



WASHOE COUNTY

Integrity Communication Service

www.washoecounty.us

STAFF REPORT

BOARD MEETING DATE: November 13, 2018

DATE: Tuesday, November 13, 2018

TO: Board of County Commissioners

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

THROUGH: Nancy Parent, Washoe County Clerk

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

SUMMARY

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

Washoe County Strategic Objective supported by this item:

Regional and Community Leadership

PREVIOUS ACTION

None.

BACKGROUND

None.

FISCAL IMPACT

None.

RECOMMENDATION

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

POSSIBLE MOTION

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

AGENDA ITEM # _____

COMMUNICATIONS AND REPORTS

November 13, 2018

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

COMMUNICATIONS:

- A. Letter from the Washoe County Regional Animal Services to Ms. Jennifer Linn dated October 1, 2018, to serve as notice of a hearing to decide whether there is just cause to remove Ms. Linn from her position as a Washoe County Regional Animal Services Advisory Board member.
- B. Letter from the Office of Washoe County Treasurer to the Washoe County Board of County Commissioners, dated October 9, 2018, to request a petty cash fund for the Washoe County Health Department be established in the amount of \$50.

QUARTERLY STATEMENT:

- A. Clerk of the Court, Quarterly Financial Statement for Quarter Ending September 2018.
- B. County Clerk, Quarterly Financial Statement for 1st Quarter FY 2018-2019, July 1st – September 30th.

ANNUAL FINANCIAL REPORT:

- A. Sun Valley General Improvement District, Financial Statements and Supplementary Information, Year Ended June 30, 2018.



WASHOE COUNTY

REGIONAL ANIMAL SERVICES

2825-A Longley Lane
P.O. Box 11130
Reno, Nevada 89520-0027
Center: (775) 353-8900
Fax: (775) 353-8905
www.washoeanimals.com

October 1, 2018

Ms. Jennifer Linn
1334 Disc Drive #220
Sparks, NV 89436

Dear Animal Services Advisory Board Member Linn,

This letter will serve as notice that the Washoe County Board of County Commissioners will hold a hearing on October 23, 2018, at 10:00 am, to decide whether there is just cause pursuant to Washoe County Code (WCC) 55.036 (8) to remove you from your position as a Washoe County Regional Animal Services Advisory Board member. This hearing is based upon your failure to appear to four consecutive meetings of the Washoe County Regional Animal Services Advisory Board, and your failure to respond to all email correspondence and two voicemail messages related to this board.

On March 29, 2017, you applied to fill a seat on the Animal Services Advisory Board. On July 18, 2018, you were appointed by the Washoe County Board of County Commissioners to fill a four-year term for the position listed in WCC 55.036(1)(b), as the real estate or business professional. You were notified via email from the director of Regional Animal Services on July 19, 2017 of the appointment.

On November 30, 2017, the very first meeting of the Animal Services Advisory Board convened for a board orientation, at which you were not present. There were a minimum of seven email correspondences sent to you by the director of Regional Animal Services and the meeting secretary.

On February 22, 2018, the second meeting of the Animal Services Advisory Board convened for a regular business meeting, at which you were not present. You were notified of the meeting via email through two separate correspondences from the meeting secretary. In addition, the director of Regional Animal Services left a voicemail for you requesting a return call, which was not received.





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On May 31, 2018, the third meeting of the Animal Services Advisory Board convened for a regular business meeting, at which you were not present. You were notified of the meeting via email through two separate correspondences from the meeting secretary. In addition, the director of Regional Animal Services left a second voicemail for you with no return call.

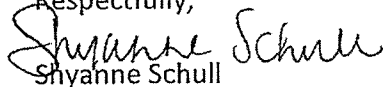
On August 9, 2018, the fourth meeting of the Animal Services Advisory Board convened for a regular business meeting, at which you were not present. You were notified of the meeting via email through six separate correspondences from the director of Regional Animal Services and the meeting secretary.

To date, there have been a minimum of nineteen email correspondences to you from the director of Regional Animal Services and/or the meeting secretary with no response from you.

WCC 55.036(8) provides that any Advisory Board member that is appointed by the Board of County Commissioners may be removed by the Board of County Commissioners for cause. To facilitate a removal, the determination of just cause must be made at a public hearing on the matter and must be supported by a majority vote of the County Commission. This hearing on your potential removal will take place at the October 23, 2018 Board of County Commissioners meeting.

Be advised that you may, but are not required to, attend this meeting to defend yourself against potential removal. This includes appearing on your own behalf or retaining your own representation (at your expense) for the hearing, where you will be permitted to present witnesses, documents, and any relevant evidence in support of your position. At the conclusion of the hearing, the County Commission may, without further notice, remove you from your position as a Animal Services Advisory Board member. If a majority of the County Commission votes to remove you, your position as Animal Services Advisory Board member will terminate immediately.

Respectfully,


Shyanne Schull

Regional Animal Services Director





WASHOE COUNTY

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Cc: Washoe County Commission
Washoe County Clerk
Jennifer Gustafson, Assistant District Attorney



OFFICE OF THE WASHOE COUNTY TREASURER

Tammi Davis, Treasurer

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

October 9, 2018

BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA

RE: WASHOE COUNTY HEALTH DEPARTMENT

Honorable Commissioners:

On April 9, 1991 the Board of County Commissioners approved the request to establish a \$50.00 petty cash fund for the Washoe County Health Department. It has been determined the account is no longer necessary and therefore funds were audited, balanced as expected and surrendered on October 2, 2018. The amount of \$50.00 was deposited into the Washoe County's main bank account.

Respectfully,


Brenda Mathers, Acting Chief Deputy Treasurer

CC: Anna Heenan, Health Department
Samantha Pierce, Internal Auditor

CLERK OF THE COURT
QUARTERLY FINANCIAL STATEMENT
STATE OF NEVADA, COUNTY OF WASHOE
Quarter Ending SEPTEMBER 2018

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

Clerk of the Court	Law Library Fund	15,965.00
	Additional Divorce Filing Fee	440.00
	*County General Fund	381,880.50
	State Civil Fee	55,372.00
	Legal Aid Filing Fee	64,083.00
	TOTAL	<u>\$517,740.50</u>



Jacqueline Bryant
District Court Administrator/Clerk of Court

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

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

UNIT ID. CLERK - JUDICIAL
Date: October, 2018

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

DISTRICT COURT FEES COLLECTED FOR 4TH QTR FEE 17/18

CR/GF/OP	ACCOUNT DESCRIPTION	ACCOUNTS TO BE CREDITED			AMOUNT		
		ORDER	COST CENTER	ACCOUNT			
OP	Legal Aid (Washoe Legal Services) (01)		990023	441007	33,759.00	legalaid	\$ 64,083.00
OP	Legal Aid (Elderly Indigent) Sr. Center (02)		250411	480720	11,389.00		
OP	State Civil (03)		990019	441022	33,440.00	state civil	\$ 55,372.00
GF	Law Library (04)		123100	460222	15,945.00	law library	\$ 15,965.00
GF	Clerk Fees (05,6,7)		120101	460210	90,607.00	general	\$ 381,880.50
CR	DC Technology SB106 (06)	20038	120105	460210	1,360.00		
OP	Legal Aid (Washoe Legal Services) (08)		990023	441078	18,935.00		
GF	Additional Divorce Answer Fee (09)		120231	460220	440.00	add'l div	\$ 440.00
GF	Mediation (10)		120331	471205	7,225.00		
OP	Neighborhood Justice Center (10J)		270710	460225	7,225.00		
GF	Arbitration (11)		120111	471215	7,225.00	TOTAL:	\$ 517,740.50
OP	Displaced Homemakers (12)		990019	441021	11,820.00		
GF	Divorce Training (13)		120231	460223	1,995.00		
GF	Family Mediation Fee (14)		120331	471210	10,150.00		
GF	CD Recording/Record on CD (15,17)		120311	485300	5,105.00		
OP	Vital Statistics (State of NV) (18)		990019	441004	4,040.00		
OP	State of NV (OAC / Tech) (19)		990019	441020	1,660.00		
OP	State of NV (OAC / Judges) (20)		990019	441019	3,012.00		
CR	Court Expansion Fees AB65 (21)	20326		460211	167,996.00		
CR	Court Security Fees AB65 (22)	20335		480213	28,698.00		
CR	Mtn to Modify Div SB388	20408		460214	4,644.00		
CR	Opp Mtn to Mod Div SB388	20409		460215	1,197.00		
GF	eFile Subscription		120106	460212	42,600.00		
GF	Attorney ID Badge Fee		120101	485320	250.00		
GF	Attorney ID Badge Fee PW		180100	485100	-		
GF	Law Library Fine/Fee		123100	485100	20.00		
OP	Foreclosure Mediation State (34)		990019	480121	1,490.00		
GF	Foreclosure Mediator (35)	20444		460220	5,600.00		
GF	Over/Short (Filing Office)		120231	711300	3.50		

Credit Card WM:
Fee Bank Total:
Currency:

TOTAL:

\$ -

TOTAL

\$

517,740.50

Prepared By: H. Potts

ACCEPTED BY: TAMMI DAVIS
Washoe County Treasurer

		Quarterly Total
Legal Aid (WLS)	01	\$33,759.00
Legal Aid Sr. Center	02	\$11,389.00
State Civil	03	\$33,440.00
Law Library	04	\$15,945.00
Clerk Fees	05,6,7	\$90,607.00
DC Technology SB106	06	\$1,360.00
Legal Aid (WLS)	08	\$18,935.00
Add'l Divorce Answer	09	\$440.00
Mediation	10	\$7,225.00
Neighborhood Justice	10J	\$7,225.00
Arbitration	11	\$7,225.00
Displaced Homemakers	12	\$11,820.00
Divorce Training	13	\$1,995.00
Family Mediation Fee	14	\$10,150.00
Video Tapes	15,17	\$5,105.00
Vital Statistics	18	\$4,040.00
State of NV AOC/Tech	19	\$1,660.00
State of NV AOC/Judge	20	\$3,012.00
Court Expansion Fees AB65	21	\$167,996.00
Court Security Fee AB65	22	\$28,698.00
Mtn to Mod Div SB388	22JP	\$4,644.00
Opp Mtn to Mod Div SB388	22OP	\$1,197.00
eFile Subscription	30	\$42,600.00
Attorney ID Badge Fee	31	\$250.00
Attorney ID Badge Fee PW	32	\$0.00
Law Library Fine	33	\$20.00
Foreclosure State	34	\$1,400.00
Foreclosure Mediator	35	\$5,600.00
Over/Short Filing Office		\$ 3.50

\$517,740.50

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

**1ST QUARTER FY 2018/2019
JULY 1ST – SEPTEMBER 30TH**

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

COUNTY FEES COLLECTED	
Fee Type	Quarterly Total
COUNTY GENERAL FUND FEES	
Clerk Marriage Fees	\$ 47,082.00
Clerk Solemnization Fees	\$ 11,340.00
Fictitious Firm Name Fees	\$ 21,260.00
Notary Fees	\$ 3,810.00
Power of Attorney Fees	\$ -
Affidavit of Correction Fees	\$ 75.00
Certificate of Search	\$ 12.00
Copy and Certification Fees	\$ 1,778.50
Recorder Marriage Fees	\$ 22,420.00
Officiant Fees	\$ 5,550.00
Lost Marriage Fees	\$ 15.00
Duplicate Filing Notice Fees	\$ 6.00
CLERK TECHNOLOGY FUND	\$ 1,270.00
OVER/SHORT ADJUSTMENTS*	\$ -
TOTAL COUNTY FEES COLLECTED	\$ 114,618.50

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

STATE FEES COLLECTED	
Fee Type	Quarterly Total
Domestic Violence Fees - Marriage	\$ 56,050.00
Domestic Violence Fees - Ceremony	\$ 810.00
State Marriage Fees	\$ 8,968.00
TOTAL STATE FEES COLLECTED	\$ 65,828.00

TOTAL OF ALL FEES COLLECTED	\$ 180,446.50
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Subscribed and sworn to before me
this 11th day of October, 2018

Catheranne Smith

Deputy Clerk

Nancy Parent
NANCY PARENT
Washoe County Clerk

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SUN VALLEY, NEVADA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
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YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sun Valley General Improvement District
Sun Valley, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the Sun Valley General Improvement District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The District does not have a schedule that includes cost basis or acquisition value of donated assets that supports the beginning balance of land included in capital assets. There were no satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded land was free from material misstatements.

Opinion

In our opinion, except for the possible effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the financial statements of the District as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

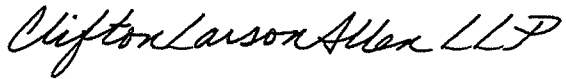
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018 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.



CliftonLarsonAllen LLP

Roseville, California
September 25, 2018

REQUIRED SUPPLEMENTARY INFORMATION

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

This section of the Sun Valley General Improvement District's (District) annual financial report provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. This section should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year include the following:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$43,361,371, of which \$30,345,808 represents net position which are invested in capital assets.
- The District's total assets decreased by \$671,099.
- The District decreased long-term debt by \$757,330.
- The District's total water sales were \$3,162,200, an increase of \$42,887.
- The District's total wastewater sales were \$2,478,065, an increase of \$64,848.

DISTRICT HIGHLIGHTS

- There were facility fees for ten water and seven sewer connections collected this past fiscal year.
- As part of the District's preventative maintenance:
 - Replaced valves in pump house at the pool building.
 - Re-painted pool building floors and deck.
 - Flushed and cleaned the wastewater collection system.
 - Flushed and cleaned the dead end lines on the water distribution system.
 - Performed meter box maintenance throughout the valley.
 - All parks were sprayed for weeds.
 - Graffiti abatement at all parks.
 - Repaired asphalt in parking lots and walking path in parks.
 - Maintenance on the District rentals including replacing some appliances.
 - Install construction meters at two construction sites.
 - Three water tanks were inspected and cleaned.
 - Installed mainline valves in water system for isolation.
 - Serviced portable backup generators (emergency power).
 - Maintenance on all access roads to tank sites.
- Under the Capital Improvement Projects program:
 - Purchased new 1 ton dump truck.
 - Installed sewer clean-outs at property line.
 - GIS/GPS locations and mapping.
 - Purchased backup generator for office building
 - O&M manuals for District facilities
 - Water master plan for entire District

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

- Staff completed training including:
 - Customer service training
 - Human Resource training
 - Nevada Recreation and Parks Society conference training.
 - Harassment training.
 - OSHA training.
 - SDS training.
 - The Safety Committee met bi-monthly to discuss issues and implementation.
 - Management training.
 - Map Optix training.
- Additional Programs and Projects:
 - Held Tariff hearing in November 9, 2017.
 - Partnered with Washoe County Senior Services for Vets Day Celebration.
 - Held an E-Waste recycling event.
 - Partnered with Family Classics and held a car show in our park.
 - Partnered with Community Services Agency to hold an Easter egg hunt at Sun Valley Park.
 - Successful Recreation season.
 - "Movie in the Park" event.
 - The District donated \$5,000 dollars to KTMB for the "Annual Clean-up Day" and District staff participated in the clean-up.
 - The District continued its partnership with Washoe County Health Department and donated monies for garbage dumpsters for lot clean-ups.

USING THIS ANNUAL REPORT

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using generally accepted governmental accounting methods. These statements offer short and long term financial information about its activities. The Statement of Net Position includes all of the District's assets and obligations to creditors (liabilities). 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 District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and charges. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The analysis below focuses on the District's net position.

Condensed Statement of Net Position

	2018	2017
Assets		
Current and Other Assets	\$ 15,714,865	\$ 14,224,073
Capital Assets	41,014,585	43,176,476
Total Assets	<u>56,729,450</u>	<u>57,400,549</u>
Deferred Outflows of Resources	525,623	262,298
Liabilities		
Current and Other Liabilities	2,092,741	1,864,708
Long-Term Liabilities	11,576,409	13,302,996
Total Liabilities	<u>13,669,150</u>	<u>15,167,704</u>
Deferred Inflows of Resources	224,552	221,454
Net Position		
Net Investments in Capital Assets	30,345,808	30,675,503
Unrestricted	13,015,563	11,598,186
Total Net Position	<u>\$ 43,361,371</u>	<u>\$ 42,273,689</u>

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position for the year.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2018	2017
Net Operating Revenues	\$ 6,416,500	\$ 6,553,013
Interest Income	72,672	36,821
Other Revenues	448,387	503,933
Total Revenues	<u>6,937,559</u>	<u>7,093,767</u>
Operating Expenses	5,948,168	5,826,370
Interest Expense	229,336	342,671
Total Expenses	<u>6,177,504</u>	<u>6,169,041</u>
Change in Net Position	760,055	924,726
Net Position at Beginning of Year	42,601,316	41,348,963
Net Position at End of Year	<u>\$ 43,361,371</u>	<u>\$ 42,273,689</u>

Operating revenues decreased 2.08% due to conservation by customers.

Operating expenses reflect a 2.09% increase in 2018 compared to 2017 due to extended pumping hours (power) and rate increase from TMWA.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

THE DISTRICT'S FUNDS

The District has five enterprise funds; water, wastewater, properties and garbage, acquisition and parks and recreation. The water fund was established in 1967, with the acquisition fund being established in 1972. The wastewater fund was established in 1981. On April 10, 2007, the District created the properties and garbage fund to account for rental of District property and garbage franchise fees. On February 25, 2010, the District created the parks and recreation fund to operate the swimming pool and parks acquired from Washoe County. The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the cost (expenses, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bond (revenue or general obligation), federal grants, and other District funds.

CAPITAL ASSETS

At June 30, 2018, the District's total capital assets are \$41,014,585 net of accumulated depreciation of \$29,849,869. There was a decrease in capital assets in the current year as a result of capital asset additions of \$768,441 that were offset by current year depreciation expense of \$1,400,431 and adjustments of \$294,620. See Note 3 for additional information.

LONG-TERM DEBT

At fiscal year-end, total loans payable to the State of Nevada Revolving Fund for water system improvements were \$6,604,454. The District also has outstanding notes payable to the City of Sparks for sewer system improvements in the amount of \$4,064,323. See Note 4 for additional information.

SIGNIFICANT FINANCIAL DECISIONS

The Board of Trustees was requested to and approved:

1. Purchased 1Ton Dump truck.
2. Resurface Wading Pool.
3. Delayed CIP projects until 2018-2019.
4. Base rate increase of \$1.77.
5. Facility fee for water reduced from \$11,244 to \$7,381.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Trustees of the Sun Valley General Improvement District. The Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Sun Valley General Improvement District's accountability for the financial resources it manages. For questions or additional information, please contact the Sun Valley General Improvement District at 775-673-2220.

BASIC FINANCIAL STATEMENTS

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Current Assets:

Cash and Investments:

Cash	\$ 8,784,009
Imprest Cash	4,789
Negotiable Certificates of Deposit	2,732,617
Restricted Cash	3,696,486

Accounts Receivable:

Trade Receivables, Net	263,563
Other	77,777

Inventory	89,802
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Prepaid Expenses	65,822
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Total Current Assets	<u>15,714,865</u>
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Capital Assets:

Nondepreciable	9,961,980
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Depreciable, Net	<u>31,052,605</u>
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Total Capital Assets	<u>41,014,585</u>
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Total Assets	<u>56,729,450</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Pension	<u>525,623</u>
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Total Assets and Deferred Outflows of Resources	<u><u>\$ 57,255,073</u></u>
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See accompanying Notes to Basic Financial Statements.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018**

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 583,846
Salaries and Benefits Payable	19,527
Unearned Revenue	1,200
Deposits from Others	176,660
Interest Payable	110,578
Current Portion of Compensated Absences	79,278
Current Portion of Long-Term Debt	<u>1,121,652</u>
Total Current Liabilities	<u>2,092,741</u>

Noncurrent Liabilities:

Compensated Absences, Net of Current Portion	80,194
Net Pension Liability	1,949,090
Long-Term Debt	<u>9,547,125</u>
Total Noncurrent Liabilities	<u>11,576,409</u>

Total Liabilities	<u>13,669,150</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	<u>224,552</u>
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NET POSITION

Net Investment in Capital Assets	30,345,808
Unrestricted	<u>13,015,563</u>
Total Net Position	<u>43,361,371</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 57,255,073</u></u>
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See accompanying Notes to Basic Financial Statements.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

OPERATING REVENUES

Customer Charges	\$ 6,110,254
Service Charges	142,915
Washoe County Sewer Charge	163,331
Total Operating Revenues	<u>6,416,500</u>

OPERATING EXPENSES

Purchased Water	1,146,884
Insurance	304,779
Salaries and Benefits	1,374,433
Materials, Supplies, and Repairs	135,039
Licenses and Fees	124,906
General and Administrative	162,727
Operating Expenses	890,154
Utilities	118,373
Depreciation and Amortization	1,446,379
Office Supplies	100,356
Telephone	16,057
Professional Services	87,237
Power for Pumping	40,844
Total Operating Expenses	<u>5,948,168</u>

OPERATING INCOME

468,332

NONOPERATING REVENUE (EXPENSE)

Property Taxes	273,232
Combined Taxes	161,911
Interest Income	72,672
Interest Expense	(229,336)
Other Revenues	13,244
Total Nonoperating Revenues (Expenses)	<u>291,723</u>

CHANGE IN NET POSITION

760,055

Total Net Position - Beginning of Year

42,601,316

TOTAL NET POSITION - END OF YEAR

\$ 43,361,371

See accompanying Notes to Basic Financial Statements.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 6,423,017
Payments to Suppliers	(3,109,448)
Payments to Employees	(1,390,854)
Net Cash Provided by Operating Activities	<u>1,922,715</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Tax Proceeds Not Attributable to Capital Purposes	435,143
Other Noncapital Receipts	13,244
Net Cash Provided by Noncapital Financing Activities	<u>448,387</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of Principal on Long-Term Debt	(757,330)
Purchase of Capital Assets	(468,481)
Interest Paid	(147,805)
Net Cash Used by Capital and Related Financing Activities	<u>(1,373,616)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	<u>72,672</u>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,070,158

Cash and Cash Equivalents - Beginning of Year

14,147,743

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 15,217,901

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET POSITION**

Cash and Cash Equivalents in Current Assets	\$ 11,521,415
Cash and Cash Equivalents in Restricted Assets	3,696,486
Total Cash and Cash Equivalents	<u><u>\$ 15,217,901</u></u>

See accompanying Notes to Basic Financial Statements.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 468,332
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	1,446,379
Changes in Assets and Liabilities:	
Accounts Receivable	67,908
Other Receivables	(50,383)
Inventory	(6,863)
Deferred Outflows	(57,827)
Prepaid Expenses	3,906
Accounts Payable	20,865
Deferred Inflows	(18,534)
Salaries and Benefits Payable	(120)
Compensated Absences	(24,408)
Deposits from Others	(11,008)
Net Pension Liability	84,468
Total Adjustments	<u>1,454,383</u>
Net Cash Provided by Operating Activities	<u>\$ 1,922,715</u>

NONCASH, INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Capital Asset Additions in Accounts Payable	<u>\$ 299,960</u>
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See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the District, and other necessary disclosure of pertinent matters relating to the financial position of the District. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sun Valley General Improvement District (the District) are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

Sun Valley General Improvement District was created in 1965 and operates under NRS 318 by an elected board of trustees. The District, a quasi-municipal corporation, operates a water and sewer system, and recreational facilities for the benefit of individuals owning property or residing within its geographic boundaries. The District exercises no control over other governmental agencies and authorities as defined by the GASB and as such is the only entity reported in these financial statements. The District is located in Washoe County, Nevada. However, it is not included in the financial statements of Washoe County.

B. Basis of Presentation and Method of Accounting

The accounting system is organized and operated on a fund basis using the accrual basis of accounting. The District's financial statements have been prepared on the basis of the governmental proprietary fund concept as adopted by the GASB. The governmental proprietary fund concept provides that financial activities be presented as a single proprietary fund which includes enterprise funds. The District maintains a Water Operations Enterprises Fund, an Acquisition Fund, a Waste Water Fund, a Properties and Garbage Fund and a Recreation Fund, which are combined to present the District's single enterprise fund. The individual funds include a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. In accordance with GASB NO. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Cash, Investments and Equivalents

Cash, short-term investments, and restricted investments are stated at cost, which approximates current fair value.

The District has no formal investment policy. All investments are made pursuant to NRS 355.170 and it has been board policy to hold all surplus funds in time certificates of deposit ranging from 30 days to four years. The District may only investment in the following types of securities:

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States (U.S.) and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- U.S. bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Bills and notes of the U.S. Treasury, maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the U.S. or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.
- Certain short-term paper issued by a corporation organized and operating in the U.S.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain "AAA" rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as "A-1" or "P-1" issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

For purposes of the statement of cash flows, the District considers all cash and certificates of deposit, as well as investments with original maturities of three months or less when purchased as cash and cash equivalents.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

E. Restricted Assets

Amounts shown as restricted assets have been restricted by either bonds, by law, or by contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

F. Receivables

Receivables consist mostly of water service and connection charges and taxes. Accounts receivable represent amounts billed directly by the District. The District presently has adequate legal remedies to enforce the collection of water service and connection charges and taxes. Any such amounts which may ultimately prove uncollectable should not be material in amount. However, due to recent changes by the state legislature to NRS 318 regarding the filing of liens by General Improvement Districts, the Board of Trustees adopted a policy whereby a reserve for uncollectible accounts was established for all past due amounts. Past due amounts are added to the Washoe County property tax rolls.

G. Inventory

Inventories consist of operating materials and supplies held for consumption, and are recognized as an expense at the time inventory is used. The District carries inventory at the lower of cost or market, on a first in, first out (FIFO) basis.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of plant and equipment as follows:

<u>Asset Description</u>	<u>Life</u>
Storage Tanks	33½ Years
Meters, Service, and Transmission, and Distribution Mains	33½ – 40 Years
Fire Hydrants	33½ Years
Pumping Equipment	15 Years
Structures and Improvements	5 – 30 Years
Power Operated Equipment	3 – 10 Years
Office Furniture and Equipment	5 – 10 Years
Sewage Treatment Plant	40 Years

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

J. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. The employees may accumulate vacation pay up to a limit of 30 days. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Sick leave may be accumulated without limitation. Upon termination an employee must have 10 years of full-time employment and shall be compensated for total accrued sick leave at the rate of one hour's pay for every two hours of sick leave accrued up to a maximum of 600 hours. The amount of accumulated compensated absences is \$159,472 at June 30, 2018.

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Nevada Public Employees' Retirement System (NVPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by NVPERS. 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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items which qualify for reporting in this category. See pension disclosure Note 6. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two items which qualify for reporting in this category. See pension disclosure Note 6.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

M. Net Position

The District's financial statements utilize a net position presentation. Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted – This category represents the net position of the District with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District did not have any restricted net position at June 30, 2018.
- Unrestricted – This category represents the net position of the District, not restricted for any project or other purpose.

N. Use of Estimates

Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

O. Budgetary Principles

The District is required by state statute to conduct public hearings and subsequently adopt annual budgets for all its funds on or before June 1 for the ensuing year. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts originally adopted may be amended by resolution of the Board of Trustees before year-end. Expenses may not legally exceed budgeted appropriations at the activity level, except for expenses related to long-term contracts for the purchase of utility service.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2018 consist of the following:

Cash on Hand	\$ 4,789
Deposits with Financial Institutions	12,480,495
Investments	2,732,617
Total	<u>\$ 15,217,901</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Investments

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments, to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

	Total	Remaining Maturity (in years)		
		Less than 1	1-5	6-10
Negotiable Certificates of Deposit	<u>\$ 2,732,617</u>	<u>\$ 1,034,572</u>	<u>\$ 1,698,045</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments are in negotiable certificates of deposits which do not have a rating requirement.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Some of the District's bank deposits are covered by FDIC insurance and collateralized by the Office of the State Treasurer/ Nevada Collateral Pool.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 District or by the District's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2018, the following investments in a single issuer exceeded 5% of the District's total investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
State Bank of India	\$ 243,381	9 %
Whitney Bank MS	238,733	9 %
Bmw Bank North Amer Salt Lake	236,062	9 %
Wells Fargo Bank NA	239,657	9 %
Goldman Sach Bk USA NY	224,040	8 %
Ally Bank	211,360	8 %
Northfield Bank Staten Island NY	211,708	8 %
Morgn Stanley Dean Whitter Bank Inc.	218,144	8 %
BMO Harris Bk Natl Assn	239,806	9 %
Amer Express Bank FSB	179,928	7 %
Discover Bk Greenwood Del	196,002	7 %

Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value Hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Negotiable Certificates of Deposit	<u>\$ -</u>	<u>\$ 2,732,617</u>	<u>\$ -</u>	<u>\$ 2,732,617</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CAPITAL ASSETS

Changes in the District's capital assets and accumulated depreciation for the year ended June 30, 2018 is summarized as follows:

	Balance July 1, 2017	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2018
Capital Assets, Not Being Depreciated:					
Land	\$ 9,781,324	\$ -	\$ -	\$ -	\$ 9,781,324
Construction in Progress	8,646	146,457	-	25,553	180,656
Total Capital Assets, Not Being Depreciated	9,789,970	146,457	-	25,553	9,961,980
Capital Assets, Being Depreciated:					
Buildings / Structures and Improvements	4,224,696	33,008	-	-	4,257,704
Fire Hydrants	676,572	-	-	-	676,572
Furniture and Fixtures	123,595	-	-	-	123,595
Office Equipment	395,878	10,250	-	-	406,128
Storage Tanks	5,336,678	-	-	-	5,336,678
Meters, Service and Transmission, and Distribution Mains	30,243,223	10,400	-	-	30,253,623
Autos and Trucks	949,698	50,515	-	(8,177)	992,036
Plant / Sewage Treatment Plant	17,175,811	515,366	-	(137,175)	17,554,002
Power Operated Equipment	85,505	2,445	-	-	87,950
Pumping Equipment	1,214,186	-	-	-	1,214,186
Total Capital Assets, Being Depreciated	60,425,842	621,984	-	(145,352)	60,902,474
Less Accumulated Depreciation for:					
Water	(12,941,410)	(651,389)	-	(16,480)	(13,609,279)
Sewer	(14,633,883)	(686,669)	-	(112,393)	(15,432,945)
Property and Garbage	(130,804)	(12,480)	-	-	(143,284)
Recreation	(568,520)	(95,841)	-	-	(664,361)
Total Accumulated Depreciation	(28,274,617)	(1,446,379)	-	(128,873)	(29,849,869)
Total Capital Assets, Being Depreciated Net	32,151,225	(824,395)	-	(274,225)	31,052,605
Total Capital Assets, Net	\$ 41,941,195	\$ (677,938)	\$ -	\$ (248,672)	\$ 41,014,585

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM DEBT

Individual issues of bonds, notes outstanding at June 30, 2018:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Date	Original Issue	Outstanding June 30, 2018
Bonds Payable						
Sun Valley General Improvement District, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues) Series 2014	2026	2.57%	\$ 256,029	10/23/2014	\$ 6,293,154	\$ 4,573,997
Sun Valley General Improvement District, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues) Series 2014	2028	2.57%	\$ 83,769	10/23/2014	\$ 2,591,812	\$ 2,030,457
Notes Payable						
City of Sparks, Nevada - TMWRF Capacity	2027	1.25%	\$ 345,540	6/28/2004	\$ 6,900,000	\$ 3,560,511
City of Sparks, Nevada - TMWRF Fix and Finish	2025	1.61%	\$ 71,992	6/28/2004	\$ 1,200,000	\$ 503,812

The following represents the changes in long-term liabilities during the year:

	Balance July 1, 2017	Additions	Retirement	Balance June 30, 2018	Amounts Due Within One Year
Nevada Water Bond \$6.3M	\$ 4,830,026	\$ -	\$ (256,029)	\$ 4,573,997	\$ 521,972
Nevada Water Bond \$2.6M	2,114,226	-	(83,769)	2,030,457	170,780
City of Sparks \$6.9M	3,906,051	-	(345,540)	3,560,511	354,853
City of Sparks \$1.2M	575,804	-	(71,992)	503,812	74,047
Compensated absences	183,880	-	(24,408)	159,472	79,278
Total	<u>\$ 11,609,987</u>	<u>\$ -</u>	<u>\$ (781,738)</u>	<u>\$ 10,828,249</u>	<u>\$ 1,200,930</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

As of June 30, 2018, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 692,752	\$ 165,312	\$ 428,900	\$ 51,217
2020	710,669	147,364	440,579	45,551
2021	729,052	129,013	452,575	39,731
2022	747,908	110,156	464,898	33,751
2023	767,254	90,811	477,557	27,608
2024-2028	2,847,290	170,646	1,799,814	30,138
2029	109,529	1,407	-	-
Total	<u>\$ 6,604,454</u>	<u>\$ 814,709</u>	<u>\$ 4,064,323</u>	<u>\$ 227,996</u>

NOTE 5 PENSION PLAN

Deferred Compensation Plan

All permanent employees of the District are eligible to participate in a District sponsored deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan provides for the deferral of a portion of the employees' compensation until retirement, termination, or certain other covered events. The funds are invested on behalf of the employees through an administrator in various instruments including mutual funds, money market funds, and others.

Prior to 1999, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts were (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the Plan), and subject to the claims of the District's general creditors.

Due to a change in Federal law concerning deferred compensation plans, the Board of Directors amended the Plan. In accordance with the new law, the District set up a trust to hold assets and earnings of the deferred compensation plan for the exclusive benefit of the participants.

Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* requires governments to report Section 457 plans in the financial statements if the assets are held by a government unit in a trustee capacity or as an agent for individuals. Currently, the District has minimal administrative involvement, does not perform the investing function for the plan and, therefore, is not considered to have fiduciary responsibility for the plan or hold the plan in a trustee capacity.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The system's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. The system receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the system 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.

General Information about the Pension Plans

As of and for the year ended June 30, 2018, the contribution recognized as part of pension expense was \$257,654 and the District reported a net pension liability for its proportionate share of the net pension liability of \$1,949,090.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of the measurement date of June 30, 2017 was .01465% a change of (0.00079%) from the prior year.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 293,870	\$ -
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	89,794	(96,652)
Changes in assumptions	129,304	-
Differences Between Expected and Actual Experience	-	(127,900)
Net Differences Between Projected and Actual Earnings on Plan Investments	12,655	-
Total	<u>\$ 525,623</u>	<u>\$ (224,552)</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

For the year ended June 30, 2018, \$293,870, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30.</u>	<u>Deferred Outflows (Inflows)</u>
2019	\$ (17,903)
2020	23,176
2021	5,985
2022	(16,319)
2023	8,438
Thereafter	3,824

Actuarial Assumptions

The pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	5.00%
Projected Salary Increase	4.25% - 9.15% (1)
Investment Rate of Return	7.50% (2)
Mortality	RP – 2000 Combined Healthy Mortality Table

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Plan as of June 30, 2017. The investment program is designed to generate a 7.50% long-term return while minimizing risk. The structure and administration of the portfolio is defined by the prudent person standard. The standard states that the Public Employees' Retirement Board may invest the system's funds in every type of investment which person of prudence, discretion, and intelligence acquire or retain for their own account under similar circumstances. The Board's investment philosophy centers on time tested investment principles such as maintaining consistent exposure to the capital markets, buying assets at lower prices, and selling them at higher prices through disciplined rebalancing, and keeping costs low by utilizing a significant amount of index management.

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability as of June 30, 2017.

Pension Plan Target Asset Allocation

The table below reflects the long-term expected real rate of return by asset class. The system's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the Plan.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return (a)</u>
Domestic Equity	42 %	5.50 %
International Equity	18	5.75 %
Domestic Fixed Income	30	0.25 %
Private Markets	10	6.80 %
Total	<u>100 %</u>	

(a) An expected inflation of 2.75% used for this period.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	As of <u>June 30, 2018</u>
1% Decrease	6.50 %
Net Pension Liability	\$ 2,946,419
Current Discount Rate	7.50 %
Net Pension Liability	\$ 1,949,090
1% Increase	8.50 %
Net Pension Liability	\$ 1,120,719

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued NVPERS financial reports.

NOTE 7 RISK MANAGEMENT

The District 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 maintains commercial insurance coverage covering each of those risks of loss.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018**

Net Pension Liability and Related Ratios

Last 10 fiscal years*

	Reporting Fiscal Year (Measurement Date)			
	6/30/2018 6/30/2017	6/30/2017 6/30/2016	6/30/2016 6/30/2015	6/30/2015 6/30/2014
Proportion of the Net Pension Liability	0.01465%	0.01386%	0.01494%	0.01492%
Proportionate Share of the Net Pension Liability	\$ 1,949,090	\$ 1,864,622	\$ 1,709,484	\$ 1,554,487
Covered Payroll	\$ 914,036	\$ 842,837	\$ 884,690	\$ 858,163
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	213.24 %	221.25 %	193.23 %	181.14 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.42 %	72.23 %	75.13 %	76.31 %

*Fiscal year 2018 was the 4th year of implementation. Additional years will be presented as they become available.

Schedule of Contributions

Last 10 fiscal years*

	Reporting Fiscal Year			
	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially Determined Contribution	\$ 293,870	\$ 257,654	\$ 234,957	\$ 230,547
Contributions Related to the Actuarially Determined Contribution	293,870	257,654	234,957	230,547
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 940,856	\$ 914,036	\$ 842,837	\$ 884,690
Contributions as a Percentage of Covered Payroll	31.23%	28.19%	27.88%	26.06%

*Fiscal year 2018 was the 4th year of implementation. Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF NET POSITION BY DIVISION
JUNE 30, 2018**

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Eliminations	Total
ASSETS							
Current Assets:							
Cash and Investments:							
Cash	\$ 3,098,108	\$ 1,048,922	\$ 3,550,289	\$ 819,890	\$ 266,800	\$ -	\$ 8,784,009
Imprest Cash	4,789	-	-	-	-	-	4,789
Negotiable Certificates of Deposit	-	576,969	2,155,648	-	-	-	2,732,617
Restricted Cash	2,259,702	940,170	496,614	-	-	-	3,696,486
Accounts Receivable:							
Trade Receivables, Net	236,716	26,847	-	-	-	-	263,563
Other	36,950	1,546	1,620	-	37,661	-	77,777
Due from Other Funds	2,637	4,363	-	-	-	(7,000)	-
Inventory	96,024	(6,222)	-	-	-	-	89,802
Prepaid Expenses	27,250	34,997	-	-	3,575	-	65,822
Total Current Assets	5,762,176	2,627,592	6,204,171	819,890	308,036	(7,000)	15,714,865
Capital Assets:							
Nondepreciable	8,590,210	438,542	-	797,778	135,450	-	9,961,980
Depreciable, Net	15,310,234	14,643,317	-	104,788	994,266	-	31,052,605
Total Capital Assets	23,900,444	15,081,859	-	902,566	1,129,716	-	41,014,585
Total Assets	29,662,620	17,709,451	6,204,171	1,722,456	1,437,752	(7,000)	56,729,450
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Pension	262,812	262,811	-	-	-	-	525,623
Total Assets and Deferred Outflows of Resources	\$ 29,925,432	\$ 17,972,262	\$ 6,204,171	\$ 1,722,456	\$ 1,437,752	\$ (7,000)	\$ 57,255,073
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 201,997	\$ 351,237	\$ 10,400	\$ 149	\$ 20,063	\$ -	\$ 583,846
Salaries and Benefits Payable	8,435	6,326	-	-	4,766	-	19,527
Unearned Revenue	-	1,200	-	-	-	-	1,200
Deposits from Others	166,525	-	-	5,925	4,210	-	176,660
Interest Payable	84,867	25,711	-	-	-	-	110,578
Due to Other Funds	-	-	7,000	-	-	(7,000)	-
Current Portion of Compensated Absences	39,639	39,639	-	-	-	-	79,278
Current Portion of Long-Term Debt	692,752	428,900	-	-	-	-	1,121,652
Total Current Liabilities	1,194,215	853,013	17,400	6,074	29,039	(7,000)	2,092,741
Noncurrent Liabilities:							
Compensated Absences, Net of Current Portion	40,097	40,097	-	-	-	-	80,194
Net Pension Liability	974,545	974,545	-	-	-	-	1,949,090
Long-Term Debt	5,911,701	3,635,424	-	-	-	-	9,547,125
Total Noncurrent Liabilities	6,926,343	4,650,066	-	-	-	-	11,576,409
Total Liabilities	8,120,558	5,503,079	17,400	6,074	29,039	(7,000)	13,669,150
DEFERRED INFLOWS OF RESOURCES							
Pension	112,276	112,276	-	-	-	-	224,552
NET POSITION							
Net Investment in Capital Assets	17,295,991	11,017,535	-	902,566	1,129,716	-	30,345,808
Unrestricted	4,396,607	1,339,372	6,186,771	813,816	278,997	-	13,015,563
Total Net Position	21,692,598	12,356,907	6,186,771	1,716,382	1,408,713	-	43,361,371
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,925,432	\$ 17,972,262	\$ 6,204,171	\$ 1,722,456	\$ 1,437,752	\$ (7,000)	\$ 57,255,073

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY DIVISION
YEAR ENDED JUNE 30, 2018

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Total
OPERATING REVENUES						
Customer Charges	\$ 3,162,200	\$ 2,478,065	\$ 133,283	\$ -	\$ 336,706	\$ 6,110,254
Service Charges	-	-	-	142,915	-	142,915
Washoe County Sewer Charge	-	163,331	-	-	-	163,331
Total Operating Revenues	<u>3,162,200</u>	<u>2,641,396</u>	<u>133,283</u>	<u>142,915</u>	<u>336,706</u>	<u>6,416,500</u>
OPERATING EXPENSES						
Purchased Water	1,146,884	-	-	-	-	1,146,884
Insurance	149,601	149,598	-	-	5,580	304,779
Salaries and Benefits	658,620	657,728	-	-	58,085	1,374,433
Materials, Supplies, and Repairs	51,568	28,554	35,652	4,518	14,747	135,039
Licenses and Fees	63,068	53,926	4,070	-	3,842	124,906
General and Administrative	72,390	60,951	-	16,268	13,118	162,727
Operating Expenses	7,142	815,088	-	24	67,900	890,154
Utilities	10,470	10,471	-	21,658	75,774	118,373
Depreciation and Amortization	651,388	686,670	-	12,480	95,841	1,446,379
Office Supplies	49,869	47,090	-	100	3,297	100,356
Telephone	8,030	8,027	-	-	-	16,057
Professional Services	41,618	40,619	-	1,500	3,500	87,237
Power for Pumping	40,844	-	-	-	-	40,844
Total Operating Expenses	<u>2,951,492</u>	<u>2,558,722</u>	<u>39,722</u>	<u>56,548</u>	<u>341,684</u>	<u>5,948,168</u>
OPERATING INCOME (EXPENSE)	<u>210,708</u>	<u>82,674</u>	<u>93,561</u>	<u>86,367</u>	<u>(4,978)</u>	<u>468,332</u>
NONOPERATING REVENUE (EXPENSE)						
Property Taxes	-	-	273,232	-	-	273,232
Combined Taxes	-	-	161,911	-	-	161,911
Interest Income	28,947	7,851	35,346	55	473	72,672
Interest Expense	(175,939)	(53,397)	-	-	-	(229,336)
Other Revenues	5,694	5,280	-	-	2,270	13,244
Total Nonoperating Revenues (Expenses)	<u>(141,298)</u>	<u>(40,266)</u>	<u>470,489</u>	<u>55</u>	<u>2,743</u>	<u>291,723</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>69,410</u>	<u>42,408</u>	<u>564,050</u>	<u>86,422</u>	<u>(2,235)</u>	<u>760,055</u>
Transfers In (Out)	<u>41,809</u>	<u>52,209</u>	<u>(114,916)</u>	<u>-</u>	<u>20,898</u>	<u>-</u>
CHANGE IN NET POSITION	<u>111,219</u>	<u>94,617</u>	<u>449,134</u>	<u>86,422</u>	<u>18,663</u>	<u>760,055</u>
Total Net Position - Beginning of Year	<u>21,581,379</u>	<u>12,262,290</u>	<u>5,737,637</u>	<u>1,629,960</u>	<u>1,390,050</u>	<u>42,601,316</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 21,692,598</u>	<u>\$ 12,356,907</u>	<u>\$ 6,186,771</u>	<u>\$ 1,716,382</u>	<u>\$ 1,408,713</u>	<u>\$ 43,361,371</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF CASH FLOWS BY DIVISION
YEAR ENDED JUNE 30, 2018**

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 3,144,059	\$ 2,678,015	\$ 132,372	\$ 142,915	\$ 325,656	\$ 6,423,017
Payments to Suppliers	(1,647,604)	(1,197,689)	(29,322)	(44,224)	(190,609)	(3,109,448)
Payments to Employees	(667,019)	(666,187)	-	-	(57,648)	(1,390,854)
Net Cash Provided (Used) for Operating Activities	829,436	814,139	103,050	98,691	77,399	1,922,715
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Tax Proceeds Not Attributable to Capital Purposes	-	-	435,143	-	-	435,143
Other Noncapital Receipts	5,694	5,280	-	-	2,270	13,244
Cash (Paid) Received from Other Funds	(7,105)	-	7,105	-	-	-
Net Cash Provided (Used) for Noncapital Financing Activities	(1,411)	5,280	442,248	-	2,270	448,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments of Principal on Long-Term Debt	(339,798)	(417,532)	-	-	-	(757,330)
Purchase of Capital Assets	-	(353,565)	(114,916)	-	-	(468,481)
Interest Paid	(91,072)	(56,733)	-	-	-	(147,805)
Net Cash Provided (Used) by Capital and Related Financing Activities	(430,870)	(827,830)	(114,916)	-	-	(1,373,616)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Income	28,947	7,851	35,346	55	473	72,672
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	426,102	(560)	465,728	98,746	80,142	1,070,158
Cash and Cash Equivalents - Beginning of Year	4,936,497	2,566,621	5,736,823	721,144	186,658	14,147,743
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,362,599</u>	<u>\$ 2,566,061</u>	<u>\$ 6,202,551</u>	<u>\$ 819,890</u>	<u>\$ 266,800</u>	<u>\$ 15,217,901</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION						
Cash and Cash Equivalents in Current Assets	\$ 3,102,897	\$ 1,625,891	\$ 5,705,937	\$ 819,890	\$ 266,800	\$ 11,521,415
Cash and Cash Equivalents in Restricted Assets	2,259,702	940,170	496,614	-	-	3,696,486
Total Cash and Cash Equivalents	<u>\$ 5,362,599</u>	<u>\$ 2,566,061</u>	<u>\$ 6,202,551</u>	<u>\$ 819,890</u>	<u>\$ 266,800</u>	<u>\$ 15,217,901</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 210,708	\$ 82,674	\$ 93,561	\$ 86,367	\$ (4,978)	\$ 468,332
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization	651,388	686,670	-	12,480	95,841	1,446,379
Changes in Assets and Liabilities:						
Accounts Receivable	29,743	38,165	-	-	-	67,908
Other Receivables	(36,950)	(1,546)	(911)	-	(10,976)	(50,383)
Inventory	(10,549)	3,686	-	-	-	(6,863)
Deferred Outflows	(28,914)	(28,913)	-	-	-	(57,827)
Prepaid Expenses	5,296	(1,628)	-	-	238	3,906
Accounts Payable	(867)	14,577	10,400	(156)	(3,089)	20,865
Deferred Inflows	(9,267)	(9,267)	-	-	-	(18,534)
Salaries and Benefits Payable	(248)	(309)	-	-	437	(120)
Compensated Absences	(12,204)	(12,204)	-	-	-	(24,408)
Deposits from Others	(10,934)	-	-	-	(74)	(11,008)
Net Pension Liability	42,234	42,234	-	-	-	84,468
Total Adjustments	618,728	731,465	9,489	12,324	82,377	1,454,383
Net Cash Provided (Used) by Operating Activities	<u>\$ 829,436</u>	<u>\$ 814,139</u>	<u>\$ 103,050</u>	<u>\$ 98,691</u>	<u>\$ 77,399</u>	<u>\$ 1,922,715</u>
NONCASH, INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Capital Asset Additions in Accounts Payable	\$ -	\$ 299,960	\$ -	\$ -	\$ -	\$ 299,960
Contribution of Capital Assets	<u>\$ 41,809</u>	<u>\$ 52,209</u>	<u>\$ (114,916)</u>	<u>\$ -</u>	<u>\$ 20,898</u>	<u>\$ -</u>

OTHER REPORTS

**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***

Board of Trustees
Sun Valley General Improvement District
Sun Valley, 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 basic financial statements of Sun Valley General Improvement District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2018. That report included a qualified opinion because the Sun Valley General Improvement District does not have a schedule that includes cost basis or estimated acquisition value of donated assets that supports the beginning balance of land included in capital assets, and there were no satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded land was free from material misstatements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sun Valley General Improvement District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sun Valley General Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sun Valley General Improvement 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness. (Finding 2018-001).

Compliance and Other Matters

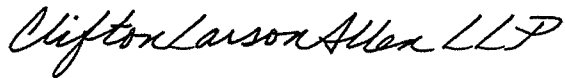
As part of obtaining reasonable assurance about whether Sun Valley General Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Sun Valley General Improvement District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Sun Valley General Improvement District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Roseville, California
September 25, 2018



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REVENUE BOND RESOLUTIONS

Board of Trustees
Sun Valley General Improvement District
Sun Valley, 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 basic financial statements of Sun Valley General Improvement District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2018. That report included a qualified opinion because the Sun Valley General Improvement District does not have a schedule that includes cost basis or estimated acquisition value of donated assets that supports the beginning balance of land included in capital assets, and there were no satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded land was free from material misstatements.

Independent Auditors' Report on Compliance with Revenue Bond Resolutions

In connection with our audit, nothing came to our attention that caused us to believe that Sun Valley General Improvement District failed to comply with the terms, covenants, and provisions of the bond resolutions on the Bonds outstanding of Sun Valley General Improvement District as of June 30, 2018, insofar as they relate to accounting matters. 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 Sun Valley General Improvement District's noncompliance with the above-referenced terms, covenants, provision, or conditions of the bond resolutions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Trustees and management of Sun Valley General Improvement District, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Roseville, California
September 25, 2018

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULES OF FINDINGS AND RESPONSES
JUNE 30, 2018**

FINDING 2018-001

Material Weakness in Internal Control over Financial Reporting—Capital Assets

Criteria:

Accounting principles generally accepted in the United States of America (GAAP) states that purchased capital assets should be reported at historical cost and donated assets should be recorded at their estimated acquisition value at the time received.

Condition:

Presently management does not have a record of land and water rights assets that includes the historical cost for purchases and estimated acquisition value at the time received for donations. This finding is carried forward from the prior year.

Context:

During our test work in FY 2018 we were unable to obtain sufficient support for the value of land, in the amount of \$9,781,324, recorded in the financial statements which resulted in a qualified opinion with respect to land and water rights.

Effect or Potential Effect:

Without proper documentation of land and water rights purchases and donations a material misstatement could occur in the financial statements. Additionally, without proper tracking and documentation the District could lose track of assets it owns.

Cause:

District management has not maintained a record of historical land and water rights capital asset values.

Recommendation:

Management should determine if there is a way to reasonably estimate the historical value of land and water rights as of the time the District gained ownership of the assets to substantiate the \$9,781,324 value recorded in the general ledger.

Views of Responsible Official(s) and Planned Corrective Actions:

Historical documents associated with past purchases on land (ex. the land the District Offices currently sits on) where either destroyed, disposed of, or not properly recorded. Efforts have been made to recover these documents from the Washoe County Assessor's office to no avail at this time. Only legal ownership has been obtained and not original purchase price. It is believed that some of these lands were in fact donated and no value to the donation was given or recorded.

Water rights assets had similar results as prior past practice did not properly record original cost or value and the District only has current market value of said assets.

All processes in recording of assets both land and water rights values were corrected in 2010 as the District hired a water rights consultant to research ownership of said water rights and provide all current documentation.

All land values since 2010 have been properly recorded in appropriate files with both water and land assets recorded in the District's assets list software.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2018**

FINDING 2017-001

Material Weakness in Internal Control over Financial Reporting—Capital Assets

Status:

Management has implemented policies and procedures to record land and water rights assets into their capital asset system when assets are purchased or donated. However, management has been unable to determine the historical costs and values to support the \$9,781,324 of land and water rights previously recorded in the general ledger. This part of the finding will be repeated in the current year.

Condition:

Presently management does not have a record of land and water rights assets that includes the historical cost for purchases and estimated acquisition value at the time received for donations.

Recommendation:

Management should develop policies and procedures to record land and water rights assets into their capital asset system when assets are purchased or donated.