



CITY OF SPARKS  
NEVADA

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2014



**CITY OF SPARKS, NEVADA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*YEAR ENDED JUNE 30, 2014*

**Prepared by: Financial Services Department**  
**Jeff Cronk, CPA, Financial Services Director**



**CITY OF SPARKS, NEVADA**  
**JUNE 30, 2014**

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November 26, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2014, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

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

Our auditors, Kafoury, Armstrong & Company, have also issued an unmodified ("clean") opinion that the financial statements enclosed within this CAFR, fairly and materially represent the financial position and results of operations of the City of Sparks. Their report is located on page one of the financial section of this report.

The CAFR is presented in four sections:

1. **Introductory Section** - the Introductory Section is unaudited and includes this letter of transmittal, the City's organizational chart, list of principal officials and the GFOA Certificate of Achievement for fiscal year 2012-2013.
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 4A, immediately following the Independent Auditor's Report.

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

## **Profile of the Government**

The City of Sparks, incorporated in 1905, with an estimated population of 92,467, is the fifth largest city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

Sparks operates under a mayor-council form of government. The Mayor serves as the executive branch of the government. The Mayor is elected at-large in the City and serves as the chairman of the City Council. Five elected City Council members are elected by district and serve as the legislative powers of the City. All legislative powers of the City as outlined in the municipal charter, Nevada Revised Statutes and State Constitution are vested in the Council.

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

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

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created February 23, 1978.

The state's first redevelopment district was set to expire after 30 years under existing statutory limits. However, subsequent Legislative actions allowed for the extension of the district's term for fifteen additional years, an action taken by the Sparks Redevelopment Agency on May 8, 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until February 23, 2023.

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

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

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

## **Local Economy**

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

Beginning in fiscal year 2006-2007, a significant softening in the local economy began, which we now know to be the beginning of what is commonly being referred to as the “Great Recession”. Residential construction which had displayed unprecedented growth during the preceding years, deteriorated dramatically, outpacing the national trend of a weakening real estate market. Also during fiscal year 2006-2007, the City of Sparks experienced a decline in consolidated tax revenue (over 80 percent of which is comprised of sales taxes), for the first year since the consolidated tax structure was initiated during fiscal year 1997-1998. The recession that began in fiscal year 2006-2007 has resulted in lower City revenues in every subsequent fiscal year, until the most current fiscal year 2013-2014. Looking forward to fiscal year 2014-2015, we anticipate the stabilization to continue and are expecting a slight increase for the second year since the recession.

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

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

In fiscal year 2014, the City of Sparks continued to have an operating property tax rate of \$.9161 per \$100 of assessed value, which has not changed since fiscal year 2003-2004. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall tax rate was within \$.0437 cents of the statutory cap of \$3.66. (This includes two cents that were added to the state tax rate for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.) Beginning July 2014, Council approved a tax increase which will bring the operating property tax rate to \$.9598 per \$100 of assessed value.

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

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

## **Relevant Financial Policies**

### Cash Management

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

The City, in effect, pools its cash for investment purposes and had monies invested primarily in certificates of deposit, money market instruments, agency securities and corporate notes. Due to the fiscal policies of the Federal Reserve to keep interest rates low for an extended period of time, investment earnings have remained low. For fiscal year 2013-2014, the average interest rate earned on investments maturing during the year was 0.64 percent.

### Risk Management

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

The Group Insurance Self-Insurance Fund provides all of the health benefits for City employees and dependents. Employee premiums are paid by the City via interfund charges through the payroll system. Dependent premiums are paid by the City and the Employee via interfund charges and payroll deductions. The City carries a specific stop loss policy for individual claims.

The City's Workers' Compensation Insurance Fund has excess insurance coverage for each occurrence. The City has experienced several disability retirements for public safety employees, all of which were presumed to be job-related under state law. Concerns over the rising liability caused by these provisions - which ignore life style choices such as smoking, obesity, high cholesterol or blood pressure - are heightened with each legislative session.

### Pension Information

Full-time employees of the City are covered by the State of Nevada Public Employees' Retirement Plan. The plan is administered by a seven member board appointed by the Governor, who has sole discretion over plan investments. The City is not responsible for the plan's unfunded obligations, if any.

## Postemployment Benefits Other Than Pensions (OPEB)

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

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Comprehensive Annual Financial Report for each year ended June 30, 1981 through 2013. Fiscal year 2012-2013 was the thirty-third consecutive year in which the City of Sparks has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to the program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City plans to submit an application to receive this distinguished award for the fiscal year 2013-2014 CAFR as well.

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

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

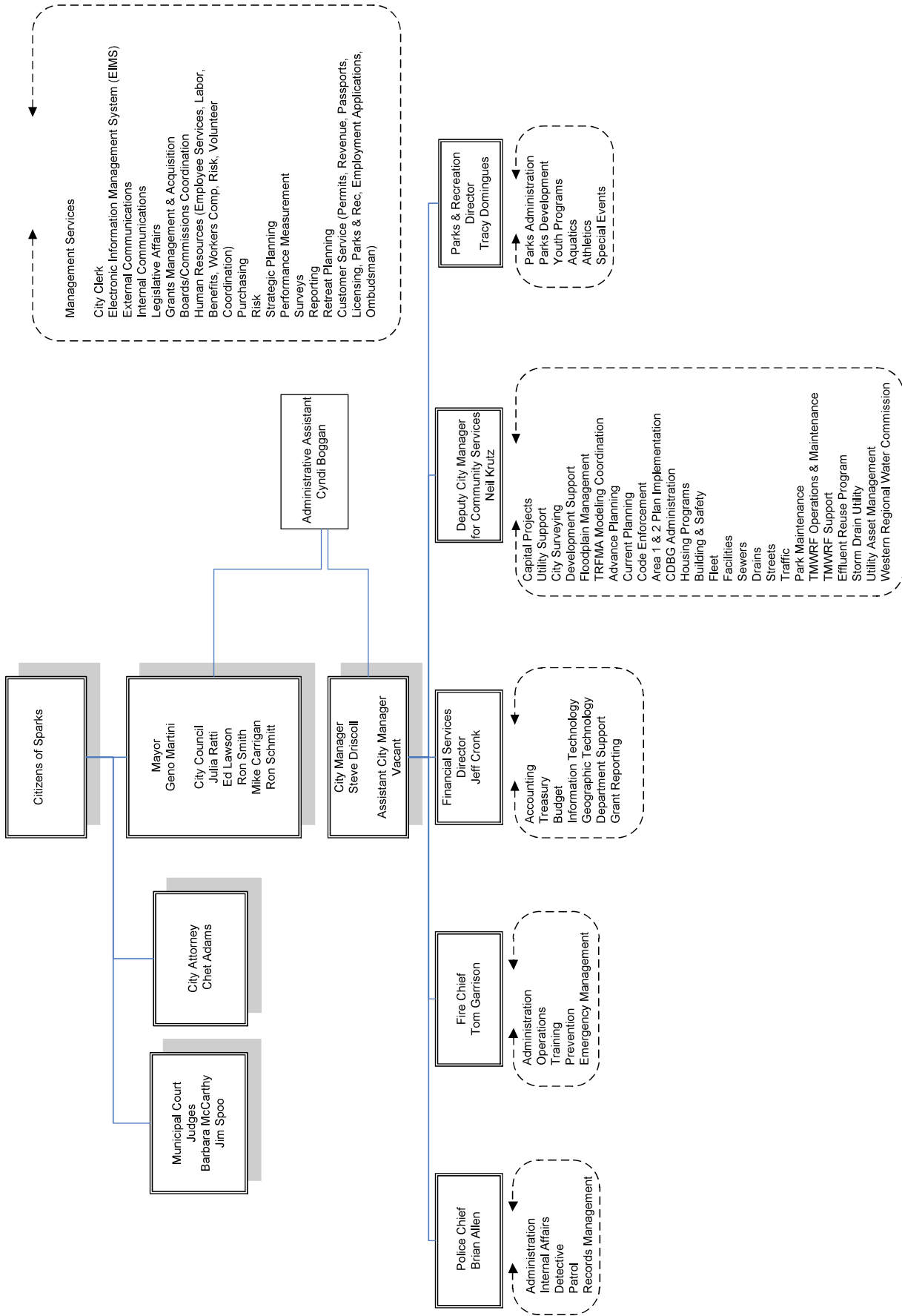
Finally, I would like to thank the City Council members, Mayor, and City Manager for exhibiting progressive and responsible leadership in the fiscal affairs of the City of Sparks.

Respectfully submitted,



Jeff Cronk, CPA  
Financial Services Director





**PRINCIPAL OFFICIALS  
OF THE CITY OF SPARKS, NEVADA  
JUNE 30, 2014**

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Geno R. Martini	Four Years	November, 2014
Council Member Ward 1	Julia Ratti	Four Years	November, 2016
Council Member Ward 2	Ed Lawson	Four Years	November, 2014
Council Member Ward 3	Ron Smith	Four Years	November, 2016
Council Member Ward 4	Mike Carrigan	Four Years	November, 2014
Council Member Ward 5	Ron Schmitt	Four Years	November, 2016
City Attorney	Chet Adams	Four Years	November, 2016
Municipal Judge, District 1	Barbara McCarthy	Six Years	November, 2014
Municipal Judge, District 2	Jim Spoo	Six Years	November, 2018
City Manager	Stephen W. Driscoll	Appointed	
Assistant City Manager	(Vacant)	Appointed	
City Clerk	Teresa Gardner	Appointed	
Deputy City Manager for Community Services Director	Neil Krutz	Appointed	
Financial Services Director	Jeff Cronk	Appointed	
Parks and Recreation Director	Tracy Domingues	Appointed	
Police Chief	Brian Allen	Appointed	
Fire Chief	Tom Garrison	Appointed	

**INDEPENDENT AUDITORS**

Kafoury, Armstrong & Co.



Government Finance Officers Association

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

Presented to

**City of Sparks  
Nevada**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada, as of June 30, 2014, 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4A through 4O, and the Schedule of Funding Progress on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sparks, Nevada's basic financial statements. The Introductory Section, nonmajor combining and individual fund statements and schedules including budgetary comparisons, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Prior Year Comparative Information*

We have previously audited the City of Sparks, Nevada's 2013 basic financial statements (not presented herein), and we expressed unmodified audit 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, 2013. In our opinion, the summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund statements and schedules related to the 2013 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 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 nonmajor combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sparks, Nevada's internal control over financial reporting and compliance.



Reno, Nevada  
November 26, 2014

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## **City of Sparks, Nevada Management's Discussion and Analysis**

The management of the City of Sparks offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the entity for the fiscal year ended June 30, 2014. 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 of the City of Sparks (government-wide) exceeded its liabilities at June 30, 2014 by \$448,792,525 (net position), an increase of 12.5 percent from the prior year. The net position is primarily represented by the City's net investment in capital assets.
- Sparks' governmental funds reported combined ending fund balances of \$51,122,584 as of June 30, 2014 which is an increase of \$5,646,429 from fiscal year 2012-2013 ending fund balance total of \$45,476,155. The increase was primarily due to the receipt of revenues restricted for debt service related to a special assessment.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2014 the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$4,864,271, which represents approximately 8.9 percent of General Fund revenues. Of that amount, \$335,797 is assigned for open purchase orders and \$766,088 is assigned as a budgeted resource to be expended in fiscal year 2014-2015, leaving \$3,762,386 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 69.4 percent of total General Fund revenues, and have increased by 3.4 percent from last year's results. Consolidated tax revenues increased 6.0 percent, and property taxes increased by 0.9 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$70,151,256 can cover current liabilities 1.4 times on a government-wide basis.
- Governmental activity expenses were \$93,480,157 as compared to \$92,049,326 for the year ended June 30, 2013. The increase of \$1,430,831 is primarily driven by increases in the public safety function and is primarily related to an increase in salaries and benefits due to a reinstatement of wages and benefits previously conceded by the public safety employee bargaining groups. Business-type activities posted overall expenses of \$25,778,017 as compared with \$26,402,771 in the prior year. The decrease is primarily related to a decrease in operational costs at the Truckee Meadows Water Reclamation Facility, a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks funds from the Sewer Operations Enterprise Fund. More information about the

Truckee Meadows Water Reclamation Facility can be found in the Note 6 of the Financial Statements.

- The City's long-term debt outstanding decreased by \$5,901,141 in fiscal year 2013-2014. The decrease was primarily attributable to regular debt service payments. No additional debt was issued by the City or Redevelopment Agency during fiscal year 2013-2014. In May 2014, the City issued \$7,330,000 of Consolidated Tax Revenue Refunding Bonds to extinguish existing debt principal and to pay the closing costs of the 2014 bonds.

## **Overview: Understanding the Financial Statements**

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

### **Government-Wide Financial Statements**

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

The Statement of Net Position presents all of Sparks' assets and liabilities. The difference between these two values is reported as "net position", which over time can provide an indication of improvement or decline in the City's financial position.

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

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

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

## **Fund Financial Statements**

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

### ***Governmental Funds***

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

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

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

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

### ***Proprietary Funds***

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

Internal service funds are commonly used as an accounting structure to accumulate and allocate costs of services provided internally between and amongst various City of Sparks' funds and functions. The City uses such funds to account for its self-insurance activities and its central motor vehicle services. Since these services predominantly benefit governmental rather than

business-type functions (although there is an element in these funds that provides services to enterprise/business-type activities) their financial data have been included in the governmental activities section of the government-wide financial statements. Financial information for the internal service funds is provided in the aggregate in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and individual 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 that equals the sum of assets less liabilities. As noted previously, the City's net position increased by 12.5 percent during fiscal year 2013-2014. The largest component of this increase was related to changes in net investment in capital assets, which increased by \$63,456,182, mostly due to donated roads reported in construction in progress related to the new Veterans Memorial Bridge which is part of the SouthEast Connector RTC project.

**CITY OF SPARKS' STATEMENT OF NET POSITION**

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other	\$ 88,041,769	\$ 94,855,417	\$ 75,384,333	\$ 76,376,532	\$ 163,426,102	\$ 171,231,949
Capital assets	395,458,256	347,168,473	162,652,656	158,585,219	558,110,912	505,753,692
Total assets	<u>483,500,025</u>	<u>442,023,890</u>	<u>238,036,989</u>	<u>234,961,751</u>	<u>721,537,014</u>	<u>676,985,641</u>
Long-term liabilities						
outstanding	181,123,346	191,540,126	40,877,704	45,055,406	222,001,050	236,595,532
Other liabilities	40,646,991	32,882,880	10,096,448	8,577,482	50,743,439	41,460,362
Total liabilities	<u>221,770,337</u>	<u>224,423,006</u>	<u>50,974,152</u>	<u>53,632,888</u>	<u>272,744,489</u>	<u>278,055,894</u>
Net position:						
Net investment in						
capital assets	333,680,025	276,456,276	124,836,498	118,604,065	458,516,523	395,060,341
Restricted	41,194,330	42,903,334	-	-	41,194,330	42,903,334
Unrestricted	<u>(113,144,667)</u>	<u>(101,758,726)</u>	62,226,339	62,724,798	<u>(50,918,328)</u>	<u>(39,033,928)</u>
Total net position	<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>

The largest portion of the City of Sparks' net position reflects its investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$458,516,523, 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 \$41,194,330, is restricted to specific uses. For example, a restricted revenue source was created as of July 1, 2003 when the City Council implemented a 2.5 percent increase in transient occupancy taxes collected in Sparks, and in 2007-2008, a new Victorian Square Room Tax Capital Projects Fund was established to account for the activities related to this revenue source. The proceeds of the tax are restricted to uses which benefit the City's downtown core. The decrease in restricted net position of \$1,709,004 is largely due to the reclassification of net position from restricted to unrestricted due to a negative net position in the Worker's Compensation Insurance Fund.

Unrestricted net position is the amount of funds available to meet the City's on-going obligations. The negative unrestricted net position value of \$50,918,328 in fiscal year 2013-2014 is comprised primarily of a deficit of \$113,144,667 related to governmental activities. This is primarily the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued for the Legends project can be found in Note 9 of the financial statements.

**CITY OF SPARKS CHANGES IN NET POSITION**

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Program revenues:</b>						
Charges for services	\$ 21,493,021	\$ 20,396,122	\$ 23,526,894	\$ 23,232,855	\$ 45,019,915	\$ 43,628,977
Operating grants, interest and contributions	1,867,496	2,184,401	-	-	1,867,496	2,184,401
Capital grants, interest and contributions	56,827,683	37,135,600	7,746,694	2,246,382	64,574,377	39,381,982
	<u>80,188,200</u>	<u>59,716,123</u>	<u>31,273,588</u>	<u>25,479,237</u>	<u>111,461,788</u>	<u>85,195,360</u>
<b>General revenues:</b>						
Ad valorem taxes	23,423,624	23,200,778			23,423,624	23,200,778
Special Assessments - taxes	1,188,135	1,830,467			1,188,135	1,830,467
Intergovernmental - consolidated tax	19,356,294	18,252,243			19,356,294	18,252,243
Dedicated sales tax - improvement districts	9,621,913	9,226,882			9,621,913	9,226,882
Other taxes	4,660,869	4,344,907			4,660,869	4,344,907
Unrestricted investment income	378,347	3,638	454,632	19,311	832,979	22,949
Gain (Loss) from sale of capital assets	50,618	-	-	-	50,618	-
Miscellaneous revenue	727,831	776,389	126,653	191,187	854,484	967,576
	<u>59,407,631</u>	<u>57,635,304</u>	<u>581,285</u>	<u>210,498</u>	<u>59,988,916</u>	<u>57,845,802</u>
<b>Total revenues</b>	<u>139,595,831</u>	<u>117,351,427</u>	<u>31,854,873</u>	<u>25,689,735</u>	<u>171,450,704</u>	<u>143,041,162</u>
<b>Expenses:</b>						
General Government	10,756,417	10,863,112			10,756,417	10,863,112
Judicial	2,213,707	2,225,488			2,213,707	2,225,488
<b>Public safety:</b>						
Police	25,537,534	24,348,564			25,537,534	24,348,564
Fire	17,456,291	16,185,902			17,456,291	16,185,902
Public Works	1,479,580	245,421			1,479,580	245,421
Public Works	13,107,396	13,780,817			13,107,396	13,780,817
Culture and recreation	10,230,616	9,672,978			10,230,616	9,672,978
Community support	1,949,757	1,568,970			1,949,757	1,568,970
Interest on long-term debt	10,748,859	13,158,074			10,748,859	13,158,074
Sewer			24,153,084	24,622,329	24,153,084	24,622,329
Development services			1,624,933	1,780,442	1,624,933	1,780,442
<b>Total expenses</b>	<u>93,480,157</u>	<u>92,049,326</u>	<u>25,778,017</u>	<u>26,402,771</u>	<u>119,258,174</u>	<u>118,452,097</u>
<b>Change in net position</b>						
before transfers & special items	46,115,674	25,302,101	6,076,856	(713,036)	52,192,530	24,589,065
Transfers	342,882	465,412	(342,882)	(465,412)	-	-
<b>Change in net position</b>	<u>46,458,556</u>	<u>25,767,513</u>	<u>5,733,974</u>	<u>(1,178,448)</u>	<u>52,192,530</u>	<u>24,589,065</u>
Net position, July 1, as originally reported	217,600,884	191,833,371	181,328,863	182,507,311	398,929,747	374,340,682
Prior Period Adjustment	(2,329,752)		-	-	(2,329,752)	-
Net position, July 1, as restated	<u>215,271,132</u>	<u>191,833,371</u>	<u>181,328,863</u>	<u>182,507,311</u>	<u>396,599,995</u>	<u>374,340,682</u>
Net position, June 30	<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>

**Governmental Activities**

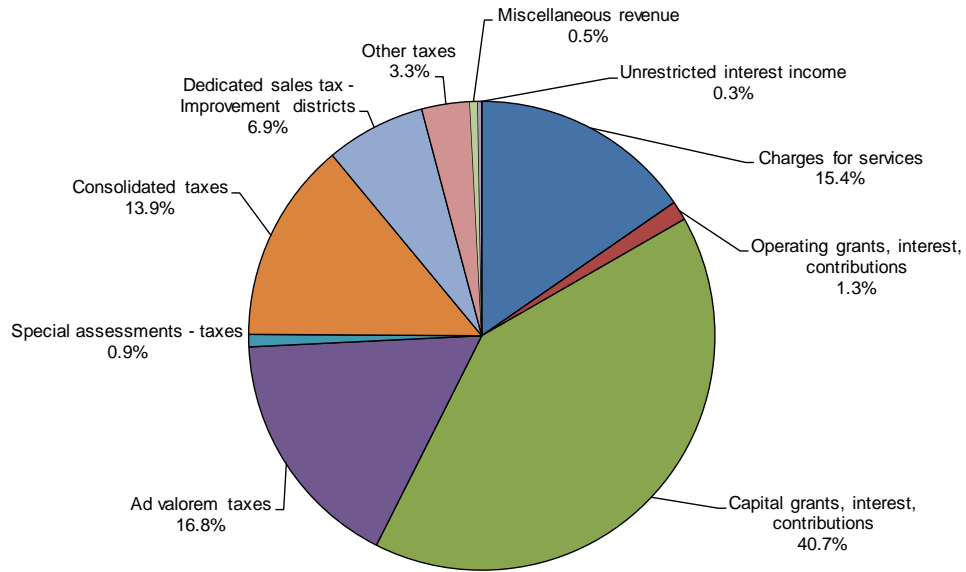
Governmental activities in fiscal year 2013-2014 increased the City's net position by \$46,458,556. Of the more significant results for governmental activities that contributed to this increase the following was observed:

- Construction on the SouthEast Connector, a Regional Transportation Commission (RTC) project, within the City, is the primary reason for the increased capital grants, interest and contribution revenue in the amount of \$19,692,083. RTC constructs the roads and bridges and the City maintains them once complete. Therefore the construction in progress is considered a contribution from the RTC to the City;
- Special ad valorem assessment interest and penalty revenues collected from within the area known as the Local Improvement District 3 were \$1,188,135, a decline of \$642,332 from the prior year. A receivable for principal amount outstanding remains in the amount of \$15,836,530. The receivable is reflected in the fund statements;

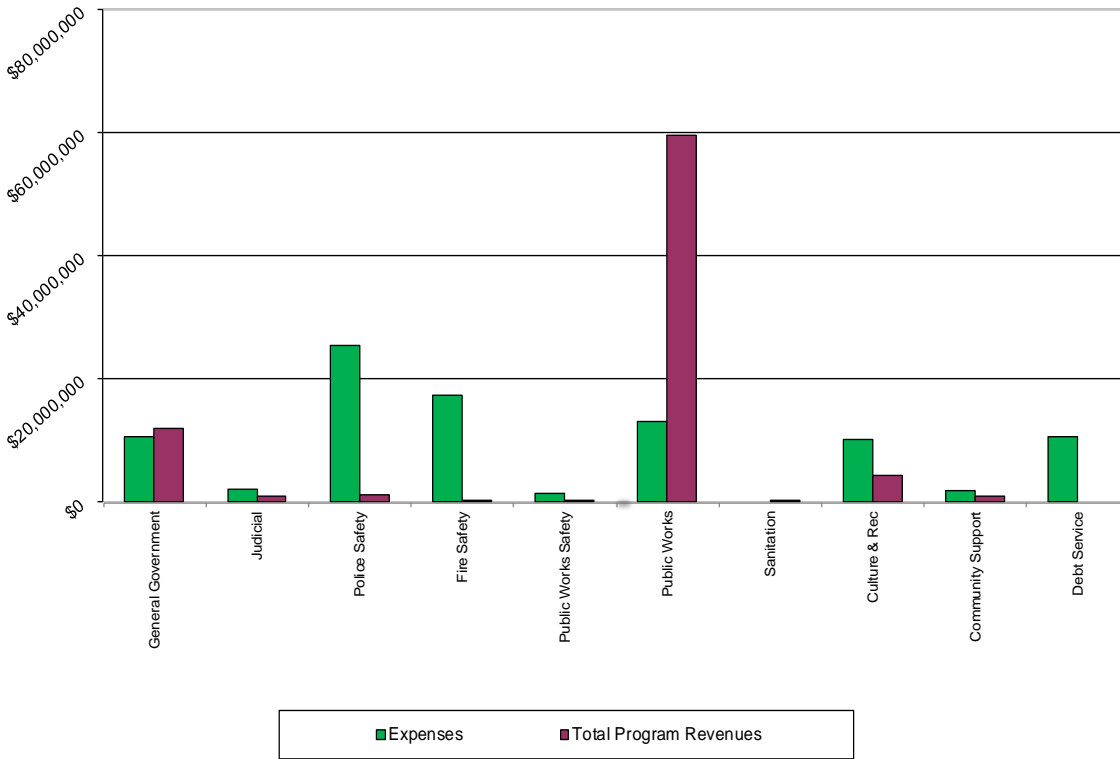
- Consolidated taxes (consisting primarily of sales taxes) increased by 6.0 percent or \$1,104,051 from fiscal year 2012-2013. This increase may indicate a small level of stabilization in the economy; however consolidated tax revenues are still 24.7 percent below the peak levels achieved in fiscal year 2005-2006. Sales taxes comprise over 80 percent of the consolidated tax, and the still-repressed revenues are representative of the continuing effects of the recession in the local economy during fiscal year 2013-2014;
- Ad valorem tax revenues increased by 1.0 percent, or \$222,846, from fiscal year 2012-2013. Since the housing decline, the City's assessed values have decreased by 31.6 percent. Two bills passed during the 2005 Legislative Session – AB 489 and SB 509 – collectively known as the “property tax relief measure”, have significantly limited future property tax receipts, by placing caps on property tax bills of 3 percent for residential properties and up to 8 percent for certain commercial properties. As a result, the increases in assessed values that the City is starting to see will not result in comparable increases in revenues;
- Total expenses increased 1.6 percent, or \$1,430,831, which was primarily due to increased costs in salaries and benefits due to the cessation of negotiated employee concessions.

A decrease in beginning net position of as of July 1, 2013 in the amount of \$2,329,752 was necessary due to the implementation of GASB Statement 65. The change in accounting principle required that the City no longer defer amortized bond issuance costs that were not related to the prepaid bond insurance costs. This change impacts only the government wide statements.

### Revenues by Source Governmental Activities



### Expenses and Program Revenues Governmental Activities



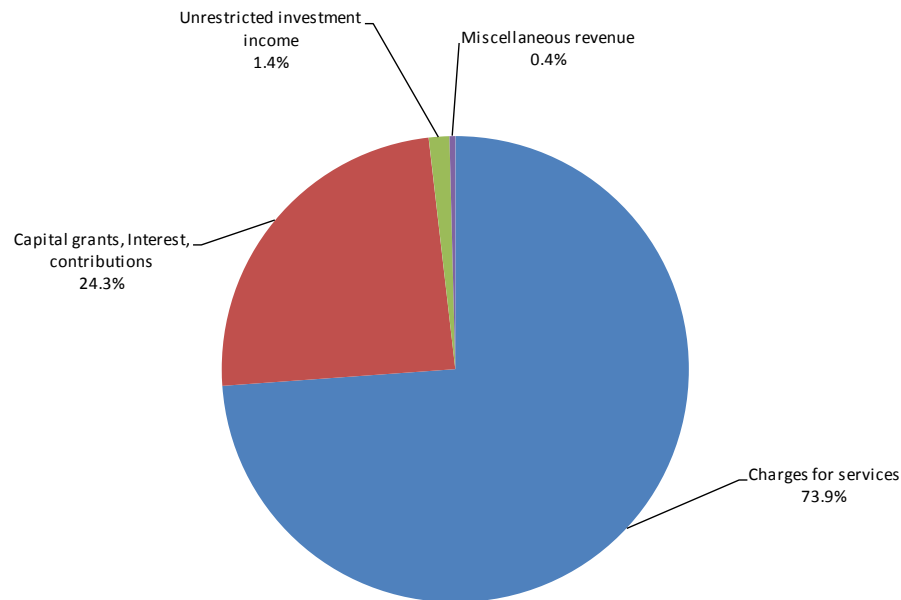


## Business-type Activities

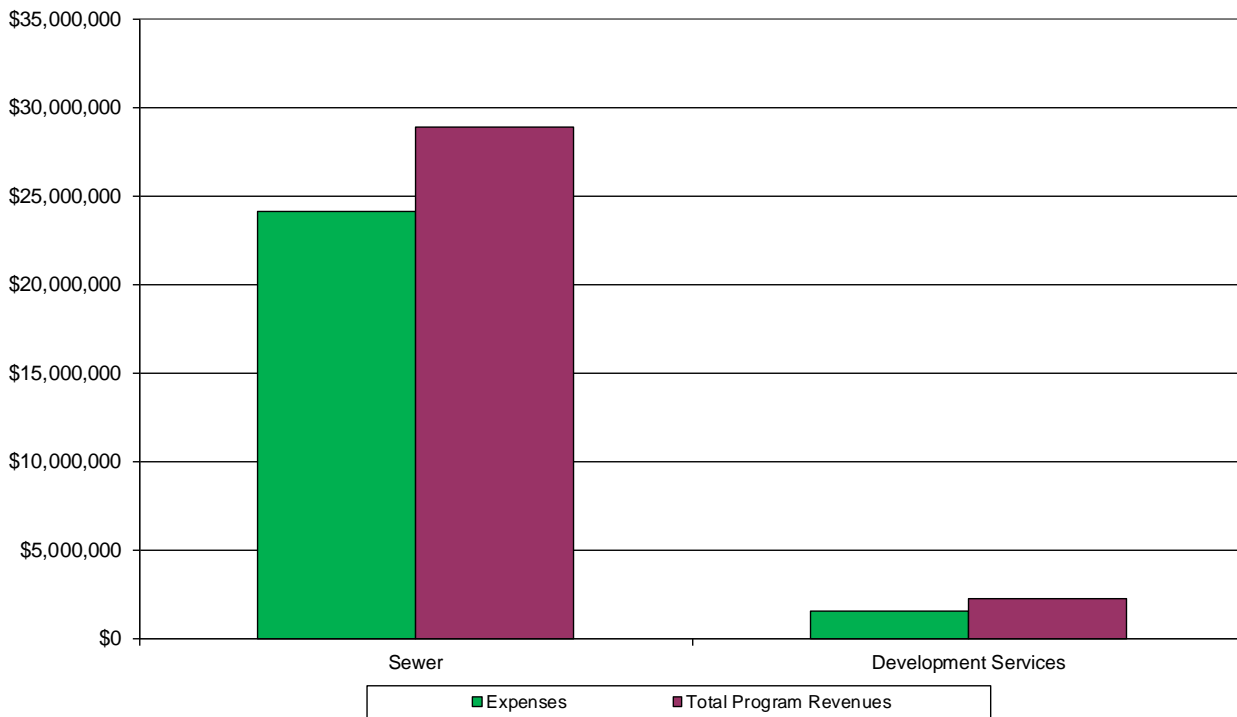
Business-type activities increased the City's net position by \$5,733,974 for fiscal year 2013-2014. Significant results include:

- Total program revenues increased by 22.7 percent, or \$5,794,351, which was driven primarily by an increase related to capital grants, interest and contributions;
- Total general revenues increased by 176.1 percent, or \$370,787, which was primarily driven by an increase of unrestricted investment income. Interest revenues still remain low primarily due to the Federal Reserve's fiscal policies to keep interest rates low for an extended period of time;
- Total expenses decreased by 2.4 percent, or \$624,754 primarily related to a decrease in operational costs at the Truckee Meadows Water Reclamation Facility, a jointly owned venture of the Cities of Reno and Sparks which the City of Sparks funds from the Sewer Operations Enterprise Fund.

**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, 2014, Sparks’ governmental funds reported combined ending fund balances of \$51,122,584 which is an increase of \$5,646,429 from fiscal year 2012-2013 ending fund balance of \$45,476,155. The increase was primarily due to the receipt of revenues restricted for debt service related to a special assessment. Payment from those proceeds is scheduled to be made in the next fiscal year.
- The combined ending fund balance of \$51,122,584 is comprised of: \$41,650,718 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$9,471,866 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 18.5 percent of ending fund balances, or \$9,471,866, is unrestricted. Of the unrestricted balance, \$1,163,684 has been committed by Council action and \$4,545,796 has been assigned by the Financial Services Director, a designee of the Council. The remaining \$3,762,386 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, 2014, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$4,864,271, or 16.2 percent lower than the prior year's unrestricted balance of \$5,807,762, and is indicative of a use of fund balance for operations. Extensive effort had been made to ensure the City's expenditures do not exceed revenues to the point that will cause the unrestricted ending fund balance to fall below 8.3 percent of departmental expenditures. For fiscal year 2013-2014, the unrestricted ending balance represents 9.3% of expenditures. For fiscal year 2013-2014, the unrestricted ending balance represents 8.9 percent of General Fund revenues, down from 11.2 percent for the prior fiscal year.

Although the City's General Fund unrestricted fund balance was \$4,864,271 at June 30, 2014, it should be noted that \$1,101,885 is considered assigned for specific purposes, including \$335,797 for open purchase orders and \$766,088 as budgeted resources to be expended in fiscal year 2014-2015. This leaves \$3,762,386 as an unassigned ending fund balance.

The primary impacts upon the General Fund include a \$2,652,125 (5.1 percent) increase in revenues and transfers in and a \$2,911,094 (5.5 percent) increase in expenditures and transfers out. The two largest areas of revenue changes were; intergovernmental revenues increased \$1,174,805 (5.7 percent) most of which is related to increased Consolidated Sales Tax revenue collected by the state, and license and permits increased \$571,882 (5.9 percent) mostly related to increased business license revenues. Higher expenditures and transfers out were primarily related to an increase in salaries and benefits related to the cessation of employee concessions 1,637,333 (4.1 percent) and an increase in the subsidy provided to the Redevelopment Agency of 611,580 (244.6 percent). The result is that the ending fund balance within the General Fund decreased by \$943,491, or 16.2 percent, from the prior year.

## **General Obligation Debt Service Fund**

The existing debt in this fund is either backed by sales tax revenues (STAR bonds), local improvement district assessments, consolidated tax revenues, or a payment agreement with the Redevelopment Agency of the City of Sparks. Total fund balance within the General Obligation Debt Service Fund was \$22,081,753 compared to \$16,315,034 for the prior year, an increase of 35.3 percent. Of the increase, \$5,946,432 was related to special assessment revenues received in June and paid out in September of the following year. All revenue collected within this fund is pledged for debt service.

### ***Proprietary Funds***

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

The net position of the Sewer Operations Enterprise Fund was \$187,853,977 as of June 30, 2014, an increase of \$6,135,672 or 3.4 percent, over the prior year's balance of \$181,718,305, primarily due to contributions from Truckee River Flood Management Authority related to the North Truckee Drain Realignment project. Net position of the Development Services Enterprise Fund increased to \$1,555,529 from \$1,118,949 in the prior year, reflecting an improvement in the local economy and a reduction in staffing. Revenues from plan checking increased \$108,802, or 12.9 percent while salaries decreased by \$194,814, or 21.0 percent.

### **General Fund Budgetary Highlights**

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations decreased by \$10,020, approximately 0.02 percent below the original budget. Although shifting between functions occurred, the original budget remained essentially the same as the final.

Actual revenues were \$2,082,758 more than budgeted, primarily due to an increase in consolidated tax receipts.

Actual expenditures were 0.1 percent above both the original budget and the final amended budget, which was due to salary and benefit increases related to the cessation of negotiated employee concessions.

The following functions are highlighted:

- General government achieved \$769,802 or 7.5 percent in budgetary savings primarily from a services and supply underspend within the Management Services department;
- Judicial function achieved \$111,536 or 5.7 percent in budgetary savings primarily from salary and benefit savings driven by unfilled positions;
- Public safety budget was overspent by \$1,133,545 or 3.2 percent, primarily due to overtime and the cessation of negotiated employee concessions;
- Budgetary savings within the Public Works function totaled \$191,826 or 13.2 percent which was primarily due to a reduction in professional services, and in maintenance and repairs.

## Capital Assets and Debt Administration

### Capital Assets

The City of Sparks' investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounted to \$558,110,912 compared to \$505,753,692 (both are net of depreciation) for the prior year. Capital assets include tangible items such as land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, storm drains and sewer lines. Additionally, the City has intangible assets in the form of right of way easements, water rights, and software development. The total increase from fiscal year 2013-2014 operations for governmental activities was \$48,289,783 (from \$347,168,473 to \$395,458,256), while business-type activities increased by \$4,067,437 (from \$158,585,219 to \$162,652,656).

Significant capital asset activities that occurred during fiscal year 2013-2014 included:

- Assets classified as Construction in progress increased by \$65,188,415 during fiscal year 2013-2014, the primary result of which was due to contributed assets related to the SouthEast Connector, a Regional Transportation Commission (RTC) project, within the City.

#### CITY OF SPARKS' CAPITAL ASSETS Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 30,582,864	\$ 30,582,864	\$ -	\$ -	\$ 30,582,864	\$ 30,582,864
Intangibles	3,654,411	3,219,154	2,648	2,648	3,657,059	3,221,802
Buildings	18,152,080	19,096,001	742,873	774,562	18,894,953	19,870,563
Improvements other than Buildings	43,612,085	47,112,393	1,040,699	1,116,785	44,652,784	48,229,178
Equipment, Furnishings & Vehicles	8,549,106	8,331,695	68,718	81,614	8,617,824	8,413,309
Infrastructure	199,110,015	203,926,012	143,089,788	147,192,754	342,199,803	351,118,766
Construction in progress	91,732,730	34,835,389	10,681,428	2,390,354	102,414,158	37,225,743
Water Rights	64,965	64,965	7,026,502	7,026,502	7,091,467	7,091,467
<b>Total</b>	<b>\$ 395,458,256</b>	<b>\$ 347,168,473</b>	<b>\$ 162,652,656</b>	<b>\$ 158,585,219</b>	<b>\$ 558,110,912</b>	<b>\$ 505,753,692</b>

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, 2014, the City of Sparks had a total of \$249,546,714 of long-term debt outstanding. Of this amount, Governmental activities accounted for \$204,514,712 and include; general obligation debt of \$2,975,000; revenue bonds of \$117,730,620; tax allocation bonds of \$55,592,348; capital lease obligations of \$744,875; credits payable to developers of \$254,645;

accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$27,217,224. Business-type activities account for the remaining \$45,032,002 in total long-term debt outstanding. Of that amount, \$43,663,450 is made up of Sewer Utility general obligation bonds totaling \$35,923,567 and a \$7,739,883 note payable to the City of Reno representing the City of Sparks' share of the costs related to expansion at the Truckee Meadows Water Reclamation Facility. Other Business-type long-term debt outstanding includes a total of \$1,368,552 for compensated absences, and sick leave conversion. The City of Sparks' long-term debt outstanding, including debt of the Redevelopment Agency, decreased by \$5,901,141, or 2.3 percent during the fiscal year ended June 30, 2014.

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 7.3 percent in June, 2014 compared to 9.8 percent in June, 2013;
- Since the national recession officially ended in 2009, the median home values within Washoe County have seen a significant rise. After peaking at approximately \$350,000 prior to the recession, the median home value plummeted to about \$150,000 during the recession. While still significantly below the peak values seen prior to the recession, home values have rebounded significantly to about \$235,000, which reflects an increase of about 13 percent during the past year;
- Improved employment within the region has been a direct influence on the steady improvement of taxable sales. Although still down 12.4% from the peak of \$7.2 billion in fiscal year 2005-2006, taxable sales within Washoe County continue to show strong improvement since the official end of the recession. Specifically, the amount of taxable sales within Washoe County was \$5.2 billion during fiscal year 2009-2010 during the nadir of the recession; however, since then, taxable sales within Washoe County have increased to \$6.4 billion in fiscal year 2013-2014, an increase of 23.1% during the past four fiscal years. Achieving pre-recessionary levels of taxable sales is likely to be several years away, but is expected to continue the trend of improving as regional employment continues to also improve;
- As mentioned previously, the City's Ad Valorem tax revenues increased by 1.0 percent in fiscal year 2013-2014. This was due to an increase of 0.1 percent in the assessed valuation between fiscal year 2013-2014 and fiscal year 2012-2013. As the residential housing market continues to strengthen, we anticipate ad valorem revenues to increase over the next several years. However, this increase in revenue will not necessarily match the more rapid growth in assessed valuation due to the limits on revenue growth resulting from the property tax caps put in place during the 2005 Legislative session;
- The City of Sparks' estimated population increased slightly during fiscal year 2013-2014 (1.0 percent). The high unemployment rate that caused people to relocate to areas with

better employment opportunity has been steadily improving. Sparks had an annual population growth that averaged 3.4 from fiscal year 2002 to 2008, and the Nevada State Demographer's office is projecting a population increase for fiscal year 2014-2015. Looking forward, the recent announcement of several major companies moving their operations to the Tahoe Regional Industrial Center located east of Sparks on Interstate 80 is expected to attract thousands of new residents to the City of Sparks over the next decade or so;

- Building permits issued in fiscal year 2013-2014 totaled 2,579 representing an increase of 7.8 percent from 2,393 permits issued during fiscal year 2012-2013. For the first year since the recession, development activity in the area is increasing and is expected to continue increasing in 2014-2015. However, the impact of 5 steep years of declines (2007-2011) has not been overcome. Permits issued in 2013-2014 are 57.5 percent less than the number issued at the peak of the housing boom during fiscal year 2005-2006 in which 6,067 total permits were issued;
- City personnel costs increased due to the cessation of negotiated employee concessions implemented during the recession;
- City sewer service, storm drain, and flood mitigation rates remain the same since January 1, 2012 as recommended in the January 2008 rate study. Sewer service and storm drain rates are \$72.50, and the flood mitigation fee is \$16.23, per calendar quarter. Increases in rates approved by Council in January of 2014 become effective at the start of the next fiscal year, 2014-2015. In addition, sewer connection fees, which include sewer, storm drain and flood mitigation components increased from \$5,300 to \$5,448 per residence as of January 1, 2014.

All of these factors and others were considered in preparing the City's budget for the upcoming 2014-2015 fiscal year.

### **Requests for Information**

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

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**CITY OF SPARKS, NEVADA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>2013</u>
<b>ASSETS</b>				
Cash and investments	\$ 37,691,596	\$ 32,459,660	\$ 70,151,256	\$ 79,273,839
Accounts receivable	19,640,294	2,670,797	22,311,091	28,893,725
Internal balances	2,346,669	(2,346,669)	-	-
Due from other governments	7,503,725	2,953,598	10,457,323	8,085,233
Inventories	238,263	-	238,263	240,810
Deposits	16,081	-	16,081	16,673
Deferred charges	-	-	-	2,329,752
Notes receivable	-	6,966,603	6,966,603	7,465,036
Restricted assets:				
Cash and investments	20,605,141	-	20,605,141	14,639,588
Investment in the Truckee Meadows Water Reclamation Facility	-	32,680,344	32,680,344	30,287,293
Capital assets:				
Land, construction in progress, intangible assets, and water rights	125,609,924	17,710,578	143,320,502	77,655,910
Other capital assets, net of depreciation	269,848,332	144,942,078	414,790,410	428,097,782
<b>TOTAL ASSETS</b>	<u>483,500,025</u>	<u>238,036,989</u>	<u>721,537,014</u>	<u>676,985,641</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	2,572,139	419,535	2,991,674	2,259,980
Accrued interest payable	5,709,152	630,893	6,340,045	8,106,640
Contracts and retentions payable	506,047	1,892,591	2,398,638	1,875,983
Deposits	33,026	107,184	140,210	97,943
Due to other governments	1,680,218	2,127,024	3,807,242	3,706,675
Unearned revenue	680,514	158,747	839,261	542,384
Noncurrent liabilities:				
Due within one year	29,465,895	4,760,474	34,226,369	24,870,757
Due in more than one year	175,048,817	40,271,528	215,320,345	230,577,098
Net OPEB obligation	6,074,529	606,176	6,680,705	6,018,434
<b>TOTAL LIABILITIES</b>	<u>221,770,337</u>	<u>50,974,152</u>	<u>272,744,489</u>	<u>278,055,894</u>
<b>NET POSITION</b>				
Net investment in capital assets	333,680,025	124,836,498	458,516,523	395,060,341
Restricted for:				
Court improvements	989,700	-	989,700	761,879
Road and street projects	4,881,263	-	4,881,263	5,748,960
Grants	1,486,752	-	1,486,752	1,268,448
Claims	2,426,824	-	2,426,824	4,134,388
Debt service	22,921,066	-	22,921,066	22,373,617
Capital projects	8,014,533	-	8,014,533	7,955,365
Promotion of special events	153,010	-	153,010	286,676
Public safety	321,182	-	321,182	374,001
Unrestricted	(113,144,667)	62,226,339	(50,918,328)	(39,033,928)
<b>TOTAL NET POSITION</b>	<u>\$ 261,729,688</u>	<u>\$ 187,062,837</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Governmental Activities:				
General government	\$ 10,756,417	\$ 12,019,773	\$ 81,792	\$ -
Judicial	2,213,707	988,053	-	-
Public safety:				
Police	25,537,534	578,737	503,082	170,304
Fire	17,456,291	71,593	133,895	-
Public works	1,479,580	310,436	61,953	-
Public works	13,107,396	3,040,582	-	56,657,379
Sanitation	-	37,520	-	-
Culture and recreation	10,230,616	4,428,077	54,335	-
Community support	1,949,757	18,250	1,032,439	-
Debt Service:				
Interest and fiscal charges	10,748,859	-	-	-
Total Governmental Activities	93,480,157	21,493,021	1,867,496	56,827,683
Business-Type Activities:				
Sewer	24,153,084	21,209,352	-	7,746,694
Development Services	1,624,933	2,317,542	-	-
Total Business-Type Activities	25,778,017	23,526,894	-	7,746,694
Total	\$ 119,258,174	\$ 45,019,915	\$ 1,867,496	\$ 64,574,377

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

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION, BEGINNING OF YEAR, as originally reported

Prior Period Adjustment

NET POSITION, BEGINNING OF YEAR, as restated

NET POSITION, END OF YEAR

See accompanying notes.

**NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>2013</u>
\$ 1,345,148	\$ -	\$ 1,345,148	\$ 657,430
(1,225,654)	-	(1,225,654)	(1,234,210)
(24,285,411)	-	(24,285,411)	(23,007,776)
(17,250,803)	-	(17,250,803)	(15,938,321)
(1,107,191)	-	(1,107,191)	283,368
46,590,565	-	46,590,565	25,521,110
37,520	-	37,520	6,300
(5,748,204)	-	(5,748,204)	(4,930,686)
(899,068)	-	(899,068)	(532,344)
<u>(10,748,859)</u>	<u>-</u>	<u>(10,748,859)</u>	<u>(13,158,074)</u>
<u>(13,291,957)</u>	<u>-</u>	<u>(13,291,957)</u>	<u>(32,333,203)</u>
-	4,802,962	4,802,962	(1,260,992)
-	692,609	692,609	337,458
-	5,495,571	5,495,571	(923,534)
<u>(13,291,957)</u>	<u>5,495,571</u>	<u>(7,796,386)</u>	<u>(33,256,737)</u>
23,423,624	-	23,423,624	23,200,778
1,188,135	-	1,188,135	1,830,467
19,356,294	-	19,356,294	18,252,243
9,621,913	-	9,621,913	9,226,882
1,379,803	-	1,379,803	1,385,805
1,877,860	-	1,877,860	1,795,600
479,430	-	479,430	429,435
775,799	-	775,799	571,293
147,977	-	147,977	162,774
378,347	454,632	832,979	22,949
727,831	126,653	854,484	967,576
50,618	-	50,618	-
342,882	(342,882)	-	-
<u>59,750,513</u>	<u>238,403</u>	<u>59,988,916</u>	<u>57,845,802</u>
<u>46,458,556</u>	<u>5,733,974</u>	<u>52,192,530</u>	<u>24,589,065</u>
217,600,884	181,328,863	398,929,747	374,340,682
<u>(2,329,752)</u>	<u>-</u>	<u>(2,329,752)</u>	<u>-</u>
<u>215,271,132</u>	<u>181,328,863</u>	<u>396,599,995</u>	<u>374,340,682</u>
<u>\$ 261,729,688</u>	<u>\$ 187,062,837</u>	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)**

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	2013
<b>ASSETS</b>					
Cash and investments	\$ 2,983,201	\$ 4,154,913	\$ 19,265,009	\$ 26,403,123	\$ 27,071,878
Accounts receivable, net	1,129,486	15,836,530	2,411,375	19,377,391	26,111,543
Notes receivable	-	-	-	-	18,272
Due from other funds	96,535	-	411,071	507,606	80,032
Due from other governments	5,042,981	1,494,727	964,574	7,502,282	7,533,273
Restricted assets:					
Cash and investments	-	16,434,525	4,170,616	20,605,141	14,639,588
<b>TOTAL ASSETS</b>	<b>\$ 9,252,203</b>	<b>\$ 37,920,695</b>	<b>\$ 27,222,645</b>	<b>\$ 74,395,543</b>	<b>\$ 75,454,586</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 964,612	\$ 2,412	\$ 299,833	\$ 1,266,857	\$ 1,056,085
Accrued liabilities	998,641	-	114,011	1,112,652	930,544
Contracts payable	23,206	-	418,775	441,981	1,259,904
Contract retentions payable	-	-	50,637	50,637	23,386
Refundable deposits	15,777	-	17,249	33,026	57,487
Unearned revenues	174,586	-	480,195	654,781	452,534
Due to other funds	411,071	-	96,535	507,606	80,032
Due to other governments	1,495,028	-	165,318	1,660,346	1,330,041
<b>Total Liabilities</b>	<b>4,082,921</b>	<b>2,412</b>	<b>1,642,553</b>	<b>5,727,886</b>	<b>5,190,013</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue – grants	-	-	1,254,570	1,254,570	1,341,588
Unavailable revenue – property taxes	305,011	-	148,962	453,973	495,638
Unavailable revenue – special assessments	-	15,836,530	-	15,836,530	22,951,192
<b>Total Deferred Inflows of Resources</b>	<b>305,011</b>	<b>15,836,530</b>	<b>1,403,532</b>	<b>17,545,073</b>	<b>24,788,418</b>
<b>FUND BALANCES</b>					
Restricted for:					
Grants and donations	-	-	224,568	224,568	151,570
Law enforcement	-	-	321,182	321,182	374,001
Promotion of special events	-	-	153,010	153,010	286,676
Various judicial uses	-	-	117,900	117,900	95,876
Municipal facilities construction	-	-	162,523	162,523	119,944
Court fee collection programs	-	-	696,077	696,077	546,059
Developer agreements	-	-	1,439,519	1,439,519	1,412,284
Bond proceeds defined projects	-	-	985,606	985,606	1,717,230
Debt service reserve	-	22,081,753	5,277,450	27,359,203	21,405,648
Parks and recreation	-	-	3,215,177	3,215,177	3,095,018
Street improvements and rehabilitation	-	-	4,736,742	4,736,742	4,403,416
Capital projects	-	-	326,528	326,528	306,598
Improvements to Victorian Square	-	-	1,912,683	1,912,683	1,295,948
Committed for:					
Economic development	-	-	351,091	351,091	324,078
Parks and recreation	-	-	210,699	210,699	54,371
Road surface repairs	-	-	372,669	372,669	433,213
Economic stabilization	-	-	229,225	229,225	228,921
Assigned for:					
Purchases on order	335,797	-	9,550	345,347	668,724
Specific capital projects	-	-	732,983	732,983	792,374
Next year's budget deficit	766,088	-	219,444	985,532	1,565,741
Other capital projects	-	-	2,481,934	2,481,934	2,084,562
Unassigned:	3,762,386	-	-	3,762,386	4,113,903
<b>Total Fund Balances</b>	<b>4,864,271</b>	<b>22,081,753</b>	<b>24,176,560</b>	<b>51,122,584</b>	<b>45,476,155</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,252,203</b>	<b>\$ 37,920,695</b>	<b>\$ 27,222,645</b>	<b>\$ 74,395,543</b>	<b>\$ 75,454,586</b>

See accompanying notes.

**CITY OF SPARKS, NEVADA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

<b>Fund Balances - Total Governmental Funds (page 8)</b>		\$ 51,122,584
<p>Amounts reported for governmental activities in the statement of net position (page 5) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	528,418,135	
Less: accumulated depreciation	<u>(140,393,348)</u>	388,024,787
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
General obligation bonds and note payable	(2,975,000)	
Revenue bonds payable	(117,730,620)	
Tax allocation bonds payable	(55,592,348)	
Compensated absences payable	(11,067,015)	
Net OPEB obligation	(5,992,384)	
Sick leave conversion payable	(5,069,682)	
Developer credits payable	<u>(254,645)</u>	(198,681,694)
Interest payable		(5,709,152)
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		17,545,073
Internal service funds are used by management to charge the costs of certain activities of individual funds. Net position of the internal service funds are reported with governmental activities.		7,081,421
Internal balances is a receivable from/(payable to) business-type activities		<u>2,346,669</u>
<b>Net Position - Governmental Activities (page 5)</b>		<u><u>\$ 261,729,688</u></u>

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**CITY OF SPARKS, NEVADA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>2013</u>
<b>REVENUES</b>					
Taxes	\$ 18,428,572	\$ 8,302,797	\$ 5,942,535	\$ 32,673,904	\$ 26,825,221
Licenses and permits	10,234,089	-	4,402,166	14,636,255	13,878,721
Intergovernmental revenues	21,822,643	9,621,913	4,657,269	36,101,825	35,016,415
Charges for services	2,707,491	-	2,752,925	5,460,416	5,366,208
Fines and forfeits	661,907	-	1,000	662,907	686,356
Miscellaneous	561,027	4,503	384,768	950,298	440,595
Total Revenues	<u>54,415,729</u>	<u>17,929,213</u>	<u>18,140,663</u>	<u>90,485,605</u>	<u>82,213,516</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,411,577	-	601,671	10,013,248	9,484,391
Judicial	1,834,800	-	97,162	1,931,962	1,976,186
Public safety	36,934,857	-	1,221,929	38,156,786	35,632,227
Public works	1,265,889	-	3,274,033	4,539,922	5,737,079
Culture and recreation	2,600,198	-	4,196,958	6,797,156	6,365,455
Community support	172,133	-	945,248	1,117,381	725,288
Total Current	<u>52,219,454</u>	<u>-</u>	<u>10,337,001</u>	<u>62,556,455</u>	<u>59,920,626</u>
Capital outlay:					
General government	46,684	-	1,009,181	1,055,865	359,015
Judicial	-	-	15,840	15,840	386,687
Public safety	37,431	-	295,827	333,258	219,069
Public works	-	-	1,560,879	1,560,879	1,907,989
Culture and recreation	-	-	788,059	788,059	3,370,978
Community support	-	-	323,163	323,163	676,343
Total Capital Outlay	<u>84,115</u>	<u>-</u>	<u>3,992,949</u>	<u>4,077,064</u>	<u>6,920,081</u>
Debt service:					
Principal	-	11,630,000	2,195,000	13,825,000	6,080,000
Interest	-	9,937,950	2,065,532	12,003,482	11,135,169
Fiscal charges and other	-	55,000	95,057	150,057	95,898
Total Debt Service	<u>-</u>	<u>21,622,950</u>	<u>4,355,589</u>	<u>25,978,539</u>	<u>17,311,067</u>
Total Expenditures	<u>52,303,569</u>	<u>21,622,950</u>	<u>18,685,539</u>	<u>92,612,058</u>	<u>84,151,774</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,112,160</u>	<u>(3,693,737)</u>	<u>(544,876)</u>	<u>(2,126,453)</u>	<u>(1,938,258)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital asset sales	-	-	100,000	100,000	88,258
Proceeds of refunding bonds	-	7,330,000	-	7,330,000	-
Transfers:					
Transfers in	352,000	2,130,456	3,724,609	6,207,065	4,643,725
Transfers out	(3,407,651)	-	(2,456,532)	(5,864,183)	(4,561,303)
Total Other Financing Sources (Uses)	<u>(3,055,651)</u>	<u>9,460,456</u>	<u>1,368,077</u>	<u>7,772,882</u>	<u>170,680</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(943,491)</u>	<u>5,766,719</u>	<u>823,201</u>	<u>5,646,429</u>	<u>(1,767,578)</u>
<b>FUND BALANCES, JULY 1</b>	<u>5,807,762</u>	<u>16,315,034</u>	<u>23,353,359</u>	<u>45,476,155</u>	<u>47,243,733</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 4,864,271</u>	<u>\$ 22,081,753</u>	<u>\$ 24,176,560</u>	<u>\$ 51,122,584</u>	<u>\$ 45,476,155</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

**Net change in fund balances - total governmental funds (page 10)** \$ 5,646,429

Amounts reported for governmental activities in the statement of activities (pages 6-7) are different because:

Governmental funds report capital outlays as expenditures and the proceeds from the sale of assets as other financing sources. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and only the gain or loss is recorded when the assets are sold.

Expenditures for capital assets	4,077,064	
Sale/disposition of assets	(79,285)	
Less: current year depreciation	<u>(12,965,352)</u>	(8,967,573)

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	(87,018)	
Change in unavailable revenue - property taxes	(41,665)	
Change in unavailable revenue - special assessments	(7,114,662)	
Donated capital assets	<u>56,447,666</u>	49,204,321

Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Refunding revenue bonds issued	(7,330,000)	
Revenue bonds refunded	7,275,000	
Principal payments	<u>6,550,000</u>	6,495,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of current year bond discounts	(236,924)	
Change in accrued interest	1,703,010	
Change in developer credits payable	56,998	
Change in long-term compensated absences payable	(1,865,991)	
Change in net OPEB obligation	(589,327)	
Change in sick leave conversion payable	<u>(395,284)</u>	(1,327,518)

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.

(4,592,103)

**Change in net position of governmental activities (pages 6-7)** \$ 46,458,556



**CITY OF SPARKS, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
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(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(PAGE 1 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2013</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
<b>REVENUES</b>					
Taxes:					
Real property	\$ 17,150,000	\$ 17,150,000	\$ 17,327,194	\$ 177,194	\$ 17,248,127
Personal property	1,000,000	1,000,000	1,101,378	101,378	1,025,012
	<u>18,150,000</u>	<u>18,150,000</u>	<u>18,428,572</u>	<u>278,572</u>	<u>18,273,139</u>
Licenses and permits:					
Business licenses and permits:					
Business licenses	3,900,000	3,900,000	3,947,946	47,946	3,678,582
Business license penalties	22,730	22,730	72,247	49,517	52,681
Liquor licenses	219,572	219,572	234,683	15,111	235,010
City gaming licenses	565,000	565,000	602,466	37,466	561,900
Telecommunication licenses	1,136,478	1,136,478	1,110,095	(26,383)	1,127,641
Franchise fees:					
Gas	462,509	462,509	565,983	103,474	405,875
Electric	1,659,717	1,659,717	1,558,410	(101,307)	1,493,369
Water	485,549	485,549	456,916	(28,633)	465,063
Sanitation	525,000	525,000	651,768	126,768	611,782
Other	700,000	700,000	802,080	102,080	770,132
Bicycle licenses	-	-	5	5	6
Other permits	183,110	183,110	231,490	48,380	260,166
	<u>9,859,665</u>	<u>9,859,665</u>	<u>10,234,089</u>	<u>374,424</u>	<u>9,662,207</u>
Intergovernmental revenues:					
Federal and state grants	-	-	61,953	61,953	60,161
State shared revenue:					
Consolidated taxes payment	18,400,000	18,400,000	19,356,294	956,294	18,252,243
Fair share distribution	1,425,151	1,425,151	1,379,803	(45,348)	1,385,805
Other local government shared revenues:					
County gaming licenses (City's share)	370,000	370,000	479,430	109,430	429,435
Other	545,163	545,163	545,163	-	520,194
	<u>20,740,314</u>	<u>20,740,314</u>	<u>21,822,643</u>	<u>1,082,329</u>	<u>20,647,838</u>
Charges for services:					
General government:					
Building and zoning fees	10,000	10,000	12,792	2,792	21,364
Other	2,631,492	2,631,492	2,694,699	63,207	2,658,452
	<u>2,641,492</u>	<u>2,641,492</u>	<u>2,707,491</u>	<u>65,999</u>	<u>2,679,816</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(PAGE 2 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2013</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Fines and forfeits:					
Fines - Court	\$ 758,500	\$ 758,500	\$ 647,653	\$ (110,847)	\$ 677,627
Forfeits - Bail	10,000	10,000	14,254	4,254	8,729
	<u>768,500</u>	<u>768,500</u>	<u>661,907</u>	<u>(106,593)</u>	<u>686,356</u>
Miscellaneous:					
Investment income	50,000	50,000	54,658	4,658	(6,051)
Rents and royalties	84,500	84,500	65,269	(19,231)	68,787
Other	38,500	38,500	441,100	402,600	43,495
	<u>173,000</u>	<u>173,000</u>	<u>561,027</u>	<u>388,027</u>	<u>106,231</u>
Total Revenues	<u>52,332,971</u>	<u>52,332,971</u>	<u>54,415,729</u>	<u>2,082,758</u>	<u>52,055,587</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
Executive (Mayor):					
Salaries and wages	58,677	58,677	58,902	(225)	55,873
Employee benefits	40,381	40,381	40,685	(304)	39,999
Services and supplies	906	906	6,304	(5,398)	2,494
	<u>99,964</u>	<u>99,964</u>	<u>105,891</u>	<u>(5,927)</u>	<u>98,366</u>
Legislative (City Council):					
Salaries and wages	248,245	248,245	245,566	2,679	228,186
Employee benefits	141,173	141,173	141,816	(643)	135,451
Services and supplies	6,874	6,874	11,187	(4,313)	6,239
	<u>396,292</u>	<u>396,292</u>	<u>398,569</u>	<u>(2,277)</u>	<u>369,876</u>
Management Services:					
Salaries and wages	1,531,659	1,531,659	1,628,681	(97,022)	1,578,031
Employee benefits	1,523,057	1,523,057	1,487,525	35,532	1,472,026
Services and supplies	2,066,103	2,006,360	1,217,606	788,754	1,221,151
	<u>5,120,819</u>	<u>5,061,076</u>	<u>4,333,812</u>	<u>727,264</u>	<u>4,271,208</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
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FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(PAGE 3 OF 5)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2013</b>
	<b>Original</b>	<b>Final</b>			
Legal (City Attorney):					
Salaries and wages	\$ 883,697	\$ 883,697	\$ 946,316	\$ (62,619)	\$ 876,161
Employee benefits	408,980	408,980	422,626	(13,646)	389,970
Services and supplies	151,823	151,823	129,022	22,801	143,559
	<u>1,444,500</u>	<u>1,444,500</u>	<u>1,497,964</u>	<u>(53,464)</u>	<u>1,409,690</u>
Finance:					
Salaries and wages	1,270,347	1,270,347	1,356,633	(86,286)	1,279,730
Employee benefits	531,379	531,379	557,707	(26,328)	506,334
Services and supplies	492,194	530,510	483,656	46,854	492,183
Capital outlay	85,000	46,684	46,684	-	59,267
	<u>2,378,920</u>	<u>2,378,920</u>	<u>2,444,680</u>	<u>(65,760)</u>	<u>2,337,514</u>
Community Services:					
Salaries and wages	453,258	453,258	398,065	55,193	486,018
Employee benefits	177,575	177,575	158,824	18,751	183,984
Services and supplies	216,478	216,478	120,456	96,022	90,439
	<u>847,311</u>	<u>847,311</u>	<u>677,345</u>	<u>169,966</u>	<u>760,441</u>
Total General Government	<u>10,287,806</u>	<u>10,228,063</u>	<u>9,458,261</u>	<u>769,802</u>	<u>9,247,095</u>
Judicial:					
Municipal Court:					
Salaries and wages	1,132,417	1,132,417	1,077,155	55,262	1,105,818
Employee benefits	618,942	618,942	579,292	39,650	599,726
Services and supplies	194,977	194,977	178,353	16,624	194,405
Total Judicial	<u>1,946,336</u>	<u>1,946,336</u>	<u>1,834,800</u>	<u>111,536</u>	<u>1,899,949</u>
Public safety:					
Police department:					
Salaries and wages	11,901,245	11,901,245	12,275,441	(374,196)	11,625,693
Employee benefits	6,458,361	6,458,361	6,326,045	132,316	6,229,572
Services and supplies	2,116,672	2,116,376	2,429,767	(313,391)	1,968,766
	<u>20,476,278</u>	<u>20,475,982</u>	<u>21,031,253</u>	<u>(555,271)</u>	<u>19,824,031</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(PAGE 4 OF 5)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2013</b>
	<b>Original</b>	<b>Final</b>			
<b>Fire department:</b>					
Salaries and wages	\$ 8,239,459	\$ 8,239,459	\$ 8,619,829	\$ (380,370)	\$ 8,304,924
Employee benefits	4,123,597	4,123,597	4,294,673	(171,076)	4,056,386
Services and supplies	1,719,710	1,802,192	1,706,425	95,767	1,864,368
Capital outlay	60,693	37,431	37,431	-	30,193
	<u>14,143,459</u>	<u>14,202,679</u>	<u>14,658,358</u>	<u>(455,679)</u>	<u>14,255,871</u>
<b>Community Services:</b>					
Salaries and wages	-	-	52,768	(52,768)	-
Employee benefits	-	-	28,444	(28,444)	-
Services and supplies	1,160,082	1,160,082	1,201,465	(41,383)	137,527
	<u>1,160,082</u>	<u>1,160,082</u>	<u>1,282,677</u>	<u>(122,595)</u>	<u>137,527</u>
<b>Total Public Safety</b>	<u>35,779,819</u>	<u>35,838,743</u>	<u>36,972,288</u>	<u>(1,133,545)</u>	<u>34,217,429</u>
<b>Public works:</b>					
<b>Community Services:</b>					
Salaries and wages	326,056	326,056	328,536	(2,480)	254,491
Employee benefits	156,725	156,725	150,245	6,480	111,295
Services and supplies	1,005,039	944,170	787,108	157,062	1,772,917
Capital outlay	30,764	30,764	-	30,764	32,220
	<u>1,518,584</u>	<u>1,457,715</u>	<u>1,265,889</u>	<u>191,826</u>	<u>2,170,923</u>
<b>Total Public Works</b>	<u>1,518,584</u>	<u>1,457,715</u>	<u>1,265,889</u>	<u>191,826</u>	<u>2,170,923</u>
<b>Culture and Recreation:</b>					
<b>Community Services:</b>					
Salaries and wages	510,778	510,778	530,233	(19,455)	534,363
Employee benefits	304,063	304,063	302,816	1,247	317,459
Services and supplies	1,696,021	1,756,608	1,767,149	(10,541)	1,604,112
	<u>2,510,862</u>	<u>2,571,449</u>	<u>2,600,198</u>	<u>(28,749)</u>	<u>2,455,934</u>
<b>Total Culture and Recreation</b>	<u>2,510,862</u>	<u>2,571,449</u>	<u>2,600,198</u>	<u>(28,749)</u>	<u>2,455,934</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(PAGE 5 OF 5)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>	<b>2013</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>	
Community support:					
Management Services:					
Services and supplies	\$ 200,431	\$ 191,512	\$ 172,133	\$ 19,379	\$ 124,408
Total Expenditures	<u>52,243,838</u>	<u>52,233,818</u>	<u>52,303,569</u>	<u>(69,751)</u>	<u>50,115,738</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>89,133</u>	<u>99,153</u>	<u>2,112,160</u>	<u>2,013,007</u>	<u>1,939,849</u>
OTHER FINANCING SOURCES (USES)					
Contingency	(1,000,000)	(1,000,000)	-	1,000,000	-
Transfers:					
Transfers in	1,352,000	1,352,000	352,000	(1,000,000)	60,000
Transfers out	<u>(2,135,000)</u>	<u>(2,135,000)</u>	<u>(3,407,651)</u>	<u>(1,272,651)</u>	<u>(2,684,378)</u>
Total Other Financing Sources (Uses)	<u>(1,783,000)</u>	<u>(1,783,000)</u>	<u>(3,055,651)</u>	<u>(1,272,651)</u>	<u>(2,624,378)</u>
NET CHANGE IN FUND BALANCES	(1,693,867)	(1,683,847)	(943,491)	740,356	(684,529)
FUND BALANCES, JULY 1	<u>5,089,881</u>	<u>5,079,861</u>	<u>5,807,762</u>	<u>727,901</u>	<u>6,492,291</u>
FUND BALANCES, JUNE 30	<u>\$ 3,396,014</u>	<u>\$ 3,396,014</u>	<u>\$ 4,864,271</u>	<u>\$ 1,468,257</u>	<u>\$ 5,807,762</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
<b>ASSETS</b>				
<b>UNRESTRICTED CURRENT ASSETS:</b>				
Cash and investments	\$ 30,254,425	\$ 2,205,235	\$ 32,459,660	\$ 11,288,473
Accounts receivable	2,663,989	6,808	2,670,797	262,903
Notes receivable	495,093	-	495,093	-
Due from other governments	2,953,598	-	2,953,598	1,443
Deposits	-	-	-	16,081
Inventory of supplies	-	-	-	238,263
Total Current Assets	<u>36,367,105</u>	<u>2,212,043</u>	<u>38,579,148</u>	<u>11,807,163</u>
<b>NONCURRENT ASSETS</b>				
<b>CAPITAL ASSETS:</b>				
Construction in progress	10,681,428	-	10,681,428	1,338,991
Intangible assets	2,648	-	2,648	-
Buildings	1,075,383	-	1,075,383	451,019
Site improvements	3,795,608	-	3,795,608	245,445
Machinery and equipment	456,694	166,928	623,622	22,080,300
Water rights	7,026,502	-	7,026,502	-
Roads and streets	2,084,550	-	2,084,550	-
Storm drains	86,006,732	-	86,006,732	-
Sewer lines	139,997,906	-	139,997,906	-
Less: Accumulated depreciation	<u>251,127,451</u>	<u>166,928</u>	<u>251,294,379</u>	<u>24,115,755</u>
Total Capital Assets, Net	<u>88,474,795</u>	<u>166,928</u>	<u>88,641,723</u>	<u>16,682,286</u>
Total Capital Assets, Net	<u>162,652,656</u>	<u>-</u>	<u>162,652,656</u>	<u>7,433,469</u>
<b>OTHER NONCURRENT ASSETS:</b>				
Investment in Truckee Meadows Water Reclamation Facility	32,680,344	-	32,680,344	-
Notes receivable, net	6,471,510	-	6,471,510	-
Other Noncurrent Assets	39,151,854	-	39,151,854	-
Total Noncurrent Assets	<u>201,804,510</u>	<u>-</u>	<u>201,804,510</u>	<u>7,433,469</u>
Total Assets	<u>238,171,615</u>	<u>2,212,043</u>	<u>240,383,658</u>	<u>19,240,632</u>

(Continued)

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES (payable from current assets):</b>				
Accounts payable	\$ 284,609	\$ 16,486	\$ 301,095	\$ 171,062
Accrued liabilities	84,999	33,441	118,440	21,568
Contracts payable	1,575,500	-	1,575,500	13,429
Contract retentions payable	317,091	-	317,091	-
Refundable deposits	-	107,184	107,184	-
Unearned revenues	158,747	-	158,747	25,733
Due to other governments	2,095,690	31,334	2,127,024	19,872
Interest payable	630,893	-	630,893	-
Current maturities of long-term liabilities	4,630,846	129,628	4,760,474	2,298,271
Total Current Liabilities	9,778,375	318,073	10,096,448	2,549,935
<b>LONG-TERM LIABILITIES:</b>				
Capital lease (net of current portion)	-	-	-	171,670
Compensated absences (net of current portion)	554,236	118,632	672,868	70,059
Net OPEB obligation	386,367	219,809	606,176	82,145
Sick leave conversion payable (net of current portion)	211,203	-	211,203	26,950
Claims liabilities (net of current portion)	-	-	-	9,258,452
General obligation bonds and note (net of current portion)	39,387,457	-	39,387,457	-
Total Long-Term Liabilities	40,539,263	338,441	40,877,704	9,609,276
Total Liabilities	50,317,638	656,514	50,974,152	12,159,211
<b>NET POSITION</b>				
Net investment in capital assets	124,836,498	-	124,836,498	6,688,594
Restricted for:				
Claims	-	-	-	2,426,824
Unrestricted	63,017,479	1,555,529	64,573,008	(2,033,997)
Total Net Position	\$ 187,853,977	\$ 1,555,529	\$ 189,409,506	\$ 7,081,421
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
			(2,346,669)	
Net Position of Business-Type Activities				
			\$ 187,062,837	

See accompanying notes.

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**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
OPERATING REVENUES				
Licenses and permits	\$ 222,290	\$ 1,196,905	\$ 1,419,195	\$ -
Charges for services	20,987,062	1,120,637	22,107,699	11,208,152
Miscellaneous	-	-	-	301,161
Total Operating Revenues	<u>21,209,352</u>	<u>2,317,542</u>	<u>23,526,894</u>	<u>11,509,313</u>
OPERATING EXPENSES				
Salaries and wages	2,871,789	733,298	3,605,087	515,727
Employee benefits	1,233,772	382,144	1,615,916	254,976
Services and supplies	10,235,571	417,070	10,652,641	15,387,748
Depreciation	5,696,117	-	5,696,117	1,139,907
Net loss from Truckee Meadows Water Reclamation Facility	2,076,151	-	2,076,151	-
Total Operating Expenses	<u>22,113,400</u>	<u>1,532,512</u>	<u>23,645,912</u>	<u>17,298,358</u>
OPERATING INCOME (LOSS)	<u>(904,048)</u>	<u>785,030</u>	<u>(119,018)</u>	<u>(5,789,045)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	435,653	18,979	454,632	180,455
Interest expense	(1,293,827)	-	(1,293,827)	(61,406)
Miscellaneous	123,752	8,968	132,720	-
Gain (loss) on disposition of assets	(6,067)	-	(6,067)	(9,273)
Total Nonoperating Revenues (Expenses)	<u>(740,489)</u>	<u>27,947</u>	<u>(712,542)</u>	<u>109,776</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,644,537)</u>	<u>812,977</u>	<u>(831,560)</u>	<u>(5,679,269)</u>
CAPITAL CONTRIBUTIONS				
Grants	308,681	-	308,681	209,713
Contributions from other governments	4,883,288	-	4,883,288	-
Sewer connection fees	2,162,013	-	2,162,013	-
Sewer lines and storm drains	392,712	-	392,712	-
Vehicles	-	-	-	39,175
Total Capital Contributions	<u>7,746,694</u>	<u>-</u>	<u>7,746,694</u>	<u>248,888</u>
TRANSFERS				
Transfers in	37,581	-	37,581	-
Transfers out	(4,066)	(376,397)	(380,463)	-
Total Transfers	<u>33,515</u>	<u>(376,397)</u>	<u>(342,882)</u>	<u>-</u>
CHANGE IN NET POSITION	6,135,672	436,580	6,572,252	(5,430,381)
NET POSITION, JULY 1	<u>181,718,305</u>	<u>1,118,949</u>		<u>12,511,802</u>
NET POSITION, JUNE 30	<u>\$ 187,853,977</u>	<u>\$ 1,555,529</u>		<u>\$ 7,081,421</u>
			<u>(838,278)</u>	
			<u>\$ 5,733,974</u>	

Adjustment to reflect the consolidation of internal  
service fund activities related to enterprise funds

Change in net position of business-type activities

See accompanying notes.

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (PAGE 1 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 18,976,217	\$ 2,391,005	\$ 21,367,222	\$ 1,167,422
Cash received from interfund services provided	-	-	-	9,827,502
Cash received from reimbursements of insurance claims	-	-	-	276,394
Cash paid to employees	(3,873,279)	(1,248,899)	(5,122,178)	(733,291)
Cash paid to suppliers	#####	(404,695)	#####	#####
Cash paid to Truckee Meadows Water Reclamation Facility	(3,675,587)	-	(3,675,587)	-
Miscellaneous cash receipts	123,752	8,968	132,720	-
Net Cash Provided by (Used for) Operating Activities	<u>1,280,000</u>	<u>746,379</u>	<u>2,026,379</u>	<u>(1,930,823)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	37,581	-	37,581	-
Transfers out	(4,066)	(376,397)	(380,463)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>33,515</u>	<u>(376,397)</u>	<u>(342,882)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Bond and capital lease obligation principal payments	(4,147,831)	-	(4,147,831)	(547,660)
Bond and capital lease interest expense paid	(1,357,412)	-	(1,357,412)	(61,406)
Proceeds from sale of capital assets	-	-	-	218,757
Acquisition of capital assets	(8,857,879)	-	(8,857,879)	(1,928,739)
Cash contributions - from other governments	4,883,288	-	4,883,288	-
Cash contributions - sewer connection fees	2,477,132	-	2,477,132	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,002,702)</u>	<u>-</u>	<u>(7,002,702)</u>	<u>(2,319,048)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income (loss)	435,653	18,979	454,632	180,455
Principal received on notes receivable	480,161	-	480,161	-
Net Cash Provided by (Used for) Investing Activities	<u>915,814</u>	<u>18,979</u>	<u>934,793</u>	<u>180,455</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,773,373)	388,961	(4,384,412)	(4,069,416)
CASH AND CASH EQUIVALENTS, JULY 1	<u>35,027,798</u>	<u>1,816,274</u>	<u>36,844,072</u>	<u>15,357,889</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 30,254,425</u>	<u>\$ 2,205,235</u>	<u>\$ 32,459,660</u>	<u>\$ 11,288,473</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (PAGE 2 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	<b>Activities - Internal Service Funds</b>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (904,048)	\$ 785,030	\$ (119,018)	\$ (5,789,045)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:				
Depreciation	5,696,117	-	5,696,117	1,139,907
Miscellaneous cash receipts	123,752	8,968	132,720	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	77,302	6,735	84,037	(235,555)
Due from other governments	(2,401,638)	-	(2,401,638)	(1,443)
Inventory of supplies	-	-	-	3,139
Investment in Truckee Meadows Water Reclamation Facility	(1,599,436)	-	(1,599,436)	-
Increase (decrease) in:				
Accounts payable	197,867	11,835	209,702	94,755
Accrued liabilities	17,639	4,500	22,139	5,930
Compensated absences	205,982	(145,541)	60,441	25,934
Contracts payable	-	-	-	(5,756)
Net OPEB obligation	40,945	23,294	64,239	8,705
Sick leave conversion payable	(32,284)	(15,710)	(47,994)	-
Unearned revenue	91,201	-	91,201	2,432
Refundable deposits	-	66,728	66,728	-
Due to other governments	(233,399)	540	(232,859)	4,118
Claims liabilities	-	-	-	2,816,056
Total Adjustments	<u>2,184,048</u>	<u>(38,651)</u>	<u>2,145,397</u>	<u>3,858,222</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,280,000</u>	<u>\$ 746,379</u>	<u>\$ 2,026,379</u>	<u>\$ (1,930,823)</u>
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributions of capital assets from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,175</u>
Contributions of capital assets from developers	<u>\$ 392,712</u>	<u>\$ -</u>	<u>\$ 392,712</u>	<u>\$ -</u>
Transfer of capital assets to TMWRF	<u>\$ 793,615</u>	<u>\$ -</u>	<u>\$ 793,615</u>	<u>\$ -</u>
Book value of capital asset disposals	<u>\$ 6,067</u>	<u>\$ -</u>	<u>\$ 6,067</u>	<u>\$ 198,388</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2014**

	<u>AGENCY</u>
<b>ASSETS</b>	
Cash and investments	\$ 5,189,565
	<u>5,189,565</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 122,472
Group insurance premium payable	620,214
Due to special assessment bond holders	696,600
Due to other governments	3,750,279
	<u>5,189,565</u>
Total Liabilities	\$ 5,189,565
	<u>5,189,565</u>

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity:**

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

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

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

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

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

**B. Government-Wide and Fund Financial Statements:**

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

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

Adoption of New Accounting Pronouncement:

In fiscal year 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which requires governments to adopt provisions of GASB Concepts Statement No. 4, *Elements of Financial Statements*. GASB Concepts Statement No. 4, specifies that recognition of deferred inflows/outflows of resources be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement No. 4. Based on those definitions, GASB 65 reclassifies certain items previously reported as assets and liabilities to deferred outflows of resources and deferred inflows of resources. As such, the fiscal year 2014 basic financial statements have been adjusted with a prior year restatement of beginning net position in the government-wide financial statements (see Note 17) and reclassifications of liabilities to deferred inflows of resources in the fund financial statements for unavailable revenues (delinquency property taxes, grants and special assessments).

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred inflow of resources account is established. Thus in subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed and revenue is recognized. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits and claims and judgments, are recorded only when payment is due.

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Additionally, the City reports the following fund types:

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

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

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity:**

Cash and Investments:

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

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



**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Cash Equivalents:

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

Receivables and Payables:

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

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years prior to 2012-13 have been written off. No provision for uncollectible

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

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

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

Inventories and Prepaids:

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

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

Restricted Assets:

Bond covenants and other third party restrictions require a portion of the debt proceeds, as well as other resources, to be set aside for various purposes in the General Obligation Debt Service Fund, Redevelopment Agency Area No. 1 Tax Revenue Debt Service Fund, and Redevelopment Agency Area No. 2 Debt Service Fund. These amounts are reported as restricted assets.

Capital Assets:

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

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

Long-Term Liabilities:

Government-wide and proprietary fund type fund financial statements:

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

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period beginning in fiscal year 2014 given implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (see notes 1C and 17). For current and advance refundings resulting in a defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred outflow or inflow of resources and amortized as a component of interest expense using the straight-line method.

Governmental fund type financial statements:

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Deferred Inflows and Outflows of Resources:

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources at June 30, 2014.

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

Equity Classifications:

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

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

- **Nonspendable Fund Balance** – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, in which either are equally binding) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned Fund Balance** – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted or committed. Amounts may be assigned by the City Council; or the City Council through resolution, has authorized the Financial Services Director to assign fund balance.
- **Unassigned Fund Balance** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**E. Comparative Data**

Comparative data shown for the prior year has been extracted from the 2012-13 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 2012-13. Such information can only be obtained by referring to the audited financial statements for that year.

**F. Impact of Issued Accounting Pronouncement**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information:**

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

- On or before April 15, the Financial Services Director submits to the City Council a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held on the third Tuesday in May to obtain taxpayer comments.
- 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.

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

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

**B. Excess of Expenditure Over Appropriations:**

Actual expenditures exceeded those budgeted for the year in the public safety function and the culture and recreation function of the General Fund by \$1,133,545 and \$28,749, respectively. While these would appear to be an apparent violation of NRS, they meet the exclusion under NRS 354.626(2)e.

Actual operating and non-operating expenses, exceeded total appropriations of the Group Insurance Self-Insurance Internal Service Fund, the Workers' Compensation Insurance Internal Service Fund by \$632,919 and \$1,958,731, respectively. While these would appear to be an apparent violation of NRS, the over-expenditures occurred as a result of purchase of coverage and professional services directly related to a program of insurance. Such payments are specifically excluded from the over-expenditure provisions of NRS 354.626. The Municipal Self-Insurance Internal Service Fund operating and non-operating actual expenses exceeded total appropriations by \$18,810, due to an unbudgeted disposition of capital assets.

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**C. Compliance with Nevada Revised Statutes and Administrative Code**

The City did not take an inventory of all its equipment and other personal property which constitute capital assets during the fiscal years ended June 30, 2014, 2013, 2012 or 2011, an apparent violation of NAC 354.750.

At June 30, 2014 the Community Development Entitlement Grant Special Revenue Fund owed the General Fund \$21,674. This balance is the result of carrying out grant activity on a reimbursement basis, and therefore at June 30, 2014 expenditures had been incurred that were not yet reimbursed from the grantor and required a temporary loan from the General Fund. The specific criteria set forth in NRS 354.6118 as clarified by NAC 354.290 regarding temporary loans were not followed, an apparent violation of NRS 354.6118 as clarified by NAC 354.290 (with an effective date of December 16, 2010).

**D. Deficit Fund Equity**

The Workers' Compensation Insurance Internal Service Fund has a deficit net position of \$4,000,893 at June 30, 2014.

**NOTE 3 – CASH AND INVESTMENTS**

**A. Deposits:**

At June 30, 2014, the City's carrying amount of deposits was \$4,644,718 and the bank balance was \$4,693,573. 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 \$48,855.

**B. Investments:**

At June 30, 2014, the City had the following investments and maturities:

	Investment Maturities in Years			
	Faire Value	Less Than 1	1-5	6-10
Investments:				
U.S. Agencies	\$39,878,090	\$ 6,013,770	\$33,864,320	\$ -
Corporate Notes	8,016,300	1,005,050	7,011,250	-
U.S. Treasuries	4,007,830	3,006,810	1,001,020	-
Negotiable Certificates of Deposit	3,919,449	1,470,000	2,449,449	-
Money Market Mutual Funds	35,479,575	35,479,575	-	-
<b>Total Investments</b>	<b>\$91,301,244</b>	<b>\$46,975,205</b>	<b>\$44,326,039</b>	<b>\$ -</b>



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

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

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

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, 2014, the following investments in a single issuer exceeded 5% of the City's total investments:

U.S. Agency security – Federal National Mortgage Association	17.45%
U.S. Agency security – Federal Home Loan Mortgage Corporation	13.10%
U.S. Agency security – Federal Farm Credit Bank	9.84%

External Investment Pool - In addition to the cash and investments of the City of Sparks, the City administers the cash deposits and investments of the Redevelopment Agency Districts 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 Districts are blended component units, and the investment activity by the City on behalf of TMWRF is de minimus, the cash and investments pooled by the City for these agency districts do not constitute an external investment pool.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**C. Summary of Deposit and Investment Balances:**

A reconciliation of the City's deposits and investment balances as of June 30, 2014 follows:

Deposits	\$ 4,644,718
Investments	<u>91,301,244</u>
	<u>\$ 95,945,962</u>
Governmental Activities:	
Cash and investments	\$ 37,691,596
Cash and investments – restricted	20,605,141
Business-Type Activities:	
Cash and investments	32,459,660
Fiduciary Funds	<u>5,189,565</u>
	<u>\$ 95,945,962</u>

**NOTE 4 – ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE**

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable:						
Miscellaneous	\$1,129,486	\$ -	\$ 1,171,805	\$ 2,301,291	\$262,903	\$ 2,564,194
Special Assessments	-	15,836,530	-	15,836,530	-	15,836,530
Housing Rehabilitation Loans	<u>-</u>	<u>-</u>	<u>1,312,012</u>	<u>1,312,012</u>	<u>-</u>	<u>1,312,012</u>
	1,129,486	15,836,530	2,483,817	19,449,833	262,903	19,712,736
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>72,442</u>	<u>72,442</u>	<u>-</u>	<u>72,442</u>
Accounts Receivable, Net	<u>\$1,129,486</u>	<u>\$ 15,836,530</u>	<u>\$ 2,411,375</u>	<u>\$ 19,377,391</u>	<u>\$262,903</u>	<u>\$19,640,294</u>

Accounts receivable not expected to be collected within one year are \$15,094,964 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,312,012, less the allowance of \$72,442, reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund	Development Services	Total Business- Type Activities
Accounts Receivable:			
Effluent charges	\$ 2,663,989	\$ -	\$ 2,663,989
Miscellaneous	<u>-</u>	<u>6,808</u>	<u>6,808</u>
Accounts Receivable	<u>\$ 2,663,989</u>	<u>\$ 6,808</u>	<u>\$ 2,670,797</u>
Notes Receivable:			
Effluent connection fees	\$ 1,289,359		\$ 1,289,359
Sun Valley GID	<u>5,677,244</u>		<u>5,677,244</u>
Notes Receivable, Net	<u>\$ 6,966,603</u>		<u>\$ 6,966,603</u>

The current portion of notes receivable was \$495,093 as of June 30, 2014.

**CITY OF SPARKS, NEVADA**  
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**NOTE 5 - INTERFUND BALANCES AND ACTIVITY**

**A. Due To/From Other Funds**

The composition of amounts due to/from other funds reported on the fund financial statements at June 30, 2014 is as follows:

<b>Due From</b>	<b>Due To</b>		
	General Fund	Nonmajor Governmental	Total Governmental
General	\$ -	\$ 411,071	\$ 411,071
Nonmajor Governmental	96,535	-	96,535
<b>Total</b>	<b>\$ 96,535</b>	<b>\$ 411,071</b>	<b>\$ 507,606</b>

Balances resulted 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.

**B. Transfers**

Transfers reported on the fund financial statements at June 30, 2014 are as follows:

<b>Transfers Out</b>	<b>Transfers In</b>					
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Total
General	\$ -	\$ -	\$ 3,407,651	\$ 3,407,651	\$ -	\$ 3,407,651
Nonmajor Governmental	-	2,101,993	316,958	2,418,951	37,581	2,456,532
<b>Total Governmental</b>	<b>-</b>	<b>2,101,993</b>	<b>3,724,609</b>	<b>5,826,602</b>	<b>37,581</b>	<b>5,864,183</b>
Sewer	-	4,066	-	4,066	-	4,066
Nonmajor Enterprise	352,000	24,397	-	376,397	-	376,397
<b>Total Business-Type</b>	<b>352,000</b>	<b>28,463</b>	<b>-</b>	<b>380,463</b>	<b>-</b>	<b>380,463</b>
<b>Total</b>	<b>\$ 352,000</b>	<b>\$ 2,130,456</b>	<b>\$ 3,724,609</b>	<b>\$ 6,207,065</b>	<b>\$ 37,581</b>	<b>\$ 6,244,646</b>

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

**CITY OF SPARKS, NEVADA**  
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**NOTE 6 – JOINT VENTURES**

**A. Truckee Meadows Water Reclamation Facility:**

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

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2014, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$2,076,151.

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, 2014, is \$32,680,344.

Summary June 30, 2014 financial information for TMWRF is as follows:

Assets:	
Current assets	\$ 5,715,272
Capital assets, net of accumulated depreciation	<u>111,823,940</u>
Total Assets	<u>117,539,212</u>
Liabilities:	
Current liabilities	2,534,208
Noncurrent liabilities	<u>1,025,980</u>
Total Liabilities	<u>3,560,188</u>
Net Position:	
Net investment in capital assets	111,823,940
Unrestricted	<u>2,155,084</u>
Total Net Position	<u>\$ 113,979,024</u>
Operating revenues	\$ 19,176,552
Operating expenses before depreciation	(19,859,607)
Depreciation	(5,747,139)
Nonoperating revenues (expenses)	(74,385)
Capital contributions	<u>12,450,488</u>
Change in Net Position	<u>\$ 5,945,909</u>

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Commitments outstanding for construction projects at TMWRF at June 30, 2014 totaled approximately \$31.1 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 71% and 29%, 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, 2014, the City of Sparks has recorded \$7,739,883 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

**B. 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, 2014 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.

**C. 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, 2014, 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.

**CITY OF SPARKS, NEVADA**  
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**D. 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, 2014, 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.

**CITY OF SPARKS, NEVADA**  
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**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2014
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 30,582,864	\$ -	\$ -	\$ -	\$ 30,582,864
Construction in progress	34,835,389	58,295,659	-	(1,398,318)	91,732,730
Intangible assets	2,753,188	476,177	-	-	3,229,365
Water rights	64,965	-	-	-	64,965
<b>Total capital assets, not being depreciated</b>	<b>68,236,406</b>	<b>58,771,836</b>	<b>-</b>	<b>(1,398,318)</b>	<b>125,609,924</b>
Capital assets, being depreciated:					
Intangible assets	543,468	-	-	13,913	557,381
Buildings	38,053,597	22,005	-	48,260	38,123,862
Improvements other than buildings	90,604,067	471,399	(573)	36,479	91,111,372
Machinery and equipment	26,363,894	1,351,893	(710,004)	816,492	27,822,275
Infrastructure	266,744,282	2,081,620	-	483,174	269,309,076
<b>Total capital assets, being depreciated</b>	<b>422,309,308</b>	<b>3,926,917</b>	<b>(710,577)</b>	<b>1,398,318</b>	<b>426,923,966</b>
Less accumulated depreciation for:					
Intangible assets	(77,502)	(54,833)	-	-	(132,335)
Buildings	(18,957,596)	(1,014,186)	-	-	(19,971,782)
Improvements other than buildings	(43,491,674)	(4,008,186)	573	-	(47,499,287)
Machinery and equipment	(18,032,199)	(1,647,263)	406,293	-	(19,273,169)
Infrastructure	(62,818,270)	(7,380,791)	-	-	(70,199,061)
<b>Total accumulated depreciation</b>	<b>(143,377,241)</b>	<b>(14,105,259)</b>	<b>406,866</b>	<b>-</b>	<b>(157,075,634)</b>
<b>Total capital assets, being depreciated, net</b>	<b>278,932,067</b>	<b>(10,178,342)</b>	<b>(303,711)</b>	<b>1,398,318</b>	<b>269,848,332</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 347,168,473</b>	<b>\$ 48,593,494</b>	<b>\$ (303,711)</b>	<b>\$ -</b>	<b>\$ 395,458,256</b>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 2,390,354	\$ 9,264,426	\$ -	\$ (973,352)	\$ 10,681,428
Water rights	7,026,502	-	-	-	7,026,502
Intangible assets	2,648	-	-	-	2,648
<b>Total capital assets, not being depreciated</b>	<b>9,419,504</b>	<b>9,264,426</b>	<b>-</b>	<b>(973,352)</b>	<b>17,710,578</b>
Capital assets, being depreciated:					
Buildings	1,075,383	-	-	-	1,075,383
Improvements other than buildings	3,818,108	-	(22,500)	-	3,795,608
Machinery and equipment	607,939	15,683	-	-	623,622
Roads and streets	1,537,340	161,830	-	385,380	2,084,550
Storm drains	85,570,405	423,056	-	13,271	86,006,732
Sewer lines	139,539,702	698,240	(814,737)	574,701	139,997,906
<b>Total capital assets, being depreciated</b>	<b>232,148,877</b>	<b>1,298,809</b>	<b>(837,237)</b>	<b>973,352</b>	<b>233,583,801</b>
Less accumulated depreciation for:					
Buildings	(300,821)	(31,689)	-	-	(332,510)
Improvements other than buildings	(2,701,323)	(76,086)	22,500	-	(2,754,909)
Machinery and equipment	(526,325)	(28,579)	-	-	(554,904)
Roads and streets	(133,028)	(116,505)	-	-	(249,533)
Storm drains	(28,503,522)	(2,105,390)	-	-	(30,608,912)
Sewer lines	(50,818,143)	(3,337,868)	15,056	-	(54,140,955)
<b>Total accumulated depreciation</b>	<b>(82,983,162)</b>	<b>(5,696,117)</b>	<b>37,556</b>	<b>-</b>	<b>(88,641,723)</b>
<b>Total capital assets, being depreciated, net</b>	<b>149,165,715</b>	<b>(4,397,308)</b>	<b>(799,681)</b>	<b>973,352</b>	<b>144,942,078</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 158,585,219</b>	<b>\$ 4,867,118</b>	<b>\$ (799,681)</b>	<b>\$ -</b>	<b>\$ 162,652,656</b>

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**CITY OF SPARKS, NEVADA**  
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Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 289,573
Judicial	66,393
Public safety	907,963
Public works	8,122,550
Culture and recreation	2,759,341
Community support	819,532
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,139,907</u>
Total depreciation and amortization expense – governmental activities	<u>\$14,105,259</u>
Business-Type Activities:	
Sewer	<u>\$5,696,117</u>
Total depreciation expense – business-type activities	<u>\$5,696,117</u>

**NOTE 8 – LEASES**

**A. Operating Lease:**

The City has a non-cancelable operating lease for an office building with total costs for this lease of \$41,242 for the year ended June 30, 2014. The future minimum lease payments for the operating lease expiring June 30, 2018 are as follows based upon the amended lease agreement:

Fiscal Year Ending:	
2015	\$ 42,476
2016	43,754
2017	45,068
2018	<u>38,490</u>
	<u>\$169,788</u>

**B. Capital Leases:**

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

Machinery and equipment	\$4,384,709
Less: Accumulated depreciation	<u>4,165,474</u>
Total	<u>\$ 219,235</u>

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - LONG-TERM LIABILITIES**

**A. Changes to Long-Term Liabilities**

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

	Issue Date	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
General Obligation Bonds and Notes Payable:			
Supported by ad valorem taxes:			
2007 Various Purpose Refunding Bonds Series A	3/29/2007	3.78%	3/1/2017
2007 Various Purpose Refunding Bonds Series B	3/29/2007	5.65%	3/1/2017
Revenue Bonds Payable:			
Supported by consolidated tax revenues:			
Consolidated Tax Revenue Bonds, Series 2007	2/15/2007	4.09%	5/1/2026
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	6/15/2028
Supported by consolidated tax revenues:			
Consolidated Tax Refunding Revenue Bonds, Series 2011	5/12/2011	3.05%	5/1/2018
Supported by consolidated tax revenues:			
Consolidated Tax Refunding Revenue Bonds, Series 2014	5/29/2014	3.09%	5/1/2026
Less: deferred amounts for issuance discounts			
Tax Allocation Bonds and Notes Payable:			
Supported by Special Assessments within the LID 3			
2008 Limited Obligation Improvement Bonds	7/2/2008	6.5-6.75%	9/1/2027
Supported by incremental property tax revenues:			
2008 Tax Increment Obligation Bonds (Redevelopment Agency)	7/21/2008	6.4-6.7%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2009 Subordinate Lien Tax Increment Revenue Bonds (Redevelopment Agency)	11/24/2009	5.0-7.75%	6/1/2029
Supported by incremental property tax revenues within R/A1:			
2010 Tax Increment Refunding Revenue Bonds (Redevelopment Agency)	5/11/2010	4.0-5.13%	1/15/2023
Less: deferred amounts for issuance discounts			
Capital Lease Obligations:			
DaimlerChrysler Services North America, LLC - Fire Equipment III	7/28/2006	5.31%	8/18/2015
DaimlerChrysler Services North America, LLC - Fire Equipment	1/1/2005	4.41%	8/18/2014
Developer Credits Payable			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Claims Liabilities			
Total Governmental Activities			

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

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Authorized	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due in 2014-2015
\$ 7,090,000	\$ 3,160,000	\$ -	\$ 745,000	\$ 2,415,000	\$ 775,000
1,315,000	730,000	-	170,000	560,000	175,000
<u>8,405,000</u>	<u>3,890,000</u>	<u>-</u>	<u>915,000</u>	<u>2,975,000</u>	<u>950,000</u>
13,635,000	7,275,000	-	7,275,000	-	-
83,290,000	79,155,000	-	1,815,000	77,340,000	2,105,000
36,600,000	32,716,045	-	-	32,716,045	8,476,313
4,180,000	3,515,000	-	655,000	2,860,000	685,000
7,330,000	-	7,330,000	-	7,330,000	17,000
<u>145,035,000</u>	<u>122,661,045</u>	<u>7,330,000</u>	<u>9,745,000</u>	<u>120,246,045</u>	<u>11,283,313</u>
-	2,708,919	-	193,494	2,515,425	-
<u>145,035,000</u>	<u>119,952,126</u>	<u>7,330,000</u>	<u>9,551,506</u>	<u>117,730,620</u>	<u>11,283,313</u>
26,120,000	23,555,000	-	970,000	22,585,000	7,565,000
12,700,000	11,440,000	-	475,000	10,965,000	505,000
7,230,000	6,530,000	-	260,000	6,270,000	275,000
<u>22,165,000</u>	<u>17,805,000</u>	<u>-</u>	<u>1,460,000</u>	<u>16,345,000</u>	<u>1,520,000</u>
68,215,000	59,330,000	-	3,165,000	56,165,000	9,865,000
-	616,082	-	43,430	572,652	-
<u>68,215,000</u>	<u>58,713,918</u>	<u>-</u>	<u>3,121,570</u>	<u>55,592,348</u>	<u>9,865,000</u>
1,263,900	489,479	-	154,795	334,684	163,014
3,046,040	803,056	-	392,865	410,191	410,191
<u>4,309,940</u>	<u>1,292,535</u>	<u>-</u>	<u>547,660</u>	<u>744,875</u>	<u>573,205</u>
-	311,643	-	56,998	254,645	50,000
-	9,316,443	4,855,464	2,963,539	11,208,368	4,435,788
-	4,701,348	932,903	537,619	5,096,632	654,817
-	8,102,456	14,931,194	12,121,426	10,912,224	1,653,772
<u>225,964,940</u>	<u>206,280,469</u>	<u>28,049,561</u>	<u>29,815,318</u>	<u>204,514,712</u>	<u>29,465,895</u>

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

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**NOTES TO FINANCIAL STATEMENTS**  
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Authorized	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due in 2014-2015
\$ 4,700,000	\$ 875,671	\$ -	\$ 340,349	\$ 535,322	\$ 353,491
6,814,488	1,694,783	-	462,458	1,232,325	479,554
3,070,670	1,468,392	-	187,359	1,281,033	194,376
7,038,807	3,982,350	-	415,691	3,566,659	428,836
3,082,361	1,565,031	-	152,562	1,412,469	157,503
8,243,494	5,579,836	-	458,331	5,121,505	472,416
4,091,227	2,892,774	-	204,968	2,687,806	210,916
5,160,261	3,834,906	-	262,360	3,572,546	269,385
13,385,605	10,852,433	-	676,700	10,175,733	695,009
4,772,645	4,365,981	-	211,894	4,154,087	217,814
2,509,299	2,295,489	-	111,407	2,184,082	114,520
62,868,857	39,407,646	-	3,484,079	35,923,567	3,593,820
12,027,038	8,403,635	-	663,752	7,739,883	682,173
-	1,046,692	510,088	449,647	1,107,133	434,265
-	309,413	3,514	51,508	261,419	50,216
74,895,895	49,167,386	513,602	4,648,986	45,032,002	4,760,474
<u>\$ 300,860,835</u>	<u>\$ 255,447,855</u>	<u>\$ 28,563,163</u>	<u>\$ 34,464,304</u>	<u>\$ 249,546,714</u>	<u>\$ 34,226,369</u>

**CITY OF SPARKS, NEVADA**  
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**B. Payment Requirements for Debt Service**

The annual requirements to pay principal and interest on all bonds, notes, and capital lease obligations outstanding at June 30, 2014 are as follows:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 950,000	\$ 122,899	\$ 11,283,313	\$ 11,731,262	\$ 9,865,000	\$ 3,212,551
2016	990,000	83,725	4,708,297	6,739,115	3,130,000	2,826,657
2017	1,035,000	42,853	5,108,779	6,468,486	3,285,000	2,659,742
2018	-	-	5,541,586	6,172,820	3,460,000	2,479,949
2019	-	-	6,025,757	5,855,855	3,650,000	2,286,166
2020-2024	-	-	38,393,970	23,259,392	19,465,000	7,914,981
2025-2029	-	-	49,184,343	8,932,375	13,310,000	2,383,708
Total	<u>\$ 2,975,000</u>	<u>\$ 249,477</u>	<u>\$ 120,246,045</u>	<u>\$ 69,159,305</u>	<u>\$ 56,165,000</u>	<u>\$ 23,763,754</u>

Year Ending June 30	Governmental Activities		Business-Type Activities*			
	Capital Leases		General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 573,205	\$ 35,861	\$ 3,593,820	\$ 964,405	\$ 682,173	\$ 208,662
2016	171,670	9,116	3,521,857	852,889	701,105	189,730
2017	-	-	3,182,483	753,337	720,562	170,273
2018	-	-	3,013,850	665,197	740,560	150,275
2019	-	-	3,103,310	574,405	761,112	129,723
2020-2024	-	-	13,818,011	1,581,487	4,134,371	319,805
2025-2029	-	-	5,440,733	254,998	-	-
2030-2034	-	-	249,503	-	-	-
Total	<u>\$ 744,875</u>	<u>\$ 44,977</u>	<u>\$ 35,923,567</u>	<u>\$ 5,646,718</u>	<u>\$ 7,739,883</u>	<u>\$ 1,168,468</u>

\*Full accrual basis of accounting

**CITY OF SPARKS, NEVADA**  
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**C. Compliance:**

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2014. In addition, there are a number of limitations and restrictions contained in the various bond indentures, with which the City was in compliance at June 30, 2014.

**D. Marina Special Assessment District 2 Debt (No City Commitment):**

During fiscal year 2002, the Marina Special Assessment District 2 issued \$10,600,000 in special assessment debt to which the City is not obligated in any manner to repay. The City functions as an agent for the property owners in the Marina Special Assessment District 2 by collecting assessments, forwarding collections to special assessment debt-holders and, if appropriate, beginning foreclosures on delinquent property owners. During fiscal year 2005, the special assessment debt was refunded through the issuance of \$7,942,172 in special assessment debt to which the City is not obligated in any manner to repay. As such, the refunding special assessment bonds are not included in the City's financial statements. The outstanding balance of the special assessment debt at June 30, 2014 was \$740,000.

**E. Refundings:**

In May 2014, the City issued \$7,330,000 of Consolidated Tax Revenue Refunding Revenue Bonds, Series 2014 (2014 Bonds) to refund the existing Consolidated Tax Revenue Bonds, Series 2007 (2007 Bonds). The proceeds of the 2014 Bonds were used to extinguish the outstanding principal amount of the 2007 Bonds and to pay the closing costs of the 2014 Bonds. The 2014 Bonds were issued at a reduced interest rate and will reduce total debt service over the next 12 years by \$585,909 and resulted in an economic gain of \$486,877.

**F. Pledged Revenues:**

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

Governmental activities

The City has pledged 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Bonds, Series 2007, issued during fiscal year ended June 30, 2007, the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011, and the Consolidated Tax Revenue Refunding Bonds, Series 2014, issued during fiscal year ended June 30, 2014. Proceeds from the Consolidated Tax Revenue Bonds, Series 2007 were used to partially refund the Consolidated Tax Revenue Bonds, Series 2006. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2011 were used to reduce the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2014 were used to extinguish the remaining principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. The total principal and interest remaining to be paid on the bonds is

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\$12,339,780, payable through fiscal year 2026. For the current year, principal and interest paid for the bonds totaled \$1,054,799, and pledged revenues totaled \$2,903,444.

The City has pledged 75% (less a State collection fee) of the State Sales Tax, Local School Support Tax, City/County Relief Tax, and Reciprocal Use Taxes that are collected in the Tourism Improvement District, for the repayment of the Senior Sales Tax Anticipation Revenue Bonds, Series A, and the Subordinate Sales Tax Anticipation Revenue Bonds, Series A, issued during fiscal year ended June 30, 2009. Proceeds from the bonds were used to acquire, improve, and equip certain real and personal property at the Legends at Sparks Marina. The total principal and interest remaining to be paid on the bonds is \$177,065,570, payable through fiscal year 2028. The bonds are secured and payable solely from the pledged revenues, and the City has no obligation to pay the debt from any other source. For the current year, principal and interest due on the bonds totaled \$20,952,760, and pledged revenues totaled \$9,621,913, resulting in delinquent pledged revenues of \$11,330,847 for the year ended June 30, 2014.

The City has pledged revenues comprised of the incremental property tax revenues, governmental services tax revenues, and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 1. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2010 Tax Increment Refunding Revenue Bonds, issued during the fiscal year ended June 30, 2010. The bond is a limited obligation of the Redevelopment Agency and the Redevelopment Agency is not obligated to pay for them except from pledged revenues. Proceeds from the bonds were used to refund all of the Redevelopment Agency's Tax Allocation Refunding Revenue Bonds, Series 2000A. The total principal and interest remaining to be paid on the bond is \$20,605,686, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,289,081 and pledged revenues totaled \$2,458,923.

The City has pledged revenues comprised of the incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2008 Tax Increment Obligations Bonds, issued during the fiscal year ended June 30, 2009, and the 2009 Subordinate Lien Tax Increment Revenue Bonds, issued during fiscal year ended June 30, 2010. The bonds are special, limited obligation of the Redevelopment Agency and are payable solely from the pledged revenues described above. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of Redevelopment Area No. 2. The total principal and interest remaining to be paid on the bonds is \$28,028,997, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$1,971,451 and pledged revenues totaled \$2,361,531.



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Business-type activities

The City has pledged future sewer utility customer revenues and connection fees, net of specified operating expenses, to repay sewer utility general obligation bonds issued between fiscal years 1996 and 2010. Proceeds from the bonds provided financing for expansion of, and improvements to, the utility system. The bonds are intended to be paid solely from utility customer net revenues and are payable through fiscal year 2030. The total principal and interest payable on the bonds is \$41,570,285. For the current year, principal and interest paid for the bonds totaled \$4,559,968. Net pledged revenues totaled \$9,030,233.

**G. Special Assessment Debt:**

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

The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay \$26,120,000 in limited obligation improvement bonds issued during fiscal year ended June 30, 2009. Proceeds from the bonds provided financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. The bonds are intended to be paid solely from assessment revenues and payable through 2028. The total principal and interest remaining to be paid on the bonds is \$34,742,108. For the current year, principal and interest paid for the bond totaled \$2,504,013 and pledged revenues totaled \$8,302,797. A bond call from the excess revenues collected in fiscal year 2014 was made in September 2014.

**NOTE 10 –STABILIZATION ARRANGEMENTS**

The City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses and/or interest income allocated to the fund is committed to be the primary sources of revenue for the Stabilization Special Revenue Fund. At June 30, 2014, the Stabilization Special Revenue Fund has a committed fund balance of \$229,225.

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

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

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

Plan Description: The City of Sparks contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death 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. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy: Plan members are funded under the employer pay contribution plan, where the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of Nevada Statutes. Contribution requirements may only be amended through legislation. The City's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Regular Member</u>	<u>Police/ Fire</u>	
2013-14	25.75%	40.50%	\$10,203,765
2012-13	23.75%	39.75%	9,518,716
2011-12	23.75%	39.75%	9,354,379

**NOTE 12 – CONTINGENT LIABILITIES**

There are lawsuits pending against the City of Sparks. The financial impact of these actions is not determinable at June 30, 2014, 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, with the exception of one pending lawsuit where the potential resulting liability is currently unknown.

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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, 2014 is \$7,053,040.

In addition to the above provisions, the City has entered into one agreement with a developer to reimburse excess fees paid to the City by the developer. Such reimbursement by the City occurs as monies become available via specific permits paid for by other developers. The long-term obligation under this agreement at June 30, 2014 is \$254,645.

**NOTE 13 – COMMITMENTS**

As of June 30, 2014, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Governmental Funds:		
Nonmajor Capital Projects Funds:		
Parks and Recreation Project Fund and Capital Projects Fund		
Alf Sorensen Pool Improvements	\$ 645,440	2014-15
Road Fund		
Street Rehabilitation	<u>259,840</u>	2014-15
	<u>\$ 905,280</u>	
Proprietary Fund:		
Sewer Operations Fund:		
North Truckee Drain Realignment	<u>\$4,625,844</u>	2014-15

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

	<u>Encumbrances</u>
General Fund	\$335,797
Non-major governmental funds	<u>465,319</u>
	<u><u>\$801,116</u></u>

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

**NOTE 14 – RISK MANAGEMENT**

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

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

	<u>Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of at Fiscal Year</u>
<u>2013-14</u>				
Group Insurance Self-Insurance Fund	\$ 842,489	\$ 8,207,339	\$ 8,128,932	\$ 920,896
Municipal Self-Insurance Fund	-	521,741	521,741	-
Workers' Compensation Fund	<u>7,259,967</u>	<u>6,202,114</u>	<u>3,470,753</u>	<u>9,991,328</u>
Total	<u>\$8,102,456</u>	<u>\$14,931,194</u>	<u>\$12,121,426</u>	<u>\$10,912,224</u>
 <u>2012-13</u>				
Group Insurance Self-Insurance Fund	\$ 834,899	\$ 7,494,628	\$ 7,487,038	\$ 842,489
Municipal Self-Insurance Fund	-	211,030	211,030	-
Workers' Compensation Fund	<u>3,616,930</u>	<u>7,980,534</u>	<u>4,337,497</u>	<u>7,259,967</u>
Total	<u>\$4,451,829</u>	<u>\$15,686,192</u>	<u>\$12,035,565</u>	<u>\$8,102,456</u>

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

Group Insurance Self-Insurance - This fund charges the City's insured funds a fixed monthly premium per employee. Employee claims in excess of \$225,000 per occurrence are covered by excess insurance.

Workers' Compensation Insurance - The City is self-insured for individual worker's compensation claims up to \$2,000,000 for City police and firefighters and \$1,500,000 for all other City employees, per occurrence. Claims in excess of this limit are covered by excess insurance up to State statutory limits. This fund charges the City's insured funds an annual premium per employee, which may vary by employee type.

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

**NOTE 15 – POST-EMPLOYMENT BENEFITS**

**A. 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, 2014, the City paid \$598,290 in health insurance premiums on behalf of 105 retirees who opted for the conversion of their accumulated sick leave. Another \$6,185 was incurred by the City on behalf of a former employee who received the insurance benefit under a separate agreement approved by the City Council.

**B. Post-employment Benefits Other than Pensions (OPEB)**

From an accrual accounting perspective, the cost of post-employment healthcare and life insurance benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with Governmental Accounting Standards Board Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), the City recognizes the cost of post-employment healthcare and life insurance in the year when the employee services are received, reports the accumulated liability from prior

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years, and provides information useful in assessing potential demands on the City's future cash flows. The annual funding, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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

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

Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. As of June 30, 2014, 100 retirees from the City were utilizing this benefit. The subsidy paid directly to NPEBP by the City for this coverage for the year ended June 30, 2014 was \$353,183. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Employer paid subsidy based on years of credited service under NPEBP is as follows:

NPEBP Service	Subsidy Amount	NPEBP Service	Subsidy Amount
5	\$114.05	13	\$387.77
6	\$148.27	14	\$421.99
7	\$182.48	15	\$456.20
8	\$216.70	16	\$490.42
9	\$250.91	17	\$524.63
10	\$285.13	18	\$558.85
11	\$319.34	19	\$593.06
12	\$353.56	20	\$627.28

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Retirees in the Sparks Plan receive no direct subsidy from the City, with the following exceptions. City firefighters who retired after July 1, 2005 receive a subsidy equal to 60% of their health insurance premiums up to age 65, and 50% after age 65. City employees who retired prior to the adoption of the 1991-92 employee resolutions and contracts, receive a subsidy equal to the difference between current premium rates and the premium rates agreed to in their retirement agreement, which vary by year and bargaining unit of retirement. Also, employees retiring after 1992 and before December 2001 receive a subsidy equal to a \$5 dollar credit towards health insurance premiums for each year of service. These subsidies range from \$25.00 to \$813.68 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City. As of June 30, 2014, 178 retirees from the City were utilizing this benefit.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare. A summary of the monthly premium rates for the Sparks Plan, as of the June 30, 2014, are shown below:

Sparks Plan Premium Rates				
	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active Employees	\$523.30	\$958.71	\$913.59	\$1,361.23
Retiree, No Medicare	\$519.04	\$953.59 (Spouse w/MC=\$861.51)	\$908.47	\$1,356.13
Retiree, Medicare	\$416.74	\$759.21 (Spouse no MC=\$851.29)	N/A	1 w/MC \$1,253.82 2 w/MC \$1,161.74

Funding Policy and Annual OPEB Cost: The City is currently funding the annual OPEB cost according to projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2014, the City's Net Employer Contribution was \$373,149 to the Sparks Plan and \$353,183 to the NPEBP, for a total contribution of \$726,332. The actuarial valuation was prepared from employee and retiree data as of July 2012. The City data included a total of 563 participants in the Sparks Plan, consisting of 397 employees and 166 retirees, and a total of 108 participants in NPEBP, all retirees.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation (asset), by plan, for fiscal years 2012 through 2014 are as follows:

Plan Type	Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation (Asset)	Percentage of Annual OPEB Cost Contributed
Sparks Plan	2014	\$934,022	\$373,149	\$6,729,006	40.0%
Sparks Plan	2013	\$1,027,975	\$395,542	\$6,168,133	38.5%
Sparks Plan	2012	\$1,050,165	\$403,300	\$5,535,700	38.4%
NPEBP	2014	\$454,581	\$353,183	(\$48,301)	77.7%
NPEBP	2013	\$257,395	\$395,942	(\$149,699)	153.8%
NPEBP	2012	\$340,514	\$447,291	(\$11,152)	131.4%
Totals	2014	\$1,388,603	\$726,332	\$6,680,705	52.3%
Totals	2013	\$1,285,370	\$791,484	\$6,018,434	61.6%
Totals	2012	\$1,390,679	\$850,591	\$5,524,548	61.2%

The net OPEB obligation (asset) (NOPEBO) as of June 30, 2014, was calculated as follows:

	Sparks Plan	NPEBP	Totals
Normal Cost (Current Service Cost)	\$ 341,828	\$ -	\$ 341,828
Amortization of the Unfunded Actuarial Accrued Liability (UAAL)	583,506	454,652	1,038,158
Total Annual Required Contribution (ARC)	925,334	454,652	1,379,986
Adjustments Related to Prior Year Net OPEB Obligation:			
Interest	244,770	1,917	246,687
Amortization	(236,082)	(1,988)	(238,070)
Annual OPEB Cost	934,022	454,581	1,338,603
Total Contributions	(373,149)	(353,183)	(726,332)
Increase in Net OPEB obligation	560,873	101,398	662,271
Net OPEB obligation (asset), 7/1/2013	6,168,133	(149,699)	6,018,434
Net OPEB obligation (asset), 6/30/2014	\$6,729,006	(\$48,301)	\$6,680,705

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



**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Funded Status and Funding Progress: The funded status of the plan as of the most recent actuarial valuation (July 1, 2012) is as follows:

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c) (in Millions)	UAAL as a % of Covered Payroll ((b-a)/c)
Sparks Plan	07/01/2012	\$0	\$16,391,284	\$16,391,284	0%	\$34.1	48.0%
NPEBP	07/01/2012	\$0	\$9,192,550	\$9,192,550	0%	N/A	N/A
Totals	07/01/2012	\$0	\$25,583,834	\$25,583,834	0%	N/A	N/A

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

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

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

	Sparks Plan	NPEBP
Actuarial valuation date	July 1, 2012	July 1, 2012
Actuarial funding method	Projected unit credit	Projected unit credit
Amortization method	Level percentage of pay	Level percentage of pay
Remaining amortization period	30 years, Open	30 years, Open
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Projected salary increases	6.5% (8% Law Enforcement)	6.5% (8% Law Enforcement)
Investment rate of return	4.0%	4.0%
Healthcare inflation rate*	5.7%	5.7%
*Declining gradually, over 70 years, to an ultimate rate of 3.8 percent.		

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 16 – CAPITAL FACILITIES FUND**

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$168,708 on the following:

Senior Center Security Fencing	\$ 35,347
C Street Garage LED Retrofit Project	113,822
Victorian Square Water Fountain Filter Retrofit	12,516
Deer Pool Sand Filter Replacement Project	7,023
	\$168,708

**NOTE 17 – ACCOUNTING CHANGES**

Change in Accounting Principle:

As a result of implementing GASB Statement No. 65 (see Note 1C), the City has restated beginning net position in the government-wide Statement of Activities, effectively decreasing net position as of July 1, 2013 by \$2,329,752. The decrease results from no longer deferring and amortizing bond issuance costs not related to prepaid bond insurance costs.

Change in Accounting Estimate:

For the year ended June 30, 2014, the City revised the calculation of the liability for compensated absences pursuant to GASB Statement No. 16, *Accounting for Compensated Absences* using more current demographic information regarding retirement dates and bargaining unit agreement information. The effect of this change in the current period is an increase in the liability of compensated absences for governmental funds of \$1,865,991 and a corresponding increase in the following government-wide expenses:

General government	\$ 273,160
Judicial	63,493
Public safety - Police	749,487
Public safety - Fire	509,412
Public works	90,337
Culture and recreation	175,554
Community support	4,548
	\$ 1,865,991

**NOTE 18 – SUBSEQUENT EVENT**

Subsequent to June 30, 2014, the Redevelopment Agency District No. 2 of the City authorized and issued Subordinate Lien Tax Increment Revenue Refunding Bonds Series 2014 for \$7,285,000 to refund the 2009 Subordinate Lien Tax Increment Revenue Bonds (Redevelopment Agency District No. 2).

**CITY OF SPARKS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

Other Post-Employment Benefits Schedule of Funding Progress									
Plan	Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL), (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)		
Sparks' Plan	7/1/2012	\$ -	\$ 16,391,284	\$ 16,391,284	0%	\$ 34,100,000	48.0%		
NPEBP	7/1/2012	\$ -	\$ 9,192,550	\$ 9,192,550	0%	N/A	N/A		
Total	7/1/2012	\$ -	\$ 25,583,834	\$ 25,583,834	0%				
Sparks' Plan	7/1/2010	\$ -	\$ 15,895,093	\$ 15,895,093	0%	\$ 28,300,000	56.2%		
NPEBP	7/1/2010	\$ -	\$ 8,215,640	\$ 8,215,640	0%	N/A	N/A		
Total	7/1/2010	\$ -	\$ 24,110,733	\$ 24,110,733	0%				
Sparks' Plan	7/1/2008	\$ -	\$ 31,119,261	\$ 31,119,261	0%	\$ 35,500,000	87.7%		
NPEBP	7/1/2008	\$ -	\$ 17,754,626	\$ 17,754,626	0%	N/A	N/A		
Total	7/1/2008	\$ -	\$ 48,873,887	\$ 48,873,887	0%				

Notes to Required Supplementary Information:

(1) The 2008 valuation was prepared using the entry age normal cost actuarial funding method. The 2010 and 2012 valuation were prepared using the projected credit unit actuarial funding method.

(2) The 2012 valuation was prepared using Health Care Cost Trends developed from the SOA Long-Run Medical Cost Trend Model (Version 11.1). Prior valuations were prepared using assumed Health Care Cost Trends developed from an educated analysis of health care costs and general inflation.

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**CITY OF SPARKS, NEVADA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,809,481	\$ 1,023,674	\$ 14,431,854	\$ 19,265,009
Accounts receivable, net	1,508,308	-	903,067	2,411,375
Due from other funds	-	-	411,071	411,071
Due from other governments	112,621	127,553	724,400	964,574
Restricted assets:				
Cash and investments	-	4,170,616	-	4,170,616
<b>TOTAL ASSETS</b>	<u>\$ 5,430,410</u>	<u>\$ 5,321,843</u>	<u>\$ 16,470,392</u>	<u>\$ 27,222,645</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 167,376	\$ -	\$ 132,457	\$ 299,833
Accrued liabilities	73,133	-	40,878	114,011
Contracts payable	21,314	-	397,461	418,775
Contract retentions payable	5,607	-	45,030	50,637
Refundable deposits	15,249	-	2,000	17,249
Unearned revenues	480,195	-	-	480,195
Due to other funds	96,535	-	-	96,535
Due to other governments	106,159	-	59,159	165,318
<b>Total Liabilities</b>	<u>965,568</u>	<u>-</u>	<u>676,985</u>	<u>1,642,553</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue – grants	1,254,570	-	-	1,254,570
Unavailable revenue – property taxes	-	44,393	104,569	148,962
<b>Total Deferred Inflows of Resources</b>	<u>1,254,570</u>	<u>44,393</u>	<u>104,569</u>	<u>1,403,532</u>
<b>FUND BALANCES</b>				
Restricted for:				
Grants and donations	224,568	-	-	224,568
Law enforcement	321,182	-	-	321,182
Promotion of special events	153,010	-	-	153,010
Various judicial uses	117,900	-	-	117,900
Municipal facilities construction	162,523	-	-	162,523
Court fee collection programs	696,077	-	-	696,077
Developer agreements	313,935	-	1,125,584	1,439,519
Bond proceeds defined projects	57,393	-	928,213	985,606
Debt service reserve	-	5,277,450	-	5,277,450
Parks and recreation	-	-	3,215,177	3,215,177
Street improvements and rehabilitation	-	-	4,736,742	4,736,742
Capital projects	-	-	326,528	326,528
Improvements to Victorian Square	-	-	1,912,683	1,912,683
Committed for:				
Economic development	351,091	-	-	351,091
Parks and recreation	210,699	-	-	210,699
Road surface repairs	372,669	-	-	372,669
Economic stabilization	229,225	-	-	229,225
Assigned for:				
Purchases on order	-	-	9,550	9,550
Specific capital projects	-	-	732,983	732,983
Next year's budget deficit	-	-	219,444	219,444
Other capital projects	-	-	2,481,934	2,481,934
<b>Total Fund Balances</b>	<u>3,210,272</u>	<u>5,277,450</u>	<u>15,688,838</u>	<u>24,176,560</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,430,410</u>	<u>\$ 5,321,843</u>	<u>\$ 16,470,392</u>	<u>\$ 27,222,645</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 146,748	\$ 4,298,123	\$ 1,497,664	\$ 5,942,535
Licenses and permits	360,897	-	4,041,269	4,402,166
Intergovernmental revenues	2,442,527	147,977	2,066,765	4,657,269
Charges for services	2,656,229	-	96,696	2,752,925
Fines and forfeits	-	-	1,000	1,000
Miscellaneous	212,080	3,401	169,287	384,768
Total Revenues	<u>5,818,481</u>	<u>4,449,501</u>	<u>7,872,681</u>	<u>18,140,663</u>
<b>EXPENDITURES</b>				
Current:				
General government	75,100	-	526,571	601,671
Judicial	97,162	-	-	97,162
Public safety	1,124,453	-	97,476	1,221,929
Public works	286,503	-	2,987,530	3,274,033
Culture and recreation	3,361,376	-	835,582	4,196,958
Community support	809,910	-	135,338	945,248
Total Current	<u>5,754,504</u>	<u>-</u>	<u>4,582,497</u>	<u>10,337,001</u>
Capital outlay:				
General government	-	-	1,009,181	1,009,181
Judicial	15,840	-	-	15,840
Public safety	257,522	-	38,305	295,827
Public works	-	-	1,560,879	1,560,879
Culture and recreation	19,093	-	768,966	788,059
Community support	323,163	-	-	323,163
Total Capital Outlay	<u>615,618</u>	<u>-</u>	<u>3,377,331</u>	<u>3,992,949</u>
Debt service:				
Principal	-	2,195,000	-	2,195,000
Interest	-	2,065,532	-	2,065,532
Fiscal charges and other	-	2,133	92,924	95,057
Total Debt Service	<u>-</u>	<u>4,262,665</u>	<u>92,924</u>	<u>4,355,589</u>
Total Expenditures	<u>6,370,122</u>	<u>4,262,665</u>	<u>8,052,752</u>	<u>18,685,539</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(551,641)</u>	<u>186,836</u>	<u>(180,071)</u>	<u>(544,876)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital asset sales	-	-	100,000	100,000
Transfers:				
Transfers in	847,302	152,328	2,724,979	3,724,609
Transfers out	(49,883)	(152,328)	(2,254,321)	(2,456,532)
Total Other Financing Sources (Uses)	<u>797,419</u>	<u>-</u>	<u>570,658</u>	<u>1,368,077</u>
<b>NET CHANGE IN FUND BALANCES</b>	245,778	186,836	390,587	823,201
<b>FUND BALANCES, JULY 1</b>	<u>2,964,494</u>	<u>5,090,614</u>	<u>15,298,251</u>	<u>23,353,359</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 3,210,272</u>	<u>\$ 5,277,450</u>	<u>\$ 15,688,838</u>	<u>\$ 24,176,560</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

### Community Development Block Grant Fund

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

### Community Development Entitlement Grant Fund

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

### Sparks Grants and Donations Fund

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

### Tourism and Marketing Fund

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

### Parks and Recreation Program Fund

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

### Court Administrative Assessment Fund

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

### Street Cut Fund

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

### Impact Fee Service Area No. 1 Fund

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

### Tourism Improvement District 1 Fund

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

### Stabilization Fund

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

**CITY OF SPARKS, NEVADA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**

	<b>Community Development Block Grant</b>	<b>Community Development Entitlement Grant</b>	<b>Sparks Grants and Donations</b>	<b>Tourism and Marketing</b>	<b>Parks and Recreation Program</b>
<b>ASSETS</b>					
Cash and investments	\$ 92,132	\$ -	\$ 476,739	\$ 386,154	\$ 895,685
Accounts receivable, net	1,239,570	55,241	8,687	-	42,897
Due from other governments	-	-	87,960	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,331,702</u></b>	<b><u>\$ 55,241</u></b>	<b><u>\$ 573,386</u></b>	<b><u>\$ 386,154</u></b>	<b><u>\$ 938,582</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 2,073	\$ 27,639	\$ 37,144	\$ 78,579
Accrued liabilities	-	574	551	-	70,192
Contracts payable	-	7,614	-	-	500
Contract retentions payable	-	-	-	-	-
Refundable deposits	-	-	-	-	15,249
Unearned revenues	-	-	-	196,000	132,148
Due to other funds	74,861	21,674	-	-	-
Due to other governments	-	23,306	1,717	-	80,124
<b>Total Liabilities</b>	<b><u>74,861</u></b>	<b><u>55,241</u></b>	<b><u>29,907</u></b>	<b><u>233,144</u></b>	<b><u>376,792</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue – grants	<u>1,239,570</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
Grants and donations	17,271	-	207,297	-	-
Law enforcement	-	-	321,182	-	-
Promotion of special events	-	-	-	153,010	-
Various judicial uses	-	-	-	-	-
Municipal facilities construction	-	-	-	-	-
Court fee collection programs	-	-	-	-	-
Developer agreements	-	-	-	-	-
Bond proceeds defined projects	-	-	-	-	-
Committed for:					
Economic development	-	-	-	-	351,091
Parks and recreation	-	-	-	-	210,699
Road surface repairs	-	-	-	-	-
Economic stabilization	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>17,271</u></b>	<b><u>-</u></b>	<b><u>528,479</u></b>	<b><u>153,010</u></b>	<b><u>561,790</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,331,702</u></b>	<b><u>\$ 55,241</u></b>	<b><u>\$ 573,386</u></b>	<b><u>\$ 386,154</u></b>	<b><u>\$ 938,582</u></b>



<b>Court Administrative Assessment</b>	<b>Street Cut</b>	<b>Impact Fee Service Area No. 1</b>	<b>Tourism Improvement District 1</b>	<b>Stabilization</b>	<b>Total</b>
\$ 997,720	\$ 346,756	\$ 327,677	\$ 57,393	\$ 229,225	\$ 3,809,481
37	161,876	-	-	-	1,508,308
-	24,661	-	-	-	112,621
<u>\$ 997,757</u>	<u>\$ 533,293</u>	<u>\$ 327,677</u>	<u>\$ 57,393</u>	<u>\$ 229,225</u>	<u>\$ 5,430,410</u>
\$ 8,057	\$ 142	\$ 13,742	\$ -	\$ -	\$ 167,376
-	1,816	-	-	-	73,133
13,200	-	-	-	-	21,314
-	5,607	-	-	-	5,607
-	-	-	-	-	15,249
-	152,047	-	-	-	480,195
-	-	-	-	-	96,535
-	1,012	-	-	-	106,159
<u>21,257</u>	<u>160,624</u>	<u>13,742</u>	<u>-</u>	<u>-</u>	<u>965,568</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,570</u>
-	-	-	-	-	224,568
-	-	-	-	-	321,182
-	-	-	-	-	153,010
117,900	-	-	-	-	117,900
162,523	-	-	-	-	162,523
696,077	-	-	-	-	696,077
-	-	313,935	-	-	313,935
-	-	-	57,393	-	57,393
-	-	-	-	-	351,091
-	-	-	-	-	210,699
-	372,669	-	-	-	372,669
-	-	-	-	229,225	229,225
<u>976,500</u>	<u>372,669</u>	<u>313,935</u>	<u>57,393</u>	<u>229,225</u>	<u>3,210,272</u>
<u>\$ 997,757</u>	<u>\$ 533,293</u>	<u>\$ 327,677</u>	<u>\$ 57,393</u>	<u>\$ 229,225</u>	<u>\$ 5,430,410</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Community Development Block Grant</b>	<b>Community Development Entitlement Grant</b>	<b>Sparks Grants and Donations</b>	<b>Tourism and Marketing</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 146,748
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	828,424	1,308,795	-
Charges for services	46,034	-	2,109	-
Miscellaneous	-	-	206,931	80
Total Revenues	<u>46,034</u>	<u>828,424</u>	<u>1,517,835</u>	<u>146,828</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	75,100	-
Judicial	-	-	22,315	-
Public safety	-	-	1,067,455	-
Public works	-	-	-	-
Culture and recreation	-	-	94,837	-
Community support	28,763	505,261	-	270,494
Total Current	<u>28,763</u>	<u>505,261</u>	<u>1,259,707</u>	<u>270,494</u>
Capital outlay:				
Judicial	-	-	-	-
Public safety	-	-	257,522	-
Culture and recreation	-	-	-	-
Community support	-	323,163	-	-
Total Capital Outlay	<u>-</u>	<u>323,163</u>	<u>257,522</u>	<u>-</u>
Total Expenditures	<u>28,763</u>	<u>828,424</u>	<u>1,517,229</u>	<u>270,494</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>17,271</u>	<u>-</u>	<u>606</u>	<u>(123,666)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	-	-	2,302	-
Transfers out	-	-	-	(10,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,302</u>	<u>(10,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,271	-	2,908	(133,666)
<b>FUND BALANCES, JULY 1</b>	<u>-</u>	<u>-</u>	<u>525,571</u>	<u>286,676</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 17,271</u>	<u>\$ -</u>	<u>\$ 528,479</u>	<u>\$ 153,010</u>

<b>Parks and Recreation Program</b>	<b>Court Administrative Assessment</b>	<b>Street Cut</b>	<b>Impact Fee Service Area No. 1</b>	<b>Tourism Improvement District 1</b>	<b>Stabilization</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,748
16,459	-	225,805	118,633	-	-	360,897
-	305,308	-	-	-	-	2,442,527
2,608,086	-	-	-	-	-	2,656,229
1,730	-	99	2,919	17	304	212,080
<u>2,626,275</u>	<u>305,308</u>	<u>225,904</u>	<u>121,552</u>	<u>17</u>	<u>304</u>	<u>5,818,481</u>
-	-	-	-	-	-	75,100
-	74,847	-	-	-	-	97,162
-	-	-	56,998	-	-	1,124,453
-	-	286,448	55	-	-	286,503
3,266,539	-	-	-	-	-	3,361,376
-	-	-	-	5,392	-	809,910
<u>3,266,539</u>	<u>74,847</u>	<u>286,448</u>	<u>57,053</u>	<u>5,392</u>	<u>-</u>	<u>5,754,504</u>
-	15,840	-	-	-	-	15,840
-	-	-	-	-	-	257,522
19,093	-	-	-	-	-	19,093
-	-	-	-	-	-	323,163
<u>19,093</u>	<u>15,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>615,618</u>
<u>3,285,632</u>	<u>90,687</u>	<u>286,448</u>	<u>57,053</u>	<u>5,392</u>	<u>-</u>	<u>6,370,122</u>
<u>(659,357)</u>	<u>214,621</u>	<u>(60,544)</u>	<u>64,499</u>	<u>(5,375)</u>	<u>304</u>	<u>(551,641)</u>
845,000	-	-	-	-	-	847,302
(2,302)	-	-	(37,581)	-	-	(49,883)
<u>842,698</u>	<u>-</u>	<u>-</u>	<u>(37,581)</u>	<u>-</u>	<u>-</u>	<u>797,419</u>
183,341	214,621	(60,544)	26,918	(5,375)	304	245,778
378,449	761,879	433,213	287,017	62,768	228,921	2,964,494
<u>\$ 561,790</u>	<u>\$ 976,500</u>	<u>\$ 372,669</u>	<u>\$ 313,935</u>	<u>\$ 57,393</u>	<u>\$ 229,225</u>	<u>\$ 3,210,272</u>

**CITY OF SPARKS, NEVADA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Charges for services:				
Federal grant-loan reimbursements:				
Housing rehabilitation	\$ 66,515	\$ 46,034	\$ (20,481)	\$ 10,538
Total Revenues	<u>66,515</u>	<u>46,034</u>	<u>(20,481)</u>	<u>10,538</u>
EXPENDITURES				
Community support:				
Services and supplies	<u>66,515</u>	<u>28,763</u>	<u>37,752</u>	<u>10,538</u>
NET CHANGE IN FUND BALANCES	-	17,271	17,271	-
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ 17,271</u></u>	<u><u>\$ 17,271</u></u>	<u><u>\$ -</u></u>

**CITY OF SPARKS, NEVADA**  
**COMMUNITY DEVELOPMENT ENTITLEMENT GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Intergovernmental revenues:				
Community Development Block and Entitlement grants	\$ 956,789	\$ 828,424	\$ (128,365)	\$ 614,185
EXPENDITURES				
Community support:				
Salaries and wages	101,773	64,910	36,863	71,649
Employee benefits	-	26,501	(26,501)	23,063
Services and supplies	477,518	413,850	63,668	180,629
Capital outlay	377,498	323,163	54,335	338,844
Total Expenditures	956,789	828,424	128,365	614,185
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, JULY 1	-	-	-	-
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -	\$ -

**CITY OF SPARKS, NEVADA**  
**SPARKS GRANTS AND DONATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**  
**(PAGE 1 OF 2)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Intergovernmental revenues:				
Federal grants:				
Department of Justice grants	\$ 541,284	\$ 495,565	\$ (45,719)	\$ 727,389
Environmental Protection Agency grants	77,847	72,346	(5,501)	102,720
Department of Transportation, Traffic Safety grants	218,770	170,304	(48,466)	219,710
Department of Transportation, Federal Highway grants	-	-	-	(21,888)
Department of Homeland Security grants	431,566	34,089	(397,477)	112,291
Local Emergency Planning Committee grants	449	-	(449)	-
Housing and Urban Development grants	-	-	-	162,143
Department of Agriculture, Forest Service grants	-	210	210	23,858
State grants:				
Local Emergency Planning Committee grants	-	-	-	10,812
Other local government shared revenues:				
Crime forfeitures	518,965	514,495	(4,470)	385,542
State District Specialty Court Program	21,786	21,786	-	19,921
	<u>1,810,667</u>	<u>1,308,795</u>	<u>(501,872)</u>	<u>1,742,498</u>
Charges for services:				
Other	2,109	2,109	-	50,125
Miscellaneous:				
Investment income	-	93	93	505
Other	138,328	206,838	68,510	162,873
	<u>138,328</u>	<u>206,931</u>	<u>68,603</u>	<u>163,378</u>
Total Revenues	<u>1,951,104</u>	<u>1,517,835</u>	<u>(433,269)</u>	<u>1,956,001</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	108,650	75,100	33,550	104,050
Judicial:				
Services and supplies	32,441	22,315	10,126	22,837
Public safety:				
Salaries and wages	475,156	461,978	13,178	604,037
Employee benefits	167,731	162,835	4,896	249,242
Services and supplies	784,972	442,642	342,330	517,259
Capital outlay	792,010	257,522	534,488	111,690
Total Public Safety	<u>2,219,869</u>	<u>1,324,977</u>	<u>894,892</u>	<u>1,482,228</u>

**CITY OF SPARKS, NEVADA**  
**SPARKS GRANTS AND DONATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**  
**(PAGE 2 OF 2)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
Culture and recreation:				
Salaries and wages	\$ 38,183	\$ 28,326	\$ 9,857	\$ 87,523
Employee benefits	831	1,105	(274)	1,879
Services and supplies	72,039	65,406	6,633	57,958
Capital outlay	-	-	-	207,296
Total Culture and Recreation	<u>111,053</u>	<u>94,837</u>	<u>16,216</u>	<u>354,656</u>
Total Expenditures	<u>2,472,013</u>	<u>1,517,229</u>	<u>954,784</u>	<u>1,963,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(520,909)	606	521,515	(7,770)
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	<u>-</u>	<u>2,302</u>	<u>2,302</u>	<u>27,273</u>
NET CHANGE IN FUND BALANCES	(520,909)	2,908	523,817	19,503
FUND BALANCES, JULY 1	<u>1,026,978</u>	<u>525,571</u>	<u>(501,407)</u>	<u>506,068</u>
FUND BALANCES, JUNE 30	<u>\$ 506,069</u>	<u>\$ 528,479</u>	<u>\$ 22,410</u>	<u>\$ 525,571</u>

**CITY OF SPARKS, NEVADA**  
**TOURISM AND MARKETING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Taxes:				
Room taxes	\$ 110,000	\$ 146,748	\$ 36,748	\$ 101,276
Miscellaneous:				
Investment income	400	80	(320)	411
Total Revenues	<u>110,400</u>	<u>146,828</u>	<u>36,428</u>	<u>101,687</u>
EXPENDITURES				
Community support:				
Services and supplies	<u>360,789</u>	<u>270,494</u>	<u>90,295</u>	<u>174,350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(250,389)</u>	<u>(123,666)</u>	<u>126,723</u>	<u>(72,663)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	-	-	-	100,000
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES	(250,389)	(133,666)	116,723	27,337
FUND BALANCES, JULY 1	<u>256,596</u>	<u>286,676</u>	<u>30,080</u>	<u>259,339</u>
FUND BALANCES, JUNE 30	<u><u>\$ 6,207</u></u>	<u><u>\$ 153,010</u></u>	<u><u>\$ 146,803</u></u>	<u><u>\$ 286,676</u></u>



**CITY OF SPARKS, NEVADA**  
**PARKS AND RECREATION PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Concession franchise fees	\$ 22,200	\$ 16,459	\$ (5,741)	\$ 20,105
Charges for services:				
Recreation program fees	2,141,005	2,328,674	187,669	2,286,851
Administrative service charges	5,000	4,518	(482)	4,021
Other	295,727	274,894	(20,833)	76,905
	<u>2,441,732</u>	<u>2,608,086</u>	<u>166,354</u>	<u>2,367,777</u>
Miscellaneous:				
Investment income	105	-	(105)	60
Gifts and bequests	-	-	-	2,001
Rental and event insurance	4,176	305	(3,871)	3,494
Other	-	1,425	1,425	3,368
	<u>4,281</u>	<u>1,730</u>	<u>(2,551)</u>	<u>8,923</u>
Total Revenues	<u>2,468,213</u>	<u>2,626,275</u>	<u>158,062</u>	<u>2,396,805</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Salaries and wages	2,116,832	2,171,924	(55,092)	1,921,432
Employee benefits	430,108	532,705	(102,597)	459,631
Services and supplies	663,797	561,910	101,887	508,530
Capital outlay	385,339	19,093	366,246	-
Total Expenditures	<u>3,596,076</u>	<u>3,285,632</u>	<u>310,444</u>	<u>2,889,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,127,863)</u>	<u>(659,357)</u>	<u>468,506</u>	<u>(492,788)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	835,000	845,000	10,000	475,000
Transfers out	-	(2,302)	(2,302)	(7,774)
Total Other Financing Sources (Uses)	<u>835,000</u>	<u>842,698</u>	<u>7,698</u>	<u>467,226</u>
NET CHANGE IN FUND BALANCES	(292,863)	183,341	476,204	(25,562)
FUND BALANCES, JULY 1	<u>294,710</u>	<u>378,449</u>	<u>83,739</u>	<u>404,011</u>
FUND BALANCES, JUNE 30	<u>\$ 1,847</u>	<u>\$ 561,790</u>	<u>\$ 559,943</u>	<u>\$ 378,449</u>

**CITY OF SPARKS, NEVADA**  
**COURT ADMINISTRATIVE ASSESSMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Intergovernmental revenues:				
Municipal court administrative assessments	\$ 40,000	\$ 42,398	\$ 2,398	\$ 40,685
Court collection fees	180,000	204,491	24,491	177,280
Court facility administrative assessments	55,000	58,419	3,419	56,955
Total Revenues	<u>275,000</u>	<u>305,308</u>	<u>30,308</u>	<u>274,920</u>
<b>EXPENDITURES</b>				
Judicial:				
Services and supplies	812,151	74,847	737,304	53,400
Capital outlay	160,000	15,840	144,160	386,687
Total Expenditures	<u>972,151</u>	<u>90,687</u>	<u>881,464</u>	<u>440,087</u>
NET CHANGE IN FUND BALANCES	(697,151)	214,621	911,772	(165,167)
FUND BALANCES, JULY 1	<u>718,298</u>	<u>761,879</u>	<u>43,581</u>	<u>927,046</u>
FUND BALANCES, JUNE 30	<u>\$ 21,147</u>	<u>\$ 976,500</u>	<u>\$ 955,353</u>	<u>\$ 761,879</u>

**CITY OF SPARKS, NEVADA  
STREET CUT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Licenses and permits:				
Street cut permits	\$ 200,000	\$ 225,805	\$ 25,805	\$ 437,398
Charges for services:				
Other	-	-	-	76
Miscellaneous:				
Investment income	100	99	(1)	169
Total Revenues	<u>200,100</u>	<u>225,904</u>	<u>25,804</u>	<u>437,643</u>
EXPENDITURES				
Public works:				
Salaries and wages	27,588	28,449	(861)	41,200
Employee benefits	12,609	13,622	(1,013)	18,833
Services and supplies	469,955	244,377	225,578	148,882
Total Expenditures	<u>510,152</u>	<u>286,448</u>	<u>223,704</u>	<u>208,915</u>
NET CHANGE IN FUND BALANCES	(310,052)	(60,544)	249,508	228,728
FUND BALANCES, JULY 1	<u>404,862</u>	<u>433,213</u>	<u>28,351</u>	<u>204,485</u>
FUND BALANCES, JUNE 30	<u>\$ 94,810</u>	<u>\$ 372,669</u>	<u>\$ 277,859</u>	<u>\$ 433,213</u>

**CITY OF SPARKS, NEVADA**  
**IMPACT FEE SERVICE AREA NO. 1 SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Flood control fees	\$ 30,000	\$ 4,998	\$ (25,002)	\$ 20,832
Public facility fees	75,000	56,926	(18,074)	25,600
Park fees	10,000	19,189	9,189	6,910
Sanitary sewer fee	8,000	37,520	29,520	6,300
	<u>123,000</u>	<u>118,633</u>	<u>(4,367)</u>	<u>59,642</u>
Miscellaneous:				
Investment income	(307)	2,919	3,226	123
Total Revenues	<u>122,693</u>	<u>121,552</u>	<u>(1,141)</u>	<u>59,765</u>
<b>EXPENDITURES</b>				
Public safety:				
Services and supplies	69,960	56,998	12,962	25,605
Public works:				
Services and supplies	65	55	10	29
Total Expenditures	<u>70,025</u>	<u>57,053</u>	<u>12,972</u>	<u>25,634</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	52,668	64,499	11,831	34,131
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers out	(15,000)	(37,581)	(22,581)	(6,304)
<b>NET CHANGE IN FUND BALANCES</b>	37,668	26,918	(10,750)	27,827
<b>FUND BALANCES, JULY 1</b>	<u>296,882</u>	<u>287,017</u>	<u>(9,865)</u>	<u>259,190</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 334,550</u>	<u>\$ 313,935</u>	<u>\$ (20,615)</u>	<u>\$ 287,017</u>

**CITY OF SPARKS, NEVADA**  
**TOURISM IMPROVEMENT DISTRICT 1 SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Miscellaneous:				
Investment income	\$ 125	\$ 17	\$ (108)	\$ 85
EXPENDITURES				
Community support:				
Services and supplies	70,000	5,392	64,608	11,220
NET CHANGE IN FUND BALANCES	(69,875)	(5,375)	64,500	(11,135)
FUND BALANCES, JULY 1	71,008	62,768	(8,240)	73,903
FUND BALANCES, JUNE 30	<u>\$ 1,133</u>	<u>\$ 57,393</u>	<u>\$ 56,260</u>	<u>\$ 62,768</u>

**CITY OF SPARKS, NEVADA  
 STABILIZATION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Miscellaneous:				
Investment income	\$ 350	\$ 304	\$ (46)	\$ 281
NET CHANGE IN FUND BALANCES	350	304	(46)	281
FUND BALANCES, JULY 1	<u>228,921</u>	<u>228,921</u>	<u>-</u>	<u>228,640</u>
FUND BALANCES, JUNE 30	<u><u>\$ 229,271</u></u>	<u><u>\$ 229,225</u></u>	<u><u>\$ (46)</u></u>	<u><u>\$ 228,921</u></u>

## **MAJOR DEBT SERVICE FUND**

### General Obligation Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

- Consolidated Tax Revenue Bond - Series 2007
- Consolidated Tax Refunding Revenue Bond - Series 2011
- Consolidated Tax Refunding Revenue Bond - Series 2014

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2008 Limited Obligation Improvement Bonds

Special assessments are used to service the debt.

## **NONMAJOR DEBT SERVICE FUNDS**

### Redevelopment Agency Area No. 1 Tax Revenue Fund

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

- Tax Increment Refunding Revenue Bonds – Series 2010

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

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

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

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

Ad valorem taxes are used to service the debt.

**CITY OF SPARKS, NEVADA  
GENERAL OBLIGATION DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Special assessments	\$ 2,600,000	\$ 8,302,797	\$ 5,702,797	\$ 2,715,177
Intergovernmental revenues:				
Dedicated sales tax - improvement districts	7,108,800	9,621,913	2,513,113	9,226,882
Contribution from redevelopment agency	1,378,797	-	(1,378,797)	-
	<u>8,487,597</u>	<u>9,621,913</u>	<u>1,134,316</u>	<u>9,226,882</u>
Miscellaneous:				
Investment income	29,000	4,503	(24,497)	17,246
Total Revenues	<u>11,116,597</u>	<u>17,929,213</u>	<u>6,812,616</u>	<u>11,959,305</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	4,355,000	11,630,000	(7,275,000)	3,985,000
Interest	8,339,305	9,937,950	(1,598,645)	8,970,869
Fiscal charges and other	-	55,000	(55,000)	-
Total Expenditures	<u>12,694,305</u>	<u>21,622,950</u>	<u>(8,928,645)</u>	<u>12,955,869</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,577,708)</u>	<u>(3,693,737)</u>	<u>(2,116,029)</u>	<u>(996,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of refunding bonds	-	7,330,000	7,330,000	-
Transfers:				
Transfers in	751,659	2,130,456	1,378,797	2,141,452
Total Other Financing Sources (Uses)	<u>751,659</u>	<u>9,460,456</u>	<u>8,708,797</u>	<u>2,141,452</u>
<b>NET CHANGE IN FUND BALANCES</b>	(826,049)	5,766,719	6,592,768	1,144,888
<b>FUND BALANCES, JULY 1</b>	<u>15,319,032</u>	<u>16,315,034</u>	<u>996,002</u>	<u>15,170,146</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 14,492,983</u>	<u>\$ 22,081,753</u>	<u>\$ 7,588,770</u>	<u>\$ 16,315,034</u>



**CITY OF SPARKS, NEVADA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<b>Redevelopment Agency Area No. 1 Tax Revenue</b>	<b>Redevelopment Agency Area No. 2 Debt Service</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 706,348	\$ 317,326	\$ 1,023,674
Due from other governments	127,553	-	127,553
Restricted assets:			
Cash and investments	2,216,775	1,953,841	4,170,616
<b>TOTAL ASSETS</b>	<b>\$ 3,050,676</b>	<b>\$ 2,271,167</b>	<b>\$ 5,321,843</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue – property taxes	\$ 44,393	\$ -	\$ 44,393
<b>FUND BALANCES</b>			
Restricted for:			
Debt service reserve	3,006,283	2,271,167	5,277,450
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,050,676</b>	<b>\$ 2,271,167</b>	<b>\$ 5,321,843</b>

**CITY OF SPARKS, NEVADA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Redevelopment Agency Area No. 1 Tax Revenue</b>	<b>Redevelopment Agency Area No. 2 Debt Service</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes	\$ 2,221,123	\$ 2,077,000	\$ 4,298,123
Intergovernmental revenues	147,977	-	147,977
Miscellaneous	2,416	985	3,401
	<hr/>	<hr/>	<hr/>
Total Revenues	2,371,516	2,077,985	4,449,501
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Debt service:			
Principal	1,460,000	735,000	2,195,000
Interest	829,081	1,236,451	2,065,532
Fiscal charges and other	952	1,181	2,133
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,290,033	1,972,632	4,262,665
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<hr/> <b>81,483</b> <hr/>	<hr/> <b>105,353</b> <hr/>	<hr/> <b>186,836</b> <hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers:			
Transfers in	100,300	52,028	152,328
Transfers out	(100,300)	(52,028)	(152,328)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	<b>81,483</b>	<b>105,353</b>	<b>186,836</b>
<b>FUND BALANCE, JULY 1</b>	<b>2,924,800</b>	<b>2,165,814</b>	<b>5,090,614</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 3,006,283</b>	<b>\$ 2,271,167</b>	<b>\$ 5,277,450</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF SPARKS, NEVADA**  
**REDEVELOPMENT AGENCY AREA NO. 1 TAX REVENUE DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 2,000,000	\$ 2,221,123	\$ 221,123	\$ 2,065,000
Intergovernmental revenues:				
Motor vehicle privilege tax	177,572	147,977	(29,595)	162,774
Miscellaneous:				
Investment income	6,000	2,416	(3,584)	586
Total Revenues	<u>2,183,572</u>	<u>2,371,516</u>	<u>187,944</u>	<u>2,228,360</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,460,000	1,460,000	-	1,405,000
Interest	829,081	829,081	-	885,281
Fiscal charges and other	3,500	952	2,548	903
Total Expenditures	<u>2,292,581</u>	<u>2,290,033</u>	<u>2,548</u>	<u>2,291,184</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(109,009)</u>	<u>81,483</u>	<u>190,492</u>	<u>(62,824)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	-	100,300	100,300	300,000
Transfers out	-	(100,300)	(100,300)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(109,009)	81,483	190,492	237,176
<b>FUND BALANCES, JULY 1</b>	<u>2,941,538</u>	<u>2,924,800</u>	<u>(16,738)</u>	<u>2,687,624</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 2,832,529</u>	<u>\$ 3,006,283</u>	<u>\$ 173,754</u>	<u>\$ 2,924,800</u>

**CITY OF SPARKS, NEVADA**  
**REDEVELOPMENT AGENCY AREA No. 2 DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 1,930,000	\$ 2,077,000	\$ 147,000	\$ 1,900,000
Miscellaneous:				
Investment income	350	985	635	771
<b>Total Revenues</b>	<b>1,930,350</b>	<b>2,077,985</b>	<b>147,635</b>	<b>1,900,771</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal	735,000	735,000	-	690,000
Interest	1,236,451	1,236,451	-	1,279,019
Fiscal charges and other	2,320	1,181	1,139	2,071
<b>Total Expenditures</b>	<b>1,973,771</b>	<b>1,972,632</b>	<b>1,139</b>	<b>1,971,090</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(43,421)</b>	<b>105,353</b>	<b>148,774</b>	<b>(70,319)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	-	52,028	52,028	-
Transfers out	-	(52,028)	(52,028)	(80,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(43,421)</b>	<b>105,353</b>	<b>148,774</b>	<b>(150,319)</b>
<b>FUND BALANCES, JULY 1</b>	<b>2,244,853</b>	<b>2,165,814</b>	<b>(79,039)</b>	<b>2,316,133</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 2,201,432</b>	<b>\$ 2,271,167</b>	<b>\$ 69,735</b>	<b>\$ 2,165,814</b>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

### **Road Fund**

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

### **Capital Projects Fund**

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

### **Capital Facilities Fund**

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

### **Parks and Recreation Project Fund**

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

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

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

### **Redevelopment Agency Area No. 1 Revolving Fund**

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

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

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

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

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

**CITY OF SPARKS, NEVADA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(PAGE 1 OF 2)**

	<u>Recreation and Parks District 1</u>	<u>Recreation and Parks District 2</u>	<u>Recreation and Parks District 3</u>
<b>ASSETS</b>			
Cash and investments	\$ 256,306	\$ 1,010,198	\$ 1,042,356
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 256,306</u></u>	<u><u>\$ 1,010,198</u></u>	<u><u>\$ 1,042,356</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1	\$ 3	\$ 9,044
Accrued liabilities	-	-	-
Contracts payable	-	-	-
Contract retentions payable	-	-	-
Refundable deposits	-	-	-
Due to other governments	-	-	-
<b>Total Liabilities</b>	<u>1</u>	<u>3</u>	<u>9,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue – property taxes	-	-	-
<b>FUND BALANCES</b>			
Restricted for:			
Parks and recreation	256,305	1,010,195	1,033,312
Street improvements and rehabilitation	-	-	-
Bond proceeds defined projects	-	-	-
Capital projects	-	-	-
Developer agreements	-	-	-
Improvements to Victorian Square	-	-	-
Assigned for:			
Purchases on order	-	-	-
Specific capital projects	-	-	-
Next year's budget deficit	-	-	-
Other capital projects	-	-	-
<b>Total Fund Balances</b>	<u>256,305</u>	<u>1,010,195</u>	<u>1,033,312</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 256,306</u></u>	<u><u>\$ 1,010,198</u></u>	<u><u>\$ 1,042,356</u></u>

<u>Road</u>	<u>Capital Projects</u>	<u>Capital Facilities</u>	<u>Parks and Recreation Project</u>
\$ 3,862,431	\$ 2,801,490	\$ 327,138	\$ 1,599,515
660,848	506	-	240,463
-	411,071	-	-
458,572	-	10,848	-
<u>\$ 4,981,851</u>	<u>\$ 3,213,067</u>	<u>\$ 337,986</u>	<u>\$ 1,839,978</u>
\$ 32,312	\$ 40,376	\$ -	\$ 43,282
32,116	-	-	8,712
131,996	91,057	11,458	162,950
12,525	23,568	-	8,937
-	-	-	2,000
36,160	-	-	8,251
<u>245,109</u>	<u>155,001</u>	<u>11,458</u>	<u>234,132</u>
-	-	-	-
-	-	-	915,365
4,736,742	-	-	-
-	900,864	-	-
-	-	326,528	-
-	-	-	-
-	-	-	-
-	-	-	-
-	42,502	-	690,481
-	-	-	-
-	2,114,700	-	-
<u>4,736,742</u>	<u>3,058,066</u>	<u>326,528</u>	<u>1,605,846</u>
<u>\$ 4,981,851</u>	<u>\$ 3,213,067</u>	<u>\$ 337,986</u>	<u>\$ 1,839,978</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014  
(PAGE 2 OF 2)**

	<u>Local Improvement District 3</u>	<u>Redevelopment Agency Area No. 1 Revolving</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,152,962	\$ 414,630
Accounts receivable	-	1,250
Due from other funds	-	-
Due from other governments	-	138,750
<b>TOTAL ASSETS</b>	<u>\$ 1,152,962</u>	<u>\$ 554,630</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 29	\$ 1,687
Accrued liabilities	-	50
Contracts payable	-	-
Contract retentions payable	-	-
Refundable deposits	-	-
Due to other governments	-	14,748
Total Liabilities	<u>29</u>	<u>16,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue – property taxes	-	81,442
<b>FUND BALANCES</b>		
Restricted for:		
Parks and recreation	-	-
Street improvements and rehabilitation	-	-
Bond proceeds defined projects	27,349	-
Capital projects	-	-
Developer agreements	1,125,584	-
Improvements to Victorian Square	-	-
Assigned for:		
Purchases on order	-	-
Specific capital projects	-	-
Next year's budget deficit	-	219,444
Other capital projects	-	237,259
Total Fund Balances	<u>1,152,933</u>	<u>456,703</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,152,962</u>	<u>\$ 554,630</u>



<b>Redevelopment Agency Area No. 2 Revolving</b>	<b>Victorian Square Room Tax</b>	<b>Totals</b>
\$ 108,933	\$ 1,855,895	\$ 14,431,854
-	-	903,067
-	-	411,071
59,442	56,788	724,400
<u>\$ 168,375</u>	<u>\$ 1,912,683</u>	<u>\$ 16,470,392</u>
\$ 5,723	\$ -	\$ 132,457
-	-	40,878
-	-	397,461
-	-	45,030
-	-	2,000
-	-	59,159
<u>5,723</u>	<u>-</u>	<u>676,985</u>
<u>23,127</u>	<u>-</u>	<u>104,569</u>
-	-	3,215,177
-	-	4,736,742
-	-	928,213
-	-	326,528
-	-	1,125,584
-	1,912,683	1,912,683
9,550	-	9,550
-	-	732,983
-	-	219,444
<u>129,975</u>	<u>-</u>	<u>2,481,934</u>
<u>139,525</u>	<u>1,912,683</u>	<u>15,688,838</u>
<u>\$ 168,375</u>	<u>\$ 1,912,683</u>	<u>\$ 16,470,392</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014  
(PAGE 1 OF 2)**

	<b>Recreation and Parks District 1</b>	<b>Recreation and Parks District 2</b>	<b>Recreation and Parks District 3</b>
<b>REVENUES</b>			
Taxes	\$ 65,000	\$ 122,000	\$ 141,000
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Miscellaneous	1,325	15,191	16,619
Total Revenues	<u>66,325</u>	<u>137,191</u>	<u>157,619</u>
<b>EXPENDITURES</b>			
Current:			
General government	20	194	11,615
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	98,723	15,573	2,197
Community support	-	-	-
Total Current	<u>98,743</u>	<u>15,767</u>	<u>13,812</u>
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	261,438	25,368
Total Capital Outlay	<u>-</u>	<u>261,438</u>	<u>25,368</u>
Debt service:			
Fiscal charges and other	-	-	-
Total Expenditures	<u>98,743</u>	<u>277,205</u>	<u>39,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(32,418)</u>	<u>(140,014)</u>	<u>118,439</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital asset sales	-	-	-
Transfers:			
Transfers in	-	-	-
Transfer out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(32,418)	(140,014)	118,439
<b>FUND BALANCES, JULY 1</b>	<u>288,723</u>	<u>1,150,209</u>	<u>914,873</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 256,305</u>	<u>\$ 1,010,195</u>	<u>\$ 1,033,312</u>

<u>Road</u>	<u>Capital Projects</u>	<u>Capital Facilities</u>	<u>Parks and Recreation Project</u>
\$ -	\$ -	\$ 179,709	\$ -
2,809,769	-	-	1,231,500
2,066,765	-	-	-
10	-	-	76,164
-	-	-	-
65,096	16,464	8,929	6,968
<u>4,941,640</u>	<u>16,464</u>	<u>188,638</u>	<u>1,314,632</u>
767	386,907	126,347	71
59,577	37,899	-	-
2,987,091	439	-	-
-	1,908	7,021	710,160
-	-	-	-
<u>3,047,435</u>	<u>427,153</u>	<u>133,368</u>	<u>710,231</u>
-	973,841	35,340	-
-	38,305	-	-
1,560,879	-	-	-
-	67,962	-	414,198
<u>1,560,879</u>	<u>1,080,108</u>	<u>35,340</u>	<u>414,198</u>
-	-	-	-
<u>4,608,314</u>	<u>1,507,261</u>	<u>168,708</u>	<u>1,124,429</u>
<u>333,326</u>	<u>(1,490,797)</u>	<u>19,930</u>	<u>190,203</u>
-	-	-	-
-	1,711,071	-	-
-	(723,195)	-	-
-	987,876	-	-
333,326	(502,921)	19,930	190,203
<u>4,403,416</u>	<u>3,560,987</u>	<u>306,598</u>	<u>1,415,643</u>
<u>\$ 4,736,742</u>	<u>\$ 3,058,066</u>	<u>\$ 326,528</u>	<u>\$ 1,605,846</u>

**CITY OF SPARKS, NEVADA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(PAGE 2 OF 2)**

	<b>Local Improvement District 3</b>	<b>Redevelopment Agency Area No. 1 Revolving</b>
REVENUES		
Taxes	\$ -	\$ 76,373
Licenses and permits	-	-
Intergovernmental revenues	-	-
Charges for services	-	18,272
Fines and forfeits	-	-
Miscellaneous	327	20,232
	327	20,232
Total Revenues	327	114,877
EXPENDITURES		
Current:		
General government	-	279
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community support	3,371	42,243
	3,371	42,243
Total Current	3,371	42,522
Capital outlay:		
General government	-	-
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
	-	-
Total Capital Outlay	-	-
Debt service:		
Fiscal charges and other	-	-
	-	-
Total Expenditures	3,371	42,522
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,044)	72,355
OTHER FINANCING SOURCES (USES)		
Capital asset sales	-	-
Transfers:		
Transfers in	-	100,300
Transfer out	-	(403,441)
	-	(303,141)
Total Other Financing Sources (Uses)	-	(303,141)
NET CHANGE IN FUND BALANCES	(3,044)	(230,786)
FUND BALANCES, JULY 1	1,155,977	687,489
FUND BALANCES, JUNE 30	\$ 1,152,933	\$ 456,703

<b>Redevelopment Agency Area No. 2 Revolving</b>	<b>Victorian Square Room Tax</b>	<b>Totals</b>
\$ 284,531	\$ 629,051	\$ 1,497,664
-	-	4,041,269
-	-	2,066,765
2,250	-	96,696
1,000	-	1,000
144	17,992	169,287
<u>287,925</u>	<u>647,043</u>	<u>7,872,681</u>
63	308	526,571
-	-	97,476
-	-	2,987,530
-	-	835,582
59,724	30,000	135,338
<u>59,787</u>	<u>30,308</u>	<u>4,582,497</u>
-	-	1,009,181
-	-	38,305
-	-	1,560,879
-	-	768,966
<u>-</u>	<u>-</u>	<u>3,377,331</u>
92,924	-	92,924
<u>152,711</u>	<u>30,308</u>	<u>8,052,752</u>
135,214	616,735	(180,071)
100,000	-	100,000
913,608	-	2,724,979
(1,127,685)	-	(2,254,321)
<u>(114,077)</u>	<u>-</u>	<u>570,658</u>
21,137	616,735	390,587
118,388	1,295,948	15,298,251
<u>\$ 139,525</u>	<u>\$ 1,912,683</u>	<u>\$ 15,688,838</u>

**CITY OF SPARKS, NEVADA**  
**RECREATION AND PARKS DISTRICT 1 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Residential park construction tax	\$ 25,000	\$ 65,000	\$ 40,000	\$ 59,000
Miscellaneous:				
Investment income (loss)	1,400	1,325	(75)	(459)
Total Revenues	<u>26,400</u>	<u>66,325</u>	<u>39,925</u>	<u>58,541</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	25	20	5	19
Culture and recreation:				
Services and supplies	103,033	98,723	4,310	8,253
Capital outlay	9,423	-	9,423	24,686
Total Culture and Recreation	<u>112,456</u>	<u>98,723</u>	<u>13,733</u>	<u>32,939</u>
Total Expenditures	<u>112,481</u>	<u>98,743</u>	<u>13,738</u>	<u>32,958</u>
NET CHANGE IN FUND BALANCES	(86,081)	(32,418)	53,663	25,583
FUND BALANCES, JULY 1	<u>184,548</u>	<u>288,723</u>	<u>104,175</u>	<u>263,140</u>
FUND BALANCES, JUNE 30	<u><u>\$ 98,467</u></u>	<u><u>\$ 256,305</u></u>	<u><u>\$ 157,838</u></u>	<u><u>\$ 288,723</u></u>

**CITY OF SPARKS, NEVADA**  
**RECREATION AND PARKS DISTRICT 2 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Residential park construction tax	\$ 50,000	\$ 122,000	\$ 72,000	\$ 125,000
Miscellaneous:				
Investment income (loss)	10,000	15,191	5,191	(3,451)
<b>Total Revenues</b>	<b>60,000</b>	<b>137,191</b>	<b>77,191</b>	<b>121,549</b>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	300	194	106	275
Culture and recreation:				
Services and supplies	16,098	15,573	525	10,507
Capital outlay	323,317	261,438	61,879	815,666
<b>Total Culture and Recreation</b>	<b>339,415</b>	<b>277,011</b>	<b>62,404</b>	<b>826,173</b>
<b>Total Expenditures</b>	<b>339,715</b>	<b>277,205</b>	<b>62,510</b>	<b>826,448</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(279,715)</b>	<b>(140,014)</b>	<b>139,701</b>	<b>(704,899)</b>
<b>FUND BALANCES, JULY 1</b>	<b>1,010,496</b>	<b>1,150,209</b>	<b>139,713</b>	<b>1,855,108</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 730,781</b>	<b>\$ 1,010,195</b>	<b>\$ 279,414</b>	<b>\$ 1,150,209</b>

**CITY OF SPARKS, NEVADA  
RECREATION AND PARKS DISTRICT 3 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Residential park construction tax	\$ 70,000	\$ 141,000	\$ 71,000	\$ 124,000
Charges for services:				
Other	-	-	-	1,550
Miscellaneous:				
Investment income (loss)	10,000	16,619	6,619	(3,714)
<b>Total Revenues</b>	<b>80,000</b>	<b>157,619</b>	<b>77,619</b>	<b>121,836</b>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	29,453	11,615	17,838	371
Culture and recreation:				
Services and supplies	25,794	2,197	23,597	12
Capital outlay	23,265	25,368	(2,103)	1,645,459
<b>Total Culture and Recreation</b>	<b>49,059</b>	<b>27,565</b>	<b>21,494</b>	<b>1,645,471</b>
<b>Total Expenditures</b>	<b>78,512</b>	<b>39,180</b>	<b>39,332</b>	<b>1,645,842</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,488</b>	<b>118,439</b>	<b>116,951</b>	<b>(1,524,006)</b>
<b>FUND BALANCES, JULY 1</b>	<b>717,965</b>	<b>914,873</b>	<b>196,908</b>	<b>2,438,879</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 719,453</b>	<b>\$ 1,033,312</b>	<b>\$ 313,859</b>	<b>\$ 914,873</b>



**CITY OF SPARKS, NEVADA  
ROAD CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	
<b>REVENUES</b>				
Licenses and permits:				
Right of way toll fees	\$ 728,324	\$ 685,376	\$ (42,948)	\$ 697,595
Electric franchise fees	1,349,717	1,558,410	208,693	1,493,369
Gas franchise fees	372,509	565,983	193,474	405,875
	<u>2,450,550</u>	<u>2,809,769</u>	<u>359,219</u>	<u>2,596,839</u>
Intergovernmental revenues:				
Federal grants:				
Department of Transportation grant	-	188,905	188,905	550,852
State shared revenues:				
County Road Fund distributions	16,644	-	(16,644)	12,483
Motor vehicle fuel tax	1,706,000	1,877,860	171,860	1,783,117
Other local government shared revenues				
Other	-	-	-	866
	<u>1,722,644</u>	<u>2,066,765</u>	<u>344,121</u>	<u>2,347,318</u>
Charges for services:				
Other	-	10	10	360
Miscellaneous:				
Investment income (loss)	15,000	49,826	34,826	(7,322)
Other	-	15,270	15,270	-
	<u>15,000</u>	<u>65,096</u>	<u>50,096</u>	<u>(7,322)</u>
Total Revenues	<u>4,188,194</u>	<u>4,941,640</u>	<u>753,446</u>	<u>4,937,195</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	600	767	(167)	703
Public safety:				
Services and supplies	-	59,577	(59,577)	29,700
Capital outlay	59,577	-	59,577	15,980
Total Public Safety	<u>59,577</u>	<u>59,577</u>	<u>-</u>	<u>45,680</u>
Public works:				
Salaries and wages	1,102,934	1,122,812	(19,878)	1,070,726
Employee benefits	508,191	539,032	(30,841)	487,372
Services and supplies	1,935,875	1,325,247	610,628	1,804,266
Capital outlay	2,925,142	1,560,879	1,364,263	1,692,763
Total Public Works	<u>6,472,142</u>	<u>4,547,970</u>	<u>1,924,172</u>	<u>5,055,127</u>
Total Expenditures	<u>6,532,319</u>	<u>4,608,314</u>	<u>1,924,005</u>	<u>5,101,510</u>
NET CHANGE IN FUND BALANCES	(2,344,125)	333,326	2,677,451	(164,315)
FUND BALANCES, JULY 1	<u>3,834,599</u>	<u>4,403,416</u>	<u>568,817</u>	<u>4,567,731</u>
FUND BALANCES, JUNE 30	<u>\$ 1,490,474</u>	<u>\$ 4,736,742</u>	<u>\$ 3,246,268</u>	<u>\$ 4,403,416</u>

**CITY OF SPARKS, NEVADA**  
**CAPITAL PROJECTS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	
REVENUES				
Miscellaneous:				
Investment income	\$ 2,000	\$ 15,958	\$ 13,958	\$ 769
Recoveries and reimbursements	-	-	-	28,841
Rebates	-	506	506	-
Total Revenues	<u>2,000</u>	<u>16,464</u>	<u>14,464</u>	<u>29,610</u>
EXPENDITURES				
General government:				
Services and supplies	506,001	386,907	119,094	185,946
Capital outlay	1,306,531	973,841	332,690	299,748
Total General Government	<u>1,812,532</u>	<u>1,360,748</u>	<u>451,784</u>	<u>485,694</u>
Public safety:				
Services and supplies	152,503	37,899	114,604	19,148
Capital outlay	307,450	38,305	269,145	61,206
Total Public Safety	<u>459,953</u>	<u>76,204</u>	<u>383,749</u>	<u>80,354</u>
Public works:				
Services and supplies	25,770	439	25,331	27,068
Culture and recreation:				
Services and supplies	7,973	1,908	6,065	7,442
Capital outlay	287,760	67,962	219,798	247,611
Total Culture and Recreation	<u>295,733</u>	<u>69,870</u>	<u>225,863</u>	<u>255,053</u>
Total Expenditures	<u>2,593,988</u>	<u>1,507,261</u>	<u>1,086,727</u>	<u>848,169</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,591,988)</u>	<u>(1,490,797)</u>	<u>1,101,191</u>	<u>(818,559)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	1,300,000	1,711,071	411,071	1,210,000
Transfers out	(723,195)	(723,195)	-	-
Total Other Financing Sources (Uses)	<u>576,805</u>	<u>987,876</u>	<u>411,071</u>	<u>1,210,000</u>
NET CHANGE IN FUND BALANCES	(2,015,183)	(502,921)	1,512,262	391,441
FUND BALANCES, JULY 1	<u>3,393,396</u>	<u>3,560,987</u>	<u>167,591</u>	<u>3,169,546</u>
FUND BALANCES, JUNE 30	<u>\$ 1,378,213</u>	<u>\$ 3,058,066</u>	<u>\$ 1,679,853</u>	<u>\$ 3,560,987</u>

**CITY OF SPARKS, NEVADA  
CAPITAL FACILITIES CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 181,000	\$ 179,709	\$ (1,291)	\$ 168,473
Charges for services:				
Other	-	-	-	20
Miscellaneous:				
Investment income	150	2,236	2,086	4,299
Recoveries and reimbursements	-	6,693	6,693	-
	<u>150</u>	<u>8,929</u>	<u>8,779</u>	<u>4,299</u>
Total Revenues	<u>181,150</u>	<u>188,638</u>	<u>7,488</u>	<u>172,792</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	223,014	126,347	96,667	3,369
Capital outlay	35,340	35,340	-	-
Total General Government	<u>258,354</u>	<u>161,687</u>	<u>96,667</u>	<u>3,369</u>
Public works:				
Capital outlay	-	-	-	183,006
Culture and recreation:				
Services and supplies	11,634	7,021	4,613	-
Capital outlay	-	-	-	50,814
Total Culture and Recreation	<u>11,634</u>	<u>7,021</u>	<u>4,613</u>	<u>50,814</u>
Total Expenditures	<u>269,988</u>	<u>168,708</u>	<u>101,280</u>	<u>237,189</u>
<b>NET CHANGE IN FUND BALANCES</b>	(88,838)	19,930	108,768	(64,397)
<b>FUND BALANCES, JULY 1</b>	<u>160,109</u>	<u>306,598</u>	<u>146,489</u>	<u>370,995</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 71,271</u>	<u>\$ 326,528</u>	<u>\$ 255,257</u>	<u>\$ 306,598</u>

**CITY OF SPARKS, NEVADA**  
**PARKS AND RECREATION PROJECT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Concession franchise fees	\$ 100,000	\$ 108,329	\$ 8,329	\$ 101,217
Electric franchise fees	752,358	779,205	26,847	746,685
Gas franchise fees	208,754	282,991	74,237	202,938
Park fees	-	60,975	60,975	51,690
	<u>1,061,112</u>	<u>1,231,500</u>	<u>170,388</u>	<u>1,102,530</u>
Charges for services:				
Other	43,000	76,164	33,164	58,162
Miscellaneous:				
Investment income	<u>2,505</u>	<u>6,968</u>	<u>4,463</u>	<u>39</u>
Total Revenues	<u>1,106,617</u>	<u>1,314,632</u>	<u>208,015</u>	<u>1,160,731</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	<u>100</u>	<u>71</u>	<u>29</u>	<u>83</u>
Culture and recreation:				
Salaries and wages	287,171	247,798	39,373	263,286
Employee benefits	130,121	106,786	23,335	113,595
Services and supplies	427,461	355,576	71,885	237,371
Capital outlay	<u>941,746</u>	<u>414,198</u>	<u>527,548</u>	<u>379,446</u>
Total Culture and Recreation	<u>1,786,499</u>	<u>1,124,358</u>	<u>662,141</u>	<u>993,698</u>
Total Expenditures	<u>1,786,599</u>	<u>1,124,429</u>	<u>662,170</u>	<u>993,781</u>
NET CHANGE IN FUND BALANCES	(679,982)	190,203	870,185	166,950
FUND BALANCE, JULY 1	<u>1,250,390</u>	<u>1,415,643</u>	<u>165,253</u>	<u>1,248,693</u>
FUND BALANCES, JUNE 30	<u>\$ 570,408</u>	<u>\$ 1,605,846</u>	<u>\$ 1,035,438</u>	<u>\$ 1,415,643</u>

**CITY OF SPARKS, NEVADA**  
**LOCAL IMPROVEMENT DISTRICT 3 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Miscellaneous:				
Investment income	\$ 1,050	\$ 327	\$ (723)	\$ 1,362
EXPENDITURES				
Community support:				
Services and supplies	<u>1,100,000</u>	<u>3,371</u>	<u>1,096,629</u>	<u>1,894</u>
NET CHANGE IN FUND BALANCES	(1,098,950)	(3,044)	1,095,906	(532)
FUND BALANCES, JULY 1	<u>1,152,560</u>	<u>1,155,977</u>	<u>3,417</u>	<u>1,156,509</u>
FUND BALANCES, JUNE 30	<u><u>\$ 53,610</u></u>	<u><u>\$ 1,152,933</u></u>	<u><u>\$ 1,099,323</u></u>	<u><u>\$ 1,155,977</u></u>

**CITY OF SPARKS, NEVADA**  
**REDEVELOPMENT AGENCY AREA NO. 1 REVOLVING CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 221,123	\$ 76,373	\$ (144,750)	\$ 316,301
Charges for services:				
Other	18,272	18,272	-	197,784
Miscellaneous:				
Recoveries and reimbursements	-	-	-	111,489
Investment income (loss)	6,000	5,232	(768)	(1,959)
Property rentals	15,000	15,000	-	15,000
	<u>21,000</u>	<u>20,232</u>	<u>(768)</u>	<u>124,530</u>
Total Revenues	<u>260,395</u>	<u>114,877</u>	<u>(145,518)</u>	<u>638,615</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	3,714	279	3,435	1,511
Culture and recreation:				
Salaries and wages	-	-	-	182,732
Employee benefits	-	-	-	7,421
Services and supplies	-	-	-	41,949
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,102</u>
Community support:				
Salaries and wages	27,319	12,241	15,078	26,846
Employee benefits	12,790	5,748	7,042	11,296
Services and supplies	127,828	24,254	103,574	45,041
Total Community Support	<u>167,937</u>	<u>42,243</u>	<u>125,694</u>	<u>83,183</u>
Intergovernmental:				
Services and supplies	303,141	-	303,141	-
Total Expenditures	<u>474,792</u>	<u>42,522</u>	<u>432,270</u>	<u>316,796</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(214,397)</u>	<u>72,355</u>	<u>286,752</u>	<u>321,819</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital asset sales	-	-	-	88,258
Transfers:				
Transfers in	-	100,300	100,300	-
Transfers out	-	(403,441)	(403,441)	(705,942)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(303,141)</u>	<u>(303,141)</u>	<u>(617,684)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(214,397)</u>	<u>(230,786)</u>	<u>(16,389)</u>	<u>(295,865)</u>
<b>FUND BALANCES, JULY 1</b>	<u>606,218</u>	<u>687,489</u>	<u>81,271</u>	<u>983,354</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 391,821</u>	<u>\$ 456,703</u>	<u>\$ 64,882</u>	<u>\$ 687,489</u>

**CITY OF SPARKS, NEVADA**  
**REDEVELOPMENT AGENCY AREA NO. 2 REVOLVING CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	2014			2013
	Final Budget	Actual	Variance	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 463,023	\$ 284,531	\$ (178,492)	\$ 507,838
Charges for services:				
Other	-	2,250	2,250	-
Fines and forfeits:				
Other	-	1,000	1,000	-
Miscellaneous:				
Investment income (loss)	10,000	144	(9,856)	(2,381)
Total Revenues	<u>473,023</u>	<u>287,925</u>	<u>(185,098)</u>	<u>505,457</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	90	63	27	22
Community support:				
Services and supplies	1,157,492	59,724	1,097,768	44,096
Debt service:				
Fiscal charges and other	92,924	92,924	-	92,924
Total Expenditures	<u>1,250,506</u>	<u>152,711</u>	<u>1,097,795</u>	<u>137,042</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(777,483)</u>	<u>135,214</u>	<u>912,697</u>	<u>368,415</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital asset sales	-	100,000	100,000	-
Transfers:				
Transfers in	750,000	913,608	163,608	330,000
Transfers out	-	(1,127,685)	(1,127,685)	(1,076,905)
Total Other Financing Sources (Uses)	<u>750,000</u>	<u>(114,077)</u>	<u>(864,077)</u>	<u>(746,905)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(27,483)</u>	<u>21,137</u>	<u>48,620</u>	<u>(378,490)</u>
<b>FUND BALANCES, JULY 1</b>	<u>90,024</u>	<u>118,388</u>	<u>28,364</u>	<u>496,878</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 62,541</u>	<u>\$ 139,525</u>	<u>\$ 76,984</u>	<u>\$ 118,388</u>

**CITY OF SPARKS, NEVADA**  
**VICTORIAN SQUARE ROOM TAX CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Room tax	\$ -	\$ 629,051	\$ 629,051	\$ 470,017
Miscellaneous:				
Investment income (loss)	-	17,992	17,992	(692)
Other	-	-	-	570
	-	17,992	17,992	(122)
<b>Total Revenues</b>	<b>-</b>	<b>647,043</b>	<b>647,043</b>	<b>469,895</b>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	450	308	142	214
Community support:				
Services and supplies	79,700	30,000	49,700	258
Capital outlay	36,604	-	36,604	337,499
<b>Total Community Support</b>	<b>116,304</b>	<b>30,000</b>	<b>86,304</b>	<b>337,757</b>
<b>Total Expenditures</b>	<b>116,754</b>	<b>30,308</b>	<b>86,446</b>	<b>337,971</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(116,754)</b>	<b>616,735</b>	<b>733,489</b>	<b>131,924</b>
<b>FUND BALANCES, JULY 1</b>	<b>1,176,182</b>	<b>1,295,948</b>	<b>119,766</b>	<b>1,164,024</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,059,428</b>	<b>\$ 1,912,683</b>	<b>\$ 853,255</b>	<b>\$ 1,295,948</b>



## **MAJOR ENTERPRISE FUND**

### Sewer Operations Fund

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

## **NONMAJOR ENTERPRISE FUND**

### Development Services Fund

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

**CITY OF SPARKS, NEVADA**  
**SEWER OPERATIONS ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>OPERATING REVENUES</b>				
Licenses and permits:				
Miscellaneous	\$ 217,000	\$ 222,290	\$ 5,290	\$ 211,135
Charges for services:				
Sewer charges	21,572,574	20,987,062	(585,512)	20,903,820
<b>Total Operating Revenues</b>	<b>21,789,574</b>	<b>21,209,352</b>	<b>(580,222)</b>	<b>21,114,955</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,333,275	2,871,789	(538,514)	2,503,147
Employee benefits	1,150,461	1,233,772	(83,311)	1,121,649
Services and supplies	12,341,520	10,235,571	2,105,949	11,392,820
Depreciation	5,695,000	5,696,117	(1,117)	5,629,127
Net loss from Truckee Meadows Water Reclamation Facility	1,725,350	2,076,151	(350,801)	1,814,942
<b>Total Operating Expenses</b>	<b>23,245,606</b>	<b>22,113,400</b>	<b>1,132,206</b>	<b>22,461,685</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,456,032)</b>	<b>(904,048)</b>	<b>551,984</b>	<b>(1,346,730)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	210,000	435,653	225,653	20,453
Interest expense	(1,357,410)	(1,293,827)	63,583	(1,420,019)
Miscellaneous	168,670	123,752	(44,918)	183,360
Gain (loss) on disposition of assets	-	(6,067)	(6,067)	-
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(978,740)</b>	<b>(740,489)</b>	<b>238,251</b>	<b>(1,216,206)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,434,772)</b>	<b>(1,644,537)</b>	<b>790,235</b>	<b>(2,562,936)</b>
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	-	308,681	308,681	-
Contributions from other governments	5,000,000	4,883,288	(116,712)	263,777
Sewer connection fees	1,214,036	2,162,013	947,977	1,982,605
Sewer lines and storm drains	-	392,712	392,712	-
<b>Total Capital Contributions</b>	<b>6,214,036</b>	<b>7,746,694</b>	<b>1,532,658</b>	<b>2,246,382</b>
<b>TRANSFERS</b>				
Transfers in	15,000	37,581	22,581	6,304
Transfers out	(4,066)	(4,066)	-	(387,094)
<b>Total Transfers</b>	<b>10,934</b>	<b>33,515</b>	<b>22,581</b>	<b>(380,790)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,790,198</b>	<b>6,135,672</b>	<b>\$ 2,345,474</b>	<b>\$ (697,344)</b>
<b>NET POSITION, JULY 1</b>		<b>181,718,305</b>		
<b>NET POSITION, JUNE 30</b>		<b>\$ 187,853,977</b>		

**CITY OF SPARKS, NEVADA**  
**DEVELOPMENT SERVICES ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>OPERATING REVENUES</b>				
Licenses and permits:				
Building permits	\$ 1,023,457	\$ 1,197,187	\$ 173,730	\$ 1,131,761
Other	7,410	(282)	(7,692)	13,668
Charges for services:				
Building and zoning fees	951,646	943,209	(8,437)	905,871
Other	66,220	177,428	111,208	66,600
Total Operating Revenues	<u>2,048,733</u>	<u>2,317,542</u>	<u>268,809</u>	<u>2,117,900</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	866,159	733,298	132,861	928,112
Employee benefits	387,515	382,144	5,371	345,171
Services and supplies	536,724	417,070	119,654	408,044
Depreciation	19,000	-	19,000	-
Total Operating Expenses	<u>1,809,398</u>	<u>1,532,512</u>	<u>276,886</u>	<u>1,681,327</u>
<b>OPERATING INCOME (LOSS)</b>	<u>239,335</u>	<u>785,030</u>	<u>545,695</u>	<u>436,573</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	1,285	18,979	17,694	(1,142)
Miscellaneous	11,283	8,968	(2,315)	7,827
Total Nonoperating Revenues (Expenses)	<u>12,568</u>	<u>27,947</u>	<u>15,379</u>	<u>6,685</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	251,903	812,977	561,074	443,258
<b>TRANSFERS</b>				
Transfers out	<u>(376,397)</u>	<u>(376,397)</u>	<u>-</u>	<u>(84,622)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (124,494)</u>	<u>436,580</u>	<u>\$ 561,074</u>	<u>\$ 358,636</u>
<b>NET POSITION, JULY 1</b>		<u>1,118,949</u>		
<b>NET POSITION, JUNE 30</b>		<u>\$ 1,555,529</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.

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>Motor Vehicle Maintenance</b>	<b>Group Insurance Self-Insurance</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and investments	\$ 2,129,130	\$ 1,556,065
Accounts receivable	4,210	212,456
Due from other governments	1,443	-
Deposits	-	6,081
Inventory of supplies	238,263	-
Total Current Assets	2,373,046	1,774,602
NONCURRENT ASSETS		
CAPITAL ASSETS:		
Construction in progress	1,338,991	-
Buildings	451,019	-
Site improvements	245,445	-
Machinery and equipment	22,080,300	-
	24,115,755	-
Less: Accumulated depreciation	16,682,286	-
Total Noncurrent Assets	7,433,469	-
Total Assets	9,806,515	1,774,602
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	117,419	5,725
Accrued liabilities	18,411	3,157
Contracts payable	-	-
Unearned revenues	-	25,733
Due to other governments	19,872	-
Current portion of long-term liabilities	644,499	920,896
Total Current Liabilities	800,201	955,511
LONG-TERM LIABILITIES:		
Capital lease (net of current portion)	171,670	-
Compensated absences (net of current portion)	70,059	-
Net OPEB obligation	82,145	-
Sick leave conversion payable (net of current portion)	26,950	-
Claims liabilities (net of current portion)	-	-
Total Long-Term Liabilities	350,824	-
Total Liabilities	1,151,025	955,511
<b>NET POSITION</b>		
Net investment in capital assets	6,688,594	-
Restricted for claims	-	819,091
Unrestricted	1,966,896	-
Total Net Position	\$ 8,655,490	\$ 819,091

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 5,940,100	\$ 1,663,178	\$ 11,288,473
45,649	588	262,903
-	-	1,443
10,000	-	16,081
-	-	238,263
<u>5,995,749</u>	<u>1,663,766</u>	<u>11,807,163</u>
-	-	1,338,991
-	-	451,019
-	-	245,445
-	-	22,080,300
-	-	24,115,755
-	-	16,682,286
-	-	7,433,469
<u>5,995,749</u>	<u>1,663,766</u>	<u>19,240,632</u>
5,314	42,604	171,062
-	-	21,568
-	13,429	13,429
-	-	25,733
-	-	19,872
732,876	-	2,298,271
<u>738,190</u>	<u>56,033</u>	<u>2,549,935</u>
-	-	171,670
-	-	70,059
-	-	82,145
-	-	26,950
9,258,452	-	9,258,452
<u>9,258,452</u>	<u>-</u>	<u>9,609,276</u>
<u>9,996,642</u>	<u>56,033</u>	<u>12,159,211</u>
-	-	6,688,594
-	1,607,733	2,426,824
(4,000,893)	-	(2,033,997)
<u>\$ (4,000,893)</u>	<u>\$ 1,607,733</u>	<u>\$ 7,081,421</u>

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Motor Vehicle Maintenance</b>	<b>Group Insurance Self-Insurance</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,625,940	\$ 6,893,779
Miscellaneous	34,848	10,479
Total Operating Revenues	<u>3,660,788</u>	<u>6,904,258</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	515,727	-
Employee benefits	254,976	-
Services and supplies	1,716,099	8,941,816
Depreciation	<u>1,139,907</u>	<u>-</u>
Total Operating Expenses	<u>3,626,709</u>	<u>8,941,816</u>
<b>OPERATING INCOME (LOSS)</b>	<u>34,079</u>	<u>(2,037,558)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income (loss)	36,150	42,513
Interest expense	(61,406)	-
Gain (loss) on disposition of assets	<u>20,365</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(4,891)</u>	<u>42,513</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>29,188</u>	<u>(1,995,045)</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Grants	209,713	-
Vehicles	<u>39,175</u>	<u>-</u>
Total Contributions	<u>248,888</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	278,076	(1,995,045)
<b>NET POSITION, JULY 1</b>	<u>8,377,414</u>	<u>2,814,136</u>
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 8,655,490</u></u>	<u><u>\$ 819,091</u></u>



<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 450,015	\$ 238,418	\$ 11,208,152
-	255,834	301,161
450,015	494,252	11,509,313
-	-	515,727
-	-	254,976
3,771,497	958,336	15,387,748
-	-	1,139,907
3,771,497	958,336	17,298,358
(3,321,482)	(464,084)	(5,789,045)
77,447	24,345	180,455
-	-	(61,406)
-	(29,638)	(9,273)
77,447	(5,293)	109,776
(3,244,035)	(469,377)	(5,679,269)
-	-	209,713
-	-	39,175
-	-	248,888
(3,244,035)	(469,377)	(5,430,381)
(756,858)	2,077,110	12,511,802
\$ (4,000,893)	\$ 1,607,733	\$ 7,081,421

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(PAGE 1 OF 2)**

	<b>Motor Vehicle Maintenance</b>	<b>Group Insurance Self-Insurance</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 33,281	\$ 1,023,890
Cash received from interfund services provided	3,625,940	5,669,029
Cash received from reimbursements of insurance claims	-	10,479
Cash paid to employees	(733,291)	-
Cash paid to suppliers	(1,652,911)	(8,847,638)
Net Cash Provided by (Used for) Operating Activities	<u>1,273,019</u>	<u>(2,144,240)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on capital lease obligations	(547,660)	-
Interest expense on capital lease obligations	(61,406)	-
Proceeds from sale of capital assets	218,757	-
Acquisition of capital assets	(1,899,101)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,289,410)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income (loss)	<u>36,150</u>	<u>42,513</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(980,241)	(2,101,727)
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,109,371</u>	<u>3,657,792</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 2,129,130</u></u>	<u><u>\$ 1,556,065</u></u>

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 110,251	\$ -	\$ 1,167,422
294,115	238,418	9,827,502
-	265,915	276,394
-	-	(733,291)
<u>(1,034,822)</u>	<u>(933,479)</u>	<u>(12,468,850)</u>
<u>(630,456)</u>	<u>(429,146)</u>	<u>(1,930,823)</u>
-	-	(547,660)
-	-	(61,406)
-	-	218,757
<u>-</u>	<u>(29,638)</u>	<u>(1,928,739)</u>
<u>-</u>	<u>(29,638)</u>	<u>(2,319,048)</u>
<u>77,447</u>	<u>24,345</u>	<u>180,455</u>
<u>(553,009)</u>	<u>(434,439)</u>	<u>(4,069,416)</u>
<u>6,493,109</u>	<u>2,097,617</u>	<u>15,357,889</u>
<u>\$ 5,940,100</u>	<u>\$ 1,663,178</u>	<u>\$ 11,288,473</u>

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(PAGE 2 OF 2)**

	<b>Motor Vehicle Maintenance</b>	<b>Group Insurance Self-Insurance</b>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 34,079	\$ (2,037,558)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:		
Depreciation	1,139,907	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(124)	(200,860)
Due from other governments	(1,443)	-
Inventory of supplies	2,547	592
Increase (decrease) in:		
Accounts payable	56,523	2,305
Accrued liabilities	2,773	3,157
Compensated absences	25,934	-
Net OPEB obligation	8,705	-
Contracts payable	-	-
Unearned revenue	-	3,429
Due to other governments	4,118	-
Claims liabilities	-	84,695
	1,238,940	(106,682)
Total Adjustments		
Net Cash Provided by (Used for) Operating Activities	\$ 1,273,019	\$ (2,144,240)
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions of capital assets from other funds	\$ 39,175	\$ -
Book value of capital asset disposals	\$ 198,388	\$ -

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ (3,321,482)	\$ (464,084)	\$ (5,789,045)
-	-	1,139,907
(45,649)	11,078	(235,555)
-	-	(1,443)
-	-	3,139
5,314	30,613	94,755
-	-	5,930
-	-	25,934
-	-	8,705
-	(5,756)	(5,756)
-	(997)	2,432
-	-	4,118
2,731,361	-	2,816,056
2,691,026	34,938	3,858,222
\$ (630,456)	\$ (429,146)	\$ (1,930,823)
\$ -	\$ -	\$ 39,175
\$ -	\$ -	\$ 198,388

**CITY OF SPARKS, NEVADA**  
**MOTOR VEHICLE MAINTENANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>OPERATING REVENUES</b>				
Charges for services:				
Equipment rent	\$ 3,579,924	\$ 3,625,940	\$ 46,016	\$ 3,635,484
Miscellaneous	12,000	34,848	22,848	40,502
Total Operating Revenues	<u>3,591,924</u>	<u>3,660,788</u>	<u>68,864</u>	<u>3,675,986</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	481,994	515,727	(33,733)	468,682
Employee benefits	233,274	254,976	(21,702)	227,786
Services and supplies	1,603,213	1,716,099	(112,886)	1,947,372
Depreciation	1,544,345	1,139,907	404,438	1,729,128
Total Operating Expenses	<u>3,862,826</u>	<u>3,626,709</u>	<u>236,117</u>	<u>4,372,968</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(270,902)</u>	<u>34,079</u>	<u>304,981</u>	<u>(696,982)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	30,000	36,150	6,150	(5,967)
Interest expense	(61,406)	(61,406)	-	(89,099)
Miscellaneous	4,000	-	(4,000)	-
Gain (loss) on disposition of assets	50,000	20,365	(29,635)	43,407
Total Nonoperating Revenues (Expenses)	<u>22,594</u>	<u>(4,891)</u>	<u>(27,485)</u>	<u>(51,659)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(248,308)</u>	<u>29,188</u>	<u>277,496</u>	<u>(748,641)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	-	209,713	209,713	230,325
Vehicles	-	39,175	39,175	71,292
Total Contributions	<u>-</u>	<u>248,888</u>	<u>248,888</u>	<u>301,617</u>
<b>TRANSFERS</b>				
Transfers in	-	-	-	382,990
Transfers out	(1,000,000)	-	1,000,000	-
Total Transfers	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>382,990</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (1,248,308)</u>	<u>278,076</u>	<u>\$ 1,526,384</u>	<u>\$ (64,034)</u>
<b>NET POSITION, JULY 1</b>		<u>8,377,414</u>		
<b>NET POSITION, JUNE 30</b>		<u>\$ 8,655,490</u>		

**CITY OF SPARKS, NEVADA**  
**GROUP INSURANCE SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2013</u>
OPERATING REVENUES				
Charges for services:				
Other	\$ 7,109,452	\$ 6,893,779	\$ (215,673)	\$ 7,344,017
Miscellaneous:				
Reimbursement from insurance claims	<u>1,000</u>	<u>10,479</u>	<u>9,479</u>	<u>19,353</u>
Total Operating Revenues	7,110,452	6,904,258	(206,194)	7,363,370
OPERATING EXPENSES				
Services and supplies	<u>8,308,897</u>	<u>8,941,816</u>	<u>(632,919)</u>	<u>8,342,340</u>
OPERATING INCOME (LOSS)	(1,198,445)	(2,037,558)	(839,113)	(978,970)
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	<u>30,000</u>	<u>42,513</u>	<u>12,513</u>	<u>(6,407)</u>
CHANGE IN NET POSITION	<u><u>\$ (1,168,445)</u></u>	(1,995,045)	<u><u>\$ (826,600)</u></u>	<u><u>\$ (985,377)</u></u>
NET POSITION, JULY 1		<u>2,814,136</u>		
NET POSITION, JUNE 30		<u><u>\$ 819,091</u></u>		

**CITY OF SPARKS, NEVADA**  
**WORKERS' COMPENSATION INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
OPERATING REVENUES				
Charges for services:				
Contributions and reimbursements	\$ 417,458	\$ 450,015	\$ 32,557	\$ 442,822
OPERATING EXPENSES				
Services and supplies	<u>1,812,766</u>	<u>3,771,497</u>	<u>(1,958,731)</u>	<u>4,616,972</u>
OPERATING INCOME (LOSS)	(1,395,308)	(3,321,482)	(1,926,174)	(4,174,150)
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	<u>50,000</u>	<u>77,447</u>	<u>27,447</u>	<u>(12,837)</u>
CHANGE IN NET POSITION	<u>\$ (1,345,308)</u>	(3,244,035)	<u>\$ (1,898,727)</u>	<u>\$ (4,186,987)</u>
NET POSITION, JULY 1		<u>(756,858)</u>		
NET POSTION, JUNE 30		<u>\$ (4,000,893)</u>		



**CITY OF SPARKS, NEVADA**  
**MUNICIPAL SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
OPERATING REVENUES				
Charges for services:				
Interfund services provided	\$ 238,418	\$ 238,418	\$ -	\$ 246,911
Miscellaneous:				
Reimbursement from insurance claims	<u>20,000</u>	<u>255,834</u>	<u>235,834</u>	<u>92,078</u>
Total Operating Revenues	258,418	494,252	235,834	338,989
OPERATING EXPENSES				
Services and supplies	<u>969,164</u>	<u>958,336</u>	<u>10,828</u>	<u>790,736</u>
OPERATING INCOME (LOSS)	<u>(710,746)</u>	<u>(464,084)</u>	<u>246,662</u>	<u>(451,747)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	15,000	24,345	9,345	(4,579)
Gain (loss) on disposition of assets	<u>-</u>	<u>(29,638)</u>	<u>(29,638)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>15,000</u>	<u>(5,293)</u>	<u>(20,293)</u>	<u>(4,579)</u>
CHANGE IN NET POSITION	<u>\$ (695,746)</u>	(469,377)	<u>\$ 226,369</u>	<u>\$ (456,326)</u>
NET POSITION, JULY 1		<u>2,077,110</u>		
NET POSITION, JUNE 30		<u>\$ 1,607,733</u>		

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## **AGENCY FUNDS**

### Sick Leave Retirement Trust Fund

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

### Post Employment Medical Benefits Trust Fund

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

### Truckee Meadows Water Reclamation Facility

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

### Regional Transportation Commission Road Impact Fund

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

### Marina Special Assessment District 2 (Refunding)

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

### Others

The following funds are maintained to account for the accumulation of resources to perform limited maintenance of landscaping within the respective subdivisions:

- Mesa Meadows Landscape Maintenance Fund
- Promontory Landscape Maintenance Fund
- Triple Crown Landscape Maintenance Fund

**CITY OF SPARKS, NEVADA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(PAGE 1 OF 2)**

	<u>BALANCE JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2014</u>
<b>Sick Leave Retirement Trust Fund</b>				
Assets:				
Cash and investments	\$ 60,894	\$ 538,709	\$ 547,873	\$ 51,730
Liabilities:				
Group insurance premiums payable	\$ 60,894	\$ 538,709	\$ 547,873	\$ 51,730
<b>Post Employment Medical Benefits Trust Fund</b>				
Assets:				
Cash and investments	\$ 545,319	\$ 154,971	\$ 131,806	\$ 568,484
Liabilities:				
Group insurance premiums payable	\$ 545,319	\$ 154,971	\$ 131,806	\$ 568,484
<b>Truckee Meadows Water Reclamation Facility</b>				
Assets:				
Cash and investments	\$ 5,735,824	\$ 19,572,247	\$ 21,696,794	\$ 3,611,277
Liabilities:				
Due to other governments	\$ 5,735,824	\$ 19,572,247	\$ 21,696,794	\$ 3,611,277
<b>Regional Transportation Commission Road Impact Fund</b>				
Assets:				
Cash and investments	\$ 89,409	\$ 573,267	\$ 523,674	\$ 139,002
Liabilities:				
Due to other governments	\$ 89,409	\$ 573,267	\$ 523,674	\$ 139,002
<b>Marina Special Assessment District 2 (Refunding)</b>				
Assets:				
Cash and investments	\$ 825,877	\$ 368,168	\$ 497,445	\$ 696,600
Liabilities:				
Due to special assessment bond holders	\$ 825,877	\$ 368,168	\$ 497,445	\$ 696,600

**CITY OF SPARKS, NEVADA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(PAGE 2 OF 2)**

	<u>BALANCE</u> <u>JULY 1,</u> <u>2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2014</u>
<b>Mesa Meadows Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 1,066	\$ 58,361	\$ 56,701	\$ 2,726
Liabilities:				
Accounts payable	\$ 1,066	\$ 58,361	\$ 56,701	\$ 2,726
<b>Promontory Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 11,426	\$ 19,417	\$ 25,290	\$ 5,553
Liabilities:				
Accounts payable	\$ 11,426	\$ 19,417	\$ 25,290	\$ 5,553
<b>Triple Crown Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 97,433	\$ 50,688	\$ 33,928	\$ 114,193
Liabilities:				
Accounts payable	\$ 97,433	\$ 50,688	\$ 33,928	\$ 114,193
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and investments	\$ 7,367,248	\$ 21,335,828	\$ 23,513,511	\$ 5,189,565
Liabilities:				
Accounts payable	\$ 109,925	\$ 128,466	\$ 115,919	\$ 122,472
Group insurance premiums payable	606,213	693,680	679,679	620,214
Due to special assessment bond holders	825,877	368,168	497,445	696,600
Due to other governments	5,825,233	20,145,514	22,220,468	3,750,279
Total Liabilities	\$ 7,367,248	\$ 21,335,828	\$ 23,513,511	\$ 5,189,565

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**CITY OF SPARKS, NEVADA  
STATISTICAL SECTION  
(UNAUDITED)**

*This part of the City of Sparks' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.*

<b><u>Section Contents</u></b>	<b><u>Schedule #</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	<b>1.1 - 1.4</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	<b>2.1 - 2.4</b>
<b>Debt Capacity</b> <i>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.</i>	<b>3.1 - 3.4</b>
<b>Demographic and Economic Information</b> <i>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.</i>	<b>4.1 - 4.2</b>
<b>Operating Information</b> <i>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.</i>	<b>5.1 - 5.3</b>

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

**CITY OF SPARKS, NEVADA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**FISCAL YEAR ENDED JUNE 30,**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in				
capital assets	\$ 333,680,025	\$ 276,456,276	\$ 244,417,470	\$ 248,628,684
Restricted	41,194,330	42,903,334	51,091,604	54,408,668
Unrestricted	(113,144,667)	(101,758,726)	(103,675,703)	(106,405,447)
Total	<u>\$ 261,729,688</u>	<u>\$ 217,600,884</u>	<u>\$ 191,833,371</u>	<u>\$ 196,631,905</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in				
capital assets	\$ 124,836,498	\$ 118,604,065	\$ 117,872,586	\$ 116,663,143
Restricted	-	-	-	-
Unrestricted	62,226,339	62,724,798	64,634,725	65,174,839
Total	<u>\$ 187,062,837</u>	<u>\$ 181,328,863</u>	<u>\$ 182,507,311</u>	<u>\$ 181,837,982</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in				
capital assets	\$ 458,516,523	\$ 395,060,341	\$ 362,290,056	\$ 365,291,827
Restricted	41,194,330	42,903,334	51,091,604	54,408,668
Unrestricted	(50,918,328)	(39,033,928)	(39,040,978)	(41,230,608)
Total	<u>\$ 448,792,525</u>	<u>\$ 398,929,747</u>	<u>\$ 374,340,682</u>	<u>\$ 378,469,887</u>

Note: This information is prepared on the accrual basis of accounting.



<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 240,120,081	\$ 231,945,948	\$ 232,225,145	\$ 197,548,146	\$ 182,374,433	\$ 160,048,222
52,436,068	29,215,548	25,841,636	31,281,266	31,065,597	19,906,031
(99,397,357)	(92,013,116)	11,302,280	30,290,646	6,973,294	9,919,552
<u>\$ 193,158,792</u>	<u>\$ 169,148,380</u>	<u>\$ 269,369,061</u>	<u>\$ 259,120,058</u>	<u>\$ 220,413,324</u>	<u>\$ 189,873,805</u>
\$ 114,408,011	\$ 110,657,125	\$ 97,014,066	\$ 93,760,468	\$ 103,297,062	\$ 79,335,296
-	-	29,391,969	28,315,990	15,947,491	25,943,523
66,681,450	70,313,937	45,149,581	40,062,574	39,325,348	36,564,776
<u>\$ 181,089,461</u>	<u>\$ 180,971,062</u>	<u>\$ 171,555,616</u>	<u>\$ 162,139,032</u>	<u>\$ 158,569,901</u>	<u>\$ 141,843,595</u>
\$ 354,528,092	\$ 342,603,073	\$ 329,239,211	\$ 291,308,614	\$ 285,671,495	\$ 239,383,518
52,436,068	29,215,548	55,233,605	59,597,256	47,013,088	45,849,554
(32,715,907)	(21,699,179)	56,451,861	70,353,220	46,298,642	46,484,328
<u>\$ 374,248,253</u>	<u>\$ 350,119,442</u>	<u>\$ 440,924,677</u>	<u>\$ 421,259,090</u>	<u>\$ 378,983,225</u>	<u>\$ 331,717,400</u>

**CITY OF SPARKS, NEVADA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(PAGE 1 OF 2)**

FISCAL YEAR ENDED JUNE 30,

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>EXPENSES</b>			
<b>Governmental Activities:</b>			
General government	\$ 10,756,417	\$ 10,863,112	\$ 8,817,144
Judicial	2,213,707	2,225,488	2,054,034
Public safety	44,473,405	40,779,887	37,286,519
Public works	13,107,396	13,780,817	14,071,989
Culture and recreation	10,230,616	9,672,978	9,149,895
Community support	1,949,757	1,568,970	2,473,833
Intergovernmental	-	-	-
Interest on long-term debt	10,748,859	13,158,074	13,480,497
Total Governmental Activities Expenses	<u>93,480,157</u>	<u>92,049,326</u>	<u>87,333,911</u>
<b>Business-type Activities:</b>			
Sewer	24,153,084	24,622,329	20,399,005
Development services	1,624,933	1,780,442	1,468,521
Special events	-	-	-
Total Business-type Activities Expenses	<u>25,778,017</u>	<u>26,402,771</u>	<u>21,867,526</u>
Total Primary Government Expenses	<u>\$ 119,258,174</u>	<u>\$ 118,452,097</u>	<u>\$ 109,201,437</u>
<b>PROGRAM REVENUES</b>			
<b>Governmental Activities:</b>			
Charges for services			
General government	\$ 12,019,773	\$ 11,417,822	\$ 11,607,851
Judicial	988,053	991,278	1,032,788
Public safety	960,766	728,109	880,505
Public works	3,040,582	3,055,505	2,835,071
Sanitation	37,520	6,300	15,330
Culture, recreation, and community support	4,446,327	4,197,108	5,295,120
Operating grants, interest, and contributions	1,867,496	2,184,401	1,940,111
Capital grants, interest, and contributions	56,827,683	37,135,600	6,441,089
Total Governmental Activities Program Revenues	<u>80,188,200</u>	<u>59,716,123</u>	<u>30,047,865</u>
<b>Business-type Activities:</b>			
Charges for services			
Sewer	21,209,352	21,114,955	19,851,753
Development services	2,317,542	2,117,900	2,013,713
Special events	-	-	-
Operating grants, interest, and contributions	-	-	-
Capital grants, interest, and contributions	7,746,694	2,246,382	589,860
Total Business-type Activities Program Revenues	<u>31,273,588</u>	<u>25,479,237</u>	<u>22,455,326</u>
Total Primary Government Program Revenues	<u>111,461,788</u>	<u>85,195,360</u>	<u>52,503,191</u>
<b>NET (EXPENSE) / REVENUE</b>			
Governmental activities	(13,291,957)	(32,333,203)	(57,286,046)
Business-type activities	5,495,571	(923,534)	587,800
Total Primary Government Net (Expense) / Revenue	<u>\$ (7,796,386)</u>	<u>\$ (33,256,737)</u>	<u>\$ (56,698,246)</u>

	2011	2010	2009	2008	2007	2006	2005
\$	10,025,892	\$ 9,446,502	\$ 14,777,036	\$ 12,403,133	\$ 11,661,238	\$ 12,156,255	\$ 9,625,324
	2,158,409	2,304,226	2,260,022	2,206,087	2,128,779	2,013,727	1,814,240
	36,969,841	41,712,851	41,632,067	41,422,094	39,316,933	34,084,232	31,373,930
	14,151,854	14,700,661	11,447,145	10,871,899	10,870,053	7,309,418	8,757,905
	9,899,309	11,237,024	11,814,474	11,339,107	9,170,899	9,095,585	7,825,036
	3,206,527	6,101,231	96,486,490	3,260,995	2,864,022	3,311,641	3,011,600
	-	-	-	-	-	-	416,923
	12,860,069	12,398,040	11,611,485	3,014,307	3,445,090	2,480,467	2,699,667
	<u>89,271,901</u>	<u>97,900,535</u>	<u>190,028,719</u>	<u>84,517,622</u>	<u>79,457,014</u>	<u>70,451,325</u>	<u>65,524,625</u>
	21,680,905	22,979,230	22,541,333	22,943,578	18,588,132	18,931,299	14,694,015
	1,653,448	2,636,060	4,356,655	7,415,328	8,134,105	8,384,606	7,912,119
	-	-	-	-	667,015	649,919	552,492
	<u>23,334,353</u>	<u>25,615,290</u>	<u>26,897,988</u>	<u>30,358,906</u>	<u>27,389,252</u>	<u>27,965,824</u>	<u>23,158,626</u>
\$	<u>112,606,254</u>	<u>123,515,825</u>	<u>216,926,707</u>	<u>114,876,528</u>	<u>106,846,266</u>	<u>98,417,149</u>	<u>88,683,251</u>
\$	11,639,553	\$ 12,791,944	\$ 13,540,898	\$ 13,082,445	\$ 14,245,717	\$ 12,063,050	\$ 11,716,921
	1,317,073	1,327,287	1,162,867	1,212,838	1,255,761	1,252,547	1,083,290
	2,014,994	801,870	674,869	714,749	909,204	643,101	604,971
	2,695,408	2,622,887	2,675,642	2,433,410	2,546,119	3,318,461	2,117,045
	-	30,852	93,775	141,100	250,063	500,839	331,357
	4,114,266	4,217,444	4,459,484	4,197,229	4,530,880	6,131,004	4,326,339
	2,445,242	2,095,270	1,395,463	1,652,886	3,246,249	2,572,872	2,344,694
	16,900,744	20,097,164	12,625,105	9,299,281	13,285,210	19,748,867	26,582,066
	<u>41,127,280</u>	<u>43,984,718</u>	<u>36,628,103</u>	<u>32,733,938</u>	<u>40,269,203</u>	<u>46,230,741</u>	<u>49,106,683</u>
	18,827,593	18,523,097	18,101,886	15,905,011	13,933,305	14,120,743	11,258,773
	1,410,322	1,463,498	3,545,235	5,696,054	6,670,574	9,398,373	6,229,394
	-	-	-	(835)	466,384	389,902	398,559
	-	-	-	31,247	-	311,802	69,343
	797,086	1,993,711	3,508,720	12,836,482	7,163,970	19,080,067	16,299,322
	<u>21,035,001</u>	<u>21,980,306</u>	<u>25,155,841</u>	<u>34,467,959</u>	<u>28,234,233</u>	<u>43,300,887</u>	<u>34,255,391</u>
	<u>62,162,281</u>	<u>65,965,024</u>	<u>61,783,944</u>	<u>67,201,897</u>	<u>68,503,436</u>	<u>89,531,628</u>	<u>83,362,074</u>
	(48,144,621)	(53,915,817)	(153,400,616)	(51,783,684)	(39,187,811)	(24,220,584)	(16,417,942)
	(2,299,352)	(3,634,984)	(1,742,147)	4,109,053	844,981	15,335,063	11,096,765
\$	<u>(50,443,973)</u>	<u>(57,550,801)</u>	<u>(155,142,763)</u>	<u>(47,674,631)</u>	<u>(38,342,830)</u>	<u>(8,885,521)</u>	<u>(5,321,177)</u>

Note: This information is prepared on the accrual basis of accounting.

**CITY OF SPARKS, NEVADA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(PAGE 2 OF 2)**

FISCAL YEAR ENDED JUNE 30,

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
<b>Governmental Activities:</b>			
Taxes:			
Ad valorem	\$ 23,423,624	\$ 23,200,778	\$ 23,935,797
Special assessments - taxes	1,188,135	1,830,467	1,895,243
Consolidated	19,356,294	18,252,243	17,513,809
Other	14,282,782	13,571,789	11,119,363
Unrestricted investment income	378,347	3,638	367,254
Other	778,449	776,389	480,804
Transfers	342,882	465,412	13,273
	<u>59,750,513</u>	<u>58,100,716</u>	<u>55,325,543</u>
<b>Business-type Activities:</b>			
Unrestricted investment income	454,632	19,311	399,619
Other	126,653	191,187	371,133
Transfers	(342,882)	(465,412)	(13,273)
	<u>238,403</u>	<u>(254,914)</u>	<u>757,479</u>
Total Primary Government Activities	<u>\$ 59,988,916</u>	<u>\$ 57,845,802</u>	<u>\$ 56,083,022</u>
<b>CHANGE IN NET POSITION</b>			
Governmental activities	\$ 46,458,556	\$ 25,767,513	\$ (1,960,503)
Business-type activities	5,733,974	(1,178,448)	1,345,279
Total Primary Government Change in Net Position	<u>\$ 52,192,530</u>	<u>\$ 24,589,065</u>	<u>\$ (615,224)</u>

Note: This information is prepared on the accrual basis of accounting.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	25,692,651	\$ 29,194,703	\$ 30,028,590	\$ 27,817,931	\$ 25,508,556	\$ 21,998,015	\$ 20,077,848
	1,960,106	28,130,914	-	-	-	-	-
	16,725,697	16,582,397	18,521,203	22,526,073	25,167,648	25,719,825	23,021,373
	11,418,369	9,518,119	6,413,406	4,801,416	4,793,754	4,447,060	4,148,903
	475,772	1,575,591	3,667,677	3,426,124	3,639,015	1,564,429	1,221,372
	(4,471,332)	(7,462,151)	3,972,094	4,649,354	18,574,607	973,423	852,325
	(183,529)	(2,403,664)	(9,423,035)	(1,188,211)	210,965	57,351	(1,184,293)
	<u>51,617,734</u>	<u>75,135,909</u>	<u>53,179,935</u>	<u>62,032,687</u>	<u>77,894,545</u>	<u>54,760,103</u>	<u>48,137,528</u>
	382,358	1,114,003	1,399,026	2,358,845	2,016,700	956,483	853,287
	299,956	235,716	335,532	1,760,475	918,415	492,111	409,131
	183,529	2,403,664	9,423,035	1,188,211	(210,965)	(57,351)	1,184,293
	<u>865,843</u>	<u>3,753,383</u>	<u>11,157,593</u>	<u>5,307,531</u>	<u>2,724,150</u>	<u>1,391,243</u>	<u>2,446,711</u>
\$	<u>52,483,577</u>	<u>\$ 78,889,292</u>	<u>\$ 64,337,528</u>	<u>\$ 67,340,218</u>	<u>\$ 80,618,695</u>	<u>\$ 56,151,346</u>	<u>\$ 50,584,239</u>
\$	3,473,113	\$ 21,220,092	\$ (100,220,681)	\$ 10,249,003	\$ 38,706,734	\$ 30,539,519	\$ 31,719,586
	(1,433,509)	118,399	9,415,446	9,416,584	3,569,131	16,726,306	13,543,476
\$	<u>2,039,604</u>	<u>\$ 21,338,491</u>	<u>\$ (90,805,235)</u>	<u>\$ 19,665,587</u>	<u>\$ 42,275,865</u>	<u>\$ 47,265,825</u>	<u>\$ 45,263,062</u>

Note: This information is prepared on the accrual basis of accounting.

**CITY OF SPARKS, NEVADA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011<sup>(2)</sup></u>
<b>GENERAL FUND</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated	-	-	-	-
Undesignated	-	-	-	-
Nonspendable	-	-	1,268	788
Restricted	-	-	13,571	346,058
Assigned	1,101,885	1,693,859	2,153,036	1,336,536
Unassigned	3,762,386	4,113,903	4,324,416	5,161,421
Total General Fund (1)	<u>\$ 4,864,271</u>	<u>\$ 5,807,762</u>	<u>\$ 6,844,803</u>	<u>\$ 6,844,803</u>
 <b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated in:				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Undesignated in:				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Restricted	41,650,718	35,210,268	36,390,477	35,551,672
Committed	1,163,684	1,040,583	837,136	692,616
Assigned	3,443,911	3,417,542	3,523,829	4,559,865
Total All Other Governmental Funds(1)	<u>\$ 46,258,313</u>	<u>\$ 39,668,393</u>	<u>\$ 40,751,442</u>	<u>\$ 40,804,153</u>

Notes:

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

(2) Fund balances beginning with fiscal year 2011 have been reclassified per GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Note: This information is prepared on the modified accrual basis of accounting.

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 103,542	\$ 145,056	\$ 2,339,619	\$ 3,251,155	\$ 3,434,378	\$ 5,203,587
3,569,096	4,787,612	2,946,258	4,653,106	8,443,190	6,959,190
1,180,678	1,428,367	-	1,671,937	-	1,803,775
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,853,316</u>	<u>\$ 6,361,035</u>	<u>\$ 5,285,877</u>	<u>\$ 9,576,198</u>	<u>\$ 11,877,568</u>	<u>\$ 13,966,552</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34
3,042,768	1,817,197	2,745,928	3,371,213	6,181,326	2,215,820
17,203,646	20,778,418	5,846,639	5,335,046	5,431,376	5,205,804
10,689,211	17,217,241	14,734,728	13,062,564	24,848,717	8,614,637
2,020,507	99,033	6,445	3,273,881	143,770	(54,181)
2,777,260	1,107,955	190,173	403,389	1,807	9,831
7,885,152	6,166,558	4,284,574	27,587,271	1,321,426	1,710,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 43,618,544</u>	<u>\$ 47,186,402</u>	<u>\$ 27,808,487</u>	<u>\$ 53,033,364</u>	<u>\$ 37,928,422</u>	<u>\$ 17,701,951</u>

**CITY OF SPARKS, NEVADA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>				
Taxes	\$ 32,673,904	\$ 26,825,221	\$ 27,612,851	\$ 29,467,590
Licenses and permits	14,636,255	13,878,721	13,721,762	13,238,303
Intergovernmental revenues	36,101,825	35,016,415	31,605,381	31,505,744
Charges for services	5,460,416	5,366,208	6,303,327	7,168,837
Fines and forfeits	662,907	686,356	707,145	923,884
Miscellaneous	950,298	440,595	1,624,222	2,187,918
	<u>90,485,605</u>	<u>82,213,516</u>	<u>81,574,688</u>	<u>84,492,276</u>
<b>EXPENDITURES</b>				
General government*	10,013,248	9,484,391	9,538,767	9,303,631
Judicial	1,931,962	1,976,186	1,972,078	2,060,499
Public safety	38,156,786	35,632,227	35,869,222	35,178,504
Public works	4,539,922	5,737,079	6,274,814	7,983,441
Culture and recreation	6,797,156	6,365,455	6,501,064	6,990,564
Community support	1,117,381	725,288	1,619,322	2,011,557
Intergovernmental	-	-	259,051	295,331
Capital outlay	4,077,064	6,920,081	3,228,900	5,672,383
Debt service:				
Principal	13,825,000	6,080,000	5,665,000	5,120,000
Interest	12,003,482	11,135,169	10,068,803	10,427,468
Other	150,057	95,898	95,907	148,273
	<u>92,612,058</u>	<u>84,151,774</u>	<u>81,092,928</u>	<u>85,191,651</u>
Total Expenditures	<u>92,612,058</u>	<u>84,151,774</u>	<u>81,092,928</u>	<u>85,191,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,126,453)</u>	<u>(1,938,258)</u>	<u>481,760</u>	<u>(699,375)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital asset sales	100,000	88,258	-	-
Capital leases	-	-	-	-
Bonds issued	-	-	-	4,180,000
Proceeds of refunding bonds	7,330,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Refunded bonds redeemed	-	-	-	(4,120,000)
Transfers in	6,207,065	4,643,725	4,699,972	4,911,833
Transfers out	(5,864,183)	(4,561,303)	(4,582,435)	(5,095,362)
Prior period adjustment	-	-	(1,004,520)	-
	<u>7,772,882</u>	<u>170,680</u>	<u>(886,983)</u>	<u>(123,529)</u>
Total Other Financing Sources (Uses)	<u>7,772,882</u>	<u>170,680</u>	<u>(886,983)</u>	<u>(123,529)</u>
Net Change in Fund Balances	<u>\$ 5,646,429</u>	<u>\$ (1,767,578)</u>	<u>\$ (405,223)</u>	<u>\$ (822,904)</u>
Debt service as a percentage of noncapital expenditures	<u>29.2%</u>	<u>22.3%</u>	<u>20.2%</u>	<u>19.6%</u>

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



<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 32,410,994	\$ 31,274,738	\$ 28,978,465	\$ 27,628,757	\$ 24,741,997	\$ 22,019,098
13,669,551	14,689,530	14,683,887	15,862,116	15,390,351	12,856,436
29,576,686	27,967,425	28,457,097	34,112,864	32,048,098	29,552,798
8,147,497	8,506,396	10,038,096	7,691,212	6,678,271	5,978,656
965,408	994,119	1,030,249	1,072,402	1,056,471	921,692
2,240,126	6,238,845	3,222,787	3,632,831	3,914,795	2,893,545
<u>87,010,262</u>	<u>89,671,053</u>	<u>86,410,581</u>	<u>90,000,182</u>	<u>83,829,983</u>	<u>74,222,225</u>
9,766,563	15,469,427	12,925,180	12,417,105	11,932,956	9,763,943
2,087,748	2,106,624	2,102,867	2,100,592	2,026,228	1,810,052
37,207,229	37,831,695	38,668,242	37,993,570	34,273,230	29,927,321
9,028,720	8,401,507	8,347,228	9,190,042	7,149,800	6,778,104
7,952,673	9,048,897	9,379,399	8,399,860	8,007,456	7,143,175
5,188,476	95,685,899	2,376,365	2,001,009	2,449,286	2,315,369
378,557	522,230	555,090	602,197	558,961	416,923
14,080,842	31,682,011	35,791,802	16,863,538	6,624,529	8,281,367
5,375,177	3,022,679	3,022,746	3,497,151	4,451,982	6,035,419
11,808,027	10,115,441	2,674,877	3,169,166	2,399,181	2,531,367
517,375	2,543,061	219,354	240,970	97,155	101,604
<u>103,391,387</u>	<u>216,429,471</u>	<u>116,063,150</u>	<u>96,475,200</u>	<u>79,970,764</u>	<u>75,104,644</u>
<u>(16,381,125)</u>	<u>(126,758,418)</u>	<u>(29,652,569)</u>	<u>(6,475,018)</u>	<u>3,859,219</u>	<u>(882,419)</u>
(173,812)	7,250	-	18,192,789	-	-
-	-	-	1,527,600	375,400	3,749,413
31,948,734	147,774,213	-	22,040,000	14,475,000	1,790,177
-	-	-	-	-	-
(22,176,160)	-	-	(20,611,718)	-	-
-	-	-	-	-	-
7,109,022	10,650,405	10,469,999	15,351,278	6,122,455	8,313,548
(8,562,739)	(11,220,378)	(10,332,628)	(17,221,359)	(6,694,587)	(9,428,044)
3,160,503	-	-	-	-	682,869
<u>11,305,548</u>	<u>147,211,490</u>	<u>137,371</u>	<u>19,278,590</u>	<u>14,278,268</u>	<u>5,107,963</u>
<u>\$ (5,075,577)</u>	<u>\$ 20,453,072</u>	<u>\$ (29,515,198)</u>	<u>\$ 12,803,572</u>	<u>\$ 18,137,487</u>	<u>\$ 4,225,544</u>
<u>19.2%</u>	<u>7.1%</u>	<u>7.1%</u>	<u>8.4%</u>	<u>9.3%</u>	<u>12.8%</u>

**CITY OF SPARKS, NEVADA  
REVENUE BASE - ASSESSED AND  
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>REAL PROPERTY ASSESSED VALUE</b>				<b>PERSONAL PROPERTY ASSESSED VALUE</b>
	<b>RESIDENTIAL</b>	<b>COMMERCIAL</b>	<b>INDUSTRIAL</b>	<b>OTHER</b>	
2014	\$ 1,194,487,527	\$ 490,827,042	\$ 344,402,528	\$ 139,544,675	\$ 5,206,167
2013	1,205,915,561	484,053,275	333,460,281	135,939,375	5,104,085
2012	1,297,586,987	485,223,299	335,130,418	134,354,569	4,905,887
2011	1,438,907,544	466,143,248	326,211,878	128,602,963	4,809,693
2010	1,631,892,071	492,034,961	336,335,074	141,731,139	4,715,385
2009	2,064,362,454	518,466,654	331,729,137	154,562,665	4,622,926
2008	1,952,803,244	401,235,400	344,528,709	141,011,115	4,511,962
2007	1,637,749,459	395,203,852	317,640,029	136,903,955	4,297,107
2006	1,314,892,808	336,266,276	293,993,232	117,474,546	9,951,907
2005	1,073,744,711	314,293,924	289,049,407	112,590,201	11,930,179

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.

<b>LESS: TAX EXEMPT PROPERTY</b>	<b>TAXABLE ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>PERCENTAGE OF TAXABLE VALUE TO ACTUAL VALUE</b>	<b>TOTAL DIRECT TAX RATE</b>
\$ 158,470,881	\$ 2,015,997,058	\$ 5,759,991,593	35.00%	0.9161
151,109,413	2,104,262,973	6,011,899,585	35.00%	0.9161
153,036,305	2,222,443,075	6,349,837,357	35.00%	0.9161
142,328,445	2,471,871,611	7,062,490,316	35.00%	0.9161
134,931,327	2,471,777,303	7,062,220,866	35.00%	0.9161
127,744,539	2,945,999,297	8,417,140,849	35.00%	0.9161
134,654,704	2,709,435,726	7,741,244,931	35.00%	0.9161
132,477,745	2,359,316,657	6,740,904,734	35.00%	0.9161
120,227,640	1,952,351,129	5,578,146,083	35.00%	0.9161
112,510,777	1,689,097,645	4,825,993,271	35.00%	0.9361

**CITY OF SPARKS, NEVADA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(TAX RATE PER \$100 ASSESSED VALUATION)  
(UNAUDITED)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>CITY OF SPARKS DIRECT RATE</b>				
Operating Rate	0.6672	0.6672	0.6672	0.6672
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1384
Debt Service	-	-	-	-
Total City of Sparks Direct Rate	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>
<b>OVERLAPPING RATES</b>				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	0.0000	0.0000	0.0000	0.0005
State of Nevada	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total Overlapping Rates	<u>2.7002</u>	<u>2.7002</u>	<u>2.7002</u>	<u>2.7007</u>
Total City of Sparks Property Tax Rate	<u><u>3.6163</u></u>	<u><u>3.6163</u></u>	<u><u>3.6163</u></u>	<u><u>3.6168</u></u>
<b>REDEVELOPMENT AGENCY OF THE CITY OF SPARKS</b>	<u><u>3.1238</u></u>	<u><u>3.1336</u></u>	<u><u>3.1336</u></u>	<u><u>3.2075</u></u>

Source: Nevada Department of Taxation

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

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
0.6372	0.6372	0.6372	0.6372	0.6272	0.6172
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1284	0.1284	0.1284	0.1284	0.1284	0.1284
0.0400	0.0400	0.0400	0.0400	0.0500	0.0600
0.9161	0.9161	0.9161	0.9161	0.9161	0.9161
1.3917	1.3917	1.3917	1.3917	1.3917	1.3817
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0004	0.0004	0.0004	0.0005	0.0005	0.0004
0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
2.7006	2.7006	2.7006	2.7007	2.7007	2.6906
3.6167	3.6167	3.6167	3.6168	3.6168	3.6067
3.2294	3.2525	3.6167	3.6168	3.6168	3.6067

**CITY OF SPARKS, NEVADA**  
**TEN LARGEST ASSESSED VALUATIONS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

TAXPAYER	2014			2005		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION
BRE/Reno Property LLC	\$ 27,509,802	1	1.36%	\$ -	-	
RRE/PAC Nevada LLC	20,949,382	2	1.04%	-	-	
Northwestern Mutual Life Insurance Co.	17,502,482	3	0.87%	15,529,294	3	0.92%
Prime Park Vista LLC	14,420,213	4	0.72%	12,349,150	5	0.73%
Inland American Sparks Crossing	12,907,226	5	0.64%	-	-	
Sparks Family Hospital	11,863,516	6	0.59%	-	-	
CHP Sparks NV Owner LLC	10,625,428	7	0.53%	-	-	
US INST Real Est Equities LP	10,334,960	8	0.51%	10,908,174	7	0.65%
Waterstone Village LLC	9,390,815	9	0.47%	-	-	
Pioneer Meadows Apartments LLC	10,029,821	10	0.50%	-	-	
DP Industrial, LLC	-	-	-	35,574,031	1	2.11%
Sparks Nugget, Inc.	-	-	-	19,798,963	2	1.17%
Horton D.R. Inc	-	-	-	13,425,179	4	0.79%
Prologis Trust	-	-	-	10,991,947	6	0.65%
Security Capital Industry Trust	-	-	-	10,182,179	8	0.60%
Reynen & Bardis Development	-	-	-	9,963,898	9	0.59%
Marshall Mall Associates	-	-	-	7,422,456	10	0.44%
Total, Ten Largest Taxpayers	145,533,645		7.22%	146,145,271		8.65%
Total, Other Taxpayers	1,870,463,413		92.78%	1,542,952,374		91.35%
Total Assessed Valuations	<u>\$2,015,997,058</u>		<u>100.00%</u>	<u>\$1,689,097,645</u>		<u>100.00%</u>

Source: Washoe County Assessor

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

**CITY OF SPARKS, NEVADA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>CURRENT YEAR</b>				<b>TOTALS TO DATE</b>		
	<b>TAXES LEVIED</b>	<b>TAX COLLECTIONS</b>	<b>PERCENT OF TAXES LEVIED</b>	<b>DELINQUENT TAX COLLECTIONS</b>	<b>TAX COLLECTIONS</b>	<b>PERCENT OF TAXES LEVIED</b>	
2014	\$ 22,220,370	\$ 21,302,629	95.87%	\$ -	\$ 21,302,629	95.87%	
2013	22,131,906	21,370,949	96.56%	156,089	21,527,038	97.27%	
2012	21,867,752	21,720,508	99.33%	197,135	21,917,643	100.23%	
2011	23,635,725	23,309,474	98.62%	307,736	23,617,210	99.92%	
2010	26,557,900	26,036,651	98.04%	507,302	26,543,953	99.95%	
2009	27,308,204	26,605,426	97.43%	686,391	27,291,817	99.94%	
2008	25,041,290	24,353,835	97.25%	674,649	25,028,484	99.95%	
2007	22,887,429	22,692,847	99.15%	153,784	22,846,631	99.82%	
2006	19,944,392	19,825,891	99.41%	118,501	19,944,392	100.00%	
2005	20,147,175	20,077,848	99.66%	69,229	20,147,077	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.

**CITY OF SPARKS, NEVADA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>GENERAL BONDED DEBT</b>							
<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>GENERAL OBLIGATION</b>		<b>REDEVELOPMENT</b>		<b>TOTAL GENERAL BONDED DEBT</b>	<b>PERCENTAGE OF ACTUAL PROPERTY VALUE (a)</b>	<b>PER CAPITA (b)</b>
	<b>BONDS</b>	<b>NOTES</b>	<b>BONDS</b>	<b>NOTES</b>			
2014	\$ 2,975,000	\$ -	\$55,592,348	\$ -	\$ 58,567,348	1.02%	\$ 633.39
2013	3,890,000	-	58,713,918	-	62,603,918	1.09%	693.95
2012	4,770,000	-	61,675,488	-	66,445,488	1.05%	719.87
2011	5,610,000	-	64,542,058	-	70,152,058	0.82%	759.41
2010	6,415,000	-	67,468,628	-	73,883,628	0.42%	734.59
2009	7,725,000	-	60,972,256	-	68,697,256	0.52%	357.31
2008	8,855,000	-	23,905,000	-	32,760,000	0.64%	390.78
2007	9,955,000	-	25,000,000	-	34,955,000	0.82%	418.37
2006	2,390,000	-	26,395,000	7,035,000	35,820,000	1.01%	484.55
2005	3,190,000	1,625,000	27,725,000	7,035,000	39,575,000	1.05%	573.49

**Notes:**

- (a) See Schedule 2.1 for estimated actual property value.  
(b) See Schedule 4.1 for population and personal income data.



<b>OTHER GOVERNMENTAL ACTIVITIES DEBT</b>		<b>BUSINESS TYPE ACTIVITIES</b>				
<b>REVENUE BONDS</b>	<b>CAPITAL LEASES</b>	<b>SEWER UTILITY BONDS</b>	<b>SEWER UTILITY NOTES</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>PERCENTAGE OF PERSONAL INCOME (b)</b>	<b>PER CAPITA (b)</b>
\$ 117,730,620	\$ 744,875	\$35,923,567	\$ 7,739,883	\$ 220,706,293	1.17%	\$ 2,386.88
119,952,126	1,292,535	39,407,646	8,403,635	231,659,860	1.28%	2,567.89
121,953,240	1,891,690	42,785,394	9,049,464	242,125,276	1.41%	2,728.29
123,674,746	2,464,385	46,060,110	9,680,647	252,031,946	1.26%	2,828.41
124,766,252	3,011,794	47,391,756	10,292,425	259,345,855	1.11%	2,694.78
124,684,114	3,576,062	44,443,986	10,607,736	252,009,154	0.51%	1,195.52
15,425,177	4,332,661	45,485,848	11,606,160	109,609,846	0.54%	1,214.58
15,885,178	5,542,427	40,170,551	12,089,873	108,643,029	0.53%	1,197.01
16,265,177	4,836,973	35,251,877	10,311,302	102,485,329	0.47%	1,018.41
1,790,177	6,341,629	30,907,062	4,563,076	83,176,944	0.46%	986.30

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**CITY OF SPARKS, NEVADA  
DIRECT AND OVERLAPPING DEBT  
FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

NAME OF GOVERNMENT UNIT	<b>DEBT OUTSTANDING</b>	<b>PRESENTLY SELF-SUPPORTING DEBT OUTSTANDING</b>	<b>PERCENT APPLICABLE (a)</b>	<b>APPLICABLE NET DEBT</b>
Direct:				
City of Sparks:				
Governmental Activity Bonds				
Notes and Capital Leases	\$ 177,042,843	\$ 173,322,968	100.00%	\$ 3,719,875
Note Payable to City of Reno	7,739,883			
Sewer Utility Bonds	<u>35,923,567</u>	<u>35,923,567</u>	100.00%	<u>-</u>
Total Direct Debt	<u>220,706,293</u>	<u>209,246,535</u>		<u>3,719,875</u>
Overlapping:				
Washoe County School District	506,095,000	-	16.38%	82,898,361
Reno-Sparks Convention & Visitors Authority	121,766,000	121,766,000	16.38%	-
State of Nevada	<u>1,887,605,000</u>	<u>548,210,000</u>	2.45%	<u>32,815,178</u>
Total Overlapping Debt	<u>2,515,466,000</u>	<u>669,976,000</u>		<u>115,713,539</u>
Total General Obligation Direct and Overlapping Debt	<u>\$ 2,736,172,293</u>	<u>\$ 879,222,535</u>		<u>\$ 119,433,414</u>

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

**Notes:**

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

**CITY OF SPARKS, NEVADA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2014**

Assessed value of taxable property Including Redevelopment	<u>\$ 2,170,607,395</u>
Debt limit (20% of assessed value)	\$ 434,121,479
Debt applicable to limit:	
Governmental GO Debt	2,975,000
Business-type Activities GO Debt	<u>43,663,450</u>
Total Net Debt Subject to Limitation	<u>46,638,450</u>
Legal debt margin	<u>\$ 387,483,029</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt limit	\$ 434,121,479	\$ 434,924,468	\$ 454,847,772	\$ 484,829,014
Total Net Debt Subject to Limitation	<u>46,638,450</u>	<u>51,701,282</u>	<u>56,607,529</u>	<u>61,350,874</u>
Available General Obligation Debt Limit	<u>\$ 387,483,029</u>	<u>\$ 383,223,186</u>	<u>\$ 398,240,243</u>	<u>\$ 423,478,140</u>
Total Net Debt Subject to Limitation as a Percentage of Debt Limit	<u>10.7%</u>	<u>11.9%</u>	<u>12.4%</u>	<u>12.7%</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.

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 533,284,495	\$ 632,318,529	\$ 577,133,630	\$ 502,304,027	\$ 503,581,558	\$ 416,381,898
63,188,994	53,072,257	54,340,852	49,444,104	40,244,096	47,997,177
<u>\$ 470,095,501</u>	<u>\$ 579,246,272</u>	<u>\$ 522,792,778</u>	<u>\$ 452,859,923</u>	<u>\$ 463,337,462</u>	<u>\$ 368,384,721</u>
<u>11.8%</u>	<u>8.4%</u>	<u>9.4%</u>	<u>9.8%</u>	<u>8.0%</u>	<u>11.5%</u>

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**CITY OF SPARKS, NEVADA  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

FISCAL YEAR ENDED JUNE 30,	PLEDGED REVENUE (1)	LESS: OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE RATIOS
				PRINCIPAL	INTEREST	TOTAL	
<b>SEWER UTILITY BONDS (3):</b>							
2014	\$ 23,371,365	\$ 14,341,132	\$ 9,030,233	\$ 3,484,079	\$ 1,075,889	\$ 4,559,968	2.0
2013	23,097,560	15,017,616	8,079,944	3,377,748	1,183,914	4,561,662	1.8
2012	20,441,613	11,666,850	8,774,763	3,274,716	1,288,578	4,563,294	1.9
2011	19,542,426	12,398,442	7,143,984	2,877,236	1,380,953	4,258,189	1.7
2010	20,072,724	14,026,357	6,046,367	3,383,726	1,642,782	5,026,508	1.2
2009	21,035,781	14,014,230	7,021,551	3,980,586	1,781,264	5,761,850	1.2
2008	19,381,936	14,204,851	5,177,085	2,808,756	1,385,377	4,194,133	1.2
2007	18,141,126	11,944,393	6,196,733	1,766,263	1,121,948	2,888,211	2.1
2006	18,847,935	12,649,964	6,197,971	1,815,915	1,006,181	2,822,096	2.2
2005	24,168,685	9,022,286	15,146,399	1,174,758	939,626	2,114,384	7.2

**Notes:**

- (1) Pledged revenue for sewer utility bonds includes revenue derived from licenses and permits, sewer connection fees, and charges for services  
 (2) Operating expenses exclude depreciation, interest, and other non-operating expenses.  
 (3) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF SPARKS, NEVADA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>POPULATION (1)</b>	<b>CITY AREA SQUARE MILES (6)</b>	<b>TOTAL PERSONAL INCOME (3)</b>	<b>PER CAPITA PERSONAL INCOME (3)</b>	<b>UNEMPLOYMENT RATE (4)</b>
2014	92,467	35.81	\$ 18,943,497,518	\$ 43,653	7.9%
2013	91,551	35.81	18,868,025,416	43,161	9.7%
2012	92,302	35.81	18,792,854,000	43,317	11.8%
2011	90,264	35.81*	18,258,112,000	42,524	13.0%
2010	91,237	37.26	17,547,353,000	41,169	13.6%
2009	91,684	36.44	17,037,671,000	40,394	11.7%
2008	89,449	35.41	18,724,280,000	44,936	6.5%
2007	87,846	34.11	18,660,662,000	45,446	4.4%
2006	85,618	33.50	17,557,946,000	44,089	4.0%
2005	81,673	31.90	17,863,759,000	42,219	3.9%

\* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- (1) State of Nevada, Demographer's Office estimate for 2014. Population for 2013 is Governor's Official Population.
- (2) City of Sparks, Revenue Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, 2005-2012, for Reno/Sparks Metropolitan Area; Estimated for 2013 & 2014 as data was unavailable at time of publication. 2011 & 2010 updated by BEA from prior year.
- (4) State of Nevada, Department of Employment Training & Rehabilitation for Reno/Sparks Metropolitan Area
- (5) Washoe County School District
- (6) City of Sparks, Community Development Department



<b>PUBLIC SCHOOL ENROLLMENT (5)</b>	<b>BUSINESS LICENSES ISSUED (2)</b>	<b>TOTAL CONSTRUCTION PERMITS (6)</b>		<b>TOTAL CONSTRUCTION VALUE (6)</b>
18,048	6,529	2,579	\$	125,653,129
17,737	6,377	2,393		124,334,661
18,401	6,084	2,463		110,712,242
17,862	4,956	1,763		60,711,375
17,197	6,592	2,007		56,625,109
18,168	6,852	2,579		144,659,880
18,505	6,999	3,636		278,342,064
21,306	6,714	4,544		282,739,932
18,783	6,474	6,033		382,251,912
17,969	6,276	4,959		224,269,841

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**CITY OF SPARKS, NEVADA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

<b>EMPLOYER</b>	<b>March, 2014</b>			<b>March, 2005</b>		
	<b>(1) EMPLOYEES</b>	<b>RANK</b>	<b>PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT</b>	<b>(1) EMPLOYEES</b>	<b>RANK</b>	<b>PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT</b>
Sparks Nugget, Inc.	1000-1499	1	0.60%	2000-2499	1	1.06%
United Parcel Service	900-990	2	0.46%	600-699	4	
City of Sparks	600-699	3	0.31%	600-699	5	0.31%
Northern Nevada Medical Center	400-499	4	0.31%	400-499	6	0.26%
Western Village Inn & Casino	400-499	4	0.22%			
Henry Schein	400-499	5	0.22%	-	-	-
Wal-mart Supercenter	400-499	6	0.22%	-	-	-
Rail City Casino	300-399	7	0.17%	-	-	-
Sanmar Corporation	300-399	8	0.17%	-	-	-
Public and Behavioral Health	200-299	9	0.12%	-	-	-
Department of Transportation	200-299	10	0.12%	-	-	-
Washoe County School District				1000-1699	2	0.61%
Q&D Consturction				600-699	3	0.31%
Baldini's Sports Casino	-	-	-	400-499	7	0.21%
Wild Island	-	-	-	300-399	8	0.17%
K-Mart Distribution Center				200-299	9	0.12%
Plantation Investments	-	-	-	200-299	10	0.12%
<b>Total Reno/Sparks Metropolitan Area Covered Employment (2)</b>	<b>206,700</b>			<b>211,638</b>		

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

**Notes:**

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

**CITY OF SPARKS, NEVADA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>FUNCTION:</b>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government	54	57.5	57.5	69.5
Judicial	14.5	15.5	15.5	15
Public safety	241	243	243	235
Public works	40.4	95.5	95.5	22
Culture and recreation	112.5	100.5	100.5	140.5
Community support	0	0	0	0
Utilities	94.6	37	37	82
Development Services	10.5	10	10	15.5
	<u>567.5</u>	<u>559</u>	<u>559</u>	<u>579.5</u>
Total	<u>567.5</u>	<u>559</u>	<u>559</u>	<u>579.5</u>

Source: City of Sparks Financial Services Department, Budget Document

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
77	62	73	78.7	102.0	77.0
17	17	17	18.5	18.0	17.0
249	322	322	351.7	305.0	289.0
42	50	50	61.0	42.0	53.0
172.5	156.3	156	207.8	67.0	63.0
0	0	0	0.0	1.0	1.0
86	118	118	109.8	145.0	107.0
5	10	10	11.0	11.0	9.0
<b>648.5</b>	<b>735.3</b>	<b>746.0</b>	<b>838.5</b>	<b>691.0</b>	<b>616.0</b>

**CITY OF SPARKS, NEVADA  
OPERATING INDICATORS BY FUNCTION / PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>FUNCTION / PROGRAM:</b>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>General Government</b>				
Business licenses issued (3)	6,529	7,067	6,084	4,956
<b>Judicial: (1)</b>				
Municipal Court Cases Filed:				
Misdemeanor, non-traffic	1,923	1,977	1,999	2,320
Traffic and parking violations	5,158	5,044	4,945	7,618
<b>Public Safety</b>				
Police: (5)				
Number of sworn personnel	108	108	105	105
Number of cases	11,850	11,845	11,598	12,400
Calls for service	76,962	76,566	79,568	77,554
Fire: (6)				
Number of firefighters	87	87	87	89
Emergency responses	10,055	9,415	8,831	8,198
Average response time (minutes)	5.5	5.5	5.4	4.9
<b>Public Works (7)</b>				
Labor hours for graffiti removal	2,427	2,045	1,369	1,854
Pounds of material used for filling potholes	16,254	112,979	154,592	N/R
Tons of sand used during snow removal	350	804	187	452
Pounds of material used for pavement crack sealing	283,600	255,159	152,445	168,147
Street sweeper operator miles	9,509	9,458	1,372	700
<b>Culture and Recreation (8)</b>				
Adult softball league number of participants	82,840	78,086	69,436	65,839
Before and after school program enrollment	15,265	14,465	14,302	12,010
Community "Fun Run" number of participants	2,303	2,400	1,885	1,739
<b>Utilities</b>				
Sewer residential accounts (3)	28,643	29,127	28,975	28,794
Sewer commercial accounts (3)	1,790	1,730	1,723	1,709
Treatment Plant Flows (millions of gallons) (4)	9,706	10,227	10,659	9,626
<b>Development Services (2)</b>				
Building permits issued	2,579	2,393	2,463	1,763

NR = Not reported

Sources:

- (1) Uniform System for Judicial Records, Nevada Administrative Office of the Courts (AOC), Planning and Analysis Division, Annual Report of the Nevada Judiciary, 1998-2006; City of Sparks Municipal Court, 2014
- (2) City of Sparks Community Development Department
- (3) City of Sparks Revenue Division.
- (4) Truckee Meadows Water Reclamation Facility (Plant Flows Billing Summary. Adjustment for FY 13 & FY 12)

2010	2009	2008	2007	2006	2005
6,592	6,850	6,999	6,714	6,474	6,276
2,575	2,404	1,949	2,291	2,045	2,354
8,297	8,079	8,426	9,115	7,267	11,305
116	116	118	111	108	107
14,422	17,177	18,049	18,672	17,815	17,519
81,531	86,066	89,978	92,001	88,821	80,322
89	91	108	114	114	112
7,698	7,610	7,829	7,834	7,241	6,600
5.0	4.9	5.0	4.6	5.3	5.1
2,025	2,060	2,456	2,111	1,690	1,475
N/R	N/R	70,319	41,835	106,525	169,663
1,098	964	1,263	626	919	2,863
171,817	168,448	202,304	209,458	227,451	350,768
698	690	670	662.0	587.0	577.6
69,942	73,647	73,239	83,118	78,840	72,776
12,087	12,844	16,108	15,707	13,588	13,828
1,820	1,994	2,062	2,351	2,005	1,744
28,669	28,477	28,342	27,243	26,092	25,142
1,701	1,687	1,656	1,627	1,549	1,526
9,716	10,237	10,744	10,292.3	10,502.8	10,578.8
2,007	2,579	3,636	4,544	6,067	4,959

- (5) City of Sparks Police Department
- (6) City of Sparks Fire Department
- (7) City of Sparks Public Works Department
- (8) City of Sparks Parks and Rec Department

**CITY OF SPARKS, NEVADA**  
**CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>FUNCTION / PROGRAM:</b>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>General Government</b>				
City owned facilities (1)	48	48	48	48
Number of networked computers (5)	352	352	352	400
<b>Public Safety</b>				
Police: (2)				
Marked police vehicles	30	29	29	29
Police motorcycles	5	5	5	5
Fire: (3)				
Fire stations	5	5	5	5
Fire engines	17	17	17	17
<b>Public Works (1)</b>				
Paved streets (miles)	656.0	656.0	656.0	656.0
<b>Culture and Recreation (4)</b>				
Parks	56	56	56	55
Acreage of parks - developed	591.0	591.0	591.0	587.0
Acreage of parks - undeveloped	616.0	693.7	697.0	697.0
Swimming pools - outdoors	1	1	1	2
Swimming pools - indoors	2	2	2	1
Athletic Fields - lighted	26	26	24	24
Athletic Fields - unlighted	28	28	28	28
Tennis courts - lighted	12	12	12	12
Tennis courts - unlighted	3	3	3	3
Basketball courts - lighted	1	1	1	1
Basketball courts - unlighted	34	34	34	34
Community centers	3	4	4	3
Rodeo arenas	0	0	1	1
Sand volleyball courts	8	10	10	10
<b>Utilities (1)</b>				
Sewer lines (miles)	395.0	346.8	346.8	344.8
Storm drains (miles)	250.0	248.6	248.6	247.3

NR = Not reported

Sources:

- (1) City of Sparks Public Works Department
- (2) City of Sparks Police Department
- (3) City of Sparks Fire Department
- (4) City of Sparks Parks and Rec Department
- (5) City of Sparks Information Technology Department



2010	2009	2008	2007	2006	2005
48	48	48	45	38	35
463	463	463	484	434	414
29	29	29	29	27	31
6	5	5	5	5	5
5	5	5	5	5	5
17	15	15	15	15	15
656.0	652.0	665.0	662.0	612.0	600.0
55	55	55	53	53	52
583.0	577.9	576.0	434.5	434.8	431.6
697.7	699.7	419.0	561.4	564.3	564.3
2	2	2	2	2	2
1	1	1	1	1	1
24	24	24	17	17	17
14	14	14	14	14	14
12	12	12	12	12	12
3	3	3	3	3	3
1	1	1	1	1	1
21	21	21	21	22	20
3	3	3	3	2	2
1	1	1	1	1	1
10	10	10	6	6	6
345.8	337.1	327.4	309.3	294.0	244.1
246.0	231.6	211.3	179.3	118.0	112.1

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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  
of the City of Sparks, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Sparks, Nevada's basic financial statements and have issued our report thereon dated November 26, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Sparks, Nevada's internal control over financial reporting (internal control) 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 the City of Sparks, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sparks, Nevada's internal control.

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

Our consideration of internal control 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 were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2014-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

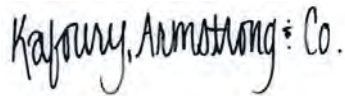
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## **The City of Sparks, Nevada's Response to Finding**

The City of Sparks, Nevada's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Sparks, Nevada's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Reno, Nevada  
November 26, 2014

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**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control over  
Compliance Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Sparks, Nevada's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Sparks, Nevada's major federal programs for the year ended June 30, 2014. The City of Sparks, Nevada's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Sparks, Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sparks, Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Sparks, Nevada's compliance.

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

In our opinion, the City of Sparks, Nevada complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-002 through 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

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The City of Sparks, Nevada's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Sparks, Nevada's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

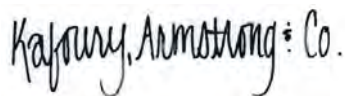
Management of the City of Sparks, Nevada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Sparks, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sparks, Nevada's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-002 through 2014-005 that we consider to be significant deficiencies.

The City of Sparks, Nevada's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Sparks, Nevada's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada  
November 26, 2014

**CITY OF SPARKS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(Page 1 of 2)**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<b><u>U.S. Department of Agriculture Service</u></b>				
Pass-through from State of Nevada				
Nevada Division of Forestry				
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	WFM-0460-21HFE	\$ 210	\$ -
<b>Total U.S. Department of Agriculture Forest Service</b>			<b>210</b>	<b>-</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Award				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants	14.218	B11MC320004	115,513	-
Community Development Block Grants / Entitlement Grants	14.218	B12MC320004	573,847	-
Community Development Block Grants / Entitlement Grants	14.218	B13MC320004	139,064	15,000
Community Development Block Grants / Program Income	14.218	--	28,763	-
Total CDBG - Entitlement Grants Cluster			<u>857,187</u>	<u>15,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>857,187</b>	<b>15,000</b>
<b><u>U.S. Department of Justice</u></b>				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	BVP	5,000	-
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0646	360,178	-
Organized Crime Drug Enforcement Task Force				
State and Local Overtime and Authorized Expense Program	16.Unknown	PA-NV-0245	247	-
State and Local Overtime and Authorized Expense Program	16.Unknown	PA-NV-0255	224	-
			<u>471</u>	<u>-</u>
U.S. Marshals Service				
Sex Offender Compliance Sweep	16.Unknown	FWB3000F	1,242	-
Joint Law Enforcement Operations Task Force	16.Unknown	JLEO-13-0378	6,499	-
Joint Law Enforcement Operations Task Force	16.Unknown	JLEO-14-0378	15,442	-
			<u>21,941</u>	<u>-</u>
Pass-through from City of Reno				
Justice Assistance Grant Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3450	34,451	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1082	16,638	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0956	8,873	-
Total Justice Assistance Grant Cluster			<u>59,962</u>	<u>-</u>
Project Safe Neighborhoods	16.609	11-PSN-04	449	-
Protecting Inmates and Safeguarding Communities Discretionary Grant	16.735	L208004-02013	5,591	-
Protecting Inmates and Safeguarding Communities Discretionary Grant	16.735	L200016-02013	575	-
			<u>6,166</u>	<u>-</u>
Pass-through from State of Nevada				
Division of Child & Family Services				
Crime Victim Assistance	16.575	2011-VA-GX-0030	24,968	-
Enforcing Underage Drinking Laws Program	16.727	JUVDRINK	8,394	-
<b>Total U.S. Department of Justice</b>			<b>488,771</b>	<b>-</b>

**CITY OF SPARKS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(Page 2 of 2)**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<b><u>U.S. Department of Transportation</u></b>				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
State & Community Highway Safety	20.600	23-JF-1.21	\$ 4,355	\$ -
State & Community Highway Safety	20.600	24-JF-1.21	28,506	-
State & Community Highway Safety	20.600	TS-2014-SPD-00040	15,931	-
			<u>48,792</u>	<u>-</u>
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	23-JF-1.21	15,390	-
Occupant Protection Incentive Grant	20.602	24-JF-1.21	7,246	-
Total Highway Safety Cluster			<u>71,428</u>	<u>-</u>
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
National Priority Safety Programs	20.616C	24-JF-1.21	19,771	-
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Alcohol Open Container Requirements	20.607	24-JF-1.21	22,337	-
Highway Planning and Construction Cluster:				
Department of Transportation				
Highway Planning and Construction	20.205	P292-10-063	209,713	-
Highway Planning and Construction	20.205	24-JF-1.21	18,965	-
Total Highway Planning and Construction Cluster			<u>228,678</u>	<u>-</u>
Pass-through from City of Reno				
National Motor Carrier Safety	20.218	FM-MHP-11-001-011837	16,327	-
National Motor Carrier Safety	20.218	FM-MHP-12-001-012790	37,406	-
			<u>53,733</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<b><u>395,947</u></b>	<b><u>-</u></b>
<b><u>U.S. Environmental Protection Agency</u></b>				
Direct Award				
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T29201-0	72,346	-
<b>Total U.S. Environmental Protection Agency</b>			<b><u>72,346</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Energy</u></b>				
Direct Award				
Energy Efficiency and Renewable Energy	81.086	DE-EE0005746	984,000	-
<b>Total U.S. Department of Energy</b>			<b><u>984,000</u></b>	<b><u>-</u></b>
<b><u>Executive Office of the President</u></b>				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G11NV0001A	7,596	-
<b>Total Executive Office of the President</b>			<b><u>7,596</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Homeland Security</u></b>				
Direct Award				
Assistance to Firefighters Grant	97.044	EMW-2011-FP-00355	16,707	-
U.S. Secret Service	97.Unknown	3134132340	565	-
Pass-through from State of Nevada				
Nevada Emergency Management & Homeland Security				
Emergency Management Performance Grant	97.042	9704212	78,770	-
<b>Total U.S. Department of Homeland Security</b>			<b><u>96,042</u></b>	<b><u>-</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 2,902,099</u></b>	<b><u>\$ 15,000</u></b>

This Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of Sparks, Nevada and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

***Section I – Summary of Auditor's Results:***

- Kafoury, Armstrong & Co. issued an unmodified opinion on the basic financial statements of the City of Sparks, Nevada for the year ended June 30, 2014.
- A significant deficiency was identified during the audit of the financial statements as reported in the 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*.
- The audit disclosed no instances of noncompliance, which were material to the financial statements of the City of Sparks, Nevada.
- Significant deficiencies, not identified as material weaknesses, in internal control over major Federal award programs were disclosed during the audit and are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by *OMB Circular A-133*.
- Kafoury, Armstrong & Co. issued an unmodified opinion on compliance for major Federal award programs of the City of Sparks, Nevada.
- Audit findings relative to the major Federal award programs for the City of Sparks, Nevada for the year ended June 30, 2014 which are required to be reported under Section .510(a) of OMB Circular A-133, are reported in Section III of this Schedule.
- The City of Sparks, Nevada had three major programs for the year ended June 30, 2014, as follows:
  - CDBG – Entitlement Grants Cluster:
    - Community Development Block Grants/Entitlement Grants – CFDA 14.218
    - ARRA - Public Safety Partnership and Community Policing Grants – CFDA 16.710
    - Energy and Efficiency Renewable Energy Grants – CFDA 81.086
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2014, was \$300,000.
- The City of Sparks, Nevada did not qualify as a low risk auditee for the year ended June 30, 2014 under the criteria set forth in section .530 of OMB Circular A-133.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

***Section II – Financial Statement Finding:***

Significant Deficiency:

Finding 2014-001: Computer System Access Controls and Secondary Review

<i>Criteria:</i>	Secondary review of significant adjustments/postings to the financial reporting software should be in place to provide safeguards over assets and reduce the risk of misstatements in financial reporting.
<i>Condition:</i>	Adjustments to certain modules in the City of Sparks financial reporting software are allowed without secondary review of the adjustments as follows: <ul style="list-style-type: none"><li>• General journal entries posted by key Financial Services Department management personnel are posted without secondary review of those entries.</li><li>• Budgetary balances and adjustments posted by key Financial Services Department management personnel are posted without secondary review of those entries.</li></ul>
<i>Effect:</i>	Unauthorized transactions could occur in the City of Sparks' financial reporting software and not be detected.
<i>Cause:</i>	Inadequate design of information technology application controls to prevent or detect and correct unauthorized transactions in the City of Sparks' financial reporting software.
<i>Recommendation:</i>	Management should implement secondary approval of adjustments/postings in the financial reporting software.
<i>Management's Response:</i>	Senior management personnel within the Financial Services Department are highly trained professionals, fully capable of making necessary journal entries and budget adjustments into the City's financial software system without the need for a secondary review of each journal entry and budget adjustment. Other procedures such as general ledger account reviews and various reconciliations designed to ensure accounting accuracy are routinely performed by other personnel within the Financial Services Department that would make secondary approval of each journal entry made by a Financial Services Department senior managers inefficient and unnecessary.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**U.S. Department of Housing and Urban Development:**

Finding 2014-002:

Community Development Block Grant – Entitlement Grants Cluster:  
Community Development Block Grants/Entitlement Grants, CFDA 14.218

*Grant Award Number:* Potentially affects all of the grant awards included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The OMB Circular A-133, *Compliance Supplement* states that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government.

*Condition and Context:* Testing of cash management practices applicable to this program included the review of reimbursement requests sent to the Department of Housing and Urban Development for expenses incurred in relation to the Community Development Block Grant (CDBG) program. One such reimbursement request was made prior to the City of Sparks incurring the associated expense.

*Questioned Costs:* None. Funds requested prematurely were returned the Department of Housing and Urban Development.

*Effect:* Cash requested in advance, held by the City, may accrue interest creating a liability to the federal government.

*Cause:* The City of Sparks did not have adequate procedures in place to ensure reimbursement requests from the Federal program were supported by documentation evidencing actual expenses incurred by the City.

*Recommendation:* We recommend the City of Sparks implement procedures to ensure reimbursement requests are only submitted to Federal programs after expenses have been incurred.

*Management's Response:* The Financial Services Department has new grant personnel that will review payments for grant expenses before requesting a draw.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**U.S. Department of Housing and Urban Development:**

Finding 2014-003:

Community Development Block Grants – Entitlement Grants Cluster:  
Community Development Block Grants/Entitlement Grants, CFDA 14.218

*Grant Award Number:* Affects grant award B-12-MC-32-0004 and B-13-MC-32-0004 included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The OMB Circular A-133, *Compliance Supplement* requires that reports submitted to the Federal awarding agency should include all activity of the reporting period, should be supported by the underlying data records in the City’s accounting system, and should be fairly presented in accordance with program requirements.

*Condition and Context:* Disbursements were recorded in the wrong period in the City’s accounting records, resulting in incorrect reporting for the Public Services category on the PR26 - CDBG Financial Summary Report, submitted to the Department of Housing and Urban Development.

During review of the 2013 program year PR26 - CDBG Financial Summary Report (submitted during 2014), we noted that the City improperly reported grant expenditures for public service activities incurred in fiscal year 2013, as fiscal year 2014 expenditures. Expenditures reported in the 2012 program year PR26 - CDBG Financial Summary Report, the 2013 Schedule of Expenditures of Federal Awards, and the 2013 expenditures in the City’s accounting records were all understated by \$35,302.

*Questioned Costs:* None.

*Effect:* The Federal granting agency did not receive accurate information.

*Cause:* The City of Sparks did not have adequate procedures in place to ensure that all information recorded in the City’s accounting records was recorded in the proper period.

*Recommendation:* We recommend the City implement procedures to ensure amounts recorded in City’s accounting records for federal programs are recorded in the proper period.

*Management’s Response:* The grant manger will work with the grant accountant to assure that amounts are recorded in the proper period.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**U.S. Department of Housing and Urban Development:**

Finding 2014-004:

Community Development Block Grant – Entitlement Grants Cluster:  
Community Development Block Grants/Entitlement Grants, CFDA 14.218

*Grant Award Number:* Affects grant award B-12-MC-32-0004 included under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The OMB Circular A-133 Compliance Supplement and 24 CFR, Sections 135.3, 135.90 and 570.607 include provisions for prime recipients who receive grants over \$200,000 for activities including housing rehabilitation, housing construction, or other public construction to submit an annual performance report, HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.

*Condition and Context:* Key line items tested on the Section 3 Summary Report include total dollar amount of construction contracts awarded on projects and total dollar amount of non-construction contracts awarded on a project or activity. The total dollar amount reported for these line items did not reconcile with the City of Sparks' accounting records.

*Questioned Costs:* None.

*Effect:* Inaccurate information was provided to the federal granting agency.

*Cause:* The City of Sparks did not have adequate procedures in place to ensure amounts reported to the federal agency were accurate based on the underlying accounting records.

*Recommendation:* We recommend the City of Sparks implement procedures to ensure reports submitted to the federal agency are accurate based on the underlying accounting records.

*Management's Response:* Grant managers will meet with the grant accountant to ensure accurate reporting before submitting the report.



**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**U.S. Department of Energy:**

Finding 2014-005:

Energy Efficiency and Renewable Energy Grant, CFDA 81.086

*Grant Award Number:* Affects grant award number DE-EE0005746 included under CFDA 81.086 on the Schedule of Expenditures of Federal Awards.

*Criteria:* OMB Circular A-133 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

*Condition and Context:* We tested the City's procedures for entering into procurement contracts for this program. The City of Sparks, who administers the grant, relied on another governmental entity's Purchasing Department for the procurement procedures for this grant. That entity's procedures include obtaining a suspension and debarment certification as well as including the proper clauses within the bid documentation. The City of Sparks did not verify that the proper clauses were included in the bid documentation nor did the City verify the contracted vendor was not a suspended or debarred party.

*Questioned Costs:* None.

*Effect:* Contracts may be awarded to suspended or debarred parties that could result in a liability to the City for unallowable costs.

*Cause:* Adequate procedures were not in place to ensure that the required suspension and debarment certifications were obtained, or that all necessary clauses were included in contracts, for all covered vendor contracts and subawards, regardless of whether the contract was initiated by the City or whether it was delegated by the City.

*Recommendation:* We recommend the City of Sparks enhance procedures to ensure the City obtains certifications from the required parties for all covered contracts and subawards.

*Management's Response:* Grant managers will monitor purchases that are not originated or processed through the City's purchasing department.

**CITY OF SPARKS, NEVADA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Prior Audit Findings for Federal Award Programs:*

**U.S. Department of Housing and Urban Development:**

Finding 2013-002:

Community Development Block Grant – Entitlement Grants Cluster:  
Community Development Block Grants/Entitlement Grants, CFDA 14.218

*Criteria:* The OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, compliance requirements state that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports that reflect an after-the-fact distribution of the actual activity, be prepared at least monthly, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

*Condition and Context:* Testing of salary and benefit charges to this program included the review of timesheets prepared by the three employees for which a portion of their salaries and benefits are allocated to the Community Development Block Grant (CDBG) program. One employee included documentation on his time card of the time spent on CDBG program objectives to support the amount of his salary and benefits charged to the program. For the other two employees, it was noted that the City assigns percentages of time that those employees are to work on multiple cost objectives, including the CDBG program. Those employees' salaries and benefits were charged to the Federal program according to the percentage assigned to their position. The time cards signed by those employees were reports of total time worked, and did not identify the amount of time spent on CDBG program activities. Because the time cards did not identify the Federal program and time allocation on them, the time cards did not meet the standards for documentation to serve as certification by the employee or supervisory official.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

*Auditor's Recommendation:* We recommended the City of Sparks implement procedures to ensure amounts charged to Federal programs were supported by documentation that meets the standards to serve as certification by the employee or supervisory official.

*Current Status:* Corrective action was implemented for fiscal year 2014 for certifying salaries and wages charged under the grant.

**CITY OF SPARKS, NEVADA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**U.S. Department of Justice:**

Finding 2013-003:

ARRA - Public Safety Partnership and Community Policing Grants, CFDA 16.710

*Criteria:* Section 1512 of the American Recovery and Reinvestment Act (ARRA) includes reporting requirements for awards received directly from the Federal government. Under the Section 1512 requirements, entities are required to report the cumulative draws/funds requested, and the cumulative expenditure amounts.

*Condition and Context:* During testing of the Section 1512 reports for ARRA Federal grant award number 2009-RK-WX-0646, we noted that the “Expenditure Amount” and “Funds Invoiced/Received” were not supported by the accounting system.

The Section 1512 report for the quarter ended March 31, 2013 was required to be examined during the audit. The audit tests revealed that the “Expenditure Amount” and the “Funds Invoiced/Received” amount reported were both understated by \$126,840 and \$16,571, respectively.

*Auditor’s Recommendation:* We recommended the City of Sparks implement controls to ensure that the Section 1512 reports reflect the accurate expenditure and revenue amounts reported in the accounting system.

*Current Status:* Section 1512 ARRA reporting is now suspended and no longer required.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**U.S. Department of Transportation; passed through from the Nevada Department of Transportation, and the Nevada Division of State Parks:**

Finding 2013-004:

Highway Planning and Construction Cluster:

Highway Planning and Construction, CFDA 20.205

Recreation Trails Program, CFDA 20.219

- Criteria:* OMB Circular A-133 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.
- Condition and Context:* We tested the City's procedures for entering into procurement contracts greater than \$25,000 for this program. The Fleet Management Department, who administers the grant identified above, relies on the City's Purchasing Department procedures for equipment contracts greater than \$25,000. Those procedures include obtaining a suspension and debarment certification. Procurement procedures for the equipment purchase tested were performed by a separate governmental entity. The Fleet Management Department personnel and the Purchasing Department personnel could not provide support that they had verified the contracted vendor was not a suspended or debarred party.
- Auditor's Recommendation:* We recommended the City of Sparks enhance procedures to ensure the City obtains certifications from the required parties for all covered contracts and subawards.
- Current Status:* Corrective action was not implemented for fiscal year 2014 as two purchase contracts under the current year award were subject to suspension and debarment provisions but were not identified as federal and therefore no verification was made by the City.

**CITY OF SPARKS, NEVADA  
AUDITOR'S COMMENTS  
JUNE 30, 2014**

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

Refer to Note 2 to the financial statements for repeat noncompliance for not monitoring expenditures during the current year in order to prevent overexpenditures, not taking an inventory of all the City's equipment and personal property, and not following the requirements for temporary loans.

PRIOR YEAR RECOMMENDATIONS

See the Summary Schedule of Prior Year findings on page 161-164.

CURRENT YEAR RECOMMENDATIONS

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

NRS 354.6115

The financial statements of the Stabilization Special Revenue Fund are located in this report. As noted above, compliance with Nevada Revised Statutes is contained in Note 2 to the financial statements.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FEES IMPOSED SUBJECT TO THE  
PROVISIONS OF NRS 354.5989  
LIMITATION OF FEES FOR BUSINESS LICENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2013 (Base Year)	<u>\$ 748,643</u>
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Adjustment to Base:

Base year	
1. Percentage increase (decrease) in population of the local government	1.50
2. 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	<u>1.50            3.00</u>

22,459

Adjusted Base at June 30, 2014	<u>771,102</u>
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Actual Revenue	<u>716,396</u>
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Amount over (under) allowable amount	<u><u>\$ (54,706)</u></u>
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Fee Calculated on a Percentage of Gross Revenue:

Adjusted base at June 30, 2013	\$ 2,184,383
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Percentage change in CPI	<u>1.015</u>
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Adjusted base at June 30, 2014	2,217,149
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Actual revenue	<u>3,231,549</u>
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Actual amount over (under) allowable amount	<u><u>\$ 1,014,400</u></u>
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