value	Estimated Actual Value	Percentage of Taxable Value to Actual Value	Total Direct Tax Rate
\$ 6,473,215	\$ 288,607,115	\$ 5,431,595,703	15,518,844,866	35.00 %	0.9598
6,346,289	283,621,460	5,179,480,004	14,798,514,297	35.00 %	0.9598
6,221,852	257,006,898	3,595,987,087	10,274,248,820	35.00 %	0.9598
6,099,855	214,915,593	3,524,585,790	10,070,245,114	35.00 %	0.9598
5,980,250	191,327,689	3,330,057,738	9,514,450,680	35.00 %	0.9598
5,862,990	194,266,121	3,155,373,495	9,015,352,843	35.00 %	0.9598
5,748,029	183,618,052	2,839,231,639	8,112,090,397	35.00 %	0.9598
5,635,323	152,542,043	2,777,401,409	7,935,432,597	35.00 %	0.9598
5,524,826	157,699,419	2,644,465,360	7,555,615,314	35.00 %	0.9598
5,416,496	156,718,781	2,469,924,856	7,056,928,160	35.00 %	0.9598

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	2025	2024	2023	2022
City of Sparks Direct Rate				
Operating Rate	0.7523	0.7523	0.7523	0.7109
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.0970	0.0970	0.0970	0.1384
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
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	3.1961	3.1961	3.1961	3.1891

Source: Nevada Department of Taxation

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

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

2021	2020	2019	2018	2017	2016
0.7109	0.7109	0.7109	0.7109	0.7109	0.7109
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1384	0.1384	0.1384	0.1384	0.1384	0.1384
0.9598	0.9598	0.9598	0.9598	0.9598	0.9598
1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7002	2.7002	2.7002	2.7002	2.7002	2.7002
3.6600	3.6600	3.6600	3.6600	3.6600	3.6600
3.1848	3.1808	3.1778	3.2085	3.2085	3.2085



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

Taxpayer	2025			2016		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
RED Sparks SPE LLC	\$ 39,278,267	1	0.72%	\$ -	-	-%
Smooth Bourbon LLC	37,621,012	2	0.69%	-	-	-%
LMC Apex Property Owner LLC	22,413,229	3	0.41%	-	-	-%
Northland Lumina LLC	22,401,811	4	0.41%	-	-	-%
Kiley Ranch Six Apartments LLC	20,609,774	5	0.38%	-	-	-%
Prime Park Vista LLC	19,989,010	6	0.37%	-	-	-%
Oakmont Properties-Azure Owner LLC	18,414,598	7	0.34%	-	-	-%
Sparks Marina JV LLC	18,318,074	8	0.34%	-	-	-%
BL Road LLC	17,741,553	9	0.33%	-	-	-%
Green Leaf Waterstone LLC	17,301,331	10	0.32%	-	-	-%
Northwestern Mutual Life Insurance CO.	-		-%	17,862,158	1	0.80%
ICON Reno Property Owner Pool 3	-		-%	14,932,462	2	0.67%
BPH I LLC	-		-%	13,998,453	3	0.63%
Prime Park Vista LLC	-		-%	13,541,222	4	0.61%
Inland American Sparks Crossing	-		-%	12,477,354	5	0.56%
Waterstone Village LLC	-		-%	12,465,658	6	0.56%
ICON Reno Property Owner Pool 2	-		-%	12,043,625	7	0.54%
Oakmont Properties Trails	-		-%	12,011,883	8	0.54%
Sparks Family Hospital Inc	-		-%	11,670,771	9	0.52%
ICON PAC Nevada Pool 2	-		-%	11,496,618	10	0.51%
Total, Ten Largest Taxpayers	234,088,659		4.31%	132,500,204		5.92%
Total, Other Taxpayers	<u>5,197,507,044</u>		<u>95.69%</u>	<u>2,104,302,866</u>		<u>94.08%</u>
Total Assessed Valuations	<u>\$ 5,431,595,703</u>		<u>100.00%</u>	<u>\$ 2,236,803,070</u>		<u>100.00%</u>

Source: Washoe County Assessor

This list represents the ten largest property assessments based on property-owning taxpayers in the City. It is possible that an owner of several parcels may have an aggregate assessed value that is large than those listed above. This schedule does not include the City of Sparks Redevelopment Agency valuation.

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

Fiscal Year Ended June 30,	Current Year			Delinquent Tax Collections	Total Collections to Date		
	Taxes Levied	Tax Collections	Percentage of Taxes Levied		Tax Collections	Percent of Taxes Levied	
2025	\$ 40,582,242	\$ 40,377,258	99.49	\$ -	\$ 40,377,258	99.49%	
2024	37,218,060	37,128,208	99.76	73,212	37,201,420	99.96%	
2023	36,159,075	36,036,669	99.66	119,071	36,155,740	99.99%	
2022	33,567,257	33,488,421	99.77	78,166	33,566,587	100.00%	
2021	31,490,892	31,380,240	99.65	110,651	31,490,891	100.00%	
2020	29,230,408	29,146,606	99.71	83,802	29,230,408	100.00%	
2019	26,972,304	26,892,344	99.70	79,960	26,972,304	100.00%	
2018	24,822,400	24,741,565	99.67	80,835	24,822,400	100.00%	
2017	23,816,110	23,725,954	99.62	90,156	23,816,110	100.00%	
2016	23,092,284	23,012,450	99.65	79,834	23,092,284	100.00%	

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. Redevelopment Agency Area No. 1 ended June 30, 2023.

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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	Bonds	Notes	Bonds	Notes					
2025	\$16,256,012	\$ -	\$ 7,771,301	\$ -	\$ 24,027,313	\$ 5,090,375	\$ 18,936,938	0.12%	\$ 211.11
2024	16,256,012	-	9,967,304	-	26,223,316	5,398,563	20,824,753	0.14%	234.69
2023	-	-	12,093,874	-	12,093,874	5,884,293	6,209,581	0.06%	112.51
2022	-	-	14,165,442	-	14,165,442	6,089,739	8,075,703	0.08%	137.22
2021	-	-	18,257,042	-	18,257,042	8,974,508	9,282,534	0.10%	178.04
2020	-	-	22,188,460	-	22,188,460	8,223,083	13,965,377	0.15%	221.57
2019	-	-	28,146,901	-	28,146,901	8,504,258	19,642,643	0.24%	290.39
2018	-	-	31,969,961	-	31,969,961	7,940,231	24,029,730	0.30%	333.97
2017	-	-	40,340,988	-	40,340,988	19,752,855	20,588,133	0.27%	431.08
2016	1,035,000	-	43,497,856	-	44,532,856	18,910,066	25,622,790	0.36%	481.98

<sup>1)</sup> See Schedule 2.1 for estimated actual property value.

<sup>2)</sup> See Schedule 4.1 for population and personal income data.

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

Other Governmental Activities Debt			Business Type Activities			Total Primary Government	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
Revenue Bonds	IT Subscriptions	Leases	Sewer Utility Bonds	Sewer Utility Notes	Leases			
\$ 13,383,000	\$ 1,165,602	\$ 2,723,054	\$ 3,713,147	\$ 41,386	\$ 26,631	\$ 45,080,344	0.11%	\$ 396.08
29,596,000	425,212	679,999	5,690,236	259,106	35,344	62,484,001	0.16%	563.02
47,075,000	867,636	1,202,581	7,922,276	1,096,217	43,502	69,433,450	0.20%	654.03
65,323,000	-	138,880	10,396,880	1,910,080	10,204	91,944,486	0.29%	890.68
80,031,847	-	-	13,264,871	2,701,341	-	114,255,101	0.38%	1,114.22
92,793,284	-	-	28,088,741	3,470,629	-	146,541,114	0.52%	1,463.36
96,320,024	-	-	33,141,506	4,218,271	-	161,826,702	0.63%	1,669.56
103,776,530	-	-	38,082,582	4,945,551	-	178,774,624	0.79%	1,867.60
108,853,102	-	-	42,928,969	5,652,641	-	197,775,700	0.92%	2,113.42
112,162,608	-	-	46,817,980	6,356,605	-	209,870,049	1.10%	2,271.42

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City of Sparks  
Schedule 3.2 – General Obligation Direct and Overlapping Debt  
Year Ended June 30, 2025 (Unaudited)

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Presently Self-Supporting Debt Outstanding</u>	<u>Percentage Applicable<sup>(1)</sup></u>	<u>Applicable Net Debt</u>
Direct				
City of Sparks <sup>(2)</sup>				
Governmental activity				
Leases	\$ 2,723,054	\$ 2,723,054	100.00%	\$ 2,723,054
Subscriptions	1,165,602	1,165,602	100.00%	1,165,602
Revenue bonds	13,383,000	13,383,000	100.00%	13,383,000
General obligation bonds & notes	16,256,012	16,256,012	100.00%	16,256,012
Tax allocation bonds & notes	<u>7,771,301</u>	<u>7,771,301</u>	100.00%	<u>7,771,301</u>
Total direct debt	<u>41,298,969</u>	<u>41,298,969</u>		<u>41,298,969</u>
Overlapping				
Washoe County School District	1,121,165	-	14.94%	167,502
Washoe County	97,293	29,325,000	14.94%	14,536
State of Nevada	<u>1,132,610,000</u>	<u>241,519,000</u>	2.66%	<u>30,127,426</u>
Total overlapping	<u>1,133,828,458</u>	<u>270,844,000</u>		<u>30,309,464</u>
Total general obligation direct and overlapping	<u>\$1,175,127,427</u>	<u>\$ 312,142,969</u>		<u>\$ 71,608,433</u>

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

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

<sup>2)</sup> Amounts are net of issuance discounts.

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Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2025

Assessed value of taxable property, including redevelopment	<u>\$ 5,431,595,703</u>
Debt limit - (20% of total assessed value)	\$ 1,086,319,141
Debt Applicable to Limit	
Business-type Activities GO Debt	<u>3,713,147</u>
Total Net Debt Subject to Limitation	<u>3,713,147</u>
Legal debt margin	<u>\$ 1,082,605,994</u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Debt Limit	\$ 1,120,943,564	\$ 1,035,896,001	\$ 719,197,417	\$ 704,917,158
Total net debt subject to limitation	<u>3,713,147</u>	<u>5,690,236</u>	<u>7,922,277</u>	<u>10,396,880</u>
Available General Obligation Debt Limit	<u>\$ 1,117,230,417</u>	<u>\$ 1,030,205,765</u>	<u>\$ 711,275,140</u>	<u>\$ 694,520,278</u>
Total Net Debt Subject to limitation as a Percentage of Debt Limit	<u>0.3 %</u>	<u>0.5 %</u>	<u>1.1 %</u>	<u>1.5 %</u>

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

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

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

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 666,011,548	\$ 684,286,244	\$ 613,381,910	\$ 595,228,536	\$ 564,422,667	\$ 493,984,971
<u>13,264,871</u>	<u>28,088,741</u>	<u>33,141,506</u>	<u>37,566,649</u>	<u>42,145,498</u>	<u>47,852,980</u>
<u>\$ 652,746,677</u>	<u>\$ 656,197,503</u>	<u>\$ 580,240,404</u>	<u>\$ 557,661,887</u>	<u>\$ 522,277,169</u>	<u>\$ 446,131,991</u>
<u>2.0 %</u>	<u>4.1 %</u>	<u>5.4 %</u>	<u>6.3 %</u>	<u>7.5 %</u>	<u>9.7 %</u>



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

Fiscal Year Ended June 30,	Pledged Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Revenues Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Sewer Utility Bonds <sup>(3)</sup>							
2025	\$ 46,183,334	\$ 24,853,702	\$ 21,329,632	\$ 1,977,090	\$ 52,635	\$ 2,029,725	10.5
2024	45,742,421	23,424,379	22,318,042	2,232,040	83,236	2,315,276	9.6
2023	44,832,942	20,298,556	24,534,386	2,474,603	122,282	2,596,885	9.4
2022	42,167,453	18,804,111	23,363,342	2,867,990	156,079	3,024,069	7.7
2021	41,841,047	17,182,755	24,658,292	3,048,015	175,404	3,223,419	7.6
2020	34,560,930	17,565,466	16,995,464	3,195,453	213,970	3,409,423	5.0
2019	33,304,181	15,295,633	18,008,548	3,103,311	253,623	3,356,934	5.4
2018	36,224,774	14,598,519	21,626,255	3,013,849	292,133	3,305,982	6.5
2017	29,281,895	14,052,528	15,229,367	3,056,723	816,603	3,873,326	3.9
2016	27,458,269	14,382,880	13,075,389	3,521,768	907,329	4,429,097	3.0

<sup>1)</sup> Pledged revenue for sewer utility bonds includes revenue derived from licenses and permits, sewer connection fees, and charges for services.

<sup>2)</sup> Operating expenses exclude depreciation, interest, and other non-operating expenses.

<sup>3)</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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Fiscal Year Ended June 30,	Population <sup>(1)</sup>	City Area Square Miles <sup>(6)</sup>	Total Personal Income <sup>(3)</sup>	Per Capita Personal Income <sup>(3)</sup>
2025	113,816	36.60	\$ 40,857,764,000	\$ 81,358
2024	111,735	36.60	39,110,130,000	78,077
2023	107,489	36.60	35,568,402,000	71,489
2022	103,230	36.60	31,801,292,000	66,075
2021	102,543	36.55	30,121,290,000	63,328
2020	100,140	36.50	28,016,338,000	59,639
2019	96,928	35.81	25,556,498,000	55,487
2018	95,726	35.81	22,724,381,000	49,653
2017	93,581	35.81	21,428,813,000	47,526
2016	92,396	35.81	19,165,475,745	43,805

Sources:

- <sup>1)</sup> Nevada Department of Taxation.
- <sup>2)</sup> City of Sparks, Management Services Department.
- <sup>3)</sup> U.S. Department of Commerce, Bureau of Economic Analysis, for Reno/Sparks Metropolitan Area; Estimated based on available data from BEA.
- <sup>4)</sup> State of Nevada Department of Employment, Training and Rehabilitation for Reno/Sparks Metropolitan area (nevadaworkforce.com).
- <sup>5)</sup> Washoe County School District. Official counts are not available at time of publication.
- <sup>6)</sup> City of Sparks, Community Services Department

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

<u>Unemployment Rate<sup>(4)</sup></u>	<u>Public School Enrollment<sup>(5)</sup></u>	<u>Business Licenses Issued<sup>(2)</sup></u>	<u>Total Construction Permits<sup>(6)</sup></u>	<u>Total Construction Value<sup>(6)</sup></u>
4.5	19,647	7,551	5,222	382,596,735
5.0	19,574	7,598	5,183	285,341,206
4.5	19,968	7,592	4,890	241,583,709
3.3	19,982	7,215	4,789	352,541,584
4.7	18,832	10,015	4,616	314,139,458
11.4	18,890	8,249	4,103	401,232,440
3.2	18,813	8,123	3,935	325,105,877
3.5	18,503	7,378	3,935	344,557,136
4.1	18,780	7,372	3,636	259,406,469
5.2	18,058	6,966	3,712	232,467,828

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

Employer	March, 2025			2016		
	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment <sup>(2)</sup>	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment <sup>(2)</sup>
Tesla Gigafactory	5000-9999	1	2.45%			-%
Sparks Nugget, Inc.	1000-4999	2	0.98%	1000-1499	1	0.54%
United Parcel Service	1000-4999	3	0.98%	1000-1499	2	0.54%
City of Sparks	500-999	4	0.25%	600-699	3	0.28%
Western Village	500-999	5	0.25%	400-499	6	0.19%
Q&D Construction	500-999	6	0.25%	400-499	7	0.19%
Northern Nevada Medical Center	500-999	7	0.12%	500-599	5	0.19%
Rail City	250-499	8	0.12%	300-399	8	0.15%
Western Nevada Supply	250-499	9	0.12%			-%
Swift Transportation	250-499	10	0.12%			-%
Henry Schein Inc	-		-%	500-599	4	0.19%
Sanmar Corporation	-		-%	300-399	9	0.15%
Wal-Mart Superstore	-		-%	300-399	10	0.11%
Total Reno/Sparks Metropolitan Area Covered Employment	<u>305,777</u>			<u>232,158</u>		

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

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

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Function	2025	2024	2023	2022
General government	71.7	69.7	68.7	64.7
Judicial	16.0	16.0	16.0	16.0
Public safety	303.0	303.0	299.0	288.0
Public works	32.7	32.7	21.6	21.6
Culture and recreation	95.4	95.4	93.4	93.4
Community support	1.2	1.2	1.2	1.2
Sewer - Business Type	113.5	113.5	111.9	111.9
Development services - Business Type	<u>36.5</u>	<u>36.5</u>	<u>35.5</u>	<u>35.5</u>
Total	<u><u>670.0</u></u>	<u><u>668.0</u></u>	<u><u>647.3</u></u>	<u><u>632.3</u></u>

Source: City of Sparks Financial Services Department, Budget Document

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

2021	2020	2019	2018	2017	2016
61.7	62.2	59.5	58.5	58.6	59.7
16.0	16.0	15.5	15.5	15.5	17.0
280.0	269.0	254.5	250.5	250.3	245.3
21.6	22.5	23.0	21.5	21.0	21.5
93.4	95.2	96.8	89.0	93.0	91.0
1.2	1.2	1.2	1.0	0.1	0.0
110.9	108.9	102.1	100.0	95.2	93.6
33.5	33.3	33.8	31.0	29.3	23.9
618.3	608.3	586.4	567.0	563.0	552.0



Function/Program	2025	2024	2023	2022
General Government				
Business licenses issued <sup>(3)</sup>	7,551	7,598	7,592	7,215
Judicial <sup>(1)</sup>				
Municipal Court Cases Filed				
Misdemeanor, non-traffic	2,075	1,902	1,522	1,633
Traffic and parking violations	5,339	4,086	4,898	4,037
Public Safety				
Police <sup>(5)</sup>				
Number of sworn personnel	131	127	127	127
Number of cases	12,435	12,794	12,641	13,617
Calls for service	88,962	87,958	93,150	91,438
Fire <sup>(6)</sup>				
Number of firefighters	82	83	76	79
Emergency responses	15,555	15,347	15,556	14,934
Average response time (minutes)	4.0	4.4	4.1	4.1
Public Works <sup>(2)</sup>				
Labor hours for graffiti removal	957	504	438	248
Pounds of material used for filling potholes	434,659	112,977	86,109	14,995
Tons of sand used during snow removal	118	526	1,269	2,753
Pounds of material used for pavement crack sealing	220,884	100,290	78,045	91,641
Street sweeper operator miles	4,932	4,059	4,300	6,042
Culture and Recreation <sup>(7)</sup>				
Adult softball league number of participants	5,796	5,256	4,900	5,250
Before and after school program enrollment	747	560	619	1,387
Community "Fun Run" number of participants	1,744	1,870	1,475	1,407
Utilities				
Sewer residential accounts <sup>(3)</sup>	34,665	33,812	36,396	35,658
Sewer commercial accounts <sup>(3)</sup>	1,853	1,852	2,082	2,076
Treatment Plant Flows (millions of gallons) <sup>(4)</sup>	10,667.0	11,323.0	11,575.0	10,555.0
Development Services <sup>(2)</sup>				
Building permits issued	5,222	5,183	4,890	4,789

Sources:

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

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

2021	2020	2019	2018	2017	2016
7,957	8,249	8,123	7,378	7,694	6,966
1,643	1,974	1,975	1,802	1,731	1,778
5,044	3,455	3,906	3,679	4,140	4,366
124	118	112	112	112	110
11,221	11,208	11,984	11,565	12,283	11,815
81,720	92,136	84,676	82,386	78,604	80,345
75	77	86	87	87	86
13,603	12,608	12,029	12,685	13,724	12,882
4.5	5.5	4.2	3.9	3.8	3.7
549	1,134	1,623	1,675	1,565	1,623
12,383	79,000	91,485	32,183	12,789	13,365
448	258	670	664	279	428
99,381	127,839	117,105	270,743	298,160	205,705
7,810	6,311	5,933	8,014	8,238	8,872
2,394	3,246	83,352	85,096	85,812	71,211
1,088	1,749	1,801	17,194	15,937	15,933
426	1,279	1,502	1,634	1,720	1,054
32,046	31,596	31,143	30,697	29,494	29,647
1,837	1,830	1,817	1,814	1,816	1,813
10,484.0	10,926.0	11,516.8	10,633.4	10,918.7	9,879.0
4,616	4,103	3,890	3,935	3,636	3,712

Function/Program	2025	2024	2023	2022
General Government				
City owned facilities <sup>(1)</sup>	48	48	48	48
Number of networked computers <sup>(5)</sup>	1,018	1,030	998	640
Public Safety				
Police <sup>(2)</sup>				
Marked police vehicles	57	57	64	58
Police motorcycles	6	6	6	5
Fire <sup>(3)</sup>				
Fire stations	5	5	5	5
Fire engines	23	19	19	19
Public Works <sup>(1)</sup>				
Paved streets (miles)	774.3	774.3	774.3	774.3
Culture and Recreation <sup>(4)</sup>				
Parks	52	51	51	51
Acreage of parks - developed	621.5	619.3	619.3	619.3
Acreage of parks - undeveloped	594.1	596.4	596.4	596.4
Swimming pools - outdoors	1	1	1	1
Swimming pools - indoors	2	2	2	2
Athletic Fields - lighted	26	26	26	26
Athletic Fields - unlighted	28	28	28	28
Tennis courts - lighted	10	10	10	12
Tennis courts - unlighted	3	3	3	3
Pickleball courts - lighted	8	8	8	-
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	3	3	3
Rodeo arenas	1	1	1	1
Sand volleyball courts	6	6	6	6
Utilities <sup>(1)</sup>				
Sewer lines (miles)	403.0	401.0	397.1	393.7
Storm drains (miles)	310.0	307.0	302.0	299.1

Sources:

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

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

2021	2020	2019	2018	2017	2016
48	48	48	48	48	48
550	450	450	450	425	460
53	54	49	62	56	45
4	6	6	6	10	6
5	5	5	5	5	5
19	19	19	17	17	17
774.3	734.1	734.1	734.1	734.1	734.1
50	50	50	50	50	52
617.7	617.7	617.7	617.7	618.6	616.0
598.0	598.0	598.0	598.0	579.2	582.4
1	1	1	1	1	1
2	2	2	2	2	2
26	26	26	26	26	26
28	28	28	28	28	28
12	12	12	12	12	12
3	3	3	3	3	3
-	-	-	-	-	-
1	1	1	1	1	1
34	34	34	34	34	34
3	3	3	3	3	3
1	1	-	-	-	-
6	6	12	12	12	12
382.0	374.0	373.2	372.6	359.8	357.5
287.0	271.0	268.7	268.5	259.8	254.7

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Compliance Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.



## **Report on Compliance and Other Matters**

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

## **City's Response to Findings**

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

## **Purpose of this Report**

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



Boise, Idaho

November 25, 2025



## 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, 2025, 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. 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

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

### Prior Year Recommendations

There were no recommendations reported in the prior year.

### Current Year Recommendations

Our recommendations for the current year are included in the Schedule of Findings and Responses.

### 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.

Boise, Idaho  
November 25, 2025

[eidebailly.com](http://eidebailly.com)

**2025-001** Major Fund Determination  
Material Weakness in Internal Control

**Criteria:** Management is responsible for the presentation and fair presentation of financial statements in accordance with U.S. GAAP and through implementation of standards promulgated by the Governmental Accounting Standards Board, which mandate the presentation of major funds and nonmajor funds.

**Condition:** The Redevelopment Agency Area No. 2 Revolving Fund was not originally identified as a major fund as required.

**Cause:** The City of Sparks did not have adequate internal controls to identify changes in major or nonmajor classification to ensure appropriate presentation within the financial statements.

**Effect:** The purpose of major fund reporting is to ensure that each of a government's most important funds are reported separately and highlighted to users of the financial statements within the appropriate context of the government's operations. Prior to correction, the users of the financial statements may not have had the appropriate context.

**Recommendation:** We recommend the City of Sparks enhance internal controls to identify changes in major or nonmajor classification to ensure appropriate presentation within the financial statements.

**Views of Responsible Officials and Planned Corrective Actions:** The City of Sparks agrees with this finding. The City maintains strong internal controls over financial reporting; however, this issue occurred because the City inadvertently included Truckee Meadows Water Reclamation Facility (TMWRF) balances when evaluating major fund thresholds. Since TMWRF is a joint venture and reported separately, its activity should not be considered when determining whether City funds meet GASB major fund criteria. The City will revise its year-end fund review process to explicitly exclude TMWRF activity from all major fund calculations. This was an isolated oversight, and the clarified procedures will ensure accurate and consistent major fund determinations going forward.

**2025-002** OPEB Census Reconciliation  
Material Weakness in Internal Control

**Criteria:** Management is responsible for ensuring the accuracy and completeness of census data submitted to the actuary for purposes of calculating actuarial valuations in accordance with Governmental Accounting Standards Board (GASB) requirements. Accurate census data is critical for proper measurement and disclosure of Other Postemployment Benefits (OPEB) obligations.

**Condition:** The OPEB census reconciliation was not performed accurately, resulting in incorrect census data being submitted to the actuary. This caused the OPEB valuation to be incorrect and required the actuary to prepare a revised report which resulted in a revised valuation of the OPEB liability.

**Cause:** The City did not have adequate internal controls in place to ensure the accuracy of census data used for actuarial valuations.

**Effect:** Inaccurate census data submitted to the actuary resulted in incorrect actuarial valuations and misstated OPEB balances and related disclosures in the financial statements. This could impact a user's understanding of the City's long-term obligations and financial position.

**Recommendation:** We recommend the City strengthen internal controls over the OPEB census reconciliation process to ensure the accuracy and completeness of data provided to the actuary. This may include implementing detailed review procedures, periodic reconciliations, and documentation standards.

**Views of Responsible Officials and Planned Corrective Actions:** The City of Sparks agrees with this finding. Although the City maintains internal controls over payroll and benefits reporting, this specific issue occurred because the OPEB census reconciliation process did not include sufficient review steps to ensure the accuracy and completeness of census data submitted to the actuary. This resulted in incorrect data being provided and required the actuary to issue a revised valuation. To strengthen internal controls and prevent recurrence, the City will establish a reconciliation procedure that includes detailed reconciliation steps between HR and payroll and incorporates a secondary review for accuracy and completeness. These improvements will ensure accurate, complete, and well-supported census data is submitted to the actuary for future valuations.

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Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2025

City of Sparks

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 <i>Government Auditing Standards</i> .....	1
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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

## **City's Response to Findings**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
November 25, 2025



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards 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**

***Opinion on Each Major Federal Program***

We have audited the City of Sparks, Nevada's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. 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.

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, 2025.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 25, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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.



Boise, Idaho

December 2, 2025, except for our report on the schedule of expenditures of federal awards, for which the date is November 25, 2025

City of Sparks  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Awards				
CDBG - Entitlement/Special Purpose Grants Cluster:				
Community Development Block Grants/Entitlement Grant	14.218	B-24-MC-32-0004	\$ 257,796	\$ 95,015
Community Development Block Grants/Entitlement Grant	14.218	B-23-MC-32-0004	88,261	6,300
Community Development Block Grants/Entitlement Grant	14.218	B-22-MC-32-0004	53,938	-
Community Development Block Grants / Program Income	14.218	—	84,578	-
COVID-19 CDBG/Entitlement Grant	14.218	B-20-MW-32-0004	12,843	12,843
Total CDBG - Entitlement/Special Purpose Grants Cluster			497,416	114,158
<b>Total U.S. Department of Housing and Urban Development</b>			<b>497,416</b>	<b>114,158</b>
<b><u>U.S. Department of Justice</u></b>				
Direct Awards				
Equitable Sharing Program	16.922	NV0160200	269,038	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-21-GG-03562-UHPX	218,009	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-01532-TECP	10,954	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-02255-TECP	201,274	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-03646-UHPX	11,392	-
Total Public Safety Partnership and Community Policing Grants			441,629	-
Passed Through the City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG 23-JAG-07	1,576	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03654-JAGX	25,357	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG 22-JAG-33	25,000	-
Total Edward Byrne Memorial Justice Assistance Grant Program			51,933	-
Passed Through the State of Nevada				
STOP Violence Against Women Formula Grants	16.588	15JOVW-23-GG-00592-STOP	26,567	-
<b>Total U.S. Department of Justice</b>			<b>789,167</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>				
Passed Through the State of Nevada				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	PR718-22-063	6,508	-
Highway Planning and Construction	20.205	PR346-24-063	363,325	-
Total Highway Planning and Construction			369,833	-
Highway Safety Cluster:				
State and Community Highway Safety	20.600	TS-2024-SPD-00081	7,610	-
State and Community Highway Safety	20.600	JF-2024-SPD-00034	3,939	-
State and Community Highway Safety	20.600	JF-2023-SPD-00035	21,612	-
			33,161	-
National Priority Safety Programs	20.616(e)	JF-2023-SPD-00035	552	-
Total Highway Safety Cluster			33,713	-

City of Sparks  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Agency or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments To Subrecipients</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2024-SPD-00034	\$ 2,513	\$ -
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	JF-2023-SPD-00035	3,341	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			5,854	-
<b>Total U.S. Department of Transportation</b>			409,400	-
<b><u>U.S. Department of the Treasury</u></b>				
Direct Awards				
COVID-19: Coronavirus State & Local Fiscal Recovery Funds	21.027	Unknown	302,827	21,139
<b>Total U.S. Department of the Treasury</b>			302,827	21,139
<b><u>National Endowment for the Arts</u></b>				
Direct Awards				
Promotion of the Arts Grants to Organizations and Individuals	45.024	910487-62-23	9,375	-
<b>Total National Endowment for the Arts</b>			9,375	-
<b><u>Executive Office of the President</u></b>				
Passed Through Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G14NV0001A	16,593	-
<b>Total Executive Office of the President</b>			16,593	-
<b><u>U.S. Department of Homeland Security</u></b>				
Passed Through The State of Nevada				
Emergency Performance Grant Program	97.042	EMF-2023-FG-00004	788	-
Emergency Performance Grant Program	97.042	EMF-2024-FG-05007	83,988	-
Total Emergency Performance Grant Program			84,776	-
Direct Awards				
Assistance to Firefighters Grant	97.044	EMW-2021-FG-01391	224,020	-
Assistance to Firefighters Grant	97.044	EMW-2022-FG-03576	218,236	-
Total Assistance to Firefighters Grant			442,256	-
Passed Through The State of Nevada				
Research & Development Cluster:				
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2021-BR-016-0002	116,371	-
Total Research and Development Cluster			116,371	-
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	DHS-22-137-000-01	108,845	-
<b>Total U.S. Department of Homeland Security</b>			752,248	-
<b>Total Federal Financial Assistance</b>			\$ 2,777,026	\$ 135,297

**Note A - Basis of Presentation**

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

**Note B - Significant Accounting Policies**

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

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

Coronavirus State & Local Fiscal Recovery Funds sub-award payments from the City of Sparks to the Nevada System of Higher Learning (UNR) for \$14,484 (Research and Development Cluster) were recorded in the Sparks Grants and Donations Fund during the year ended June 30, 2024 on an accrual basis; however, they were not included in the year ended June 30, 2024 schedule as payment was not made during the year. They are included in the year ended June 30, 2025 Schedule.

**Note D - CDBG Sub-Awards From The City To Eddy House and Silver State Fair Housing**

Community Development Block Grant Fund sub-award payments from the City of Sparks to Opportunity Alliance for \$12,843, and Silver State Fair Housing for \$6,300 were recorded in the Community Development Block Grant Fund during the year ended June 30, 2024 on an accrual basis; however, they were not included in the June 30, 2024 Schedule as payment was not made during the year. They are included in the year ended June 30, 2025 Schedule. Community Development Block Grant Fund sub-award payments from the City of Sparks to Eddy House for \$11,753 were recorded in the Community Development Block Grant Fund during the year ended June 30, 2025 on an accrual basis; however, they were not included in the June 30, 2025 Schedule as payment was not made during the year.

**Note E - Economic Development Initiative, Community Project Funding, and Miscellaneous Grants Program sub-award payments from the City to Oddie Project**

Economic Development Initiative, Community Project Funding, and Miscellaneous Grants program sub-award payments from the City of Sparks to Oddie Project for \$44,990 were recorded in the Economic Development Initiative, Community Project Funding, and Miscellaneous Grant during the year ended June 30, 2025 on an accrual basis; however, they were not included in the June 30, 2025 Schedule as payment was not made during the year.



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**Section I – Summary of Auditor’s Results**

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**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Highway Planning and Construction Cluster	20.205
Public Safety Partnership and Community Policing Grants	16.710
Assistance to Fire Fighters	97.044
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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Section II – Financial Statement Findings

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**2025-001**      Major Fund Determination  
Material Weakness in Internal Control

**Criteria:** Management is responsible for the presentation and fair presentation of financial statements in accordance with U.S. GAAP and through implementation of standards promulgated by the Governmental Accounting Standards Board, which mandate the presentation of major funds and nonmajor funds.

**Condition:** The Redevelopment Agency Area No. 2 Revolving Fund was not originally identified as a major fund as required.

**Cause:** The City of Sparks did not have adequate internal controls to identify changes in major or nonmajor classification to ensure appropriate presentation within the financial statements.

**Effect:** The purpose of major fund reporting is to ensure that each of a government's most important funds are reported separately and highlighted to users of the financial statements within the appropriate context of the government's operations. Prior to correction, the users of the financial statements may not have had the appropriate context.

**Recommendation:** We recommend the City of Sparks enhance internal controls to identify changes in major or nonmajor classification to ensure appropriate presentation within the financial statements.

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

**2025-002**      OPEB Census Reconciliation  
Material Weakness in Internal Control

**Criteria:** Management is responsible for ensuring the accuracy and completeness of census data submitted to the actuary for purposes of calculating actuarial valuations in accordance with Governmental Accounting Standards Board (GASB) requirements. Accurate census data is critical for proper measurement and disclosure of Other Postemployment Benefits (OPEB) obligations.

**Condition:** The OPEB census reconciliation was not performed accurately, resulting in incorrect census data being submitted to the actuary. This caused the OPEB valuation to be incorrect and required the actuary to prepare a revised report which resulted in a revised valuation of the OPEB liability.

**Cause:** The City did not have adequate internal controls in place to ensure the accuracy of census data used for actuarial valuations.

**Effect:** Inaccurate census data submitted to the actuary resulted in incorrect actuarial valuations and misstated OPEB balances and related disclosures in the financial statements. This could impact user's understanding of the City's long-term obligations and financial position.

**Recommendation:** We recommend the City strengthen internal controls over the OPEB census reconciliation process to ensure the accuracy and completeness of data provided to the actuary. This may include implementing detailed review procedures, periodic reconciliations, and documentation standards.

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

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**Section III – Federal Award Findings and Questioned Costs**

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None reported for the year ended June 30, 2025.

**PALOMINO VALLEY GENERAL  
IMPROVEMENT DISTRICT**  
***FINANCIAL STATEMENTS & REQUIRED  
SUPPLEMENTARY INFORMATION***

**Fiscal Year Ended  
June 30, 2025**



**SILVA, SCEIRINE**  
**& ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the  
Palomino Valley General Improvement District  
Sparks, Nevada

### **Opinion**

We have audited the accompanying financial statements of the Palomino Valley General Improvement District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Palomino Valley General Improvement District as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a

going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation in the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension information 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.

#### **Prior Year Partial Comparative Information**

The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual Related to the June 30, 2024 financial statements is presented for purposes of additional analysis and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2024 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2024 basic financial statements and certain other 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 Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual is 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 13, 2025, on our consideration of the 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 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 District'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 District's internal control over financial reporting and compliance.

*Silva. Scivine & Assoc, LLC*

Reno, Nevada  
November 13, 2025



**Palomino Valley General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025**

As management of the Palomino Valley General Improvement District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

**Financial Highlights**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$641,874 (*net position*). This is comprised of net investment in capital assets of \$670,523 and unrestricted net position of \$(28,649). The unrestricted net position deficit was primarily due to a liability for contracted Road Project work completed in June 2025, but not paid until July 2025.
- The District's total net position decreased by \$609,544 during the current year.
- The District's governmental fund reported a fund balance of \$207,169, a decrease of \$575,935 from the prior year. Of this amount, \$663,240 is assigned for subsequent year expenditures.

**Overview of the Financial Statements**

The discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements and the fund statements are presented in a columnar format since the District only has one fund to report. This report also includes required supplementary information in addition to the basic financial statements.

The District uses the modified accrual basis of accounting for internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a statement of net position and governmental fund balance sheet, a statement of activities and governmental fund revenue, expenditures and changes in fund balance, and notes to the financial statements.

The statement of net position and governmental fund balance sheet presents the financial information of the District on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the District's assets and liabilities with the difference reported as net position and information about the nature and amount of resources and obligations at year-end. 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 declining.

The statement of activities and governmental fund revenue, expenditures and changes in fund balance present the results of the activities over the fiscal year and information as to how the fund balance and net position changed during the most recent year. The fund balance changes under the modified accrual method when

revenue is received or the expenditure is made, while changes in net position under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The notes to the financial statements provide required disclosures and other information that is necessary to acquire a full understanding of the data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The District also adopts annual appropriated budgets for its general fund. A budgetary comparison statement is included to demonstrate compliance with the budget.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's cost-sharing pension plan.

### Statement of Net Position

<u>Years Ended June 30,</u>	<u>2025</u>	<u>2024</u>
Assets:		
Cash	\$ 674,092	\$ 661,295
Due from other governments	142,103	129,770
Capital assets, net	<u>670,523</u>	<u>699,585</u>
Total assets	<u>1,486,718</u>	<u>1,490,650</u>
Deferred outflows of resources	<u>114,915</u>	<u>118,740</u>
Total assets and deferred outflows of resources	<u>1,601,633</u>	<u>1,609,390</u>
Liabilities	904,837	335,964
Deferred inflows of resources	<u>54,922</u>	<u>22,008</u>
Total liabilities and deferred inflows of resources	<u>959,759</u>	<u>357,972</u>
Net Position	<u>\$ 641,874</u>	<u>\$ 1,251,418</u>

A large portion of the Palomino Valley General Improvement District's net position reflects its investment in capital assets (e.g., land, buildings, water rights, machinery and equipment, and vehicles). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

## Statement of Activities

Revenue: Total revenue received by the District for the year ended June 30, 2025 was \$988,730 representing a \$10,153 increase from the year ended June 30, 2024.

<u>Years Ended June 30,</u>	<u>2025</u>	<u>2024</u>
Tax revenue	\$ 995,967	\$ 971,482
Other income	<u>2,763</u>	<u>17,095</u>
Total Revenue	<u>\$ 998,730</u>	<u>\$ 988,577</u>

Expenses: Operating expenses for the year ended June 30, 2025 totaled \$1,025,936 representing an increase from the year ended June 30, 2024 of \$716,764. The change is primarily due to contracted Road Project work for both fiscal year 2024 and fiscal year 2025 completed in the current year.

<u>Years Ended June 30,</u>	<u>2025</u>	<u>2024</u>
Expenses - Public works	<u>\$ 1,522,405</u>	<u>\$ 805,641</u>

## General Fund Budgetary Highlights

Taxes are the General Fund's primary sources of revenue. This includes property tax of \$371,031, State consolidated tax revenue of \$575,932, and fair share taxes of \$49,004. Actual General Fund tax revenue was 8.0% less than budgeted, and total revenue was 7.7% less than budgeted. Expenditures were more than budget by 11.2% primarily due to higher-than-expected amounts used for service and supplies.

## Capital Assets

At year-end the Palomino Valley General Improvement District's investments in capital assets from its governmental activities totaled \$670,523, representing a decrease from June 30, 2024 of \$29,062. The change is primarily due to additions offset by the recognized depreciation expense.

## Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the District and were considered in developing the 2025-2026 fiscal year budget:

- District revenues are projected to remain mostly steady for Ad Valorem and Fair Share taxes, and Consolidated Tax revenue is projected to be 19.5% more than fiscal year 2025 actual amounts.
- The property tax rate is expected to remain at \$0.4198 cents per hundred dollars of assessed valuation. No changes in rates are expected.
- For fiscal year 2026 the District has budgeted for a 9.4% increase in general fund expenditure, based on current economic conditions.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District President, Palomino Valley General Improvement District, 9732 Pyramid Highway #324, Sparks, Nevada, 89441.

# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET JUNE 30, 2025

	<u>General Fund</u>	<u>Adjustments (See Note)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 674,092	\$ -	\$ 674,092
Due from other governments	142,103	-	142,103
Capital assets, not being depreciated	-	76,663	76,663
Capital assets being depreciated, net of accumulated depreciation	-	593,860	593,860
Total Assets	816,195	670,523	1,486,718
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension requirement	-	114,915	114,915
	<u>\$ 816,195</u>	<u>785,438</u>	<u>1,601,633</u>
<b>LIABILITIES</b>			
Accounts payable	600,746	-	600,746
Accrued payroll and related taxes and benefits	8,280	-	8,280
Accrued compensated absences	-	8,327	8,327
Net pension liability	-	287,484	287,484
Total Liabilities	<u>609,026</u>	<u>295,811</u>	<u>904,837</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension requirement	-	54,922	54,922
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance			
Assigned for subsequent year expenditures	663,240	(663,240)	-
Unassigned	(456,071)	456,071	-
Total Fund Balance	<u>207,169</u>	<u>(207,169)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 816,195</u>		
Net Position			
Investment in capital assets		670,523	670,523
Unrestricted		(28,649)	(28,649)
<b>TOTAL NET POSITION</b>		<u>\$ 641,874</u>	<u>\$ 641,874</u>

See accompanying notes.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

## **STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Adjustments (See Note)</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Public works:			
District operations			
Salaries	\$ 139,657	\$ 676	\$ 140,333
Employee benefits	72,974	3,871	76,845
Services and supplies	1,309,774	-	1,309,774
	<u>1,522,405</u>	<u>4,547</u>	<u>1,526,952</u>
Capital outlay	52,260	(52,260)	-
Depreciation	-	81,322	81,322
Total Expenditures/Expenses	<u>1,574,665</u>	<u>33,609</u>	<u>1,608,274</u>
<b>REVENUE</b>			
Tax revenue	995,967	-	995,967
Other income	2,763	-	2,763
Total Revenue	<u>998,730</u>	<u>-</u>	<u>998,730</u>
Excess of Revenues over/(under) Expenditures	<u>(575,935)</u>	<u>(33,609)</u>	<u>(609,544)</u>
<b>CHANGE IN FUND BALANCE/NET POSITION</b>	<u>(575,935)</u>	<u>(33,609)</u>	<u>(609,544)</u>
<b>FUND BALANCE/NET POSITION, July 1, 2024</b>	<u>783,104</u>	<u>549,084</u>	<u>1,251,418</u>
<b>FUND BALANCE/NET POSITION, June 30, 2025</b>	<u>\$ 207,169</u>	<u>\$ 515,475</u>	<u>\$ 641,874</u>

*See accompanying notes.*

# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE	ACTUAL (Memorandum Only)
<b>REVENUE</b>				
Ad valorem taxes	\$ 370,154	\$ 371,031	\$ 877	\$ 358,215
Consolidated taxes	657,090	575,932	(81,158)	560,427
Fair share taxes	54,757	49,004	(5,753)	52,840
Other	200	2,763	2,563	17,095
Total Revenue	1,082,201	998,730	(83,471)	988,577
<b>EXPENDITURES</b>				
Public Works:				
Salaries	213,550	139,657	73,893	150,970
Employee benefits	108,900	72,974	35,926	75,613
Services and supplies	1,044,117	1,309,774	(265,657)	491,953
Capital outlay	50,000	52,260	(2,260)	114,709
Total Expenditures	1,416,567	1,574,665	(158,098)	833,245
Excess (Deficiency) of Revenues Over (Under) Expenditures	(334,366)	(575,935)	(241,569)	155,332
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	-	-	-	35,500
Changes in Fund Balance	(334,366)	(575,935)	(241,569)	190,832
<b>FUND BALANCE, July 1</b>	424,520	783,104	358,584	592,272
<b>FUND BALANCE, June 30</b>	\$ 90,154	\$ 207,169	\$ 117,015	\$ 783,104

See accompanying notes.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Palomino Valley General Improvement District (District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for governmental accounting and financial reporting.

The following is a summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements.

#### **Reporting Entity**

The District receives funding from local government sources and must comply with the existing requirements of those funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Trustees is elected by the public and has decision-making authority, authority to levy taxes, power to designate management, ability to significantly influence operations, and primary accountability for fiscal matters. The District has no component units that are required to be combined in the financial statements.

The District is governed by an elected Board of Trustees and provides repair and maintenance of the accepted roads within the District. The District is located in Washoe County, Nevada and operates under Nevada Revised Statute ("NRS") 318. The District is not financially accountable for any other entity.

#### **Basic Financial Statements – Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's general fund). The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Net Position and the Statement of Activities report information on all activities of the District. In the government-wide Statement of Net Position, the governmental activities are reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

#### **Basic Financial Statements – Fund Accounting**

The financial transactions of the District are reported in the general fund. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The District's general fund is a governmental fund type.



# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The recorded fund balance (net current assets) is considered a measure of "available spendable resources". Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

### **Basis of Presentation**

The District is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 13.

This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net position and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The District has utilized this optional method of presentation.

### **Measurement Focus and Basis of Accounting**

#### ***Government-Wide Financial Statements***

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

#### ***Fund Financial Statements***

Governmental funds are accounted for using a flow of 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 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 District 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. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized.

Ad valorem taxes, consolidated 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. All other items are considered measurable and available only when the District receives cash.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

Expenditures are generally recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and pension benefits are recorded only when the payment is due.

### **Budgets and Budgetary Accounting**

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

1. Prior to April 15, the Board of Trustees submits to the State of Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
2. 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.
3. On or before June 1, the budget is legally adopted by a majority vote of the Board of Trustees.
4. The Board of Trustees may augment the appropriations by a majority vote of the Board. Prior public notice must be filed in any fund receiving ad valorem taxes.
5. The Board is authorized to transfer appropriations between and within accounts if amounts do not exceed the approved budget.
6. Budgeted appropriations may not be exceeded by actual expenditures for any function (excluding the debt service function) in the budgeted governmental funds.
7. Budgets are adopted for the governmental fund, on a basis consistent with GAAP. Appropriations lapse at year-end.

### **Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash and short-term, highly liquid investments, generally with original maturities of three months or less. All amounts are considered available on demand and are, therefore, classified as cash and cash equivalents.

### **Receivables and Payables**

Due from other governments represents amounts receivable for property, consolidated, and fair share taxes.

No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

### **Capital Assets**

Capital assets, which include land, water rights, buildings, furniture and fixtures, machinery and equipment, and vehicles are reported in the government-wide financial statements. The District defines capital assets as having an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the assets' useful lives. Depreciable lives range from 5 to 45 years.

In the fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### **Long-Term Liabilities**

#### ***Government-Wide 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 District's policy to permit employees to accumulate earned but unused paid time-off and comp time. Paid time-off and comp time are accrued when earned in the government-wide financial statements to the extent it is likely that those benefits will be paid.

#### ***Governmental Fund Type Financial Statements***

A liability for compensated absences is reported in the General Fund only if they have matured, as a result of employee resignations, terminations and retirements.

### **Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position/Governmental Fund 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 District reflects deferred outflows of resources in the Statement of Net Position for items related to pension benefits under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position/Governmental Fund 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 District reflects deferred inflows of resources which are unavailable revenue in the governmental fund balance sheet for revenues not received within 60 days of year end under the modified accrual basis of accounting.

**Pension Benefits**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

**Equity**

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary fund Statement of Net Position. Net position is classified in the following categories:

***Net investment in capital assets*** – Consists of capital assets net of accumulated depreciation and reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the capital assets.

***Restricted net position*** – Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District has no items that are considered to be restricted net position.

***Unrestricted net position*** – Consists of net position which does not meet the definition of either "net investment in capital assets" or "restricted net position".

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to honor constraints imposed upon the use of the resources in the governmental funds. The classifications are:

***Nonspendable fund balance*** includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, prepaid amounts. The District has no nonspendable fund balances at June 30, 2025.

***Restricted fund balance*** includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or rescinded only with the consent of resource providers. The District has no restricted fund balances at June 30, 2025.

***Committed fund balance*** includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Trustees of the District. Commitments may be changed or lifted only by the District taking the same formal

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

action that imposed the constraint originally (for example: a resolution). The District has no committed funds at June 30, 2025.

*Assigned fund balance* includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District Board of Trustees. Assigned funds represent the amounts budgeted for the subsequent year’s opening fund balance.

*Unassigned fund balance* in the General Fund represents all amounts not included in the other four classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses/expenditures and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from these estimates.

Prior Year Information

The fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain amounts presented in the prior year data may be reclassified in order to be consistent with the current year’s presentation.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year, with the possible exception of expenditures exceeding budgeted appropriations, as follows:

Services and supplies	\$265,657
Capital outlay	\$ 2,260

These appear to be a violation of NRS 354.626.

# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

### NOTE 3 – CASH AND INVESTMENTS

As of June 30, 2025, the District had the following amounts reported as cash:

Cash on hand	\$ 400
Cash in bank	673,692
Total	<u>\$ 674,092</u>

Cash is maintained in one commercial bank in Reno, Nevada that participates in the state collateral pool program and thereby secures all cash and cash equivalents deposited with the bank. Therefore, none of the District's bank balance was exposed to custodial credit risk since it was insured and collateralized.

### NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets, not being depreciated				
Land	\$ 39,113	-	-	\$ 39,113
Water rights	37,550	-	-	37,550
	<u>76,663</u>	<u>-</u>	<u>-</u>	<u>76,663</u>
Capital assets, being depreciated				
Buildings	374,826	-	-	374,826
Furniture and fixtures	705	-	-	705
Machinery and equipment	572,366	-	-	572,366
Vehicles	430,481	52,260	-	482,741
	<u>1,378,378</u>	<u>52,260</u>	<u>-</u>	<u>1,430,638</u>
Less accumulated depreciation				
Buildings	94,886	12,116	-	107,002
Furniture and fixtures	705	-	-	705
Machinery and equipment	449,795	20,271	-	470,066
Vehicles	210,070	48,935	-	259,005
	<u>755,456</u>	<u>81,322</u>	<u>-</u>	<u>836,778</u>
Total capital assets, being depreciated, net	<u>622,922</u>	<u>(29,062)</u>	<u>-</u>	<u>593,860</u>
Net Capital Assets	<u>\$ 699,585</u>	<u>\$ (29,062)</u>	<u>\$ -</u>	<u>\$ 670,523</u>

Depreciation expense for the year ended June 30, 2025 was \$81,322.

# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

### NOTE 5 – LONG-TERM OBLIGATIONS

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Accrued compensated absences	\$ 7,651	\$ 7,933	\$ (7,257)	\$ 8,327

### NOTE 6 – NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

#### Plan Description

The District contributes to the State of Nevada Public Employees' Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, and survivor benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees' Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

#### Benefits Provided

Benefit provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits 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 on or after 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% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. 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 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.



# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

### **Vesting**

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System 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 who entered the System on or after July 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of 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. Members are fully vested as to benefits upon completion of five years of service.

### **Contributions**

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on biennial actuarial valuations and are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. 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 (EE/ER), while the other plan provides for employer-pay contributions only.

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 required contribution rates for the year ended June 30, 2025 were 17.50% for the EE/ER plan and 33.50% for the EPC plan. The District's contributions were \$20,268 for the year ended June 30, 2025.



# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

### 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's adopted policy target asset allocation as of June 30, 2024:

Asset Class	Target Allocation	Long-Term
		Geometric Expected Real Rate of Return
U.S. Stocks	34%	5.50%
International Stocks	14%	5.50%
U.S. Bonds	28%	2.25%
Private Markets	12%	6.65%
Short-term investments	12%	0.50%
	100%	

### Net Pension Liability

At June 30, 2025, the District reported a liability of \$287,484 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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 the District's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2024, the District's proportion of the plan was .00159%, a decrease of .00017 from its June 30, 2023 proportion of .00176%.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate of 7.25%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.25%) or 1.00 percentage point higher (8.25%) than the current discount rate of 7.25%.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 462,309	\$ 287,484	\$ 143,251

# PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Comprehensive Annual Financial Report, available on the NVPERS website.

### Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2024, 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:

Investment rate of return	7.25% per year.
Salary increases	4.20% to 9.10% depending on service.
Inflation rate	2.50% per year.
Productivity pay increase	0.50%
Consumer Price Index	2.50%
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation.

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan contributions will be made at the rates specified in statute. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

For the year ended June 30, 2025 the District recognized pension expense of \$24,139. As of June 30, 2025, 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
Difference between expected and actual experience	\$ 60,989	\$ -
Changes in assumptions	18,550	-
Net difference between projected and actual earnings on pension plan investments	-	28,321
Changes in proportion	15,108	26,601
The District's contributions subsequent to the measurement date	20,268	-
	<u>\$ 114,915</u>	<u>\$ 54,922</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2026	\$ 8,980
2027	35,663
2028	(1,755)
2029	(5,147)
2030	1,984
	<u>\$ 39,725</u>

### **NOTE 7 – COMMITMENTS AND CONTINGENCIES**

#### **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; injuries to employees; 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

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

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## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **NOTE 8 – CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities.

For the statement of net position, these adjustments include the following:

- Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$76,663 for capital assets not being depreciated, and \$1,430,638 for capital assets being depreciated net of \$(836,778) for accumulated depreciation, or \$593,860.
- Deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$114,915 for deferred outflows of resources related to pensions.
- Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the fund financial statements. This resulted in:
  - An adjustment of \$8,327 for compensated absences; and
  - An adjustment of \$287,484 for the net pension liability.
- Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund financial statements. This resulted in an adjustment of \$54,922 for deferred inflows of resources related to pensions.

For the statement of activities, these adjustments include the following:

- Expenses reported in the statement of activities that do not require the use of current financial resources, are not reported as expenditures in governmental funds. This resulted in a net adjustment of \$(33,609) comprised of the following:
  - An adjustment of \$676 for the change in non-current compensated absences;
  - An adjustment of \$3,871 for the change in the pension related balances;
  - An adjustment of \$81,322 for depreciation expense; and
- Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The District had \$52,260 in capital outlay during the year ended June 30, 2025.

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL  
(NET PENSION LIABILITY)  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA  
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	Plan Year Ended		2017	2016	2015
						2019	2018			
District's proportion of the Net Pension Liability	0.00159%	0.00176%	0.00182%	0.00177%	0.00162%	0.00142%	0.00819%	0.00191%	0.00194%	0.00188%
District's proportionate share of the Net Pension Liability	\$ 287,484	\$ 320,352	\$ 328,405	\$ 161,595	\$ 226,315	\$ 193,222	\$ 258,407	\$ 253,449	\$ 260,857	\$ 215,574
District's covered employee payroll	\$ 121,001	\$ 134,354	\$ 137,009	\$ 132,395	\$ 114,320	\$ 96,863	\$ 125,164	\$ 122,177	\$ 120,264	\$ 112,765
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	237.59%	238.44%	239.70%	122.06%	197.97%	199.48%	206.45%	207.44%	216.90%	191.17%
Plan fiduciary net position as a percentage of the Total Pension Liability	78.11%	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	72.20%	72.20%	75.10%

# **PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA  
LAST TEN FISCAL YEARS\*

	Determined for the Year Ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 20,268	\$ 22,882	\$ 20,689	\$ 20,008	\$ 18,547	\$ 16,933	\$ 12,481	\$ 17,523	\$ 17,081
Contributions in relation to the statutorily required contribution	<u>20,268</u>	<u>22,882</u>	<u>20,689</u>	<u>20,008</u>	<u>18,547</u>	<u>16,933</u>	<u>12,481</u>	<u>17,523</u>	<u>17,081</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 121,001	\$ 134,354	\$ 137,009	\$ 132,395	\$ 124,600	\$ 114,320	\$ 96,863	\$ 125,164	\$ 122,177
Contributions as a percentage of covered employee payroll	16.75%	17.03%	15.10%	15.11%	14.89%	14.81%	12.89%	14.00%	13.98%

\*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which information is available.

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**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 Trustees  
Palomino Valley General Improvement District  
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 and the major fund of the Palomino Valley General Improvement District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Silva, Jeevina & Assoc, LLC". The signature is written in a cursive, flowing style.

Reno, Nevada

November 13, 2025



To the Board of Trustees of the  
Palomino Valley General Improvement District  
Sparks, Nevada

In connection with our audit of the financial statements of the governmental activities and the major fund of the Palomino Valley General Improvement District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes. 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 District's noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

The District monitored all significant constraints on its financial administration during the year ended June 30, 2024.

Current Year Recommendations

There are no recommendations of the magnitude which we consider necessary for inclusion in this report as of or for the year ended June 30, 2025.

Prior Year Recommendations

There were no prior year recommendations.

*Silva, Sceirine & Assoc, LLC*

Reno, Nevada  
November 13, 2025

December 15, 2025

1355 Capital Blvd. • P.O. Box 30013 • Reno, NV 89520-3013  
P 775.834.8080 • F 775.834.8003

Washoe County Clerk  
1001 East 9th Street, Bldg. A  
Reno, NV 89512

Att: Jan Galassini

Dear Ms. Galassini:

Enclosed please find the Authority's Annual Comprehensive Financial Report for the fiscal years ended June 30, 2025 and 2024, which was presented to and accepted by the TMWA Board on December 11, 2025.

Please contact me if you have any questions.

Sincerely,



Matt Bowman  
Chief Financial Officer/Treasurer

**TRUCKEE MEADOWS WATER AUTHORITY**  
**(TMWA)**

**RESOLUTION NO. 339**

**A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE  
MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2025**

**WHEREAS**, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

**WHEREAS**, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

**WHEREAS**, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2025.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2025, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of Anderson, seconded by VanderWell, the foregoing Resolution was passed and adopted December 11, 2025, by the following vote of the Board:

Ayes: Anderson, Andriola, Martinez, Taylor, VanderWell, and Alternate Ebert

Nays: \_\_\_\_\_

Abstain: \_\_\_\_\_ Absent: Duerr and Hill

Approved December 11, 2025

Clara Andriola  
Clara Andriola, Chair

## TRUCKEE MEADOWS WATER AUTHORITY

December 12, 2025

Eide Bailly LLP  
5441 Kietzke Lane, Suite 150  
Reno, Nevada 89511

This representation letter is provided in connection with your audit of Truckee Meadows Water Authority's ("TMWA") major federal program as of June 30, 2025 and for the year then ended, for the purpose of expressing an opinion on compliance for major federal award programs pursuant to 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). We confirm that we are responsible for compliance with requirements applicable to our major federal award programs.

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 information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the information.

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 December 12, 2025:

1. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
2. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
3. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
4. We have prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
5. The methods of measurement or presentation have not changed from those used in the prior period.
6. We believe there are no significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
7. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
8. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
9. We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any), and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.

10. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
11. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
12. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
13. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
14. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
15. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
16. We have a process to track the status of audit findings and recommendations.
17. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
18. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
19. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
20. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
21. We have received no requests from a federal agency to audit one or more specific programs as a major program.
22. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
23. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.



24. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
25. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
26. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
27. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance as applicable.
28. We have charged costs to federal awards in accordance with applicable cost principles.
29. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
30. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
31. The reporting package does not contain personally identifiable information.
32. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
33. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

34. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
35. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditor's report.

36. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

To the best of our knowledge and belief, no events have occurred subsequent to the date of the schedule of expenditures of federal awards and through the date of this letter that would require adjustment to or disclosure in the aforementioned schedule of expenditures of federal awards.

Sincerely,

Signed by:

*Matt Bowman*

Matt Bowman, CFO

Signed by:

*Sophie Cardinal*

Sophie Cardinal, Controller

Signed by:

*John Zimmerman*

John Zimmerman, General Manager





# **Truckee Meadows Water Authority**

*Quality. Delivered.*

**NEVADA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Years Ended June 30, 2025 and 2024**

**PREPARED BY: Sophia Cardinal, CPA  
Financial Controller**

**Matt Bowman, CPA  
Chief Financial Officer**

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November 18, 2025

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2025. The purpose of the report is to provide the Board of Directors (Board), our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this Annual Report, 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 audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2025 and 2024. 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 Annual Report consists of four sections:

**Introductory 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 the 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 presented annually and includes statistics for the past ten years.

**Compliance Section** - This section consists of information regarding TMWA's compliance with standards and audit requirements. In particular, this section reports on TMWA's conformance with auditing standards generally accepted in the United States of America (GAAS), *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 Guidance).

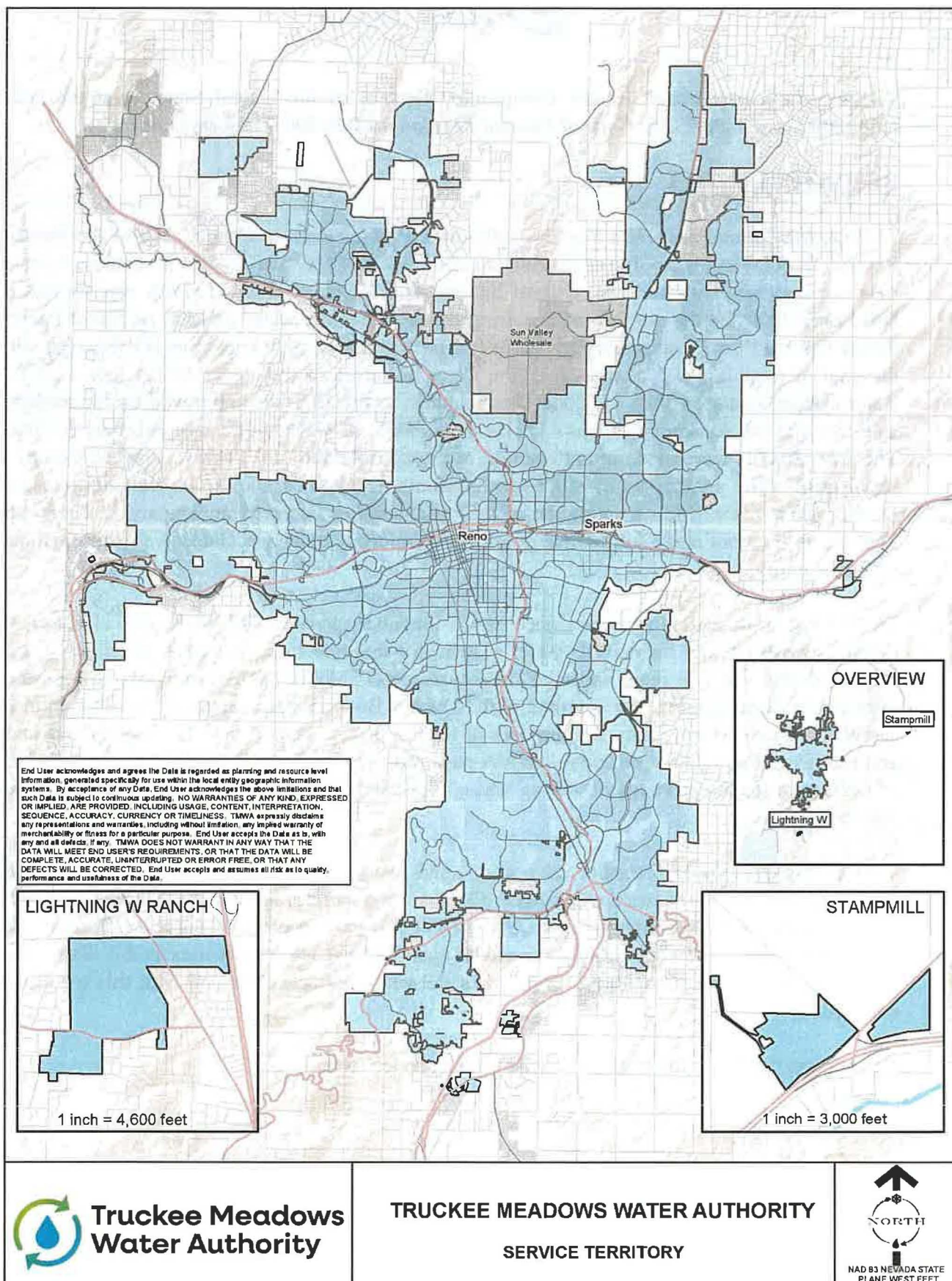
## **REPORTING ENTITY**

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, now known as NV Energy, 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 member agencies and 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 continuing 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, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes, State of Nevada property and sales and use taxes, and 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 140,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant 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 as this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

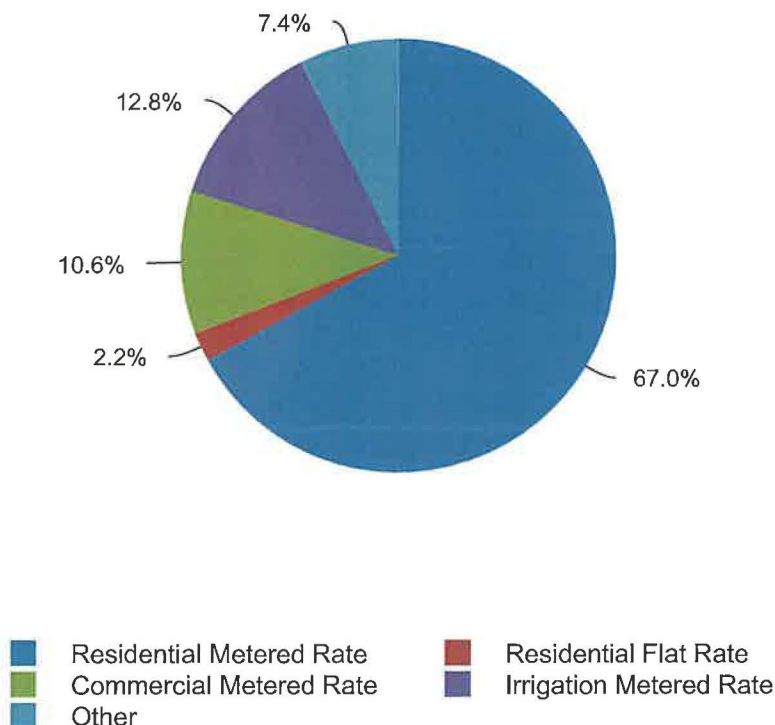
The map on the following page reflects TMWA's service territory.





The following graph depicts the proportion of operating revenues by class for fiscal year 2025:

**TMWA Operating Revenues \$132.3 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. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are less than 650 water services that do not have a meter installed and are billed on a flat rate. These are problematic and relatively expensive services to convert to meters with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining a senior lien debt coverage ratio of at least 1.50 times recurring revenues less operating expenses divided by annual senior lien debt service. This calculation excludes developer facility charges and other fees associated with new development. This target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on a pay-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 ensure 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 debt coverage was approximately 1.66x and with certain developer fees and charges was approximately 2.27x as of June 30, 2025.

## **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 a population of approximately 353,000 in 2001, Washoe County's population has grown 44% to over 507,000 in 2024.

Reflecting a diverse and strong regional economy, taxable sales in Washoe County remained steady in fiscal year 2025 with a slight increase of 4% from the prior year. Prior to fiscal year 2025, Washoe County experienced taxable sales changes of -2% and 1% in fiscal years 2024 and 2023, respectively. Washoe County's unemployment rate remains stable and is less than one percent greater than the national unemployment rate. At June 30, 2025, Washoe County's unemployment rate was 4.6% compared to the national unemployment rate of 4.1%.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed [Water Resource Plan](#) (WRP). The TMWA Board approved the most recent iteration of the WRP in October 2025 for the years 2025-2045. The WRP was previously updated in fiscal year 2021 and covered years 2020-2040. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards, and impacts of climate change. The analyses performed in the most recent WRP 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 service territory.

To complement this water resource planning effort, TMWA prepares and frequently updates a comprehensive [Water Facility Plan](#) (WFP). The TMWA Board approved the most recent iteration of the WFP in October 2023 for the years 2020-2040. The WFP was previously updated in October 2019 and covered years 2015-2035. The original WFP was adopted by the TMWA Board in December 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 needed in the Capital Improvement Plan to serve growth based upon population and water demand forecasts in the WRP.

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and U.S. Department of the Interior. TROA provides TMWA customers with benefits, prescribing operation of the Truckee River system that provides



additional drought supplies for existing and 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.

TMWA owns and operates 27,000 acre-feet of Privately Owned Stored Water reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both dams are owned and operated by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federally-owned reservoirs, including Lake Tahoe. As of June 30, 2025, TMWA had 40,790 acre feet stored across the reservoirs.

The region experienced its third normal to above average winter in a row. The water supply outlook for the region is positive with Lake Tahoe filling to within 0.6 feet of its legal maximum elevation and all other reservoirs on the Truckee River system 75%-100% full. As of June 30, 2025, total upstream reservoir storage was at 85% of capacity. Truckee River reservoirs will have carry-over storage heading into the 2025/2026 winter, and TMWA will carry over more than 32,000 acre feet of water in drought reserves. Current reservoir storage ensures that the region can expect normal Truckee River flows for at least the next two years, regardless of the amount of precipitation in the 2025/2026 winter. TMWA will continue to utilize the provisions of TROA to maximize upstream storage opportunities and make the most efficient use of water resources for the region.

## **Drought**

Although the region is not in a drought currently, droughts will inevitably occur again. However, TMWA's integrated approach to water resource management has positioned it well to withstand even the most severe droughts. TMWA has a robust and resilient water supply to meet customer demands, regardless of climate and weather patterns. These sources of supply include surface water rights directly from the Truckee River, an extensive network of upstream reservoirs, expanded drought storage under TROA, groundwater supplies from nearly 90 production wells, banked groundwater from years of aquifer storage and recovery efforts, and the inter-basin transfer of water from the Fish Springs Ranch project.

## **Advanced Purified Water Program**

TMWA is confident in its ability to meet the community's potable water needs for decades to come. Regardless, staff and leadership are dedicated to preparing for potential needs that are beyond the horizon. In this spirit, TMWA is participating in a multi-organizational effort to study the feasibility of producing Category A+ Advanced Purified Water (APW). This research collaboration is known as OneWater Nevada and includes TMWA; City of Reno; City of Sparks; Washoe County; the University of Nevada, Reno; Truckee Meadows Water Reclamation Facility; the Western Regional Water Commission, and the Northern Nevada Water Planning Commission. OneWater Nevada has performed years of feasibility studies using treated effluent from regional water reclamation facilities and applying a combination of advanced water treatment steps with natural groundwater purification processes to allow for aquifer storage and

recovery of the APW. The treatment approach is regulated to rigorous state and federal drinking water standards and may potentially create a future supplemental water supply for potable or other high-quality uses.

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation has included the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), a hydrogeological study at American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat Advanced Purified Water (APW) Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno have executed an ILA for a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility. This facility will take several years to build with construction activities expected to commence in Summer 2026, subject to final TMWA Board and Reno City Council approval.

## **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. The Truckee River travels into Nevada through the Reno-Sparks Metropolitan area and terminates at Pyramid Lake, a distance of approximately 120 miles. The river's natural 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 1990s. TMWA owns and operates the 90.0 MGD Chalk Bluff Water Treatment Plant, the 34.5 MGD Glendale Water Treatment Plant, the 4.0 MGD Mount Rose Water Treatment Plant, and two other smaller, groundwater treatment plants. The Mount Rose Water Treatment Plant treats surface water from Whites Creek, a tributary of the Truckee River. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has since qualified for this award on an annual basis.

TMWA spends approximately \$2.4 million annually on its State-certified drinking water laboratory which monitors water quality by sampling, analyzing, and reporting required regulated compliance data for its facilities within all six of its drinking water systems. The majority of the TMWA's data is analyzed by TMWA staff eliminating outside laboratory rates. TMWA ensures compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Division of Environmental Protection, Bureau of Safe Drinking Water, and Northern Nevada Public Health in Washoe County.

## **WATER CONSERVATION**

Efficient use of water within the Truckee Meadows extends this vital resource through periods of drought in this high desert climate. Therefore, water conservation has been, and will continually



be, a high-priority at TMWA. Not only does conservation promote water-efficient behavior, such efforts also reduce peak-day demand and help defer future investments in costly improvements to infrastructure. The purpose of water conservation at TMWA is to promote smart use of water through several programs. During a drought, TMWA enhances its conservation efforts to ensure drought storage is sufficient over the drought period.

### **Water-Efficiency Codes**

TMWA's Rule 2 provides water-efficiency codes to which customers must adhere. First, customers must not use water excessively (i.e., no waste). Second, TMWA requires that its customers adhere to a three-day-a-week irrigation schedule. This watering restriction helps prevent overwatering as well as reduces peak-day demand. Next, TMWA also requires no irrigation on Mondays to allow its system to recharge. Finally, TMWA generally requires no irrigation between noon and 6 p.m. from Memorial Day to Labor Day. These water-efficiency codes have been successful in managing customer demands over time.

### **Water Resource Sustainability Program**

TMWA's Water Resource Sustainability Program was created in fiscal year 2019. Through a charge of \$1,600 for every acre-foot of new surface water demand, developers and others provide funding for projects that improve TMWA's drought resiliency and water resource sustainability. Such projects include those for expanded conjunctive use, aquifer storage and recovery, demonstration and validation of exceptional quality reclaimed water uses, and future water resource identification and acquisition efforts.

### **Water Pricing Structure**

TMWA has an inverted, tiered-rate billing structure in which customers are charged increasing rates based on the amount of water they use. This billing structure provides a "price signal" to customers who cross into a higher tier, thereby encouraging efficient use of water.

### **Water Usage Review Program**

The Water Usage Review Program assists TMWA customers with issues regarding their water meter or their water delivery system. When a water usage review is requested, TMWA staff goes onsite to check meter accuracy as well as detect for leaks in the customer's system. If a leak is detected, staff will work with the customer to attempt to identify the leak source. Staff will also review the usage history of the service to determine water usage behavior. Once completed, staff will notify the customer of any leaks that were detected, make recommendations on how to reduce water consumption, and teach customers how to check for leaks in the future.

### **Water Watcher Program**

During irrigation months (April to October), TMWA ramps up its conservation efforts by hiring additional full-time seasonal conservation consultants. These consultants are trained to monitor TMWA's service territory and ensure its water-efficiency codes are being adhered to. They also respond to water waste reports by the public. They provide customers with information about

TMWA's water-efficiency codes and identify any leaks or sources of water waste in outdoor irrigation. This program not only promotes efficient use of water but also facilitates lower monthly bills.

### **Landscape Retrofit Program**

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote drought-tolerant landscapes and educational programs focused on smart landscaping practices.

### **Water Conservation Education Program**

TMWA has a strong educational program designed to teach customers about the benefits of conservation and techniques that can help them use water more responsibly. Educational initiatives include a free workshop series, direct communication (bill inserts, emails, in-person, etc.), public presentations and events, as well as, a multi-media campaign. TMWA also partners with other local organizations to provide grade school students in the Truckee Meadows with information regarding our water sources, water quality, and watershed protection.

## **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. Internal controls are also used to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. 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's 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 Local Government Budget and 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 years. 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 Washoe County. 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 \$132.3 million were \$2.0 million or 1.6% over the final budget for fiscal year ended June 30, 2025. Charges for water sales totaled \$124.0 million and were 0.2% higher than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. Hydroelectric sales totaled \$4.2 million and were 41.2% higher than budget. Hydroelectric sales exceeded budget as a result of strong river flows and less maintenance downtime as TMWA's staff determined it was advantageous to defer planned outages in preference of generation.

Total operating expenses of \$129.5 million were approximately \$3.1 million or 2.3% under the final budget. Operating expenses before depreciation were \$4.2 million or 4.3% under budget. Salaries and wages were higher by \$0.2 million or 0.6%, and employee benefits were \$0.5 million or 3.4% over budget. Salaries, wages, and benefits were primarily higher because more staff time was charged outside of capital projects than expected. Services and supplies expenses were \$4.9 million or 10.7% under budget. This was mostly due to lower electrical power costs and less supply consumption during the year.

Total net nonoperating revenues and expenses were \$4.2 million favorable to budget. This variance was primarily due to a net increase in the fair value of investments.

Capital contributions of \$53.0 million were \$7.0 million over budget. The primary driver was the recognition of a \$9.0 million credit to developer will-serve revenue resulting from a water resource exchange agreement for an effluent pipeline to TRI General Improvement District (TRIGID). TMWA received the cash in 2021 but deferred recognizing revenue until 2025 when effluent delivery via the pipeline commenced. Also contributing to the increase is slightly higher connection fee revenue as new business projects remained steady.

Total capital spending was approximately \$72.1 million for fiscal year 2025, which was approximately \$39.1 million less than the \$111.2 million planned in the final capital budget. The underspend is typical as TMWA usually spends between 60%-70% of the total CIP.

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, 2025, TMWA has approximately \$94.4 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2025 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10.0 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 \$16.2 million as of June

30, 2025. As of June 30, 2025, TMWA also retained a \$11.5 million water rate stabilization reserve of which \$0.5 million is restricted and \$11.0 million is included as a reservation of unrestricted net position.

### **ACKNOWLEDGMENTS**

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, TMWA customers, and the development community for their commitment to the long-term operational and financial stewardship of TMWA.



John Zimmerman  
General Manager



Matt Bowman, CPA  
Chief Financial Officer

**Truckee Meadows Water Authority  
List of Principal Officials  
June 30, 2025**

**TMWA Board of Directors**

Naomi Duerr, Reno City Council Member, Chair

Clara Andriola, Washoe County Commissioner, Vice Chair

Paul Anderson, Sparks City Council Member

Alexis Hill, Washoe County Commissioner

Kathleen Taylor, Reno City Council Member

Miguel Martinez, Reno City Council Member

Dian VanderWell, Sparks City Council Member

**Management**

John R. Zimmerman, General Manager

Danny Rotter, Assistant General Manager and Director of Engineering

Jessica Atkinson, Director of Human Resources

Matt Bowman, Chief Financial Officer

Ryan Dixon, Director of Distribution, Maintenance, and Generation

Sean Feeney, Director of Technology

Will Raymond, Director of Operations and Water Quality



Government Finance Officers Association

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Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Truckee Meadows Water Authority  
Nevada**

**For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended**

**June 30, 2024**

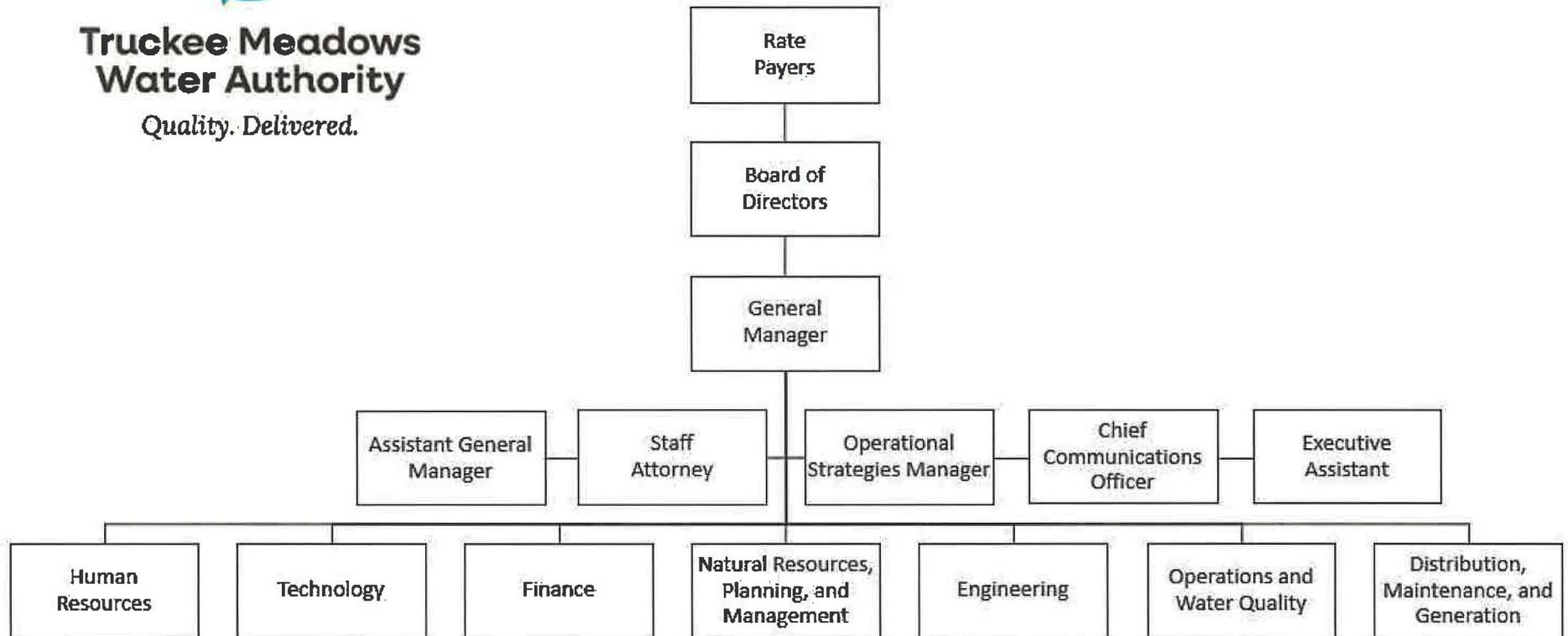
*Christopher P. Morill*

**Executive Director/CEO**





**Truckee Meadows  
Water Authority**  
*Quality. Delivered.*





## **Independent Auditor's Report**

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities and the fiduciary activities of the Truckee Meadows Water Authority ("TMWA") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Truckee Meadows Water Authority, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Adoption of New Accounting Standard***

As discussed in Note 15 to the financial statements, TMWA has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities for the year ended June 30, 2024. As a result of implementing the standard, there was no effect on beginning net position as of July 1, 2023. Our opinions are not modified with respect to this matter.

### ***Change in Estimate***

As discussed in Note 16 to the financial statements, TMWA updated its measurement methodology over the calculation of the outstanding portion of bond proceeds that were not used for capital purposes in the net investment in capital assets net position calculation during the year ended June 30, 2025. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TMWA's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise TMWA's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual, the combining statement of fiduciary net position, and the combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual, the combining statement of fiduciary net position and the combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, 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 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 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.

A handwritten signature in dark ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
November 17, 2025



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis (MD&A) of TMWA's financial performance during the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023. 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.

### FINANCIAL HIGHLIGHTS

#### TMWA's Net Position

(in millions)

		Restated	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Unrestricted Current Assets	\$ 120.7	\$ 117.3	\$ 170.2
Restricted Current Assets	36.5	69.6	28.7
Long-Term Restricted and Other Assets	36.2	33.5	30.5
Capital Assets, Net	1,186.4	1,132.9	1,083.9
Total Assets	1,379.8	1,353.3	1,313.3
Deferred Outflow of Resources	26.3	23.1	25.5
Total Assets & Deferred Outflow of Resources	1,406.1	1,376.4	1,338.8
Total Current Liabilities	49.8	60.9	50.6
Long Term Debt Outstanding	289.2	309.9	334.0
Net Pension Liability	60.8	60.3	57.3
Net Other Postemployment Benefits Liability	0.5	0.6	0.7
Long Term Compensated Absences	4.3	3.5	3.1
Total Liabilities	404.6	435.2	445.7
Deferred Inflow of Resources	11.3	5.9	2.6
Net Investment in Capital Assets	883.4	853.1	749.2
Restricted	50.1	45.6	43.7
Unrestricted	56.7	36.6	97.6
Total Net Position	<u>\$ 990.2</u>	<u>\$ 935.3</u>	<u>\$ 890.5</u>

TMWA adopted GASB Statement No. 101, *Compensated Absences*, in the fiscal year ended June 30, 2025. The implementation of this standard requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the adoption of this standard is reported as a change in accounting principle. As a result, previously reported amounts for the fiscal year ended June 30, 2024 have been restated in all applicable tables throughout the MD&A. However, TMWA did not restate amounts for the fiscal year ended June 30, 2023 for GASB Statement No. 101, so

balances reported in the MD&A for that year are not comparable. See Note 15 to the financial statements for additional information.

### ***Financial Position***

#### **Fiscal Year 2025 Summary**

In the fiscal year ended June 30, 2025, total net position increased by approximately \$54.9 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets increased by \$3.4 million from June 30, 2024. Unrestricted cash and investments increased \$4.1 million with cash from operating activities of \$40.1 million and unrestricted nonoperating contributions of \$22.6 million, offset by cash used for debt service of \$31.7 million and acquisition and construction of capital assets of \$72.1 million. See the Statement of Cash Flows for additional information.

Restricted current assets decreased \$33.1 million from June 30, 2024, primarily due to the use of \$31.7 million of restricted proceeds from the Series 2024 Water Revenue Bonds for capital asset acquisition.

Long-term restricted and other assets increased \$2.7 million from June 30, 2024. Restricted funds for the Operations & Maintenance Reserve increased \$1.2 million due to an increase in the budget for operating expenses from the prior year. The net other postemployment benefits (OPEB) asset increased by \$1.4 million as result of the actuarial analysis and a higher return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$53.5 million in fiscal year 2025 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense and disposals. Assets built by developers and contributed to TMWA were \$19.6 million. These assets are built to TMWA's standards and specifications. Depreciation expense was \$36.7 million.

Total current liabilities decreased \$11.1 million from June 30, 2024. This was primarily due to a decrease of \$8.3 million in construction contract and retention payables, which mostly related to the reduction of a deposit from a water resource exchange agreement for an effluent pipeline to TRIGID.

Long term debt decreased \$20.7 million, primarily due to principal payments on debt of \$18.0 million and amortization of bond premiums of \$4.4 million. During the year, TMWA fully repaid its 2005 and 2014 DWSRF bonds, as both reached their respective maturity dates in January 2025. See Note 7 to the financial statements for additional information on TMWA's outstanding debt.

Net pension liability increased by \$0.5 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.



## **Fiscal Year 2024 Summary - Restated**

In the fiscal year ended June 30, 2024, total net position increased by approximately \$44.8 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$52.9 million from June 30, 2023. Unrestricted cash and investments decreased \$62.0 million with cash from operating activities of \$35.7 million and unrestricted nonoperating contributions of \$29.3 million, offset by cash used for debt service of \$30.6 million and acquisition and construction of capital assets of \$71.9 million. See the Statement of Cash Flows for additional information.

Restricted current assets increased \$40.9 million from June 30, 2023, mainly due to the addition of \$42.6 million of restricted proceeds from the Series 2024 Water Revenue Bonds. This increase was slightly offset by a \$1.7 million reduction in restricted funds of the Water Resource Sustainability Program.

Long-term restricted and other assets increased \$3.1 million from June 30, 2023. Restricted funds for the Operations & Maintenance Reserve increased \$1.4 million due to an increase in the budget for operating expenses from the prior year. Net other postemployment benefits (OPEB) asset increased by \$1.6 million as result of the actuarial analysis and a higher return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$49.0 million in fiscal year 2024 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense and disposals. Assets built by developers and contributed to TMWA were \$10.0 million. These assets are built to TMWA's standards and specifications. Depreciation expense was \$36.5 million.

Total current liabilities increased \$10.3 million from June 30, 2023. This was primarily due to an increase of \$7.2 million in construction contract and retention payables, which are affected by the size and timing of active projects. This was also due to an increase of \$0.9 million in the current portion of compensated absences after the June 30, 2024 balance was restated following the adoption of GASB Statement No. 101, *Compensated Absences*.

Long term debt decreased \$24.1 million, due to principal payments on debt of \$87.0 million and amortization of bond premiums of \$11.7 million. During the year, TMWA paid off \$11.5 million and \$58.3 million of outstanding senior lien 2015 Series and 2016 Series bonds, respectively. Also during the year, TMWA issued \$61.5 million of new senior lien bonds, the Series 2024 Water Revenue Bonds. See Note 7 to the financial statements for additional information on TMWA's outstanding debt.

Net pension liability increased by \$3.0 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.



**TMWA's Changes in Net Position**  
(in millions)

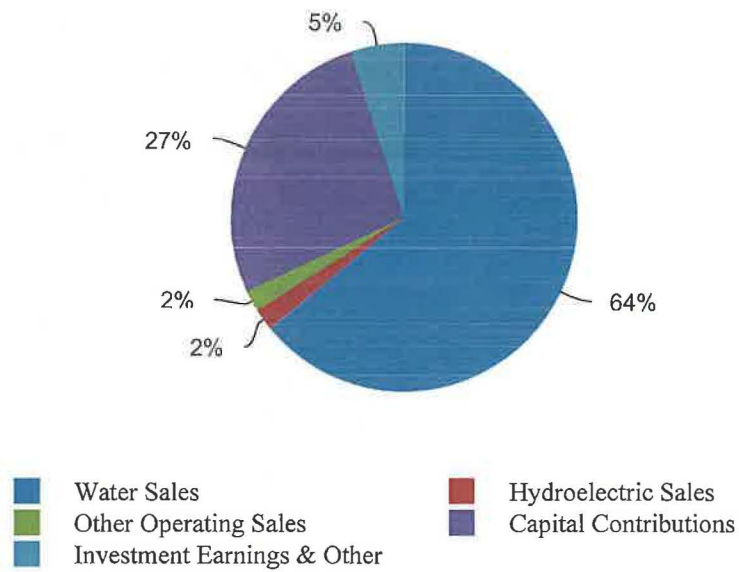
	<u>June 30, 2025</u>	Restated <u>June 30, 2024</u>	<u>June 30, 2023</u>
Operating Revenues	\$ 132.3	\$ 122.4	\$ 113.1
Operating Expenses	129.4	122.3	114.4
Operating Income (Loss)	<u>2.9</u>	<u>0.1</u>	<u>(1.3)</u>
Nonoperating Revenues (Expenses)	<u>(1.0)</u>	<u>(5.3)</u>	<u>(10.8)</u>
Income (Loss) before Capital Contributions	1.9	(5.2)	(12.1)
Net Capital Contributions	<u>53.0</u>	<u>50.0</u>	<u>42.3</u>
Change in Net Position	<u>54.9</u>	<u>44.8</u>	<u>30.2</u>
Net Position, Beginning of Year	<u>935.3</u>	<u>890.5</u>	<u>860.3</u>
Net Position, End of Year	<u>\$ 990.2</u>	<u>\$ 935.3</u>	<u>\$ 890.5</u>

**TMWA's Revenues**  
(in millions)

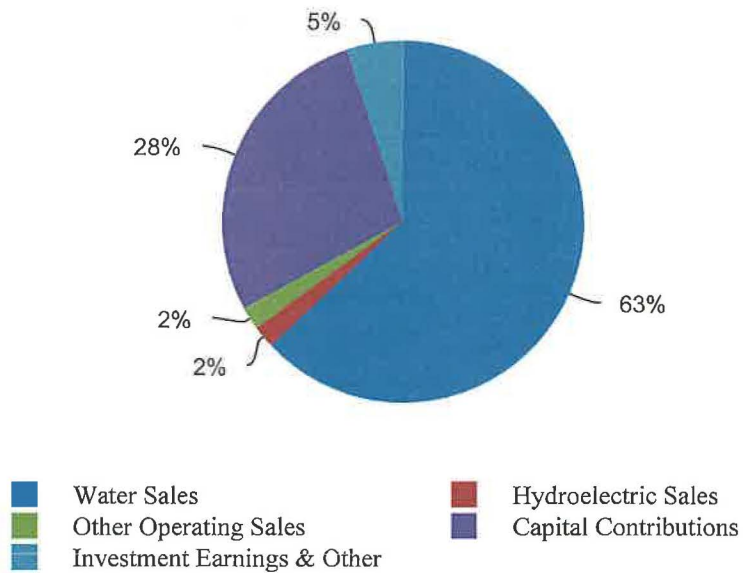
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Revenues			
Operating Revenues			
Water Sales	\$ 124.0	\$ 114.0	\$ 107.1
Hydroelectric Sales	4.2	4.2	2.9
Other Operating Sales	4.1	4.2	3.1
	<u>132.3</u>	<u>122.4</u>	<u>113.1</u>
Nonoperating Revenues			
Investment Earnings	6.0	1.8	3.6
Other Nonoperating Revenues	3.1	7.1	—
	<u>9.1</u>	<u>8.9</u>	<u>3.6</u>
Net Capital Contributions	<u>53.0</u>	<u>50.0</u>	<u>42.3</u>
Total Revenues	<u>\$ 194.4</u>	<u>\$ 181.3</u>	<u>\$ 159.0</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2025, 2024, and 2023.

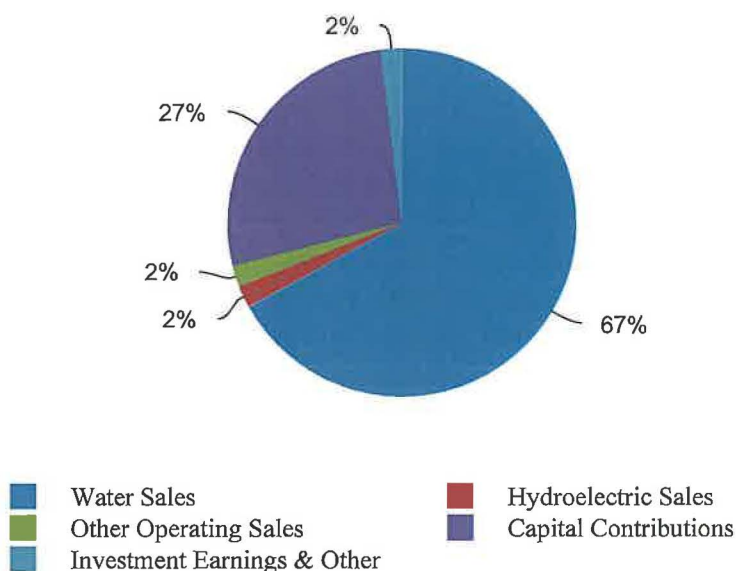
**Total Revenues for the Year Ended June 30, 2025**



**Total Revenues for the Year Ended June 30, 2024**



### **Total Revenues for the Year Ended June 30, 2023**



### ***Results of Operations-Revenues***

#### **Fiscal Year 2025 Summary**

Total operating revenues in fiscal year 2025 increased \$9.9 million from fiscal year 2024. Water sales were \$124.0 million, \$10.0 million or 8.8% higher than in fiscal year 2024. Water sales were higher year over year from increased consumption primarily due to warmer, drier weather and lower precipitation than in the prior year. Hydroelectric sales remained steady at \$4.2 million in fiscal year 2025, consistent with fiscal year 2024. This stability was primarily due to strong river flows and less maintenance downtime throughout the fiscal year 2025. Other operating sales were \$0.1 million or 2.4% lower than the prior fiscal year due to a slight decrease in construction water, customer late fees, and miscellaneous income.

Fiscal year 2025 investment earnings were \$6.0 million, an increase of \$4.2 million from fiscal year 2024 due to higher invested rates during the year. Other nonoperating revenues decreased \$4.0 million, due to a smaller net increase in the fair value of investments compared to the prior fiscal year.

Capital contributions in fiscal year 2025 increased \$3.0 million from fiscal year 2024. The increase was primarily driven by higher developer infrastructure and will-serve contributions, offset by a decrease in grant revenue. Developer infrastructure contributions were \$9.6 million higher than in fiscal year 2024 due to increased construction activity and the completion of more projects dedicated to TMWA. Developer will-serve contributions were \$5.7 million higher than in fiscal year 2024, primarily due to the recognition of \$9.0 million from a water resource exchange agreement related to an effluent pipeline to TRIGID. Although payment was received in fiscal year 2021, revenue recognition was deferred until fiscal year 2025, when effluent delivery via the pipeline commenced. Grant revenue was \$8.2 million lower than in fiscal year

2024, primarily due to the recognition of American Rescue Plan Act funding for the Advanced Meter Infrastructure project in the prior year.

### Fiscal Year 2024 Summary

Total operating revenues in fiscal year 2024 increased \$9.3 million from fiscal year 2023. Water sales were \$114.0 million, \$6.9 million or 6.4% higher than in fiscal year 2023. Water sales were higher year over year from increased consumption primarily due to warmer, drier weather and lower precipitation in the spring of 2024. Hydroelectric sales were \$1.3 million or 44.8% higher than fiscal year 2023 as all three plants were online the entirety of fiscal year 2024, allowing for optimization of river flows. Other operating sales were \$1.1 million or 35.5% higher than the prior year due to increased revenues from construction water, engineering inspection fees, and water resource lease activity.

Fiscal year 2024 investment earnings were \$1.8 million, a decrease of \$1.8 million from fiscal year 2023 due to losses resulting from liquidation of investments required for the defeasance of portions of the outstanding Series 2015 and 2016 senior lien bonds. Proceeds from the senior lien Series 2024 Water Revenue Bonds were reinvested, at higher rates which will result in a recovery of the losses related to the liquidations. Other nonoperating revenues increased \$8.8 million due to a net increase in fair value of investments compared to a net loss in the prior year.

Capital contributions in fiscal year 2024 increased \$7.7 million from fiscal year 2023. The main driver of the increase was grant revenue, offset by a decrease in developer infrastructure contributions. Grants increased primarily due to a \$9.5 million award from the Nevada Department of Conservation and Natural Resources for the Advanced Meter Infrastructure project. The reduction in developer infrastructure contributions is due to a decrease of \$6.3 million in mains and \$1.3 million in water storage, based on larger projects placed into service in the prior year.

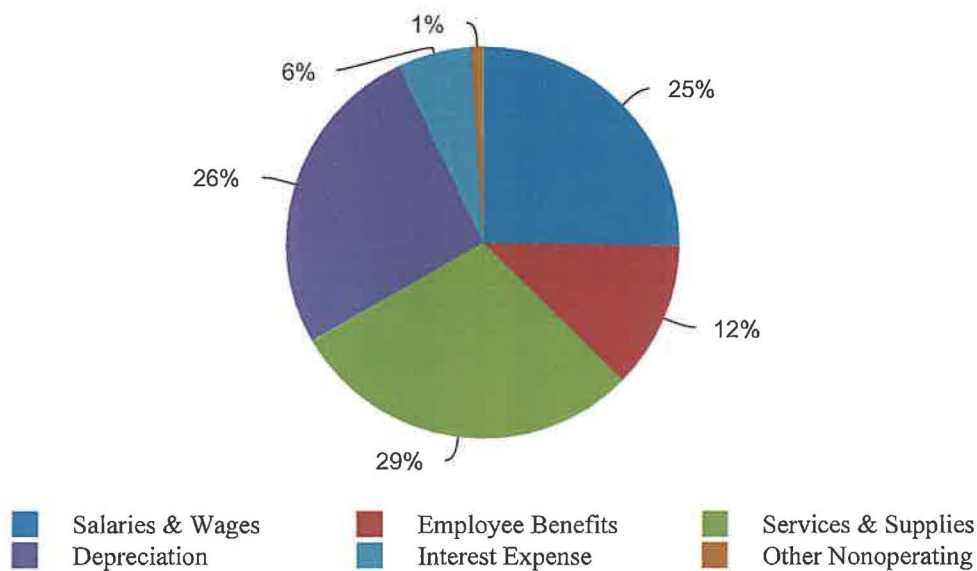
### TMWA's Expenses (in millions)

	June 30, 2025	Restated June 30, 2024	June 30, 2023
Expenses			
Operating Expenses			
Salaries & Wages	\$ 35.2	\$ 31.9	\$ 27.3
Employee Benefits	16.4	16.3	13.9
Services & Supplies	41.1	37.6	38.3
Depreciation	36.7	36.5	34.9
	<u>129.4</u>	<u>122.3</u>	<u>114.4</u>
Nonoperating Expenses			
Interest Expense	8.9	10.2	11.5
Other Nonoperating Expenses	1.2	4.0	2.9
	<u>10.1</u>	<u>14.2</u>	<u>14.4</u>
Total Expenses	<u>\$ 139.5</u>	<u>\$ 136.5</u>	<u>\$ 128.8</u>

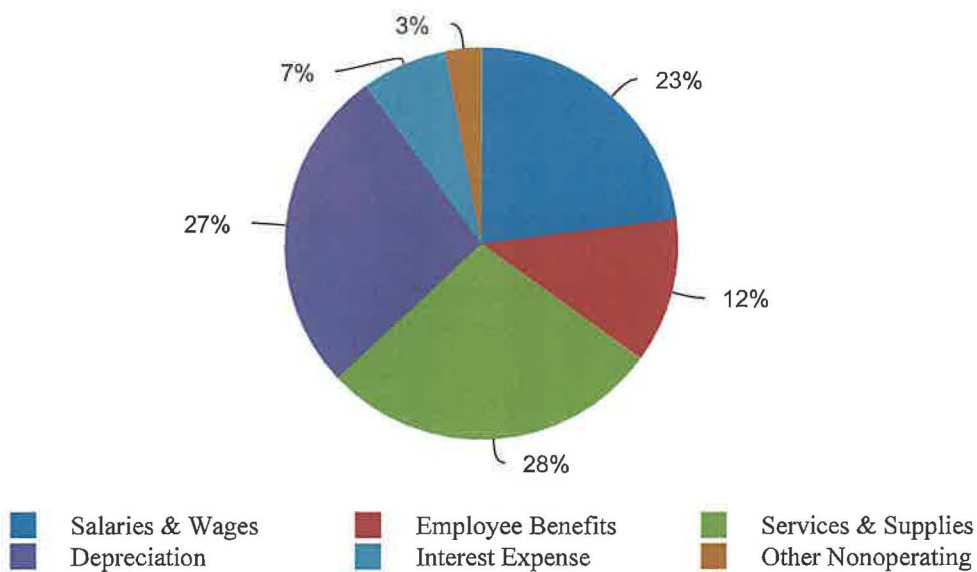


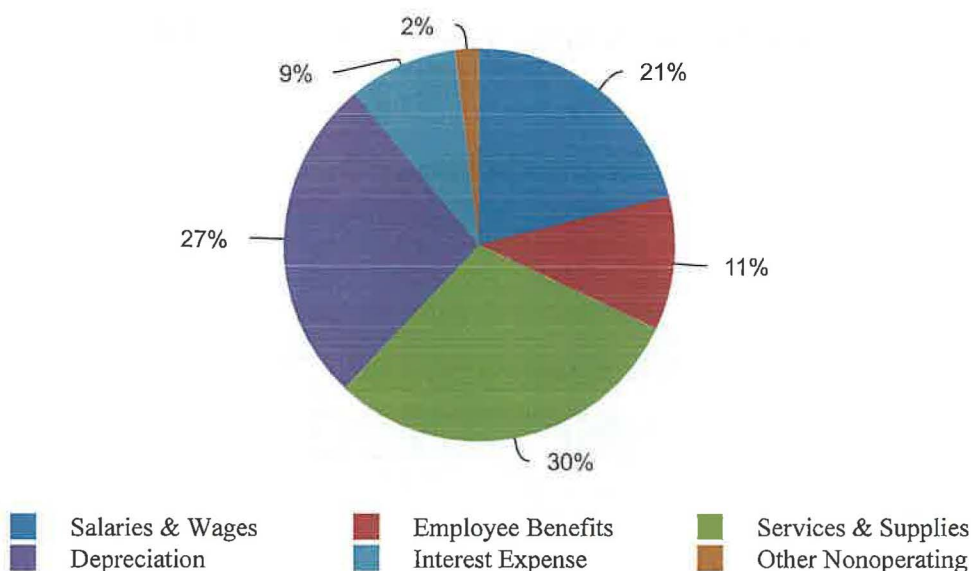
The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2025, 2024, and 2023.

**Total Expenses for the Year Ended June 30, 2025**



**Total Expenses for the Year Ended June 30, 2024**



**Total Expenses for the Year Ended June 30, 2023*****Results of Operations-Expenses*****Fiscal Year 2025 Summary**

Fiscal year 2025 operating expenses were \$129.4 million, \$7.1 million or 5.8% higher than in fiscal year 2024. Spending on salaries and wages was \$3.3 million or 10.3% higher, due to Labor Market Index wage increases, step increases, and additions in headcount during the fiscal year. Employee benefits remained relatively consistent increasing only \$0.1 million or 0.6% from prior fiscal year. Spending on services and supplies was \$3.5 million or 9.3% higher than in fiscal year 2024 due to general price inflation and a \$0.5 million net impairment loss related to TMWA's Old Washoe Well 4 facility. See Note 14 to the financial statements for additional information on the impairment loss.

Nonoperating expenses were \$4.1 million lower compared to fiscal year 2024. Interest expense was \$1.3 million lower due to the strategic defeasance of the Series 2015 and 2016 senior lien bonds in the prior fiscal year. Loss on disposal of assets, included in other nonoperating expenses, was \$2.8 million lower due to the write off of lower cost capital projects compared to those written off in the prior fiscal year.

**Fiscal Year 2024 Summary - Restated**

Fiscal year 2024 operating expenses were \$122.2 million, \$7.9 million or 6.5% higher than fiscal year 2023. Spending on salaries and wages was \$4.6 million or 14.4% higher, due to Labor Market Index wage increases, step increases, and additions in headcount during the fiscal year. \$1.3 million of the increase was also from restating fiscal year 2024 activity for the adoption of GASB Statement No. 101, *Compensated Absences*, in fiscal year 2025. Employee benefits were \$2.4 million or 17.3% higher than prior year due mainly to higher pension expense related to

Nevada PERS. Spending on services and supplies was \$0.7 million or 1.8% less than prior year primarily due to a decrease in chemical costs.

Nonoperating expenses were \$0.2 million lower compared to fiscal year 2023. Interest expense was \$1.3 million lower than the prior year. A loss on disposal of assets totaling \$3.5 million, included in other nonoperating expenses, resulted from writing off two capital projects during fiscal year 2024: Spring Creek 9 Well and the Human Resources/Payroll software implementation.

### **CAPITAL ASSETS**

At June 30, 2025, TMWA's total capital assets were \$1,847.8 million before accumulated depreciation of \$661.4 million, for a net book value of \$1,186.4 million. Included in the total capital assets reported on the Statement of Net Position was \$107.9 million in construction work in progress.

At June 30, 2024, TMWA's total capital assets were \$1,758.4 million before accumulated depreciation of \$625.4 million, for a net book value of \$1,132.9 million. Included in the total capital assets reported on the Statement of Net Position was \$80.9 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, 2025, TMWA had \$305.5 million in total reported debt outstanding. This amount reflects \$278.5 million in total outstanding principal indebtedness and \$27.0 million net bond premium. Of the \$278.5 million in total principal outstanding, \$16.3 million was due within one year and is classified as short term indebtedness.

Total outstanding principal indebtedness of \$278.5 million as of June 30, 2025 reflects a decrease of \$18.0 million or 6.1% from total outstanding principal of \$296.5 million as of June 30, 2024. Total outstanding principal indebtedness of \$296.5 million as of June 30, 2024 reflects a decrease of \$25.5 million or 7.9% from total outstanding principal of \$322.0 million as of June 30, 2023.

During fiscal year 2025, TMWA maintained credit ratings of AA+ outlook stable from Standard and Poor's, Aa2 outlook stable from Moody's, and AAA outlook stable from Fitch.

Detailed information about TMWA's indebtedness can be found in Note 7 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 Annual Comprehensive 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 89520-3013.



Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2025 and 2024

	2025	Restated 2024
Assets		
Current Assets		
Cash and investments	\$ 94,386,117	\$ 90,259,451
Accounts receivable, net	18,202,270	17,923,944
Due from others	376,406	370,872
Due from other governments	3,584,653	4,493,149
Interest receivable	657,647	998,317
Prepaid assets and other assets	3,498,015	3,272,782
	<u>120,705,108</u>	<u>117,318,515</u>
Restricted Current Assets		
Cash and investments		
Water resource sustainability program	3,563,830	4,342,845
Current bond debt service	22,048,782	22,618,348
Restricted bond proceeds	10,899,968	42,630,130
	<u>36,512,580</u>	<u>69,591,323</u>
Total current assets	<u>157,217,688</u>	<u>186,909,838</u>
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,654,756	2,530,900
Operations and maintenance	16,165,699	14,924,959
Renewal and replacement	10,000,000	10,000,000
Water rate stabilization	500,000	500,000
Net other postemployment benefits	6,024,281	4,659,659
	<u>35,344,736</u>	<u>32,615,518</u>
Noncurrent Assets		
Capital assets, not depreciated	254,590,698	222,906,323
Capital assets, depreciated	931,822,905	910,025,390
Other noncurrent assets	821,186	906,079
	<u>1,187,234,789</u>	<u>1,133,837,792</u>
Total noncurrent assets	<u>1,222,579,525</u>	<u>1,166,453,310</u>
Total assets	<u>1,379,797,213</u>	<u>1,353,363,148</u>
Deferred Outflow of Resources		
Bond refundings	799,765	923,656
Net pension liability	24,901,224	21,543,485
Net other postemployment benefits	614,028	621,210
Total deferred outflow of resources	<u>26,315,017</u>	<u>23,088,351</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,406,112,230</u>	<u>\$ 1,376,451,499</u>

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2025 and 2024

	2025	Restated 2024
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 1,966,625	\$ 3,238,505
Contracts and retention payable	16,071,826	24,354,895
Accrued liabilities	2,982,280	3,003,425
Current portion of compensated absences	1,688,939	1,546,520
Due to other governments	2,239,643	2,096,959
Accrued interest payable	98,658	128,370
Current portion of long-term debt	884,237	2,178,730
Customer deposits and amounts due to developers	1,794,879	1,663,502
	<u>27,727,087</u>	<u>38,210,906</u>
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	15,415,000	15,780,000
Accrued interest payable	6,633,782	6,838,348
	<u>22,048,782</u>	<u>22,618,348</u>
Total current liabilities	<u>49,775,869</u>	<u>60,829,254</u>
Noncurrent Liabilities		
Net pension liability	60,778,967	60,226,778
Long-term debt, net of current portion	289,245,877	309,945,303
Net other postemployment benefits liability	536,660	648,466
Compensated absences, net of current portion	4,325,461	3,522,216
Total noncurrent liabilities	<u>354,886,965</u>	<u>374,342,763</u>
Total liabilities	<u>404,662,834</u>	<u>435,172,017</u>
Deferred Inflow of Resources		
Net pension liability	5,987,512	584,712
Bond refundings	2,588,774	3,030,336
Leases	299,085	344,438
Other postemployment benefits	2,394,345	1,971,111
Total deferred inflow of resources	<u>11,269,716</u>	<u>5,930,597</u>
Total liabilities and deferred inflow of resources	<u>415,932,550</u>	<u>441,102,614</u>
Net Position		
Net investment in capital assets	883,414,142	853,064,335
Restricted for water resource sustainability program	3,563,830	4,342,845
Restricted for debt service	15,415,000	15,780,000
Restricted for operations and maintenance reserve	14,613,579	10,324,959
Restricted for renewal and replacement reserve	10,000,000	10,000,000
Restricted for water rate stabilization	500,000	500,000
Restricted for net other postemployment benefits	6,024,281	4,659,659
Unrestricted	56,648,848	36,677,087
Total net position	<u>990,179,680</u>	<u>935,348,885</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,406,112,230</u>	<u>\$ 1,376,451,499</u>

Truckee Meadows Water Authority  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating Revenues		
Charges for water sales	\$ 123,985,263	\$ 113,961,589
Hydroelectric sales	4,184,797	4,193,494
Other operating sales	4,134,516	4,220,374
Total operating revenues	132,304,576	122,375,457
Operating Expenses		
Salaries and wages	35,300,194	31,902,280
Employee benefits	16,375,475	16,283,832
Services and supplies	41,158,180	37,552,454
Total operating expenses before depreciation	92,833,849	85,738,566
Depreciation	36,697,431	36,500,513
Total operating expenses	129,531,280	122,239,079
Operating Income	2,773,296	136,378
Nonoperating Revenues (Expenses)		
Investment earnings	5,962,196	1,761,755
Net increase in fair value of investments	3,186,319	7,185,606
Loss on disposal of assets	(1,223,332)	(3,544,836)
Debt issuance costs	—	(499,000)
Interest expense	(8,899,073)	(10,181,533)
Total nonoperating revenues (expenses)	(973,890)	(5,278,008)
Income (Loss) before Capital Contributions	1,799,406	(5,141,630)
Capital Contributions		
Grants	1,437,531	9,658,905
Water resource sustainability program	441,344	1,097,584
Developer infrastructure contributions	19,554,670	9,962,594
Developer will-serve contributions	11,206,014	5,507,199
Developer capital contributions	5,096,653	6,026,121
Developer facility charges	11,639,329	12,874,933
Contributions from others	113,360	73,095
Contributions from other governments	3,542,488	4,800,936
Net Capital Contributions	53,031,389	50,001,367
Change in Net Position	54,830,795	44,859,737
Net Position, Beginning of Year	935,348,885	890,489,148
Net Position, End of Year	\$ 990,179,680	\$ 935,348,885



Truckee Meadows Water Authority  
Statements of Cash Flows  
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating Activities		
Cash received from customers	\$ 132,108,142	\$ 117,952,789
Cash paid to employees	(49,197,203)	(43,244,824)
Cash paid to suppliers	(42,826,366)	(39,053,531)
Net Cash from Operating Activities	40,084,573	35,654,434
Capital and Related Financing Activities		
Cash received on lease receivables	41,836	41,212
Cash received for interest on lease receivables	10,148	10,634
Acquisition and construction of capital assets	(72,091,202)	(71,926,361)
Interest paid on financing	(13,785,453)	(13,359,181)
Principal paid on financing	(17,958,730)	(17,200,578)
Proceeds from capital debt issuance	—	75,296,745
Proceeds transferred to defeasance escrow	—	(74,997,328)
Proceeds from capital asset disposal	453,112	15,914
Grants	3,143,365	8,155,623
Contributions for water resource sustainability program	441,344	1,097,584
Contributions from developers-will-serve letters	2,227,814	5,507,199
Contributions from developers-capital	5,096,653	6,026,121
Contributions from developers-facility charges	11,639,329	12,874,933
Contributions from others	113,360	73,095
Contributions from other governments	3,542,488	4,800,936
Debt issuance costs	—	(352,695)
Net Cash used for Capital and Related Financing Activities	(77,125,936)	(63,936,147)
Investing Activities		
Amounts received on water service loans	40,602	165,681
Proceeds from the sale and maturity of investment securities	174,656,106	318,149,954
Purchase of investment securities	(148,503,829)	(283,606,736)
Investment interest/earnings	6,107,849	4,681,066
Net Cash from Investing Activities	32,300,728	39,389,965
Net Change in Cash and Cash Equivalents	(4,740,635)	11,108,252
Cash and Cash Equivalents, Beginning of Year	20,186,452	9,078,200
Cash and Cash Equivalents, End of Year	\$ 15,445,817	\$ 20,186,452
Reconciliation of Amounts Reported on the Statement of Net Position to Cash and Cash Equivalents		
Reported on the Statement of Net Position:		
Cash and investments	\$ 94,386,117	\$ 90,259,451
Restricted current cash and investments	36,512,580	69,591,323
Restricted noncurrent cash and investments	29,320,455	27,955,859
Total Cash and Investments	160,219,152	187,806,633
Investments not meeting the definition of cash and cash equivalents	(144,773,335)	(167,620,181)
Total Cash and Cash Equivalents	\$ 15,445,817	\$ 20,186,452

Truckee Meadows Water Authority  
Statements of Cash Flows  
Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 2,773,296	\$ 136,378
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	36,697,431	36,500,513
OPEB expense	(974,346)	(950,397)
OPEB contributions	(71,666)	(36,421)
Pension expense	7,906,175	8,796,799
Pension contributions	(5,308,925)	(4,837,476)
Impairment loss, net	485,238	—
Changes in assets and liabilities		
Accounts receivable, net	(322,277)	(4,528,282)
Due from others	(5,534)	(3,200)
Due from other governments	(797,338)	(2,179,732)
Prepaid assets and other assets	(224,181)	(685,077)
Accounts payable	(1,271,880)	773,176
Accrued liabilities	(21,145)	617,671
Compensated absences	945,664	1,357,216
Due to other governments	142,684	584,452
Customer deposits and amounts due to developers	131,377	108,814
Total adjustments	37,311,277	35,518,056
Net Cash from Operating Activities	<u>\$ 40,084,573</u>	<u>\$ 35,654,434</u>
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,400,188)	\$ (4,226,114)
Amortization of refunding allowances to interest expense	(251,913)	17,303
Developer infrastructure contributions	19,554,670	9,962,594
Change in contracts and retention payable	695,131	7,221,887

Truckee Meadows Water Authority  
Statements of Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
December 31, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 233,331	\$ 196,967
Receivables from plan members	13,287	12,283
Investments, at fair value	<u>18,876,587</u>	<u>17,121,455</u>
Total assets	<u>19,123,205</u>	<u>17,330,705</u>
Liabilities		
Accounts payable	<u>163,671</u>	<u>115,799</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 18,959,534</u>	<u>\$ 17,214,906</u>

Truckee Meadows Water Authority  
Statements of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
Years Ended December 31, 2024 and 2023

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	2024	2023
Additions		
Net investment income	\$ 2,160,132	\$ 2,685,899
Employer contributions	54,044	33,596
Total additions	<u>2,214,176</u>	<u>2,719,495</u>
Deductions		
Benefit payments	410,424	407,245
Administrative expenses	<u>59,124</u>	<u>41,435</u>
Total deductions	<u>469,548</u>	<u>448,680</u>
Change in Net Position	1,744,628	2,270,815
Net Position Restricted for Postemployment Benefits Other than Pensions		
Beginning of Year	<u>17,214,906</u>	<u>14,944,091</u>
End of Year	<u>\$ 18,959,534</u>	<u>\$ 17,214,906</u>



## **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 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 (Board) appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County Commissioners (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 (State) 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. TMWA's financial statements 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.



In accordance with GASB Statement No. 84, TMWA reports its two Other Postemployment Benefit (OPEB) Plans as fiduciary funds. The OPEB Plans, which have a December 31 year-end, do not present the results of operations of TMWA or have a measurement focus. They are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

### **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, TMWA's General Manager submits to the Board a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held in May.
- Prior to June 1, at the public hearing, the Board 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 GAAP. Appropriations lapse at year-end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

### **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, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

The OPEB Plans' net earnings from the State of Nevada Retirement Benefit Investment Fund (RBIF), an external investment pool, are based on the Plans' original investment plus a monthly allocation of investment income (loss), including realized and unrealized gains and losses, which is the same as the value of the pool shares.

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.

### **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.

Unspent bond proceeds are classified as restricted assets and are only used for capital expenditures. Certain assets of TMWA are also classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water resource sustainability program adopted under Title II of Public Law 101-618. Other assets of TMWA are classified as restricted assets on the Statements of Net Position because they are set aside to provide other postemployment benefits per the §501(c)(9) Plan.

### **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. 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	10-75	Canals	25-70
Plants	5-80	Reservoirs	10-80
Services	10-60	Vehicles	7-10
Pump stations	10-80	Furniture and fixtures	7
Tanks	10-75	Computer hardware and software	7-30
Wells	7-60	Equipment	5-30
Pressure reducing stations	10-60	Administration buildings	5-50
Hydroelectric facilities	10-100		

### 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 a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources include 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 and other postemployment benefits.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to leases, bond refundings, pensions and other postemployment benefits.

### Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, 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.

### Other Postemployment Benefits

For purposes of measuring TMWA's net OPEB liability (asset), deferred outflows and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of TMWA's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by TMWA's OPEB Plans. For this purpose, TMWA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Compensated Absences

Employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is recognized for leave that has not been used as well as for leave that has been used but not yet paid in cash or settled through noncash means, to the extent it is likely TMWA will ultimately pay those

benefits. The liability is included in current and noncurrent liabilities in the accompanying Statements of Net Position.

### **Long-Term Debt**

Long-term debt is reported at face value, net of any premium or discounts, in the Statements of Net Position. Premiums and discounts are amortized using the effective interest method over the life of the related debt. Debt issuance costs are expensed in the period incurred.

### **Classification of Revenues**

Operating revenues consist of water sales, hydroelectric sales, and miscellaneous fee income. Nonoperating revenues consist essentially of income derived from investments and reimbursement, if any, 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. Capital contributions also include grant revenue and contributions from others.

### **Net Position**

Net Position is displayed in three classifications:

- Net investment in capital assets - This component represents TMWA's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- Restricted - This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets restricted only by TMWA or Board imposed limitations are not included in the calculation.
- Unrestricted - This component represents the remaining net position balance that is available to support TMWA's operations and capital asset acquisition/construction.

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

### **Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **New Accounting Pronouncements**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The primary objective of this Statement is to create a more consistent model of accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires governments to apply specific criteria in determining the liability to record in their statements of net position. TMWA adopted this GASB in the fiscal year ended June 30, 2025. See Note 15 to the financial statements for additional information on the impact of adoption.



In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this GASB in the fiscal year ended June 30, 2025 did not have an impact on TMWA's financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. TMWA is currently evaluating the effect the adoption of this GASB will have on its financial statements in the fiscal year ended June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. TMWA is currently evaluating the effect the adoption of this GASB will have on its financial statements in the fiscal year ended June 30, 2026.

## **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, 2025	June 30, 2024
Billed amounts	\$ 7,724,212	\$ 8,200,934
Earned, but unbilled amounts	10,690,505	9,974,422
	18,414,717	18,175,356
Allowance for uncollectible accounts	(212,447)	(251,412)
Accounts receivable, net	<u>\$ 18,202,270</u>	<u>\$ 17,923,944</u>

## **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. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The OPEB Plans' bank balances are covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly.

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As of June 30, 2025, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 25,216,567	\$ 15,494,094	\$ 7,018,533	\$ 47,729,194
U.S. Agencies	17,491,243	15,973,976	10,913,991	44,379,210
LGIP	2,654,756	—	—	2,654,756
Money Market Mutual Funds	47,580,345	—	—	47,580,345
Certificates of Deposit	—	1,964,447	—	1,964,447
Corporate Notes	10,691,188	—	6,588,039	17,279,227
<b>Total Investments</b>	<b>103,634,099</b>	<b>33,432,517</b>	<b>24,520,563</b>	<b>161,587,179</b>
<b>Total Cash</b>	<b>(1,368,027)</b>	<b>—</b>	<b>—</b>	<b>(1,368,027)</b>
<b>Total Cash and Investments</b>	<b>\$ 102,266,072</b>	<b>\$ 33,432,517</b>	<b>\$ 24,520,563</b>	<b>\$ 160,219,152</b>

As of June 30, 2024, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 29,415,290	\$ 26,597,138	\$ —	\$ 56,012,428
U.S. Agencies	19,611,289	32,427,693	—	52,038,982
LGIP	2,530,900	—	—	2,530,900
Money Market Mutual Funds	40,909,525	—	—	40,909,525
Certificates of Deposit	6,961,734	687,278	750,099	8,399,111
Corporate Notes	3,448,685	11,470,517	—	14,919,202
Commercial Paper	2,294,031	—	—	2,294,031
<b>Total Investments</b>	<b>105,171,454</b>	<b>71,182,626</b>	<b>750,099</b>	<b>177,104,179</b>
<b>Total Cash</b>	<b>10,702,454</b>	<b>—</b>	<b>—</b>	<b>10,702,454</b>
<b>Total Cash and Investments</b>	<b>\$ 115,873,908</b>	<b>\$ 71,182,626</b>	<b>\$ 750,099</b>	<b>\$ 187,806,633</b>

As of December 31, 2024, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Cash	\$ 186,896	\$ —	\$ —	\$ 186,896
Total Investments - RBIF	16,971,264	—	—	16,971,264
<b>Total Cash and Investments</b>	<b>\$ 17,158,160</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 17,158,160</b>
<b>§115 Plan</b>				
Total Cash	\$ 46,435	\$ —	\$ —	\$ 46,435
Total Investments - RBIF	1,905,323	—	—	1,905,323
<b>Total Cash and Investments</b>	<b>\$ 1,951,758</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,951,758</b>

As of December 31, 2023, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Cash	\$ 170,310	\$ —	\$ —	\$ 170,310
Total Investments - RBIF	15,390,220	—	—	15,390,220
Total Cash and Investments	<u>\$ 15,560,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,560,530</u>
<b>§115 Plan</b>				
Total Cash	\$ 26,657	\$ —	\$ —	\$ 26,657
Total Investments - RBIF	1,731,235	—	—	1,731,235
Total Cash and Investments	<u>\$ 1,757,892</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,757,892</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On September 20, 2017, the TMWA Board adopted an investment policy which extended TMWA's investment period from two years to five years. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to 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. 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 five 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 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 49.5 days at June 30, 2025, and 82 days at June 30, 2024.



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At June 30, 2025, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasures	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 9,723,215	\$ —	\$ —	\$ 9,723,215
AA+	47,729,194	44,379,210	—	—	—	—	92,108,404
A+	—	—	—	—	498,496	977,702	1,476,198
A	—	—	—	—	—	8,011,373	8,011,373
A-	—	—	—	—	—	3,773,028	3,773,028
BBB+	—	—	—	—	—	4,517,124	4,517,124
BBB-	—	—	—	—	240,628	—	240,628
NA	—	—	2,654,756	37,857,130	1,225,323	—	41,737,209
Total Investments	<u>\$ 47,729,194</u>	<u>\$ 44,379,210</u>	<u>\$ 2,654,756</u>	<u>\$ 47,580,345</u>	<u>\$ 1,964,447</u>	<u>\$ 17,279,227</u>	<u>\$ 161,587,179</u>

At June 30, 2024, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasures	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Corporate Commercial Paper	Total
AAA	\$ —	\$ —	\$ —	\$ 6,307,264	\$ —	\$ —	\$ —	\$ 6,307,264
AA+	56,012,428	52,038,982	—	—	—	—	—	108,051,410
AA	—	—	—	—	—	1,083,151	—	1,083,151
AA-	—	—	—	—	—	560,185	—	560,185
A+	—	—	—	—	250,049	933,783	—	1,183,832
A	—	—	—	—	—	2,615,927	—	2,615,927
A-	—	—	—	—	—	8,314,428	—	8,314,428
A-1+	—	—	—	—	2,220,928	—	—	2,220,928
A-1	—	—	—	—	4,492,958	—	2,294,031	6,786,989
BBB+	—	—	—	—	—	1,411,728	—	1,411,728
BBB-	—	—	—	—	477,546	—	—	477,546
NA	—	—	2,530,900	34,602,261	957,630	—	—	38,090,791
Total Investments	<u>\$ 56,012,428</u>	<u>\$ 52,038,982</u>	<u>\$ 2,530,900</u>	<u>\$ 40,909,525</u>	<u>\$ 8,399,111</u>	<u>\$ 14,919,202</u>	<u>\$ 2,294,031</u>	<u>\$ 177,104,179</u>

### 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, issuer, or class of securities.



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At June 30, 2025 and 2024, the following investments by issuer exceeded 5% of TMWA's total investments:

	June 30, 2025	
U.S. Treasuries	\$ 47,729,193	33 %
Federated Hermes Treasury Obligations	21,041,541	14 %
Federal Home Loan Bank	19,407,408	13 %
Federal Farm Credit Bank	14,523,929	10 %
First American Funds, Inc. - Government Obligations Fund	9,671,948	7 %
	June 30, 2024	
U.S. Treasuries	\$ 56,012,428	33 %
Federal Home Loan Banks	27,966,654	17 %
Federated Hermes Treasury Obligations	25,118,263	15 %
Federal National Mortgage Association	11,183,219	7 %

### 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 had the following recurring fair value measurements as of June 30, 2025:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 47,729,194	\$ 47,729,194	\$ —
U.S. Agencies	44,379,210	—	44,379,210
Certificates of Deposit	1,964,447	—	1,964,447
Corporate Notes	17,279,227	—	17,279,227
	111,352,078	\$ 47,729,194	\$ 63,622,884
LGIP	2,654,756		
Money Market Mutual Funds*	47,580,345		
	<u>\$ 161,587,179</u>		

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TMWA had the following recurring fair value measurements as of June 30, 2024:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 56,012,428	\$ 56,012,428	\$ —
U.S. Agencies	52,038,982	—	52,038,982
Certificates of Deposit	8,399,111	—	8,399,111
Corporate Notes	14,919,202	—	14,919,202
Commercial Paper	2,294,031	—	2,294,031
	133,663,754	\$ 56,012,428	\$ 77,651,326
LGIP	2,530,900		
Money Market Mutual Funds*	40,909,525		
	<u>\$ 177,104,179</u>		

\*Money market mutual funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

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.

Certificates of Deposit - Valued using interactive date pricing and reference data.

Corporate Notes - Valued using institutional bond quotes based on various market and industry inputs.

Commercial Paper - Valued at fair value based on the observable market prices of inputs for similar securities.

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## Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2025 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 80,894,411	\$ 61,126,547	\$ (34,168,120)	\$ 107,852,838
Land	20,889,008	2,789,055	(197,831)	23,480,232
Water rights	121,122,904	2,134,724	—	123,257,628
Total capital assets, not being depreciated	222,906,323	66,050,326	(34,365,951)	254,590,698
Capital assets, being depreciated				
Distribution mains	651,702,980	21,324,005	—	673,026,985
Water treatment (plants)	236,023,353	3,598,705	—	239,622,058
Services	191,093,629	11,981,312	—	203,074,941
Pump stations	88,067,621	1,551,252	—	89,618,873
Treated water storage (tanks)	112,264,916	10,228,184	(336,553)	122,156,547
Wells	87,922,805	1,377,344	(749,233)	88,550,916
Pressure regulating stations	26,652,407	1,977,037	—	28,629,444
Canals	44,772,747	43,144	—	44,815,891
Reservoirs	19,499,753	66,449	—	19,566,202
Vehicles	11,535,875	976,205	(368,626)	12,143,454
Furniture and fixtures	908,888	—	—	908,888
Computer hardware and software	12,625,310	408,995	—	13,034,305
Equipment	465,867	66,728	—	532,595
Hydroelectric facilities	35,330,789	86,850	—	35,417,639
Administrative buildings	16,576,802	5,511,068	—	22,087,870
Total capital assets, being depreciated	1,535,443,742	59,197,278	(1,454,412)	1,593,186,608
Less accumulated depreciation:				
Distribution mains	(183,969,448)	(11,717,015)	—	(195,686,463)
Water treatment (plants)	(123,391,844)	(6,917,496)	—	(130,309,340)
Services	(136,820,384)	(5,790,368)	—	(142,610,752)
Pump stations	(35,012,709)	(2,553,591)	—	(37,566,300)
Treated water storage (tanks)	(39,650,577)	(2,745,301)	223,757	(42,172,121)
Wells	(43,079,571)	(2,029,908)	159,697	(44,949,782)
Pressure regulating stations	(9,446,054)	(575,923)	—	(10,021,977)
Canals	(16,504,429)	(1,032,030)	—	(17,536,459)
Reservoirs	(9,235,713)	(327,252)	—	(9,562,965)
Vehicles	(8,641,243)	(749,352)	368,626	(9,021,969)
Furniture and fixtures	(808,969)	(38,729)	—	(847,698)
Computer hardware and software	(5,588,457)	(890,403)	—	(6,478,860)
Equipment	(233,105)	(48,618)	—	(281,723)
Hydroelectric facilities	(7,567,158)	(697,266)	—	(8,264,424)
Administrative buildings	(5,468,691)	(584,179)	—	(6,052,870)
Total accumulated depreciation	(625,418,352)	(36,697,431)	752,080	(661,363,703)
Total capital assets, being depreciated net	910,025,390	22,499,847	(702,332)	931,822,905
Total Capital Assets, Net	\$ 1,132,931,713	\$ 88,550,173	\$ (35,068,283)	\$ 1,186,413,603

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Capital asset activity for the year ended June 30, 2024 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 63,817,854	\$ 72,182,065	\$ (55,105,508)	\$ 80,894,411
Land	20,859,674	31,000	(1,666)	20,889,008
Water rights	116,456,842	4,666,062	—	121,122,904
Total capital assets, not being depreciated	201,134,370	76,879,127	(55,107,174)	222,906,323
Capital assets, being depreciated				
Distribution mains	632,257,695	19,445,285	—	651,702,980
Water treatment (plants)	232,062,277	3,961,076	—	236,023,353
Services	176,436,216	14,657,413	—	191,093,629
Pump stations	79,856,004	8,211,617	—	88,067,621
Treated water storage (tanks)	106,225,781	6,039,135	—	112,264,916
Wells	83,983,474	3,939,331	—	87,922,805
Pressure regulating stations	21,325,572	5,326,835	—	26,652,407
Canals	44,772,747	—	—	44,772,747
Reservoirs	19,391,975	107,778	—	19,499,753
Vehicles	10,357,435	1,178,440	—	11,535,875
Furniture and fixtures	873,329	35,559	—	908,888
Computer hardware and software	12,365,711	259,599	—	12,625,310
Equipment	252,659	213,208	—	465,867
Hydroelectric facilities	35,271,271	59,518	—	35,330,789
Administrative buildings	16,233,457	343,345	—	16,576,802
Total capital assets, being depreciated	1,471,665,603	63,778,139	—	1,535,443,742
Less accumulated depreciation:				
Distribution mains	(172,460,651)	(11,508,797)	—	(183,969,448)
Water treatment (plants)	(116,499,112)	(6,892,732)	—	(123,391,844)
Services	(131,097,866)	(5,722,518)	—	(136,820,384)
Pump stations	(32,386,494)	(2,626,215)	—	(35,012,709)
Treated water storage (tanks)	(37,202,594)	(2,447,983)	—	(39,650,577)
Wells	(40,831,035)	(2,248,536)	—	(43,079,571)
Pressure regulating stations	(8,847,003)	(599,051)	—	(9,446,054)
Canals	(15,470,599)	(1,033,830)	—	(16,504,429)
Reservoirs	(8,785,731)	(449,982)	—	(9,235,713)
Vehicles	(7,819,999)	(821,244)	—	(8,641,243)
Furniture and fixtures	(765,704)	(43,265)	—	(808,969)
Computer hardware and software	(4,712,636)	(875,821)	—	(5,588,457)
Equipment	(207,324)	(25,781)	—	(233,105)
Hydroelectric facilities	(6,874,971)	(692,187)	—	(7,567,158)
Administrative buildings	(4,956,120)	(512,571)	—	(5,468,691)
Total accumulated depreciation	(588,917,839)	(36,500,513)	—	(625,418,352)
Total capital assets, being depreciated net	882,747,764	27,277,626	—	910,025,390
Total Capital Assets, Net	\$ 1,083,882,134	\$ 104,156,753	\$ (55,107,174)	\$ 1,132,931,713



**Note 6 - Leases**

TMWA has an agreement to lease cell tower space to CCTM1 LLC. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$6,000 for the first year and is increased based on CPI every five years with the renewal of the lease. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2025, TMWA recognized \$9,691 in lease revenue and \$1,036 in interest revenue related to this agreement. At June 30, 2025, TMWA reported \$27,911 in lease receivables and \$25,034 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the year ended June 30, 2024, TMWA recognized \$9,691 in lease revenue and \$1,354 in interest revenue related to this agreement. At June 30, 2024, TMWA reported \$38,117 in lease receivables and \$34,725 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease cell tower space to T-Mobile. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$4,000 for the first year and is increased based on CPI every five years with the renewal of the lease. The third amendment to the agreement also added \$3,000 per year to the base rent. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2025, TMWA recognized \$9,123 in lease revenue and \$1,054 in interest revenue related to this agreement. At June 30, 2025, TMWA reported \$29,018 in lease receivables and \$27,370 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the year ended June 30, 2024, TMWA recognized \$9,123 in lease revenue and \$1,337 in interest revenue related to this agreement. At June 30, 2024, TMWA reported \$38,094 in lease receivables and \$36,493 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease cell tower space to AT&T. The agreement term began in 2000 and allowed for three 5-year renewal terms after the initial term expired in 2005. A first amendment to the agreement extended the term for another five years to 2025 and allows for two 5-year renewal terms after the contract expires in 2025. TMWA foresees continuing the lease through 2035. Rent was \$13,800 for the first year and was originally increased based on CPI every five years with the renewal of the lease. The first amendment to the agreement added \$3,600 per year to the base rent and specified that the yearly rent will increase by 10% upon the commencement of each extension term. TMWA used a borrowing rate of 2.78% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2025, TMWA recognized \$21,055 in lease revenue and \$7,013 in interest revenue related to this agreement. At June 30, 2025, TMWA reported \$241,197 in lease receivables and \$221,079 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the year ended June 30, 2024, TMWA recognized \$21,055 in lease revenue and \$7,526 in interest revenue related to this agreement. At June 30, 2024, TMWA reported \$259,670 in lease receivables and \$242,134 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its land's air space to Lamar Central Outdoor LLC. The agreement term began in 2024 and allows for two 5-year renewal terms after the initial term expires in 2030. Rent was \$4,620 for the first year and will increase 3.0% each year. TMWA used a borrowing rate of 2.37% to recognize this lease under GASB 87, *Leases*. During the year ended June 30, 2025, TMWA recognized \$5,483 in lease revenue and \$646 in interest revenue related to this agreement. At June 30, 2025, TMWA reported \$24,219 in lease receivables and \$25,603 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the year ended June 30, 2024, TMWA recognized \$4,105 in lease revenue and \$225 in interest revenue related to this agreement. At June 30, 2024, TMWA reported \$28,300 in lease receivables and \$31,086 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.



**Note 7 - Long-Term Liabilities****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, the 2018 Refunding Bonds, and any future senior lien bonds. The loan is considered paid in full as of June 30, 2025.

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. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 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. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000, and on September 5, 2017, TMWA redeemed \$9,200,000. On May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding. This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000, on October 2, 2019, TMWA redeemed \$5,000,000, and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. In the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed in June 2021 as part of the 2021 Subordinate Water Refunding Bonds. TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2025. This authorization expires July 1, 2036. Should TMWA wish to issue any of the remaining balance, new agreements and Board approval would be required.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, 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, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, 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, the 2017 Refunding Bonds, the 2018 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. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. The loan is considered paid in full as of June 30, 2025.

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 the 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 December 20, 2023, TMWA defeased \$11,485,000 of the bonds, along with \$1,014,912 of the unamortized bond premium. TMWA used current resources for the defeasance and no new debt was issued. The remaining balance due is \$9,645,000 with an associated premium of \$852,314, which will be amortized over the life of the 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. Of the \$15,000,000 authorized, TMWA made draws on this contract as construction proceeded totaling \$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, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF 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 Statement 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 December 20, 2023, TMWA defeased \$58,345,000 of the bonds, along with \$6,419,187 of the unamortized

bond premium. TMWA used current resources for the defeasance and no new debt was issued. The remaining balance due is \$66,445,000 with an associated premium of \$7,310,359, which will be amortized over the life of the 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 Statement 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.

On May 15, 2018, TMWA issued \$38,835,000 in Series 2018 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The proceeds of the bond issue of \$44,601,977 were used to refund or redeem \$44,200,000 in maturities of TECP. This transaction was executed to provide a fixed rate of interest expense over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds.

On June 3, 2021, TMWA issued \$13,000,000 in Series 2021 Subordinate Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The Bonds were sold pursuant to a Continuing Covenant Agreement as a Direct Purchase to Wells Fargo Municipal Capital Strategies, LLC. The proceeds of the bond issue of \$13,000,000 were used to refund or redeem \$13,000,000 in maturities of TECP. This transaction was executed to provide a fixed interest rate over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds. The provisions of the loan agreement require level, annual debt service for full repayment of the bonds through fiscal year 2028. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds and the 2018 Refunding Bonds.

On January 18, 2024, TMWA issued \$61,530,000 in Series 2024 Water Revenue Bonds which constitute special limited obligations of TMWA. The proceeds of the bonds will be used to cover capital expenditures over the next two years.



Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2025 and 2024

The following schedule summarizes the changes in long-term debt obligations as of June 30, 2025:

	Final Maturity Date	Authorized	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due in 2025-2026
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 328,757	\$ —	\$ 328,757	\$ —	\$ —
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	680,177	—	123,668	556,509	123,668
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	1,826,407	—	280,404	1,546,003	289,592
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	987,025	—	987,025	—	—
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	6,072,253	—	458,876	5,613,377	470,977
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	7,565,000	—	1,860,000	5,705,000	1,880,000
		48,561,736	17,459,619	—	4,038,730	13,420,889	2,764,237
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	9,645,000	—	1,175,000	8,470,000	1,235,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	66,445,000	—	—	66,445,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	102,590,000	—	12,745,000	89,845,000	12,300,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
2024 - Water Revenue Bonds 5.00%	7/1/2036	61,530,000	61,530,000	—	—	61,530,000	—
		401,320,000	279,045,000	—	13,920,000	265,125,000	13,535,000
Subtotal		449,881,736	296,504,619	—	17,958,730	278,545,889	16,299,237
Plus unamortized net bond premium			31,399,414	—	4,400,189	26,999,225	
Total debt before TECP			327,904,033	—	22,358,919	305,545,114	
TECP		53,600,000	—	—	—	—	—
Total Debt		\$ 503,481,736	\$ 327,904,033	\$ —	\$ 22,358,919	\$ 305,545,114	\$ 16,299,237

The following schedule summarizes the changes in long-term debt obligations as of June 30, 2024:

	Final Maturity Date	Authorized	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due in 2024-2025
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 647,209	\$ —	\$ 318,452	\$ 328,757	\$ 328,756
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	803,846	—	123,669	680,177	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,097,916	—	271,509	1,826,407	280,405
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	1,946,888	—	959,863	987,025	987,025
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	6,519,338	—	447,085	6,072,253	458,875
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	9,400,000	—	1,835,000	7,565,000	1,860,000
		48,561,736	21,415,197	—	3,955,578	17,459,619	4,038,730
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	22,240,000	—	12,595,000	9,645,000	1,175,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	58,345,000	66,445,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	114,725,000	—	12,135,000	102,590,000	12,745,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
2024 - Water Revenue Bonds 5.00%	7/1/2036	61,530,000	—	61,530,000	—	61,530,000	—
		401,320,000	300,590,000	61,530,000	83,075,000	279,045,000	13,920,000
Subtotal		449,881,736	322,005,197	61,530,000	87,030,578	296,504,619	17,958,730
Plus unamortized net bond premium			29,146,578	13,913,050	11,660,214	31,399,414	
Total debt before TECP			351,151,775	75,443,050	98,690,792	327,904,033	
TECP		53,600,000	—	—	—	—	—
Total Debt		\$ 503,481,736	\$ 351,151,775	\$ 75,443,050	\$ 98,690,792	\$ 327,904,033	\$ 17,958,730

Annual debt service requirements to maturity for TMWA's bonds are as follows:

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2026	\$ 2,764,237	\$ 254,213	\$ 13,535,000	\$ 12,917,875	\$ 29,471,325
2027	2,806,147	209,873	15,355,000	12,195,625	30,566,645
2028	2,853,693	164,657	16,135,000	11,408,375	30,561,725
2029	951,897	124,257	16,930,000	10,581,750	28,587,904
2030	913,944	100,376	17,785,000	9,713,875	28,513,195
2031-2035	2,827,456	247,455	121,915,000	32,148,125	157,138,036
2036-2040	303,515	3,976	63,470,000	7,663,500	71,440,991
Total	<u>\$ 13,420,889</u>	<u>\$ 1,104,807</u>	<u>\$ 265,125,000</u>	<u>\$ 96,629,125</u>	<u>\$ 376,279,821</u>

### Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2025 and 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Next Fiscal Year
June 30, 2025	\$ 5,068,736	\$ 4,864,115	\$ 3,918,451	\$ 6,014,400	\$ 1,688,939
June 30, 2024 - Restated	\$ 3,711,520	\$ 3,839,571	\$ 2,482,355	\$ 5,068,736	\$ 1,546,520

### Note 8 - 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 resource sustainability: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund certain projects that are intended to benefit TMWA's long-term water resources sustainability.

Restricted for net other postemployment benefits: This restriction was created to segregate the portion of net position related to TMWA's net other postemployment benefit asset in the §501(c)(9) Plan. See Note 12 to the financial statements for additional information.

#### Board Designation

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$11,521,815 and \$11,097,932 as of June 30, 2025 and 2024, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.



**Note 9 - Contingent Liabilities****Mt. Rose Fan Domestic Well Program**

As part of the transfer of operations with the Washoe County water utility, TMWA 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.

**Litigation**

From time to time, TMWA is named as a party to various lawsuits, claims, or other legal and regulatory proceedings that arise in the ordinary course of TMWA's business. TMWA accrues reserves when a loss is probable, and the amount of such loss can be reasonably estimated. Management does not believe that the outcome of these proceedings, individually and collectively, will have a material effect on TMWA's financial position.

**Note 10 - 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 significant 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 11 - Defined Benefit Pension Plan 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 entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or at 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, at 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.

Under the Employee/Employer-Pay Plan, contributions are shared equally by employees and employer. Under the Employer-Pay Plan, employees pay for their portion of contributions through a salary reduction, and the employer pays 100% of employees' retirement contributions. At TMWA, employees are initially enrolled in the Employee/Employer-Pay Plan and then may choose to change their enrollment to the Employer-Pay Plan.

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 33.50% for fiscal years June 30, 2025 and 2024. As of July 1, 2025, the EPC rate increased to 36.75%. TMWA's contributions were \$5,308,925 and \$4,837,476 for the years ended June 30, 2025 and 2024, 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 PERS.



The following was the PERS Board adopted policy target asset allocation as of June 30, 2024:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	2.25%
Private Markets	12%	7.15%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2023:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

#### *Net Pension Liability*

At June 30, 2025, TMWA reported a liability for its proportionate share of the net pension liability of \$60,778,967. The net pension liability was measured as of June 30, 2024, 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, 2024, TMWA reported a liability for its proportionate share of the net pension liability of \$60,226,778. The net pension liability was measured as of June 30, 2023, 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 the PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2024 and 2023, TMWA's proportion was 0.3364 and 0.3300 percent, respectively, representing an increase of 0.0064 percent and an increase of 0.0121 percent from its proportion measured at June 30, 2023 and 2022, respectively.

#### *Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of TMWA measured as of June 30, 2024 and 2023, calculated using the discount rate of 7.25%, and what TMWA's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year's valuation:

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	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2024	\$ 97,739,937	\$ 60,778,967	\$ 30,285,764
	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2023	\$ 93,721,709	\$ 60,226,778	\$ 32,583,626

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the PERS ACFR, available on the PERS website, [www.nvpers.org](http://www.nvpers.org).

*Actuarial Assumptions*

TMWA's June 30, 2025 net pension liability was measured as of June 30, 2024, 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, 2024 net pension liability was measured as of June 30, 2023, 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, 2024	June 30, 2023
Inflation Rate	2.50%	2.50%
Payroll Growth	3.50% including inflation	3.50% including inflation
Investment Rate of Return	7.25%	7.25%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.50%	2.50%
Other Assumptions	Same as those used in the June 30, 2024 funding actuarial valuation	Same as those used in the June 30, 2023 funding actuarial valuation

For the year ended June 30, 2024, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

For the year ended June 30, 2023, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on the results of the experience review issued September 10, 2021.

The projection of cash flows used to determine the discount rate of 7.25% assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024 and June 30, 2023.

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

For the years ended June 30, 2025 and 2024, TMWA recognized pension expense of \$13,044,396 and \$13,565,438, respectively.

At June 30, 2025, 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	\$ 12,894,041	\$ —
Changes in assumptions or other inputs	3,921,840	—
Net difference between projected and actual earnings on pension plan investments	—	5,987,512
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	2,776,418	—
TMWA's contributions subsequent to the measurement date	5,308,925	—
	<u>\$ 24,901,224</u>	<u>\$ 5,987,512</u>

Deferred outflows of resources of \$5,308,925 resulted from TMWA's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.



At June 30, 2024, 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	\$ 7,850,193	\$ —
Changes in assumptions or other inputs	5,644,395	—
Net difference between projected and actual earnings on pension plan investments	—	563,724
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	3,211,421	20,988
TMWA's contributions subsequent to the measurement date	4,837,476	—
	<u>\$ 21,543,485</u>	<u>\$ 584,712</u>

Deferred outflows of resources of \$4,837,476 resulted from TMWA's contributions subsequent to the measurement date and were recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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, 2023 (the beginning of the measurement period ended June 30, 2024) is 5.64 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2025 will be recognized in pension expense as follows:

Year Ending June 30,

2026	\$ 2,583,224
2027	8,563,623
2028	1,152,945
2029	266,835
2030	1,038,160

#### *Additional Information*

The PERS ACFR includes additional information including information supporting the schedule of employer allocations and the schedule of pension amounts by employer. This report is available on the PERS website at [www.nvpers.org](http://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 years ended June 30, 2025 and June 30, 2024, TMWA had matching contributions totaling \$2,112,011, and \$1,934,079, respectively.



## Note 12 - Other Postemployment Benefit (OPEB) Plans

TMWA has two Other Postemployment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all subsequent new hires until the plan closed, effective December 13, 2018. The §115 Plan plan was formed to provide postemployment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections under which the plans were formed. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2025 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	73	9
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	135	11
Total	209	21

Census data as of June 30, 2024 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	70	9
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	143	12
Total	214	22

### Plan Descriptions, Eligibility Information and Funding Policies

#### §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 postemployment 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: 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.** Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. 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, administrative, and technical (MPAT) personnel hired prior to December 14, 2018. 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 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 at 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 age 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.

Funding Policy. 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 postemployment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

### **§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 postemployment health benefits. This specific plan was formed to provide postemployment 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. 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. 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 two employee classifications eligible for benefits in this plan: Tier I and Tier II classifications.

For Tier I 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 §115 Plan is 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 §115 Plan is 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 §115 Plan is 100% of the premium for coverage of such retiree under the benefit plans.

Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage, and the §115 Plan 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 retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as 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 Insurance 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 §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older instead receive benefits equal to 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. 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.

**Funding Policy.** The plan funds retiree benefits through an irrevocable trust for funding of the postemployment health benefits. TMWA funds the §115 Plan based on the ADC each year.

### OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2025 and 2024 is below:

	§501(c)(9) Plan	§115 Plan	Total
2025	\$ (758,722)	\$ 43,991	\$ (714,731)
2024	\$ (801,540)	\$ 41,260	\$ (760,280)

Changes in Net Position for each plan for the measurement period ended December 31, 2024 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/Liability
Balance at Fiscal Year Ending June 30, 2024	\$ 10,805,583	\$ 15,465,242	\$ (4,659,659)	\$ 2,398,130	\$ 1,749,664	\$ 648,466
<i>Measurement Date - December 31, 2023</i>						
Changes During the Period:						
Service Cost	201,749	—	201,749	29,073	—	29,073
Interest Cost	640,820	—	640,820	142,863	—	142,863
Expected Investment Income	—	912,049	(912,049)	—	103,857	(103,857)
Employer Contributions	—	169,320	(169,320)	—	74,842	(74,842)
Auditing Fees	—	(25,675)	25,675	—	(16,485)	16,485
Investment & Administrative Fees	—	(16,138)	16,138	—	(1,680)	1,680
Legal Fees	—	(2,363)	2,363	—	(1,794)	1,794
Retiree Contributions In	—	136,500	(136,500)	—	9,266	(9,266)
Retiree Contributions Out	—	(136,500)	136,500	—	(9,266)	9,266
Benefit Payments	(654,010)	(654,010)	—	(92,295)	(92,295)	—
Assumption Changes	—	—	—	—	—	—
Plan Experience	—	—	—	—	—	—
Investment Experience	—	1,169,998	(1,169,998)	—	125,002	(125,002)
Net Changes	188,559	1,553,181	(1,364,622)	79,641	191,447	(111,806)
Balance at Fiscal Year Ending June 30, 2025	\$ 10,994,142	\$ 17,018,423	\$ (6,024,281)	\$ 2,477,771	\$ 1,941,111	\$ 536,660
<i>Measurement Date - December 31, 2024</i>						

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Changes in Net Position for each plan for the measurement period ended December 31, 2023 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2023	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)	\$ 2,236,255	\$ 1,518,320	\$ 717,935
<i>Measurement Date - December 31, 2022</i>						
Changes During the Period:						
Service Cost	186,748	—	186,748	30,475	—	30,475
Interest Cost	614,891	—	614,891	133,487	—	133,487
Expected Investment Income	—	794,246	(794,246)	—	89,822	(89,822)
Employer Contributions	—	162,921	(162,921)	—	59,115	(59,115)
Auditing Fees	—	(21,735)	21,735	—	(15,300)	15,300
Investment & Administrative Fees	—	(3,766)	3,766	—	(410)	410
Legal Fees	—	(2,300)	2,300	—	(2,100)	2,100
Retiree Contributions In	—	139,380	(139,380)	—	18,520	(18,520)
Retiree Contributions Out	—	(139,380)	139,380	—	(18,520)	18,520
Benefit Payments	(511,806)	(511,806)	—	(83,879)	(83,879)	—
Assumption Changes	139,717	—	139,717	34,186	—	34,186
Plan Experience	58,687	—	58,687	47,606	—	47,606
Investment Experience	—	1,621,911	(1,621,911)	—	184,096	(184,096)
Net Changes	488,237	2,039,471	(1,551,234)	161,875	231,344	(69,469)
Balance at Fiscal Year Ending June 30, 2024	\$ 10,805,583	\$ 15,465,242	\$ (4,659,659)	\$ 2,398,130	\$ 1,749,664	\$ 648,466
<i>Measurement Date - December 31, 2023</i>						

A schedule of the plans' deferred resources as of June 30, 2025 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 216,025	\$ 151,856	\$ 21,551	\$ 8,126
Differences Between Expected and Actual Experience	45,149	1,149,613	36,604	17,547
Net Difference Between Projected and Actual Earnings on Investments	—	961,395	—	105,808
Contributions Made Subsequent to the Measurement Date	241,314	—	53,385	—
Total	\$ 502,488	\$ 2,262,864	\$ 111,540	\$ 131,481

A schedule of the plans' deferred resources as of June 30, 2024 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 264,346	\$ 181,807	\$ 36,692	\$ 16,013
Differences Between Expected and Actual Experience	51,918	1,448,428	60,674	44,542
Net Difference Between Projected and Actual Earnings on Investments	—	251,139	—	29,182
Contributions Made Subsequent to the Measurement Date	168,572	—	39,008	—
Total	\$ 484,836	\$ 1,881,374	\$ 136,374	\$ 89,737

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TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2025 is shown below:

Year Ended June 30,	§501(c)(9) Plan	§115 Plan
	Deferred Inflows (Outflows) Recognized in OPEB Expense	Deferred Inflows (Outflows) Recognized in OPEB Expense
2026	\$ 512,063	\$ 13,776
2027	204,303	(26,664)
2028	832,059	61,212
2029	392,556	25,002
2030	90,954	—
Thereafter	(30,245)	—

### Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2024 and December 31, 2023 was determined using the following actuarial assumptions.

Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & Later	3.9%



Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2023	December 31, 2023
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
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.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p><b>IBEW Pre - 1998 Hires:</b> Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p><b>IBEW Post-1997 Hires:</b> The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p><b>MPAT:</b> The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p><b>Tier 1:</b> The Trust-paid portion of healthcare premiums is assumed to increase at the same rates as medical trend (described above).</p> <p><b>Tier 2:</b> The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2025
Measurement Date	December 31, 2024
Measurement Period	January 1, 2024 to December 31, 2024
Valuation Date	December 31, 2023
Fiscal Year End	June 30, 2024
Measurement Date	December 31, 2023
Measurement Period	January 1, 2023 to December 31, 2023
Valuation Date	December 31, 2023

The discount rate used for the fiscal years ended June 30, 2025 and 2024 is 6.0%. The Healthcare Cost Trend Rate for the fiscal years ended June 30, 2025 and 2024 were assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

**Measurement Date - December 31, 2024**
*§501(c)(9) Plan*

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 12,130,757	\$ 10,994,142	\$ 10,005,823	\$ 10,182,299	\$ 10,994,142	\$ 11,949,565
Net OPEB Liability (Asset)	\$ (4,887,666)	\$ (6,024,281)	\$ (7,012,600)	\$ (6,836,124)	\$ (6,024,281)	\$ (5,068,858)

*§115 Plan*

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	-1%	Discount Rate	+1%	-1%	Medical Trend	+1%
Total OPEB Liability	\$ 2,776,065	\$ 2,477,771	\$ 2,225,600	\$ 2,208,220	\$ 2,477,771	\$ 2,799,703
Net OPEB Liability (Asset)	\$ 834,954	\$ 536,660	\$ 284,489	\$ 267,109	\$ 536,660	\$ 858,592

**Measurement Date - December 31, 2023**
*§501(c)(9) Plan*

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,939,137	\$ 10,805,583	\$ 9,822,307	\$ 10,007,664	\$ 10,805,583	\$ 11,744,620
Net OPEB Liability (Asset)	\$ (3,526,105)	\$ (4,659,659)	\$ (5,642,935)	\$ (5,457,578)	\$ (4,659,659)	\$ (3,720,622)

*§115 Plan*

	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 2,697,124	\$ 2,398,130	\$ 2,146,271	\$ 2,137,243	\$ 2,398,130	\$ 2,709,714
Net OPEB Liability (Asset)	\$ 947,460	\$ 648,466	\$ 396,607	\$ 387,579	\$ 648,466	\$ 960,050

**OPEB Plans Fiduciary Net Position**

Detailed information about the OPEB plans fiduciary net position are available in separately issued financial statements and can be requested by contacting TMWA's Finance Department at P.O. Box 30013, Reno, NV 89520-3013.

**Note 13 - Commitments**

TMWA has committed \$800,000 as a contribution 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. This payment was made in August 2025.

Under a Water Resource Purchase Agreement effective March 2022, TMWA committed to purchasing 400 acre-feet of water rights from Fish Springs Ranch, LLC for a total purchase price of \$10 million. The purchase price is payable in ten \$1 million tranches over ten years. The first payment was made in November 2022.

From time to time, TMWA enters into agreements with developers for water infrastructure that benefits both new development and existing customers. TMWA is obligated to reimburse the developers for the portion of the

infrastructure that benefits existing customers. As of June 30, 2025, TMWA is under contract for five such agreements. The commitment amounts, likely payable over the next one to three years, are based on the final construction costs which are not all known as of June 30, 2025, but are estimated to be up to \$9.0 million.

#### Note 14 - Impairment Loss

In September 2024, a fast-moving wildfire ignited in Davis Creek Regional Park in Washoe Valley, Nevada. The "Davis Fire" burned nearly 6,000 acres and destroyed numerous structures. During this emergency, TMWA's Old Washoe Well 4 facility sustained physical damage. Specifically, the well building and the equipment housed within it were completely lost. Underground well components were not affected.

TMWA followed GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, to account for the activity. TMWA used the Restoration Cost Approach to calculate an impairment loss and netted the insurance recovery against it as detailed below:

Impairment Loss	\$ 579,800
Less: Insurance Recovery	(94,600)
Net Impairment Loss	<u>\$ 485,200</u>

TMWA included the Net Impairment Loss in Services and Supplies on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The Old Washoe Well 4 underground components that were not damaged have a remaining carrying value of \$145,000 and were considered idle as of June 30, 2025. Reconstruction of the well is in progress, and the well is expected to be placed back in service during the fiscal year ended June 30, 2026.

An additional insurance recovery will likely be received during the fiscal year ended June 30, 2026 and will be recorded as nonoperating revenue when the amount becomes realizable.

#### Note 15 - Restatement

TMWA adopted GASB Statement No. 101, *Compensated Absences*, in the fiscal year ended June 30, 2025. The implementation of this standard requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means. Changes adopted to conform to the provisions of the statement must be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. Beginning net position for the year ended June 30, 2024 was not restated as the net impact of the change was immaterial. However, the below amounts previously reported for the year ended June 30, 2024 were restated as follows:

	June 30, 2024 As Previously Reported	GASB 101 Implementation	June 30, 2024 As Restated
Current portion of compensated absences	\$ 590,937	\$ 955,583	\$ 1,546,520
Compensated absences, net of current portion	3,213,205	309,011	3,522,216
Unrestricted net position	37,941,681	(1,264,594)	36,677,087
Salaries and wages	30,637,686	1,264,594	31,902,280



**Note 16 - Change in Estimate**

Per GASB Statement No. 100, *Accounting Changes and Error Corrections*, accounting estimates are outputs determined based on inputs such as data, assumptions, and measurement methodologies. A *change* in an accounting estimate occurs when inputs change. Changes to inputs result from a change in circumstance, new information, or more experience.

During the year ended June 30, 2025, TMWA updated its measurement methodology for the Net Investment in Capital Assets component of Net Position based on additional experience. The newly adopted measurement methodology is preferable to the measurement methodology used before the change because it better satisfies the qualitative characteristics of financial reporting. In particular, TMWA believes the new methodology improves financial statement reliability and comparability by proportionately allocating prior principal payments on the 2016 and 2017 refunding bonds outstanding to the percentage of bonds from the original issuance of the 2001A bond proceeds that were not used for capital purposes.

The below financial statement line items were affected by this change in estimate:

	<u>June 30, 2025</u>
Net Position	
Net investment in capital assets	\$ 883,414,142
Restricted for operations and maintenance	14,613,579
Unrestricted	56,648,848

**Note 17 - Subsequent Events**

In August 2025, TMWA executed a Power Purchase Agreement (PPA) with Switched On LLC for the sale of hydroelectric power generated from TMWA's three run-of-the-river hydroelectric facilities located along the Truckee River. The PPA will become effective following the expiration of TMWA's existing PPAs with Sierra Pacific Power Company in 2028 and 2029. The terms of the new PPA include an initial price of \$120/MWh, escalating at 1% annually for 20 years.

In September 2025, TMWA finalized a \$30 million grant agreement with the Bureau of Reclamation to fund the construction of the two million gallon per day Advanced Purified Water treatment facility at American Flat. Per the terms of the Interlocal Agreement with City of Reno, TMWA will share these funds with the City of Reno according to the agreed upon cost split.

Required Supplementary Information  
**Truckee Meadows Water Authority**

Truckee Meadows Water Authority  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>									
<b>Total OPEB Liability</b>									
Service Cost	\$ 201,749	\$ 186,748	\$ 181,309	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	640,820	614,891	596,546	636,038	609,728	682,186	648,751	612,850	576,050
Differences between expected and actual experience	—	58,687	—	(760,853)	—	(2,013,876)	—	—	—
Changes of assumptions <sup>(2)</sup>	—	139,717	—	(271,660)	—	301,774	—	—	—
Benefit payments	(654,010)	(511,806)	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
<b>Total OPEB Liability - Beginning</b>	<b>10,805,583</b>	<b>10,317,346</b>	<b>9,982,768</b>	<b>10,592,743</b>	<b>10,118,664</b>	<b>11,283,691</b>	<b>10,694,671</b>	<b>10,062,447</b>	<b>9,442,131</b>
<b>Total OPEB Liability - Ending</b>	<b>\$10,994,142</b>	<b>\$10,805,583</b>	<b>\$10,317,346</b>	<b>\$ 9,982,768</b>	<b>\$10,592,743</b>	<b>\$10,118,664</b>	<b>\$11,283,691</b>	<b>\$10,694,671</b>	<b>\$10,062,447</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 169,320	\$ 162,921	\$ 76,785	\$ 63,156	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income (loss)	2,082,047	2,416,157	(2,190,083)	2,369,210	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(654,010)	(511,806)	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(25,675)	(21,735)	(18,600)	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(16,138)	(3,766)	(4,605)	(4,938)	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	(2,363)	(2,300)	(1,931)	—	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	136,500	139,380	128,878	110,022	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(136,500)	(139,380)	(128,878)	(110,022)	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
<b>Net change in plan fiduciary net position</b>	<b>1,553,181</b>	<b>2,039,471</b>	<b>(2,581,711)</b>	<b>1,965,873</b>	<b>1,597,526</b>	<b>2,099,718</b>	<b>(582,529)</b>	<b>1,658,015</b>	<b>535,359</b>
<b>Plan fiduciary net position - beginning</b>	<b>15,465,242</b>	<b>13,425,771</b>	<b>16,007,482</b>	<b>14,041,609</b>	<b>12,444,083</b>	<b>10,344,365</b>	<b>10,926,894</b>	<b>9,268,879</b>	<b>8,733,520</b>
<b>Plan fiduciary net position - ending</b>	<b>\$17,018,423</b>	<b>\$15,465,242</b>	<b>\$13,425,771</b>	<b>\$16,007,482</b>	<b>\$14,041,609</b>	<b>\$12,444,083</b>	<b>\$10,344,365</b>	<b>\$10,926,894</b>	<b>\$ 9,268,879</b>
<b>Net OPEB liability (asset) - ending</b>	<b>\$ (6,024,281)</b>	<b>\$ (4,659,659)</b>	<b>\$ (3,108,425)</b>	<b>\$ (6,024,714)</b>	<b>\$ (3,448,866)</b>	<b>\$ (2,325,419)</b>	<b>\$ 939,326</b>	<b>\$ (232,223)</b>	<b>\$ 793,568</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>154.8 %</b>	<b>143.1 %</b>	<b>130.1 %</b>	<b>160.4 %</b>	<b>132.6 %</b>	<b>123.0 %</b>	<b>91.7 %</b>	<b>102.2 %</b>	<b>92.1 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$21,177,257</b>	<b>\$20,242,089</b>	<b>\$20,105,987</b>	<b>\$21,664,461</b>	<b>\$19,385,303</b>	<b>\$21,658,320</b>	<b>\$20,674,304</b>	<b>\$18,517,678</b>	<b>\$17,467,908</b>
<b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>(28.4)%</b>	<b>(23.0)%</b>	<b>(15.5)%</b>	<b>(27.8)%</b>	<b>(17.8)%</b>	<b>(10.7)%</b>	<b>4.5 %</b>	<b>(1.3)%</b>	<b>4.5 %</b>

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup> Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018.

<sup>(2)</sup> In 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2025 was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2024 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>§115 Plan</b>									
<b>Total OPEB Liability</b>									
Service Cost	\$ 29,073	\$ 30,475	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	142,863	133,487	128,719	122,661	117,350	119,591	111,978	103,644	94,941
Differences between expected and actual experience	—	47,606	—	61,652	—	(179,517)	—	—	—
Changes of assumptions <sup>(1)</sup>	—	34,186	—	(39,674)	—	44,279	—	—	—
Benefit payments	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
<b>Total OPEB Liability - Beginning</b>	<b>2,398,130</b>	<b>2,236,255</b>	<b>2,153,522</b>	<b>2,043,999</b>	<b>1,950,233</b>	<b>1,961,246</b>	<b>1,826,373</b>	<b>1,677,294</b>	<b>1,529,690</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 2,477,771</b>	<b>\$ 2,398,130</b>	<b>\$ 2,236,255</b>	<b>\$ 2,153,522</b>	<b>\$ 2,043,999</b>	<b>\$ 1,950,233</b>	<b>\$ 1,961,246</b>	<b>\$ 1,826,373</b>	<b>\$ 1,677,294</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 74,842	\$ 59,115	\$ 71,680	\$ 117,922	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income (loss)	228,859	273,918	(234,401)	248,073	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(16,485)	(15,300)	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(1,680)	(410)	(496)	(517)	(306)	(315)	(770)	(780)	(675)
Legal fees	(1,794)	(2,100)	(4,888)	—	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	9,266	18,520	20,741	23,102	22,947	21,302	5,244	930	—
Retiree contributions out	(9,266)	(18,520)	(20,741)	(23,102)	(22,947)	(21,302)	(5,244)	(930)	—
<b>Net change in plan fiduciary net position</b>	<b>191,447</b>	<b>231,344</b>	<b>(258,478)</b>	<b>280,542</b>	<b>206,593</b>	<b>271,313</b>	<b>18,519</b>	<b>212,543</b>	<b>175,886</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,749,664</b>	<b>1,518,320</b>	<b>1,776,798</b>	<b>1,496,256</b>	<b>1,289,663</b>	<b>1,018,350</b>	<b>999,831</b>	<b>787,288</b>	<b>611,402</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,941,111</b>	<b>\$ 1,749,664</b>	<b>\$ 1,518,320</b>	<b>\$ 1,776,798</b>	<b>\$ 1,496,256</b>	<b>\$ 1,289,663</b>	<b>\$ 1,018,350</b>	<b>\$ 999,831</b>	<b>\$ 787,288</b>
<b>Net OPEB liability - ending</b>	<b>\$ 536,660</b>	<b>\$ 648,466</b>	<b>\$ 717,935</b>	<b>\$ 376,724</b>	<b>\$ 547,743</b>	<b>\$ 660,570</b>	<b>\$ 942,896</b>	<b>\$ 826,542</b>	<b>\$ 890,006</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>78.3 %</b>	<b>73.0 %</b>	<b>67.9 %</b>	<b>82.5 %</b>	<b>73.2 %</b>	<b>66.1 %</b>	<b>51.9 %</b>	<b>54.7 %</b>	<b>46.9 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$ 1,655,917</b>	<b>\$ 1,585,104</b>	<b>\$ 1,623,630</b>	<b>\$ 1,593,312</b>	<b>\$ 1,558,683</b>	<b>\$ 1,688,340</b>	<b>\$ 1,954,488</b>	<b>\$ 1,951,733</b>	<b>\$ 1,992,447</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>32.4 %</b>	<b>40.9 %</b>	<b>44.2 %</b>	<b>23.6 %</b>	<b>35.1 %</b>	<b>39.1 %</b>	<b>48.2 %</b>	<b>42.3 %</b>	<b>44.7 %</b>

## Notes to Schedule

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup>In 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2025 was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2024 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority  
Schedules of OPEB Contributions  
Last Ten Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>									
Actuarially Determined Contribution	\$ —	\$ —	\$ —	\$ 63,677	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	242,062	169,319	162,922	76,785	60,499	127,724	258,430	324,529	445,063
Contribution deficiency (excess)	(242,062)	(169,319)	(162,922)	(13,108)	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	21,065,658	22,168,705	20,627,142	21,319,564	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
Contributions as a percentage of covered employee payroll	1.1 %	0.8 %	0.8 %	0.4 %	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
<b>§115 Plan</b>									
Actuarially Determined Contribution	\$ 89,219	\$ 57,219	\$ 56,289	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	89,219	57,219	56,289	87,404	101,635	70,921	121,798	119,366	103,441
Contribution deficiency (excess)	—	—	—	—	(14,822)	14,822	—	—	—
Covered-employee payroll	1,689,868	1,682,451	1,690,741	1,618,829	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
Contributions as a percentage of covered employee payroll	5.3 %	3.4 %	3.3 %	5.4 %	6.1 %	4.1 %	6.6 %	6.1 %	5.3 %

### Notes to Schedule

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2025 was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2024 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later.

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2023	December 31, 2023
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
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.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).  IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.  MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.	Tier 1: The Trust-paid portion of healthcare premiums is assumed to increase at the same rates as medical trend (described above).  Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.



Truckee Meadows Water Authority  
Schedules of TMWA's Share of Net Pension Liability  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TMWA's proportion of the net pension liability	0.3364 %	0.3300 %	0.3179 %	0.3131 %	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %
TMWA's proportionate share of the net pension liability	\$60,778,967	\$60,226,778	\$57,394,508	\$28,552,406	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406
TMWA's covered payroll	\$29,056,002	\$25,655,419	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	209.18 %	234.75 %	243.99 %	127.58 %	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %
Plan fiduciary net position as a percentage of the total pension liability	78.11 %	76.16 %	75.12 %	86.51 %	77.04 %	76.46 %	75.24 %	74.42 %	72.23 %	75.13 %

Significant assumptions are listed below:

<b>Assumption</b>	<b>2023 - 2021</b>	<b>2020 - 2017</b>	<b>2016 - 2014</b>
Inflation Rate	2.50%	2.75%	3.50%
Payroll Growth	3.50%	5.00%	5.00%
Investment Rate of Return / Discount Rate	7.25%	7.50%	8.00%
Productivity Pay Increase	0.50%	0.50%	0.75%
Projected Salary Increases			
Regular*	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire*	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer Price Index	2.50%	2.75%	3.50%
Mortality Rates			
Healthy**	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current Beneficiaries**	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement**	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future Mortality Improvement	Generational Projection Scale MP-2020	6 years	N/A

\*Depending on service; rates include inflation and productivity increases.

\*\*Amount-Weighted Above-Median.



Truckee Meadows Water Authority  
Schedules of TMWA's Pension Contributions  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 5,308,925	\$ 4,837,476	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811
Contributions in relation to the statutorily required contribution	\$ 5,308,925	\$ 4,837,476	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$31,627,239	\$29,056,002	\$25,655,419	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669
Contributions as a percentage of covered payroll	16.79 %	16.65 %	14.89 %	14.86 %	14.64 %	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %

### Notes to Schedule

Beginning in 2018, contributions reflect employer-paid contributions only due to GASB Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68, if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Supplementary Information  
June 30, 2025 and 2024

## Truckee Meadows Water Authority

Truckee Meadows Water Authority  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended June 30, 2025

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 123,715,379	\$ 123,985,263	\$ 269,884
Hydroelectric sales	2,963,889	4,184,797	1,220,908
Other operating sales	3,600,377	4,134,516	534,139
Total operating revenues	130,279,645	132,304,576	2,024,931
Operating Expenses			
Salaries and wages	35,083,573	35,300,194	216,621
Employee benefits	15,835,901	16,375,475	539,574
Services and supplies	46,074,717	41,158,180	(4,916,537)
Total operating expenses before depreciation	96,994,191	92,833,849	(4,160,342)
Depreciation	35,590,563	36,697,431	1,106,868
Total operating expenses	132,584,754	129,531,280	(3,053,474)
Operating Income (Loss)	(2,305,109)	2,773,296	5,078,405
Nonoperating Revenues (Expenses)			
Investment earnings	5,103,838	5,962,196	858,358
Net increase in fair value of investments	—	3,186,319	3,186,319
Loss on disposal of assets	(1,442,800)	(1,223,332)	219,468
Interest expense	(8,878,315)	(8,899,073)	(20,758)
Total nonoperating revenues (expenses)	(5,217,277)	(973,890)	4,243,387
Income (Loss) before Capital Contributions	(7,522,386)	1,799,406	9,321,792
Capital Contributions			
Grants	3,098,500	1,437,531	(1,660,969)
Water resource sustainability program	969,677	441,344	(528,333)
Developer infrastructure contributions	14,819,179	19,554,670	4,735,491
Developer will-serve contributions	5,232,000	11,206,014	5,974,014
Developer capital contributions	—	5,096,653	5,096,653
Developer facility charges	16,106,141	11,639,329	(4,466,812)
Contributions from others	65,845	113,360	47,515
Contributions from other governments	5,700,000	3,542,488	(2,157,512)
Net capital contributions	45,991,342	53,031,389	7,040,047
Change in Net Position	\$ 38,468,956	\$ 54,830,795	\$ 16,361,839

Truckee Meadows Water Authority  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended June 30, 2024

	Final Budget	Restated Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 116,653,419	\$ 113,961,589	\$ (2,691,830)
Hydroelectric sales	3,355,681	4,193,494	837,813
Other operating sales	3,322,025	4,220,374	898,349
Total operating revenues	123,331,125	122,375,457	(955,668)
Operating Expenses			
Salaries and wages	31,654,292	31,902,280	247,988
Employee benefits	13,865,891	16,283,832	2,417,941
Services and supplies	44,029,570	37,552,454	(6,477,116)
Total operating expenses before depreciation	89,549,753	85,738,566	(3,811,187)
Depreciation	35,460,610	36,500,513	1,039,903
Total operating expenses	125,010,363	122,239,079	(2,771,284)
Operating Income (Loss)	(1,679,238)	136,378	1,815,616
Nonoperating Revenues (Expenses)			
Investment earnings	4,870,030	1,761,755	(3,108,275)
Net decrease in fair value of investments	—	7,185,606	7,185,606
Loss on disposal of assets	(1,643,000)	(3,544,836)	(1,901,836)
Debt issuance costs	—	(499,000)	(499,000)
Interest expense	(11,028,721)	(10,181,533)	847,188
Total nonoperating revenues (expenses)	(7,801,691)	(5,278,008)	2,523,683
Income (Loss) before Capital Contributions	(9,480,929)	(5,141,630)	4,339,299
Capital Contributions			
Grants	2,687,700	9,658,905	6,971,205
Water resource sustainability program	1,128,328	1,097,584	(30,744)
Developer infrastructure contributions	15,344,792	9,962,594	(5,382,198)
Developer will-serve contributions	5,214,000	5,507,199	293,199
Developer capital contributions	8,905,657	6,026,121	(2,879,536)
Developer facility charges	7,946,883	12,874,933	4,928,050
Contributions from others	—	73,095	73,095
Contributions from other governments	14,100,000	4,800,936	(9,299,064)
Net capital contributions	55,327,360	50,001,367	(5,325,993)
Change in Net Position	\$ 45,846,431	\$ 44,859,737	\$ (986,694)

Truckee Meadows Water Authority  
Combining Statement of Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
December 31, 2024 and 2023

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>December 31, 2024</b>			
Assets			
Cash	\$ 186,896	\$ 46,435	\$ 233,331
Receivables from plan members	12,669	618	13,287
Investments, at fair value	<u>16,971,264</u>	<u>1,905,323</u>	<u>18,876,587</u>
Total assets	<u>17,170,829</u>	<u>1,952,376</u>	<u>19,123,205</u>
Liabilities			
Accounts payable	<u>152,406</u>	<u>11,265</u>	<u>163,671</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 17,018,423</u>	<u>\$ 1,941,111</u>	<u>\$ 18,959,534</u>
<b>December 31, 2023</b>			
Assets			
Cash	\$ 170,310	\$ 26,657	\$ 196,967
Receivables from plan members	10,740	1,543	12,283
Investments, at fair value	<u>15,390,220</u>	<u>1,731,235</u>	<u>17,121,455</u>
Total assets	<u>15,571,270</u>	<u>1,759,435</u>	<u>17,330,705</u>
Liabilities			
Accounts payable	<u>106,028</u>	<u>9,771</u>	<u>115,799</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 15,465,242</u>	<u>\$ 1,749,664</u>	<u>\$ 17,214,906</u>

**Truckee Meadows Water Authority**  
Combining Statement of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
Years Ended December 31, 2024 and 2023

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>Year Ended December 31, 2024</b>			
Additions			
Net investment income	\$ 1,941,044	\$ 219,088	\$ 2,160,132
Employer contributions	—	54,044	54,044
Total additions	<u>1,941,044</u>	<u>273,132</u>	<u>2,214,176</u>
Deductions			
Benefit payments	348,192	62,232	410,424
Administrative expenses	39,671	19,453	59,124
Total deductions	<u>387,863</u>	<u>81,685</u>	<u>469,548</u>
Change in Net Position	1,553,181	191,447	1,744,628
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year	15,465,242	1,749,664	17,214,906
End of Year	<u>\$ 17,018,423</u>	<u>\$ 1,941,111</u>	<u>\$ 18,959,534</u>
<b>Year Ended December 31, 2023</b>			
Additions			
Net investment income	\$ 2,412,391	\$ 273,508	\$ 2,685,899
Employer contributions	—	33,596	33,596
Total additions	<u>2,412,391</u>	<u>307,104</u>	<u>2,719,495</u>
Deductions			
Benefit payments	348,885	58,360	407,245
Administrative expenses	24,035	17,400	41,435
Total deductions	<u>372,920</u>	<u>75,760</u>	<u>448,680</u>
Change in Net Position	2,039,471	231,344	2,270,815
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year	13,425,771	1,518,320	14,944,091
End of Year	<u>\$ 15,465,242</u>	<u>\$ 1,749,664</u>	<u>\$ 17,214,906</u>

Statistical Section

## Truckee Meadows Water Authority



This part of the Truckee Meadows Water Authority Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about TMWA's overall financial health.

**Section Contents****Schedule No.****Financial Trends****1-6**

These schedules contain trend information to help the reader understand how TMWA's financial performance and well-being have changed over time.

**Revenue Capacity****7-8**

These schedules contain information to help the reader assess the factors affecting TMWA's ability to generate its water sales and other revenues.

**Debt Capacity****9**

This schedule presents information to help the reader assess the affordability of TMWA's current levels of outstanding debt, and its ability to issue additional future debt.

**Demographic and Economic Information****10-12**

These schedules offer demographic and economic indicators to help the reader understand the environment within which TMWA's financial activities take place and to help make comparisons over time and with other utilities.

**Operating Information****13-17**

These schedules contain information about TMWA's operations and resources to help the reader understand how TMWA's financial information relates to the services it provides and the activities it performs.

**Debt Ratios****18-19**

These schedules contain information about changes in TMWA's debt and its debt in relation to service connections.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.



Truckee Meadows Water Authority  
Schedule No. 1 - Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net Position										
Net investment in capital assets	\$ 883,414,142	\$ 853,064,335	\$ 749,158,166	\$ 692,996,744	\$ 649,138,921	\$ 617,541,639	\$ 573,174,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111
Restricted	50,116,690	45,607,463	43,688,996	50,641,288	45,978,321	52,360,165	29,351,818	30,355,635	28,589,861	40,505,804
Unrestricted	56,648,848	36,677,087	97,641,986	116,627,041	119,058,043	99,841,693	115,662,201	104,661,680	95,037,226	65,933,399
Total Net Position	<u>\$ 990,179,680</u>	<u>\$ 935,348,885</u>	<u>\$ 890,489,148</u>	<u>\$ 860,265,073</u>	<u>\$ 814,175,285</u>	<u>\$ 769,743,497</u>	<u>\$ 718,188,095</u>	<u>\$ 668,076,189</u>	<u>\$ 630,327,559</u>	<u>\$ 584,982,314</u>

Truckee Meadows Water Authority  
Schedule No. 2 - Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Revenues	\$132,304,576	\$122,375,457	\$113,149,141	\$114,570,982	\$115,390,804	\$108,072,657	\$107,089,518	\$101,812,092	\$ 97,268,183	\$ 91,928,943
Operating Expenses	129,531,280	122,239,079	114,375,327	98,608,193	98,233,986	94,121,824	92,466,904	90,311,622	82,339,194	80,615,507
Operating Income (Loss)	2,773,296	136,378	(1,226,186)	15,962,789	17,156,818	13,950,833	14,622,614	11,500,470	14,928,989	11,313,436
Total Nonoperating Revenues (Expenses)	(973,890)	(5,278,008)	(10,834,114)	(21,468,722)	(14,080,224)	(6,575,750)	(6,692,826)	(11,162,667)	(11,684,303)	(9,491,450)
Income (Loss) before Capital Contributions	1,799,406	(5,141,630)	(12,060,300)	(5,505,933)	3,076,594	7,375,083	7,929,788	337,803	3,244,686	1,821,986
Capital Contributions	53,031,389	50,001,367	42,284,375	51,595,721	41,355,194	44,180,319	42,182,118	37,410,827	43,351,171	19,286,194
Change in Net Position	<u>\$ 54,830,795</u>	<u>\$ 44,859,737</u>	<u>\$ 30,224,075</u>	<u>\$ 46,089,788</u>	<u>\$ 44,431,788</u>	<u>\$ 51,555,402</u>	<u>\$ 50,111,906</u>	<u>\$ 37,748,630</u>	<u>\$ 46,595,857</u>	<u>\$ 21,108,180</u>

Truckee Meadows Water Authority  
Schedule No. 3 - Operating Revenues by Customer Class  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues from water sales										
Residential unmetered water sales	\$ 2,896,011	\$ 2,774,684	\$ 2,694,166	\$ 2,730,559	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916
Residential metered water sales	88,677,816	81,385,157	76,537,384	77,184,825	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267
Commercial metered water sales	14,047,900	13,171,804	12,736,096	12,587,162	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132
Irrigation metered & fire protection	16,914,545	15,326,405	13,914,208	14,408,203	14,950,021	13,457,574	13,509,567	12,169,406	11,887,395	11,554,063
Wholesale sales	1,448,991	1,303,539	1,216,727	1,262,221	1,283,606	1,273,982	1,249,439	1,165,607	1,154,907	1,029,954
Total water sales	123,985,263	113,961,589	107,098,581	108,172,970	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332
Hydroelectric revenue	4,184,797	4,193,494	2,928,163	2,551,333	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195
Other operating revenues	4,134,516	4,220,374	3,122,397	3,846,679	2,799,694	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416
Total Operating Revenues	<u>\$ 132,304,576</u>	<u>\$ 122,375,457</u>	<u>\$ 113,149,141</u>	<u>\$ 114,570,982</u>	<u>\$ 115,390,804</u>	<u>\$ 108,072,657</u>	<u>\$ 107,089,518</u>	<u>\$ 101,812,092</u>	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>

Truckee Meadows Water Authority  
Schedule No. 4 - Operating Expenses  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Salaries and wages	\$ 35,300,194	\$ 31,902,280	\$ 27,309,513	\$ 24,735,686	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811
Employee benefits	16,375,475	16,283,832	13,905,722	7,461,199	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279
Contract services	11,346,565	9,817,941	9,739,129	10,365,323	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521
Utilities/power	9,570,891	9,659,473	9,155,795	7,144,034	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413
Information technology	2,825,626	2,644,075	2,334,145	1,998,876	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622
Prof services (general/legal/media)	2,823,323	2,247,249	2,436,284	2,371,990	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154
Supplies	4,053,726	3,891,749	3,798,410	3,424,124	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906
Chemicals	3,443,611	3,047,291	4,277,866	2,622,826	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614
Insurance and claims	1,658,121	1,466,697	1,310,943	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006
Leases and rentals	776,568	665,315	562,421	400,745	137,780	256,836	256,836	104,243	146,999	96,290
Other expenses	4,659,749	4,112,664	4,696,567	3,137,450	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701
Total operating expenses before depreciation	92,833,849	85,738,566	79,526,795	64,965,656	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317
Depreciation	36,697,431	36,500,513	34,848,532	33,642,537	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190
Total Operating Expenses	<u>\$129,531,280</u>	<u>\$122,239,079</u>	<u>\$114,375,327</u>	<u>\$ 98,608,193</u>	<u>\$ 98,233,986</u>	<u>\$ 94,121,824</u>	<u>\$ 92,466,904</u>	<u>\$ 90,311,622</u>	<u>\$ 82,339,194</u>	<u>\$ 80,615,507</u>

Truckee Meadows Water Authority  
Schedule No. 5 - Nonoperating Revenues and Expenses  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Investment Earnings	\$ 5,962,196	\$ 1,761,755	\$ 3,576,888	\$ 2,028,627	\$ 2,563,447	\$ 4,119,737	\$ 4,409,486	\$ 2,313,513	\$ 7,209,113	\$ 6,737,745
Interest Expense	(8,899,073)	(10,181,533)	(11,522,905)	(11,954,097)	(12,262,581)	(12,698,972)	(13,268,153)	(11,720,356)	(16,968,911)	(21,549,864)
Gain (Loss) on Disposal of Assets	(1,223,332)	(3,544,836)	(1,261,500)	(938,661)	(1,755,873)	(1,189,776)	(225,687)	133,972	(155,722)	6,460,373
Other Revenue (Expenses)	3,186,319	6,686,606	(1,626,597)	(10,604,591)	(2,625,217)	3,193,261	2,391,528	(1,889,796)	(1,768,783)	(1,139,704)
Total Nonoperating Expenses	<u>\$ (973,890)</u>	<u>\$ (5,278,008)</u>	<u>\$ (10,834,114)</u>	<u>\$ (21,468,722)</u>	<u>\$ (14,080,224)</u>	<u>\$ (6,575,750)</u>	<u>\$ (6,692,826)</u>	<u>\$ (11,162,667)</u>	<u>\$ (11,684,303)</u>	<u>\$ (9,491,450)</u>

Truckee Meadows Water Authority  
Schedule No. 6 - Capital Contributions by Source  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Grants	\$ 1,437,531	\$ 9,658,905	\$ 88,724	\$ 2,164,651	\$ —	\$ 232,153	\$ 831,116	\$ 348,248	\$ 1,226,863	\$ 224,138
Water Meter Retrofit Program	—	—	—	—	—	—	994,706	2,379,206	341,074	482,081
Water Resource Sustainability Program	441,344	1,097,584	798,007	1,409,024	1,708,110	1,484,443	689,060	—	—	—
Developer Infrastructure Contributions	19,554,670	9,962,594	19,884,818	18,167,149	10,201,446	20,145,641	19,112,590	15,017,446	10,797,854	8,454,980
Developer Will-serve Contributions	11,206,014	5,507,199	3,620,779	4,436,788	5,632,381	4,082,279	4,663,826	6,652,819	7,950,666	4,363,692
Developer Capital Contributions	5,096,653	6,026,121	1,846,641	1,493,347	11,461,850	7,847,962	6,636,417	6,448,549	6,062,247	2,473,163
Developer Facility Charges	11,639,329	12,874,933	14,631,602	23,204,940	12,218,607	9,657,274	9,154,403	6,464,559	5,116,956	2,931,940
Contributions from Others	113,360	73,095	—	—	—	343,630	—	—	11,855,511	356,200
Contributions from Other Governments	3,542,488	4,800,936	1,413,804	719,822	132,800	386,937	100,000	100,000	—	—
Total Capital Contributions	<u>\$ 53,031,389</u>	<u>\$ 50,001,367</u>	<u>\$ 42,284,375</u>	<u>\$ 51,595,721</u>	<u>\$ 41,355,194</u>	<u>\$ 44,180,319</u>	<u>\$ 42,182,118</u>	<u>\$ 37,410,827</u>	<u>\$ 43,351,171</u>	<u>\$ 19,286,194</u>

Truckee Meadows Water Authority  
Schedule No. 7 - Gallons of Water Sold and Revenues by Category  
Last Ten Fiscal Years

Category	2025		2024	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	—	\$ 2,896,011	—	\$ 2,774,684
Residential Metered	18,175,311	88,677,816	17,023,724	81,385,157
Commercial	4,056,666	14,047,900	3,943,593	13,171,804
Other <sup>(2)</sup>	3,366,712	16,914,545	3,081,775	15,326,405
Wholesale	681,597	1,448,991	627,089	1,303,539
Total	26,280,286	\$ 123,985,263	24,676,181	\$ 113,961,589

Category	2023		2022	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	—	\$ 2,694,166	—	\$ 2,730,559
Residential Metered	16,841,640	76,537,384	17,863,105	77,184,825
Commercial	3,979,289	12,736,096	4,142,484	12,587,162
Other <sup>(2)</sup>	2,923,271	13,914,208	3,171,127	14,408,203
Wholesale	625,124	1,216,727	670,593	1,262,221
Total	24,369,324	\$ 107,098,581	25,847,309	\$ 108,172,970

Category	2021		2020	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	—	\$ 2,423,033	—	\$ 2,571,216
Residential Metered	18,481,075	79,124,628	17,111,305	73,295,343
Commercial	3,891,086	12,041,548	3,952,196	11,888,963
Other <sup>(2)</sup>	3,204,611	14,950,021	2,896,243	13,457,574
Wholesale	623,909	1,283,606	606,627	1,273,982
Total	26,200,681	\$ 109,822,836	24,566,371	\$ 102,487,078

Category	2019		2018	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	—	\$ 2,558,779	—	\$ 2,505,172
Residential Metered	16,970,042	71,651,437	16,335,308	67,393,672
Commercial	4,315,407	12,807,427	4,232,836	12,238,940
Other <sup>(2)</sup>	2,974,110	13,509,567	2,698,977	12,169,406
Wholesale	619,928	1,249,439	591,624	1,165,607
Total	24,879,487	\$ 101,776,649	23,858,745	\$ 95,472,797

Category	2017		2016	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	—	\$ 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 <sup>(2)</sup>	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

<sup>(1)</sup>Complete consumption information is not available for unmetered customers.

<sup>(2)</sup>These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial customers.

Truckee Meadows Water Authority  
Schedule No. 8 - Ten Largest Customers  
June 30, 2025

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	647,723	\$ 1,409,581	1.2 %
2. Washoe County School District	339,791	1,282,361	1.0 %
3. City of Reno <sup>(1)</sup>	382,818	1,117,397	0.9 %
4. City of Sparks	164,850	674,379	0.5 %
5. Washoe County	173,340	609,942	0.5 %
6. Somerset HOA	124,357	513,654	0.4 %
7. Nevada Properties, Peppermill	148,227	480,796	0.4 %
8. University of Nevada, Reno	142,372	456,526	0.4 %
9. MEI GSR Holdings LLC	148,017	323,196	0.3 %
10. Silver Legacy	90,009	282,519	0.2 %
Totals	2,361,504	\$ 7,150,351	5.8 %

<sup>(1)</sup> City of Reno includes the Reno Housing Authority.



Truckee Meadows Water Authority  
Schedule No. 9 - Debt Service Coverage Ratios  
Last Ten Fiscal Years

	Fiscal Year (in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charges for water sales <sup>(1)</sup>	\$ 123,985	\$ 113,962	\$ 107,099	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534
Other operating and nonoperating revenue <sup>(2)</sup>	14,282	10,176	9,627	8,427	8,131	9,705	9,722	8,653	11,790	11,132
Gross revenues	138,267	124,138	116,726	116,600	117,954	112,192	111,499	104,126	104,477	98,666
Operation and maintenance expenses <sup>(3)</sup>	92,107	85,022	78,795	64,244	64,233	60,076	58,955	57,021	50,958	48,030
Taxes other than income taxes <sup>(4)</sup>	727	717	731	722	715	719	678	470	462	451
Total expenses	92,834	85,739	79,527	64,966	64,948	60,795	59,633	57,491	51,420	48,481
Net Revenues	<u>\$ 45,433</u>	<u>\$ 38,400</u>	<u>\$ 37,199</u>	<u>\$ 51,634</u>	<u>\$ 53,006</u>	<u>\$ 51,397</u>	<u>\$ 51,866</u>	<u>\$ 46,635</u>	<u>\$ 53,057</u>	<u>\$ 50,185</u>
Senior Lien Annual Debt Service <sup>(5)</sup>	<u>\$ 27,379</u>	<u>\$ 27,943</u>	<u>\$ 27,960</u>	<u>\$ 28,275</u>	<u>\$ 27,830</u>	<u>\$ 28,186</u>	<u>\$ 17,891</u>	<u>\$ 15,696</u>	<u>\$ 18,916</u>	<u>\$ 31,780</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.66</u>	<u>1.37</u>	<u>1.33</u>	<u>1.83</u>	<u>1.90</u>	<u>1.82</u>	<u>2.90</u>	<u>2.97</u>	<u>2.80</u>	<u>1.58</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 11,639	\$ 12,875	\$ 14,632	\$ 23,205	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932
Developer capital contributions - other	5,097	6,026	1,847	1,493	11,462	7,848	6,636	6,449	6,062	2,473
Senior Lien Debt Coverage including SDCs <sup>(6)</sup>	<u>2.27</u>	<u>2.05</u>	<u>1.92</u>	<u>2.70</u>	<u>2.76</u>	<u>2.44</u>	<u>3.78</u>	<u>3.79</u>	<u>3.40</u>	<u>1.75</u>

<sup>(1)</sup> Includes retail residential, commercial, irrigation, and wholesale water sales net of bad debt expense.

<sup>(2)</sup> Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income.

<sup>(3)</sup> 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.

<sup>(4)</sup> The Authority is required to pay property taxes on water rights and storage facilities located in California.

<sup>(5)</sup> This schedule does not include the payments on the DWSRF loan or the 2021 Refunding Bonds, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

<sup>(6)</sup> TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal years 2017, 2018 and 2019, TMWA deferred principal payments on debt which increased the debt coverage ratio.

Truckee Meadows Water Authority  
Schedule No. 10 - Schedule of Total Building Permits Issued by Jurisdiction/Member Entity  
Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Washoe County</u>	<u>City of Reno</u>	<u>City of Sparks</u>
2025	5,185	10,732	5,222
2024	5,117	11,401	5,183
2023	4,258	9,639	4,890
2022	5,142	12,008	4,789
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712

Source: As reported by each local governmental entity.

Truckee Meadows Water Authority  
Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County  
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Total Personal Income	Unemployment Rate	Total Labor Force	Construction Activity Total Value	Number of New Family Units	Taxable Sales	Gross Income Gaming Revenue	Total Passenger Air Traffic
2025	507,280	\$ 85,600	38.9	63,332	\$ 40,524,739	4.6 %	273,652	\$ 153,915,000	467	\$12,551,998,000	\$ 990,454,000	4,901,120
2024	498,022	81,531	39.5	63,448	38,784,839	5.0 %	265,454	391,470,000	540	12,117,540,000	1,000,369,000	4,689,790
2023	496,745	74,292	39.5	64,322	35,246,181	4.5 %	263,078	466,715,000	443	12,383,862,000	971,243,000	4,460,048
2022	486,492	66,076	38.5	64,820	31,523,753	3.3 %	254,381	678,435,000	596	12,267,766,000	970,727,000	4,155,405
2021	478,355	63,360	38.6	65,121	29,875,442	4.9 %	251,933	719,607,000	692	11,049,067,000	837,334,000	2,472,843
2020	472,069	59,639	38.1	66,913	27,776,003	3.2 %	255,915	450,868,000	617	9,250,416,000	630,862,000	3,378,405
2019	464,630	55,487	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	48,996	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	46,315	37.5	63,919	21,265,239	4.0 %	223,409	301,127,000	378	7,989,009,000	738,373,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,164,911	6.4 %	213,923	231,742,000	320	7,550,467,000	789,359,000	3,563,818

Source: Washoe County Schedule 4.1, 2025

Truckee Meadows Water Authority  
Schedule No. 12 - Principal Employers  
Current and Nine Years Ago

Employer	December, 2024			December, 2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.35 %	8,750	1	4.34 %
University of Nevada - Reno	4,750	2	1.82 %	4,750	2	2.36 %
Renown Medical Center	3,250	3	1.24 %	2,750	3	1.36 %
Washoe County	3,005	4	1.15 %	2,750	4	1.36 %
Peppermill Hotel Casino - Reno	2,500	5	0.96 %	2,250	5	1.12 %
Nugget Casino	2,500	6	0.96 %	—	—	—
Grand Sierra Resort	2,500	7	0.96 %	1,750	6	0.87 %
El Dorado Resort	2,500	8	0.96 %	—	—	—
St. Mary's	2,500	9	0.96 %	1,250	10	0.62 %
Silver Legacy Resort Casino	2,500	10	0.96 %	1,750	7	0.87 %
International Game Technology PLC <sup>(2)</sup>	—	—	—	1,750	8	0.87 %
Atlantis Casino Resort	—	—	—	1,750	9	0.87 %
Total Washoe Covered Employment	<u>261,120</u>			<u>201,601</u>		

<sup>(1)</sup> Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup and Nevada Workforce. Infogroup publishes employee counts in ranges of 5,000. The number of employees are estimated using the midpoint.

<sup>(2)</sup> International Game Technology was acquired by Gtech in 2015 becoming International Game Technology PLC.

Source: Washoe County Schedule 4.2, 2025

Truckee Meadows Water Authority  
Schedule No. 13 - Customer and Water Sales by Category  
Last Ten Fiscal Years

2025				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	638	0.44 %	\$ 2,896,011	2.34 %
Residential metered	126,332	87.59 %	88,677,816	71.52 %
Commercial metered	7,211	5.00 %	14,047,900	11.33 %
Other <sup>(2)</sup>	10,061	6.97 %	16,914,545	13.64 %
Wholesale	2	— %	1,448,991	1.17 %
Total	144,244	100.00 %	\$ 123,985,263	100.00 %
2024				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	641	0.45 %	\$ 2,774,684	2.43 %
Residential metered	124,742	87.69 %	81,385,157	71.42 %
Commercial metered	7,146	5.02 %	13,171,804	11.56 %
Other <sup>(2)</sup>	9,737	6.84 %	15,326,405	13.45 %
Wholesale	2	— %	1,303,539	1.14 %
Total	142,268	100.00 %	\$ 113,961,589	100.00 %
2023				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	643	0.46 %	\$ 2,694,166	2.52 %
Residential metered	123,129	87.81 %	76,537,384	71.46 %
Commercial metered	7,079	5.05 %	12,736,096	11.89 %
Other <sup>(2)</sup>	9,370	6.68 %	13,914,208	12.99 %
Wholesale	2	— %	1,216,727	1.14 %
Total	140,223	100.00 %	\$ 107,098,581	100.00 %
2022				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	645	0.45 %	\$ 2,730,559	2.52 %
Residential metered	121,307	87.81 %	77,184,825	71.35 %
Commercial metered	7,027	5.09 %	12,587,162	11.64 %
Other <sup>(2)</sup>	9,183	6.65 %	14,408,203	13.32 %
Wholesale	2	— %	1,262,221	1.17 %
Total	138,164	100.00 %	\$ 108,172,970	100.00 %
2021				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.45 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other <sup>(2)</sup>	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
Total	131,296	100.00 %	\$ 109,822,836	100.00 %



Truckee Meadows Water Authority  
Schedule No. 13 - Customer and Water Sales by Category  
Last Ten Fiscal Years

2020				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	652	0.52 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.40 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other <sup>(2)</sup>	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
Total	127,022	100.00 %	\$ 102,487,078	100.00 %
2019				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	663	0.54 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.32 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other <sup>(2)</sup>	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
Total	124,762	100.00 %	\$ 101,776,649	100.00 %
2018				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other <sup>(2)</sup>	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	100.00 %
2017				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other <sup>(2)</sup>	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %
2016				
Category	Average Number of Service Connections	% of Total Connections	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential metered	106,730	89.94 %	60,198,267	68.76 %
Commercial metered	9,873	8.32 %	11,026,132	12.60 %
Other <sup>(2)</sup>	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes non metered private fire protection services located on the premises of commercial and some residential customers.

Truckee Meadows Water Authority  
Schedule No. 14 - Schedule of Insurance Coverage  
June 30, 2025

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2024 to 6/11/2025	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for Tanks, Wells and Booster Pump Stations are \$1,000,000 per occurrence. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$100,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2024 to 6/11/2025	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000. Inland Marine Physical Damage \$1,267,257. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2024 to 6/11/2025	First Layer Excess Liability limit of \$10,000,000.
Excess Umbrella Liability Policy	Markel American Insurance Company	6/11/2024 to 6/11/2025	Second Layer Excess Liability limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2024 to 6/11/2025	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	6/11/2024 to 6/11/2025	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2024 to 6/11/2025	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 \$1,000,000.
Commercial Crime/ Government Crime	Zurich	6/11/2024 to 6/11/2025	Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Travelers Insurance Company	6/11/2024 to 6/11/2025	Media, Privacy and Security, Regulatory Proceedings, Payment Card Costs, Privacy Breach, Computer and Legal Experts, Cyber Extortion, System Failure Coverage, Betterment, Social Engineering Fraud and Telecom Fraud.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2022 to 6/11/2025	Ransom, In-Transit Delivery, Expenses, Judgments, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000.

Truckee Meadows Water Authority  
Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department <sup>(1)</sup>  
Last Ten Fiscal Years <sup>(2)</sup>

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration/IT	56	49	46	38	32	33	30	28	25	28
Supply/Treatment Operations	55	49	48	48	48	48	44	40	40	32
Distribution Maintenance	96	88	78	78	72	71	71	65	65	63
Hydroelectric	8	8	8	8	7	8	7	7	7	6
Customer Service/Conservation	23	22	22	22	23	26	23	23	25	25
Water Planning/Resources	15	19	19	19	19	15	15	15	17	19
Engineering/Construction	38	38	33	31	30	30	31	28	25	24
Total Authorized Employees	<u>291</u>	<u>273</u>	<u>254</u>	<u>244</u>	<u>231</u>	<u>231</u>	<u>221</u>	<u>206</u>	<u>204</u>	<u>197</u>

<sup>(1)</sup> Source: Truckee Meadows Water Authority Budget

<sup>(2)</sup> The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions at year-end.



Truckee Meadows Water Authority  
Schedule No. 16 - Current and Historical Water Rates  
Last Five Fiscal Years

	Fiscal Year														
	2025			2024			2023			2022			2021		
	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID
<b>Customer Charges by Meter Size</b>															
3/4"	\$ 23.02	\$ 21.64	\$ 11.78	\$ 22.13	\$ 20.81	\$ 11.33	\$ 21.18	\$ 19.91	\$ 10.84	\$ 20.66	\$ 19.42	\$ 10.58	\$ 20.16	\$ 18.95	\$ 10.32
1"	25.32	27.83	14.42	24.35	26.76	13.87	23.30	25.61	13.27	22.73	24.99	12.95	22.18	24.38	12.63
1 1/2"	28.81	39.81	20.46	27.70	38.28	19.67	26.51	36.63	18.82	25.86	35.74	18.36	25.23	34.87	17.91
2"	33.39	53.08	n/a	32.11	51.04	n/a	30.73	48.84	n/a	29.98	47.65	n/a	29.25	46.49	n/a
3"	37.98	85.49	n/a	36.52	82.20	n/a	34.95	78.66	n/a	34.10	76.74	n/a	33.27	74.87	n/a
4"	43.70	125.20	n/a	42.02	120.38	n/a	40.21	115.20	n/a	39.23	112.39	n/a	38.27	109.65	n/a
6"	50.66	228.28	n/a	48.71	219.50	n/a	46.61	210.05	n/a	45.47	204.93	n/a	44.36	199.93	n/a
<b>Commodity Charge (all meter sizes)</b>															
TMWA Tier 1	2.14			2.06			1.97			1.92			1.87		
TMWA Tier 2	3.45			3.32			3.18			3.10			3.02		
TMWA Tier 3	4.05			3.89			3.72			3.63			3.54		
WC Tier 1		3.24			3.12			2.99			2.92			2.85	
WC Tier 2		4.07			3.91			3.74			3.65			3.56	
WC Tier 3		4.88			4.69			4.49			4.38			4.27	
WC Tier 4		6.52			6.27			6.00			5.85			5.71	
STMGID Tier 1			1.70			1.63			1.56			1.52			1.48
STMGID Tier 2			2.24			2.15			2.06			2.01			1.96
STMGID Tier 3			2.74			2.63			2.52			2.46			2.40
STMGID Tier 4			3.20			3.08			2.95			2.88			2.81
STMGID Tier 5			3.39			3.26			3.12			3.04			2.97
Above rates are for metered single family residential service.															
<b>Monthly Base Rates Unmetered by Size</b>															
3/4"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
1"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
1 1/2"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
2"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
3"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
4"	n/a	n/a	55.76	n/a	n/a	53.62	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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, May 2017, May 2018, June 2021, June 2022, June 2023, May 2024, and May 2025.															

Truckee Meadows Water Authority  
Schedule No. 17 - Selected Operating and Capital Indicators  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Miles of water mains	2,137	2,123	2,109	2,095	2,064	2,048	2,019	1,986	1,961	1,940
Number of storage tanks	95	97	97	97	96	95	95	93	93	93
Number of finished water storage basins	2	2	2	2	2	2	2	2	2	2
Number of pump stations	118	118	118	117	115	115	114	113	113	121
Number of wells	98	98	98	100	99	99	100	82	81	79
Treatment capacity (millions of gallons/day)										
Chalk Bluff	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Glendale	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
Mt. Rose	4.00	4.00	4.00	4.00	—	—	—	—	—	—
Lightning W	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Truckee Canyon	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20

Truckee Meadows Water Authority  
Schedule No. 18 - Schedule of Changes in Debt  
Last Ten Fiscal Years

	Final Maturity Date	Authorized	Balance June 30, 2025	Balance June 30, 2024	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018	Balance June 30, 2017	Balance June 30, 2016
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ —	\$ 328,757	\$ 647,209	\$ 955,680	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	—	—	—	—	400,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	—	—	—	—	214,290,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0.00%	7/1/2029	2,401,120	556,509	680,177	803,846	927,515	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	—	—	—	—
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	1,546,003	1,826,407	2,097,916	2,360,812	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	—	987,025	1,946,888	2,880,336	3,788,098	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	8,470,000	9,645,000	22,240,000	23,295,000	24,290,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	15,000,000	5,613,377	6,072,253	6,519,338	6,954,935	7,379,340	7,792,841	8,195,717	8,589,045	8,971,562	8,239,034
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	66,445,000	66,445,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	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	89,845,000	102,590,000	114,725,000	126,285,000	136,880,000	147,415,000	147,415,000	147,415,000	147,415,000	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	5,705,000	7,565,000	9,400,000	11,215,000	13,000,000	—	—	—	—	—
2024 Water Revenue (Tax Exempt) Bonds 5.00%	7/1/2036	61,530,000	61,530,000	61,530,000	—	—	—	—	—	—	—	—
Subtotal			278,545,889	296,504,619	322,005,197	338,499,278	353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985
Plus unamortized net bond premium			26,999,225	31,399,414	29,146,578	33,350,078	37,790,068	42,447,151	47,320,705	52,014,598	51,182,862	28,441,399
Total debt before tax exempt commercial paper			305,545,114	327,904,033	351,151,775	371,849,356	391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384
Tax-Exempt Commercial Paper		\$ 53,600,000	—	—	—	—	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000
Total Debt			<u>\$ 305,545,114</u>	<u>\$ 327,904,033</u>	<u>\$ 351,151,775</u>	<u>\$ 371,849,356</u>	<u>\$ 391,673,539</u>	<u>\$ 412,791,489</u>	<u>\$ 427,994,101</u>	<u>\$ 441,927,520</u>	<u>\$ 458,315,682</u>	<u>\$ 508,731,384</u>

Truckee Meadows Water Authority  
Schedule No. 19 - Debt by Service Connection  
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Debt	\$ 305,545,114	\$ 327,904,033	\$ 351,151,775	\$ 371,849,356	\$ 391,673,539	\$ 412,791,489	\$ 427,994,101	\$ 441,927,520	\$ 458,315,682	\$ 508,731,384
Total Service Connections	137,938	136,210	134,435	132,513	128,988	127,977	125,911	123,845	121,572	119,772
Debt per Service Connection	<u>\$ 2,215</u>	<u>\$ 2,407</u>	<u>\$ 2,612</u>	<u>\$ 2,806</u>	<u>\$ 3,037</u>	<u>\$ 3,226</u>	<u>\$ 3,399</u>	<u>\$ 3,568</u>	<u>\$ 3,770</u>	<u>\$ 4,247</u>

Note: Service Connections include residential, commercial and irrigation connections only. Fire protection and wholesale connections have been excluded.

Compliance Section  
**Truckee Meadows Water Authority**





**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 (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of the Truckee Meadows Water Authority ("TMWA"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 17, 2025.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 TMWA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 TMWA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
November 17, 2025



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

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Truckee Meadows Water Authority's ("TMWA") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on TMWA's major federal program for the year ended June 30, 2025. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TMWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

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

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



### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the TMWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the TMWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the TMWA's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001, to be a material weakness.

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and the fiduciary activities of TMWA as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the TMWA's basic financial statements. We issued our report thereon dated November 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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.

Handwritten signature of Eric Bailey LLP in cursive script.

Reno, Nevada  
December 12, 2025



## **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, 2025, 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.

### **Current Year 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**

There were no potential statute violations reported in the June 30, 2024 audit report.

### **Prior Year Recommendations**

Corrective action for finding 2024-001 has been implemented.

### **Current Year Recommendations**

No current year findings noted.

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

Reno, Nevada

November 17, 2025

Truckee Meadows Water Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Award or Pass- Through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b><u>U.S. Department of Homeland Security (DHS):</u></b>				
Passed through Nevada Department of Public Safety Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	143060	\$ 12,263	\$ —
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	747275	7,478	—
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	N/A	112,351	—
<b>Total U.S. Department of Homeland Security</b>			<u>132,092</u>	<u>—</u>
<b><u>U.S. Department of the Treasury:</u></b>				
Passed through Nevada Department of Conservation and Natural Resources				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA01004	<u>1,305,438</u>	<u>—</u>
<b>Total U.S. Department of the Treasury</b>			<u>1,305,438</u>	<u>—</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,437,530</u></u>	<u><u>\$ —</u></u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Truckee Meadows Water Authority (TMWA) under programs of the federal government for the year ended June 30, 2025. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TMWA, it is not intended to and does not present the financial position, changes in net position, or cash flows of TMWA.

**Note 2 - Summary of 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

TMWA has not elected to use the 10 percent de minimis indirect cost rate for federal awards executed prior to October 1, 2024, or the 15 percent de minimus indirect cost rate for those executed on or after October 1, 2024.

**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 identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiency identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for the major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a)	Yes

**Identification of major program:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None.

**Section III – Findings and Questioned Costs for Federal Awards**

**2025-001      U.S. Department of the Treasury  
Coronavirus State and Local Fiscal Recovery Funds, 21.027**

**Other  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:*            ARPA00849

*Criteria:*                                Management is responsible for establishing and maintaining an effective system of internal control over financial reporting and over compliance. Title 2 *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires TMWA to prepare a Schedule of Expenditures of Federal Awards (SEFA) as prescribed by section 200.510(b) showing total federal financial assistance expenditures for the year.

*Condition:*                              An expenditure was originally included on the June 30, 2025 SEFA. However, the expenditure should have been reported on the June 30, 2024 SEFA.

*Cause:*                                    TMWA did not have adequate internal controls to ensure total federal financial assistance expenditures were reported on the SEFA in the correct period.

*Effect:*                                    Prior to correction, federal financial assistance expenditures were overstated on the June 30, 2025 SEFA by \$128,805 for the grant.

*Questioned Costs:*                    None

*Context/Sampling:*                    This was the only expenditure for this grant award originally included on the SEFA, and therefore represented the full population.

*Repeat Finding from  
Prior Year:*                              No

*Recommendation:*                    We recommend TMWA enhance internal controls to ensure federal financial assistance expenditures are reported on the SEFA in the correct period.

*Views of Responsible  
Officials:*                                Management agrees with the finding.



## Single Audit Findings

### Finding 2025-001

*Finding Summary:* Truckee Meadows Water Authority did not report a federal financial assistance expenditure in the correct period.

*Corrective Action Plan:* Truckee Meadows Water Authority has updated its internal controls to better ensure federal financial assistance expenditures are reported in the correct period going forward.

*Responsible Individuals:* Sophia Cardinal, Financial Controller  
Matt Bowman, Chief Financial Officer

*Completion Date:* December 2025



## Financial Statements

Fiscal Year Ended June 30, 2025

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Facility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Facility, as of June 30, 2025, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming 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 purposes of additional analysis 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 GAAS. 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Facility as of and for the year ended June 30, 2024 (not presented herein), and have issued our report thereon dated November 21, 2024, which contained an unmodified opinion on the respective financial statements of the business-type activities. The schedule of revenues, expenses, and changes in net position- budget and actual for the year ended June 30, 2024, was presented for purposes of additional analysis and was not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the summarized comparative information from 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 for the year ended June 30, 2024.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, 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.

Handwritten signature of Erik Bailey in cursive script.

Boise, Idaho  
November 25, 2025

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As management of the Truckee Meadows Water Reclamation Facility (the Facility), we offer 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, 2025.

### Financial Highlights

- The assets and deferred outflows of resources of the Facility exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$118,019,334 (net position). The deficit unrestricted net position of \$4,750,260 is primarily due to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* as mentioned later. Without the pension reporting, there remains \$1,776,375 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 increased by \$1,940,472, or 1.7 percent, of beginning net position, likely due to increased capital contributions.
- Long-term liabilities of the Facility decreased by \$605,109, or 4.6 percent, Net OPEB liability was the primary driver at \$377,280 decrease.
- Operating revenues increased by \$1,840,202, or 6.4 percent, due to an increase in sewer plant reimbursements.
- Operating expenses, before depreciation and amortization, for the Facility increased by \$1,573,071, or 5.3 percent. Year-over-year increases reflected continued price escalations of chemicals, power, and other operating supplies.
- Capital contributions increased by \$4,097,228, or 89.0 percent. Capital Projects were higher as contractors became available to perform major projects at the Facility.

### 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, 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.

# Truckee Meadows Water Reclamation Facility

## Management's Discussion and Analysis

For the Year Ended June 30, 2025

### Net Position

Over time, values reported as “net position” may serve 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 \$118,019,334 at the close of the 2024-2025 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.

### STATEMENT OF NET POSITION

	2025	2024
Assets		
Current assets	\$ 7,532,879	\$ 7,604,331
Capital assets	122,769,594	120,603,372
Total assets	130,302,473	128,207,703
Deferred Outflows of Resources	4,855,970	4,697,417
Total assets and deferred outflows of resources	135,158,443	132,905,120
Liabilities		
Current liabilities	2,672,292	2,818,300
Noncurrent liabilities	12,419,375	13,024,484
Total liabilities	15,091,667	15,842,784
Deferred Inflows of Resources	2,047,442	983,474
Total liabilities and deferred inflows of resources	17,139,109	16,826,258
Net Position		
Net investment in capital assets	122,769,594	120,603,373
Unrestricted (deficit)	(4,750,260)	(4,524,511)
Total net position	\$ 118,019,334	\$ 116,078,862

The Facility is reporting a deficit unrestricted net position for the year ended June 30, 2025 in the amount of \$4,750,260. Reporting of a deficit unrestricted net position is primarily due to the implementation in fiscal year 2015 of a reporting standard issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 68, *Accounting and Reporting for Pensions*, requires the Facility to report a proportionate share (0.05402 percent for the year ended June 30, 2025) 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 \$9,760,106, which is a decrease of \$180,257 from the prior year liability of \$9,940,363. As a result of recording a decrease in the Facility's portion of net pension liability of \$180,257, an increase in deferred pension inflows of \$931,048, and an increase in deferred pension outflows of \$440,390, net position increased by \$310,401. Without the unfunded pension reporting impact, there remains \$1,776,375 of unrestricted net position that may be used to meet the Facility's ongoing obligations to creditors.

## Truckee Meadows Water Reclamation Facility

### Management's Discussion and Analysis

For the Year Ended June 30, 2025

The Facility's net position increased by \$1,940,472 compared to the amount reported in fiscal year 2023-2024. The increase is mostly attributable an decrease in capital contributions.

#### Change in Net Position

	2025	2024
Operating Revenues		
Reimbursements and other	\$ 30,753,939	\$ 28,913,737
Operating Expenses		
Operating expenses before depreciation and amortization	31,064,340	29,491,269
Depreciation and amortization	6,513,329	7,183,005
Total operating expenses	37,577,669	36,674,274
Operating income (loss)	(6,823,730)	(7,760,537)
Non-operating Revenues (Expenses)	63,237	(900,867)
Capital Contributions	8,700,965	4,603,737
Change in Net Position	1,940,472	(4,057,667)
Net position, July 1, as Originally Reported	116,078,862	120,221,253
Restatement*	-	(84,724)
Net position, July 1, as Restated	116,078,862	120,136,529
Net position, June 30	\$ 118,019,334	\$ 116,078,862

\*The Facility adopted GASB Statement No. 101 *Compensated Absences* during the year ended June 30, 2024.

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.

#### **Capital Asset Administration**

The Facility's investment in capital assets, net of depreciation and amortization, as of June 30, 2025 amounted to \$122,769,594, an increase of \$2,166,221 compared to the prior year. 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 (74 percent) and the City of Sparks (26 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 Cities approved the Ameresco Project, a group of improvements at the Facility that will save operational costs by reducing energy and chemical use. The total project cost was \$24.9 million and was substantially completed in fiscal year 2018. The project has a guaranteed annual savings to the Facility of \$1.1 million per year for fifteen years.

Inflationary pressures have soften over the fiscal year and cost of goods and services have stabilized. However, the impacts of

tariffs and uncertainties associated with trade policies led to increased spending for some equipment and instrumentation. The plant completed a major overhaul of the Facility combined heat and power cogeneration engine which will provide and additional 60,000 hours of useful life. All of these factors and others were considered in preparing the City's budget for the upcoming 2025-2026 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Truckee Meadows Water Reclamation 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.

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Truckee Meadows Water Reclamation Facility

Statement of Net Position

June 30, 2025

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,525,381
Accounts receivable	284,105
Due from City of Reno, operations	1,600,709
Inventory of supplies	4,122,684
Total current assets	<u>7,532,879</u>
Noncurrent assets	
Capital assets, not being depreciated and amortized	14,665,334
Capital assets, being depreciated and amortized	108,104,260
Total noncurrent assets	<u>122,769,594</u>
Total assets	<u>130,302,473</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pension	4,441,316
Deferred outflows related to OPEB	414,654
Total deferred outflows of resources	<u>4,855,970</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>135,158,443</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	916,761
Accrued liabilities	456,284
Contracts and retentions payable	280,466
Due to City of Reno, operations	203,560
Due to City of Sparks, operations	100,806
Compensated absences payable (current maturities)	575,752
Sick leave conversion payable (current maturities)	107,471
Total OPEB liability (current maturities)	31,192
Total current liabilities	<u>2,672,292</u>
Noncurrent liabilities	
Compensated absences payable (net of current maturities)	1,230,447
Sick leave conversion payable (net of current maturities)	119,797
Total OPEB liability	1,309,025
Net pension liability	9,760,106
Total noncurrent liabilities	<u>12,419,375</u>
Total liabilities	<u>15,091,667</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	1,207,845
Deferred inflows related to OPEB	839,597
Total deferred inflows of resources	<u>2,047,442</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>17,139,109</u>
<b>Net Position</b>	
Net investment in capital assets	122,769,594
Unrestricted (deficit)	(4,750,260)
<b>Total net position</b>	<u>\$ 118,019,334</u>

Truckee Meadows Water Reclamation Facility  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2025

Operating Revenues	
Reimbursement from City of Reno	\$ 18,431,371
Reimbursement from City of Sparks	10,993,866
Other	<u>1,328,702</u>
Total operating revenues	<u>30,753,939</u>
Operating Expenses	
Salaries and wages	6,198,896
Employee benefits	3,541,335
Services and supplies	<u>21,324,109</u>
Operating expenses before depreciation and amortization	31,064,340
Depreciation and amortization	<u>6,513,329</u>
Total operating expenses	<u>37,577,669</u>
Operating Loss	<u>(6,823,730)</u>
Non-operating Revenues (Expenses)	
Investment income	84,651
Gain (loss) on sale of assets	<u>(21,414)</u>
Total nonoperating revenues (expenses)	<u>63,237</u>
Loss Before Capital Contributions	<u>(6,760,493)</u>
Capital Contributions	
Contributions from City of Reno	5,971,472
Contributions from City of Sparks	<u>2,729,493</u>
Total capital contributions	<u>8,700,965</u>
Change in Net Position	<u>1,940,472</u>
Net Position, Beginning of Year	<u>116,078,862</u>
Net Position, End of Year	<u><u>\$ 118,019,334</u></u>

## Truckee Meadows Water Reclamation Facility

Statement of Cash Flows

Year Ended June 30, 2025

Operating activities	
Reimbursement from City of Reno	\$ 18,502,634
Reimbursement from City of Sparks	10,135,465
Cash received from other services	1,173,449
Cash payments for personnel costs	(9,417,194)
Cash payments for services and supplies	<u>(19,208,784)</u>
Net cash from operating activities	<u>1,185,570</u>
Capital and related financing activities	
Acquisition of capital assets	(768,841)
Cash received for capital acquisition	<u>768,841</u>
Net cash from capital and related financing activities	<u>-</u>
Investing activities	
Investment income	<u>84,651</u>
Net change in cash and cash equivalents	1,270,221
Cash and cash equivalents, Beginning of Year	<u>255,160</u>
Cash and cash equivalents, End of Year	<u><u>\$ 1,525,381</u></u>
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	<u>\$ (6,823,730)</u>
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	6,513,329
Changes in:	
Accounts receivable	(159,033)
Due from City of Reno, operations	1,515,641
Due from Washoe County	3,780
Inventory of supplies	(18,714)
Pension related amounts	310,401
OPEB related amounts	37,477
Accounts payable	(141,940)
Contracts and retentions payable	148,746
Accrued liabilities	43,794
Due to City of Reno, operations	10,364
Due to City of Sparks, operations	(185,910)
Compensated absences	98,891
Sick leave conversion payable	<u>(167,526)</u>
Total adjustments	<u>8,009,300</u>
Net cash from operating activities	<u><u>\$ 1,185,570</u></u>
Noncash investing and capital and related financing activities:	
Contributed capital from joint owners	<u><u>\$ 7,932,124</u></u>



**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 changes in the 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, 2025, 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.

**Cash and Cash Equivalents**

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 (NRS) 355.175. The City of Sparks Chief Financial Officer, under authority delegated by the Sparks City Council, is the primary investment official for the City. 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.

The Facility's investment in the City of Sparks external investment pool is reported at fair value, which represents the Facility's original investment less liabilities (none noted), 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 Chief Financial Officer may only invest in the 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).

### **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 net realizable value. 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 \$10,000 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, including sick leave pools is accrued as amounts are earned by employees to the extent it is likely that those benefits will be paid. Sick leave payment and conversion benefits vary by bargaining unit or resolution and range from ten percent to one hundred percent depending on years of service, which range from five to twenty-five years.

### **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. Sick leave conversion benefits vary by bargaining unit or resolution and range from sixty-five percent to one hundred percent depending on qualifying years of service, which range from ten to twenty-five years.

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For the purposes of measuring the City's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, 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. Net postemployment benefits other than pensions and net pension liability in governmental activities are typically liquidated through the general fund and special revenues funds where employee salaries and benefits are recorded. The amounts paid are proportionate to the number of employees and salaries recorded.

**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 financial statement element represents the consumption of net assets 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 other postemployment benefits (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 financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows and outflows of resources related to pension and other postemployment benefits (OPEB) 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, 2025.
- 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, 2025.
- Unrestricted Net Position – All other net position that does not meet the definition of "net investment in capital assets" or "restricted".

When an expenditure is incurred for purpose for which both restricted and unrestricted amounts are available, the facility considers restricted funds to have been spent first.

**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 2. Compliance with Nevada Revised Statutes and Administrative Code**

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

Truckee Meadows Water Reclamation Facility

Notes to the Financial Statements

June 30, 2025

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2025
<b>Capital assets, not being depreciated/ amortized</b>					
Land	\$ 385,269	\$ -	\$ -	\$ -	\$ 385,269
Construction in progress	6,183,677	8,478,612	-	(382,225)	14,280,064
Total capital assets, not being depreciated/ amortized	<u>6,568,946</u>	<u>8,478,612</u>	<u>-</u>	<u>(382,225)</u>	<u>14,665,333</u>
<b>Capital assets, being depreciated/amortized</b>					
Wastewater facility and joint lines	218,956,167	-	-	-	218,956,167
Equipment	62,962,653	222,353	(41,289)	382,225	63,525,942
Roads and streets	1,302,650	-	-	-	1,302,650
Intangible assets	388,440	-	(270,599)	-	117,841
Total capital assets, being depreciated/amortized	<u>283,609,910</u>	<u>222,353</u>	<u>(311,888)</u>	<u>382,225</u>	<u>283,902,600</u>
<b>Less accumulated depreciation and amortization for</b>					
Wastewater facility and joint lines	(136,308,993)	(4,372,500)	-	-	(140,681,493)
Equipment	(31,931,905)	(2,084,821)	41,288	-	(33,975,438)
Roads and streets	(984,889)	(49,398)	-	-	(1,034,287)
Intangible assets	(349,697)	(6,610)	249,186	-	(107,121)
Total accumulated depreciation/amortization	<u>(169,575,484)</u>	<u>(6,513,329)</u>	<u>290,474</u>	<u>-</u>	<u>(175,798,339)</u>
Total capital assets, being depreciated/amortized, net	<u>114,034,426</u>	<u>(6,290,976)</u>	<u>(21,414)</u>	<u>382,225</u>	<u>108,104,261</u>
Total capital assets, net	<u>\$ 120,603,372</u>	<u>\$ 2,187,636</u>	<u>\$ (21,414)</u>	<u>\$ -</u>	<u>\$ 122,769,594</u>

Ownership of the capital assets as of June 30, 2025 is as follows:

City of Reno	\$ 84,872,530
City of Sparks	<u>37,897,064</u>
	<u>\$ 122,769,594</u>

**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, 2024	Increases	Decreases	Balance June 30, 2025	Due in 2025-2026
Compensated absences	\$ 1,707,308	\$ 743,122	\$ 644,231	\$ 1,806,199	\$ 575,752
Sick leave conversion	394,794	3,074	170,600	227,268	107,471
	<u>\$ 2,102,102</u>	<u>\$ 746,196</u>	<u>\$ 814,831</u>	<u>\$ 2,033,467</u>	<u>\$ 683,223</u>

**Note 5. Net Position**

At June 30, 2025 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	\$ 84,872,530	\$ 37,897,064	\$ 122,769,594
Unrestricted (deficit)	(3,071,925)	(1,678,335)	(4,750,260)
	<u>\$ 81,800,605</u>	<u>\$ 36,218,729</u>	<u>\$ 118,019,334</u>

**Note 6. Risk Management**

The Facility, like all governmental entities, is exposed to various risks of loss related to torts; theft 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 pension 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 and is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

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

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

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

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

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.

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 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.

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 year ended June 30, 2024 the statutory employer-pay contribution (EPC) rate was 33.50% and for the fiscal year ended June 30, 2025, the statutory employer-pay contribution (EPC) rate was 33.50% for Regular members.

The Facility's contributions were \$1,787,308 for the year ended June 30, 2025. Of this amount, \$893,654 was classified as Employer contributions and \$893,654 was classified as Member contributions.

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	34%	5.50%
International stocks	14%	5.50%
U.S. bonds	28%	2.25%
Private markets	12%	6.65%
Short-term investments	12%	0.50%

As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

**Net Pension Liability** - At June 30, 2025, the Facility reported a liability for its proportionate share of the net pension liability of \$9,760,106. The net pension liability was measured as of June 30, 2024, 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 the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2024, the Facility's proportion was 0.05402 percent, which was a decrease of 0.00044 percent from its proportion measured as of June 30, 2023.

**Pension Liability Discount Rate Sensitivity** - The following presents the net pension liability of the Facility as of June 30, 2025, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 15,695,432	\$ 9,760,106	\$ 4,863,397

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

**Actuarial Assumptions** - The Facility's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Payroll Growth	3.50%
Investment Rate of Return/ Discount Rate	7.25%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.2% to 9.10%, depending on service
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2024, funding actuarial valuation

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

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

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

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

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

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of the experience study completed for the period July 1, 2016 through June 30, 2020.

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 7.25% as of June 30, 2024. 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 those assumptions, the pension plan's fiduciary net position 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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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, 2025 the Facility recognized pension expense of \$1,204,055. At June 30, 2025, 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	\$ 2,435,398	\$ -
Changes of assumptions or other inputs	740,749	-
Net difference between projected and actual earnings on pension plan investments	-	1,112,765
Changes in the employer's proportion and differences between contributions and the employer's proportionate contributions	371,515	95,080
Facility contributions subsequent to the measurement date	893,654	-
	<u>\$ 4,441,316</u>	<u>\$ 1,207,845</u>

Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date in the amount of \$893,654 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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

<u>Year Ended June 30,</u>	
2026	\$ 428,980
2027	1,586,988
2028	136,915
2029	7,441
2029	179,487

The average of the expected remaining service lives of active employees that will be provided with pensions through PERS as determined at July 1, 2024 is 5.64 years.

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



**Note 8. Post-Employment Benefits Other than Pensions (OPEB)**

Plan Descriptions - As described in Note 1, the City of Sparks provides employees for the Facility. The Facility contributes to the City of Sparks Medical and Dental Benefit Plan (Sparks Plan), a single-employer defined benefit healthcare plan administered by Hometown Health, and to a plan administered by the Nevada Public Employees' Benefits Program (NPEBP) which is treated as a single-employer defined benefit plan for financial reporting purposes.

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

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

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

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

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. NPEBP employer paid subsidy, adjusted for years of credited service, may be allocated to more than one public employer based on retiree employment history. Subsidies paid during fiscal year 2025 by the Facility to NPEBP range from \$11.93 to \$675.13. 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 Facility, with the following exceptions. Facility 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 \$100.00 to \$165.00 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 Facility.

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, 2025, is shown below:

	Employee or Surviving Spouse only	Employee & Spouse	Employee & Child	Employee & Family
Active employees	\$ 1,074.59	\$ 1,981.54	\$ 1,887.33	\$ 2,821.72
Retiree, No Medicare	1,074.59	1,981.54	1,887.33	2,821.72
Spouse, with Medicare	899.89	1,806.84	-	2,647.02
Retiree, Medicare	899.89	1,632.14	1,712.63	2,472.32
Spouse, No Medicare	1,074.59	1,806.84	-	2,647.02

At June 30, 2025, the following employees were covered by the benefit terms:

	Sparks Plan	NPEBP	Totals
Inactive employees or beneficiaries currently receiving benefits	11	10	21
Active employees	60	-	60
	<u>71</u>	<u>10</u>	<u>81</u>

Total OPEB Liability - The Facility's total OPEB liability of \$1,340,217, of which \$891,045 is related to the Sparks Plan and \$449,172 is related to NPEBP, was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2022. The Facility's total OPEB liability expected to be due within one year is \$31,192, of which \$4,980 is related to the Sparks Plan and \$26,212 is related to NPEBP.

Actuarial assumptions and other inputs - The total OPEB liability in the actuarial valuation determined on July 1, 2024 for both plans was determined using the following actuarial assumptions and other inputs:

	Sparks Plan	NPEBP
Inflation	2.60%	2.60%
Salary increases, based on years of service	Ranges from 4.20% to 9.10% for regular employees	Ranges from 4.20% to 9.10% for regular employees
Discount rate	4.81%	4.21%
Healthcare cost trend rate	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075
Retiree share of benefit costs	Range from \$899.89 to \$1,985.44	Range from \$0.00 to \$1,359.36

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

Mortality rates for employees were based on the Pub-2010 Headcount-Weighted Employee Table, projected generationally using MP-2021 and for retirees were based on the Pub-2010 Headcount-Weighted Retiree Table, projected fully generationally using MP-2021.

The demographic and payroll growth actuarial assumptions used in the July 1, 2024 valuation are based on the same assumptions used in the Public Employees' Retirement System of Nevada (PERS) actuarial valuation as of June 30, 2022, which was first adopted in the June 30, 2021 valuation.

#### Changes in the Total OPEB Liability

	Sparks Plan	NPEBP	Total
Balance at June 30, 2024	\$ 1,015,617	\$ 701,880	\$ 1,717,497
Changes for the year:			
Service cost	24,651	-	24,651
Interest	42,613	28,798	71,411
Differences between expected and actual experience	(67,401)	(217,833)	(285,234)
Changes in assumptions or other inputs	(67,693)	(27,628)	(95,321)
Benefit payments	(56,742)	(36,045)	(92,787)
Net changes	(124,572)	(252,708)	(377,280)
Balance at June 30, 2025	\$ 891,045	\$ 449,172	\$ 1,340,217

Significant changes of assumptions and other inputs since the measurement date of June 30, 2025 are noted below:

- Initial health care trend rate has been updated from 9.00% for Non-Medicare and 11.82% for Medicare based on actual premium rates increase from 2022 to 2023 to 6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075. This change caused a decrease in liability.
- Discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024. This change caused a decrease in liability during the year.
- Payroll growth actuarial assumptions have been updated from 4.20% to 9.10% for regular employees and from 4.60% to 14.50% for police and fire, based on years of service reported in Public Employees' Retirement System of Nevada actuarial valuation as of June 30, 2022.

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 4.81%, 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 (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Sparks Plan	\$ 980,401	\$ 891,045	\$ 775,066
NPEBP	494,216	449,172	390,707
Total OPEB Liability	\$ 1,474,617	\$ 1,340,217	\$ 1,165,773

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 6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% 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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% for 2024 to 2025, decreasing to an ultimate rate of 3.04% by 2075)	Healthcare Cost Trend Rates (6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075)	1% Increase (7.75% for 2024 to 2025, decreasing to an ultimate rate of 5.04% by 2075)
Sparks Plan	\$ 761,547	\$ 891,045	\$ 999,841
NPEBP	383,892	449,172	504,015
Total OPEB Liability	<u>\$ 1,145,439</u>	<u>\$ 1,340,217</u>	<u>\$ 1,503,856</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - For the year ended June 30, 2025 the Facility recognized an OPEB expense of \$116,856, of which \$132,935 is related to the Sparks Plan and \$(16,079) is related to NPEBP. At June 30, 2025, the Facility reported deferred outflows of resources and deferred inflows of resources related to both OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sparks Plan		
Differences between expected and actual experience	\$ 196,167	\$ 94,979
Differences between changes of economic and demographic assumptions or of other inputs	113,985	194,782
NPEBP		
Differences between expected and actual experience	49,859	437,876
Differences between changes of economic and demographic assumptions or of other inputs	54,643	111,960
Total	<u>\$ 414,654</u>	<u>\$ 839,597</u>

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

<u>Year ended June 30:</u>	<u>Sparks Plan</u>	<u>NPEBP</u>
2026	\$ 42,802	\$ (117,640)
2027	30,825	(148,528)
2028	(17,343)	(47,467)
2029	(17,347)	(47,466)
2030	12,558	(25,025)
Thereafter	(31,104)	(59,208)

#### Note 9. Commitments

Commitments outstanding for construction projects at the Facility at June 30, 2025 totaled approximately \$8.71 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.



Required Supplementary Information

	2025		2024	
	Sparks Plan	NPEBP	Sparks Plan	NPEBP
Total OPEB Liability				
Service Cost	\$ 24,651	\$ -	\$ 23,399	\$ -
Interest	42,613	28,798	41,584	27,668
Differences between expected and actual experience	(67,401)	(217,833)	31,102	23,739
Changes of assumptions or other inputs	(67,693)	(27,628)	(9,703)	(6,527)
Benefit payments	(56,742)	(36,045)	(107,409)	(25,587)
Net change in total OPEB liability	(124,572)	(252,708)	(21,027)	19,293
Total OPEB liability-beginning	1,015,617	701,880	1,036,644	682,587
Total OPEB liability-ending	\$ 891,045	\$ 449,172	\$ 1,015,617	\$ 701,880
Covered-employee payroll	\$ 6,198,896	-	\$ 5,692,595	-
Total OPEB liability as a percentage of covered-employee payroll	14.37 %	-	17.84 %	-

\*GASB Statement No. 75 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.

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:* Sparks Plan and the NPEBP changes in actuarial assumptions are noted in italics:

	2025	2024
Discount rate	4.81%	4.21%
Payroll growth	Ranges from 4.20% to 9.10% based on years of service	Ranges from 4.20% to 9.10% based on years of service
Healthcare cost trend rate	6.75% for 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075	9.00% Non-Medicare and 11.82% Medicare for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076
Mortality Table - Employee's	Pub-2010 Headcount- Weighted Employee projected fully generationally using MP- 2021	Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2021
Mortality Table - Retiree's	Pub-2010 Headcount- Weighted Retiree table projected fully generationally using MP-2021	Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2021

Truckee Meadows Water Reclamation Facility  
Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios  
Last Ten Fiscal Years\*

2023		2022		2021		2020	
Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP	Sparks Plan	NPEBP
\$ 30,301	\$ -	\$ 43,403	\$ -	\$ 26,046	\$ -	\$ 18,846	\$ -
29,708	22,863	23,761	18,093	16,825	34,086	23,692	46,174
276,545	51,287	(60,663)	(42,787)	(2,353)	(776,370)	(35,011)	(28,387)
(62,344)	(23,259)	(178,605)	(136,716)	339,511	68,949	118,829	244,614
(92,171)	(28,041)	(59,592)	(32,774)	(57,632)	(30,087)	(36,859)	(40,776)
182,039	22,850	(231,696)	(194,184)	322,397	(703,422)	89,497	221,625
854,605	659,737	1,086,301	853,921	763,904	1,557,343	674,407	1,335,718
<u>\$ 1,036,644</u>	<u>\$ 682,587</u>	<u>\$ 854,605</u>	<u>\$ 659,737</u>	<u>\$ 1,086,301</u>	<u>\$ 853,921</u>	<u>\$ 763,904</u>	<u>\$ 1,557,343</u>
\$ 5,166,885	-	\$ 5,093,555	-	\$ 4,998,527	-	\$ 4,918,945	-
20.06 %	-	16.78 %	-	21.73 %	-	15.53 %	-

2023	2022	2021	2020
4.13%	3.54%	2.16%	2.21%
Ranges from 4.20% to 9.10% based on years of service	Ranges from 4.25% to 9.15%, based on years of service	<i>Ranges from 4.25% to 9.15% based on years of service</i>	Ranges from 4.25% to 9.15%, based on years of service
6.75% for 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076	0.00% for 2021 followed by 5.40% decreasing to an ultimate rate of 4.04% by 2075	5.7% for 2020 to 2021, decreasing to an ultimate rate of 4.04% by 2075	Initial rate of 1.5% followed by 5.4% declining to an ultimate rate of 3.94% by 2075
Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2021	Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2020	Pub-2010 Headcount-Weighted Employee projected fully generationally using MP-2020	RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016
Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2021	Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2020	Pub-2010 Headcount-Weighted Retiree table projected fully generationally using MP-2020	RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries

Truckee Meadows Water Reclamation Facility  
Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios  
Last Ten Fiscal Years\*

	2019	
	Sparks Plan	NPEBP
Total OPEB Liability		
Service Cost	\$ 9,762	\$ -
Interest	16,713	31,621
Differences between expected and actual experience	(102,822)	371,781
Changes of assumptions or other inputs	351,837	137,533
Benefit payments	(45,924)	(44,180)
Net change in total OPEB liability	229,566	496,755
Total OPEB liability-beginning	444,841	838,963
Total OPEB liability-ending	\$ 674,407	\$ 1,335,718
Covered-employee payroll	\$ 4,860,170	-
Total OPEB liability as a percentage of covered-employee payroll	13.88 %	-

	2019
Discount rate	3.51
Payroll growth	Ranges from 4.25% to 9.15% for regular employees based on years of service
Healthcare cost trend rate	5.4% declining gradually to an ultimate rate of 3.94% by 2075
Mortality Table - Employee's	RP-2014 Headcount-Weighted Employee Table, projected to 2020 with Scale MP-2016
Mortality Table - Retiree's	RP-2014 Headcount-Weighted Healthy Annuitant Table, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries



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	2024	2023	2022	2021
Facility's portion of the net pension liability	0.05402 %	0.05446 %	0.05312 %	0.04775 %
Facility's proportionate share of the net pension liability	\$ 9,760,106	\$ 9,940,363	\$ 9,590,392	\$ 4,354,735
Facility's covered payroll	\$ 4,822,935	\$ 4,594,408	\$ 4,470,505	\$ 4,560,990
Facility's proportional share of the net pension liability as a percentage of its covered payroll	202.37 %	216.36 %	214.53 %	95.48 %
Plan fiduciary net position as a percentage of the total pension liability	78.11 %	76.16 %	75.12 %	86.51 %

Notes to Schedule:

	2024	2023	2022	2021
Inflation rate	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%
Investment rate of return/ discount rate	7.25%	7.25%	7.25%	7.25%
Productivity pay increase	0.50%	0.50%	0.50%	0.50%
Projected salary increase				
Regular**	4.20% to 9.10%	4.20% to 9.10%	4.20% to 9.10%	4.20% to 9.10%
Police/ Fire**	4.60% to 14.50%	4.60% to 14.50%	4.60% to 14.50%	4.60% to 14.50%
Consumer price index	2.5%	2.5%	2.5%	2.50%
Mortality rates				
Healthy***	Pub-2010 General and Safety Healthy Retiree Amount-Weighted Above-Median	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee	Pub-2010 General and Safety Healthy Retiree and Employee
Disabled	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted
Current beneficiaries***	Pub-2010 Contingent Survivor Amount-Weighted Above-Median	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee	Pub-2010 Contingent Survivor and General Employee
Pre-retirement***	Employee Pub-2010 General and Safety Employee Amount-Weighted Above-Median	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee	Employee Pub-2010 General and Safety Employee
Future mortality improvement	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020	Generational Projection Scale MP-2020

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

\*\*\*Amount-Weighted Above-Median.

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

2020	2019	2018	2017	2016	2015
0.04808 %	0.04772 %	0.04720 %	0.04690 %	0.06028 %	0.06026 %
\$ 6,696,767	\$ 6,506,409	\$ 6,436,381	\$ 6,237,137	\$ 6,331,089	\$ 5,364,431
\$ 4,256,562	\$ 4,148,806	\$ 4,064,028	\$ 3,842,978	\$ 3,669,488	\$ 3,612,216
157.33 %	156.83 %	158.37 %	162.30 %	172.53 %	148.51 %
77.00 %	76.50 %	75.20 %	74.40 %	72.20 %	75.10 %

2020	2019	2018	2017	2016	2015
2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7.50%	7.50%	7.50%	7.50%	8.00%	8.00%
0.50%	0.50%	0.50%	0.50%	0.75%	0.75%
4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%
4.55% to 13.90%	4.55% to 13.90%	4.55% to 13.90%	4.55% to 13.90%	5.25% to 14.50%	5.25% to 14.50%
2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table
Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	Headcount- Weighted RP-2014 Healthy	N/A	N/A
Headcount- Weighted RP-2014 Employee	Headcount- Weighted RP-2014 Employee	Headcount- Weighted RP-2014 Employee	Headcount- Weighted RP-2014 Employee	N/A	N/A
6 years	6 years	6 years	6 years	N/A	N/A

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	2025	2024	2023
Statutorily required contribution	\$ 893,654	\$ 800,460	\$ 669,753
Contributions in relation to the statutorily required contribution	\$ 893,654	\$ 800,460	\$ 669,753
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,335,250	\$ 4,822,935	\$ 4,594,408
Contributions as a percentage of covered payroll	16.75 %	16.60 %	14.58 %

Truckee Meadows Water Reclamation Facility  
Schedule of Facility's Contributions  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 651,638	\$ 663,831	\$ 619,529	\$ 580,833	\$ 568,964	\$ 538,017	\$ 511,062
\$ 651,638	\$ 663,831	\$ 619,529	\$ 580,833	\$ 568,964	\$ 538,017	\$ 511,062
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,470,505	\$ 4,560,990	\$ 4,256,562	\$ 4,148,806	\$ 4,064,028	\$ 3,842,978	\$ 3,669,488
14.58 %	14.55 %	14.55 %	14.00 %	14.00 %	14.00 %	13.93 %

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## Supplementary Information

Truckee Meadows Water Reclamation Facility  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended June 30, 2025  
(with Comparative Actual Amounts for the Year Ended June 30, 2024)

	2025			2024
	Final Budget	Actual	Variance	
Operating Revenues				
Reimbursement from City of Reno	\$ 18,703,000	\$ 18,431,371	\$ (271,629)	\$ 17,413,578
Reimbursement from City of Sparks	12,469,000	10,993,866	(1,475,134)	10,480,936
Other	948,000	1,328,702	380,702	1,019,223
Total operating revenues	32,120,000	30,753,939	(1,366,061)	28,913,737
Operating Expenses				
Salaries and wages	6,688,696	6,198,896	489,800	5,711,867
Employee benefits	3,706,411	3,541,335	165,076	3,565,086
Services and supplies	22,570,652	21,324,109	1,246,543	20,214,316
Total operating expenses before depreciation and amortization	32,965,759	31,064,340	1,901,419	29,491,269
Depreciation and amortization	9,091,688	6,513,329	2,578,359	7,183,005
Total operating expenses	42,057,447	37,577,669	4,479,778	36,674,274
Operating Income (Loss)	(9,937,447)	(6,823,730)	3,113,717	(7,760,537)
Non-operating Revenues (Expenses)				
Investment income (loss)	50,877	84,651	33,774	50,057
Sale of assets	-	(21,414)	(21,414)	(950,924)
Total non-operating revenues (expenses)	50,877	63,237	12,360	(900,867)
Income (loss) before Capital Contributions	(9,886,570)	(6,760,493)	3,126,077	(8,661,404)
Capital Contributions				
Contributions from City of Reno	1,020,000	5,971,472	4,951,472	3,159,545
Contributions from City of Sparks	680,000	2,729,493	2,049,493	1,444,192
Total capital contributions	1,700,000	8,700,965	7,000,965	4,603,737
Change in Net Position	\$ (8,186,570)	1,940,472	\$ 10,127,042	\$ (4,057,667)
Net Position, Beginning of Year		116,078,862		
Net Position, End of Year		\$ 118,019,334		



**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:

- 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.
- A public hearing on the tentative budget is held between the third Monday in May and the last day in May to obtain taxpayer comments.
- Prior to June 1, the Joint Coordinating Committee indicates changes, if any, to be made to the tentative budget and approves a final budget. The final budget is then submitted to the Nevada Department of Taxation.
- The City of Sparks Chief Financial Officer 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.
- Budgets 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, the sum of operating and non-operating expenses may not exceed total budgeted appropriations.

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

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Compliance Section



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

To the 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 (*Government Auditing Standards*), the financial statements of the business-type activities of the Truckee Meadows Water Reclamation Facility (a Nevada Municipal Joint Venture) (the Facility) as of and for the year ended June 30, 2025, 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 25, 2025.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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.

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

Boise, Idaho  
November 25, 2025



## **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, 2025, 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**

There were no prior year recommendations.

### **Current Year Recommendations**

There are no current year recommendations.

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

Boise, Idaho  
November 25, 2025

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