



CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013

CITY OF SPARKS, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

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

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JUNE 30, 2013

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November 27, 2013

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, 2013, 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 2011-2012.
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 90,214, 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 units. 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 are the City's blended component units. The Redevelopment Agencies are organizations 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 Agencies. 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 was 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, including the most current fiscal year 2012-2013. Looking forward to fiscal year 2013-2014, we are finally beginning to see revenues stabilize and are expecting a slight increase for the first time since the recession began. Fiscal challenges are expected to remain as local, national, and even global economies continue to rapidly change.

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.

The City of Sparks continues 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 is 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.)

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; and obligations of other state and local governments if they are rated "A" or better by one of the nationally recognized bond 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 and agency securities. 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 2012-2013, the average interest rate earned on investments maturing during the year was 0.65 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. Premiums are paid by the City on behalf of employees and their dependents via interfund charges through the payroll system. 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 2012. Fiscal year 2011-2012 was the thirty-second consecutive year in which the City of Sparks has received this prestigious award.

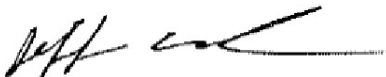
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to the program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City plans to submit an application to receive this distinguished award for the fiscal year 2012-2013 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 2012. 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.

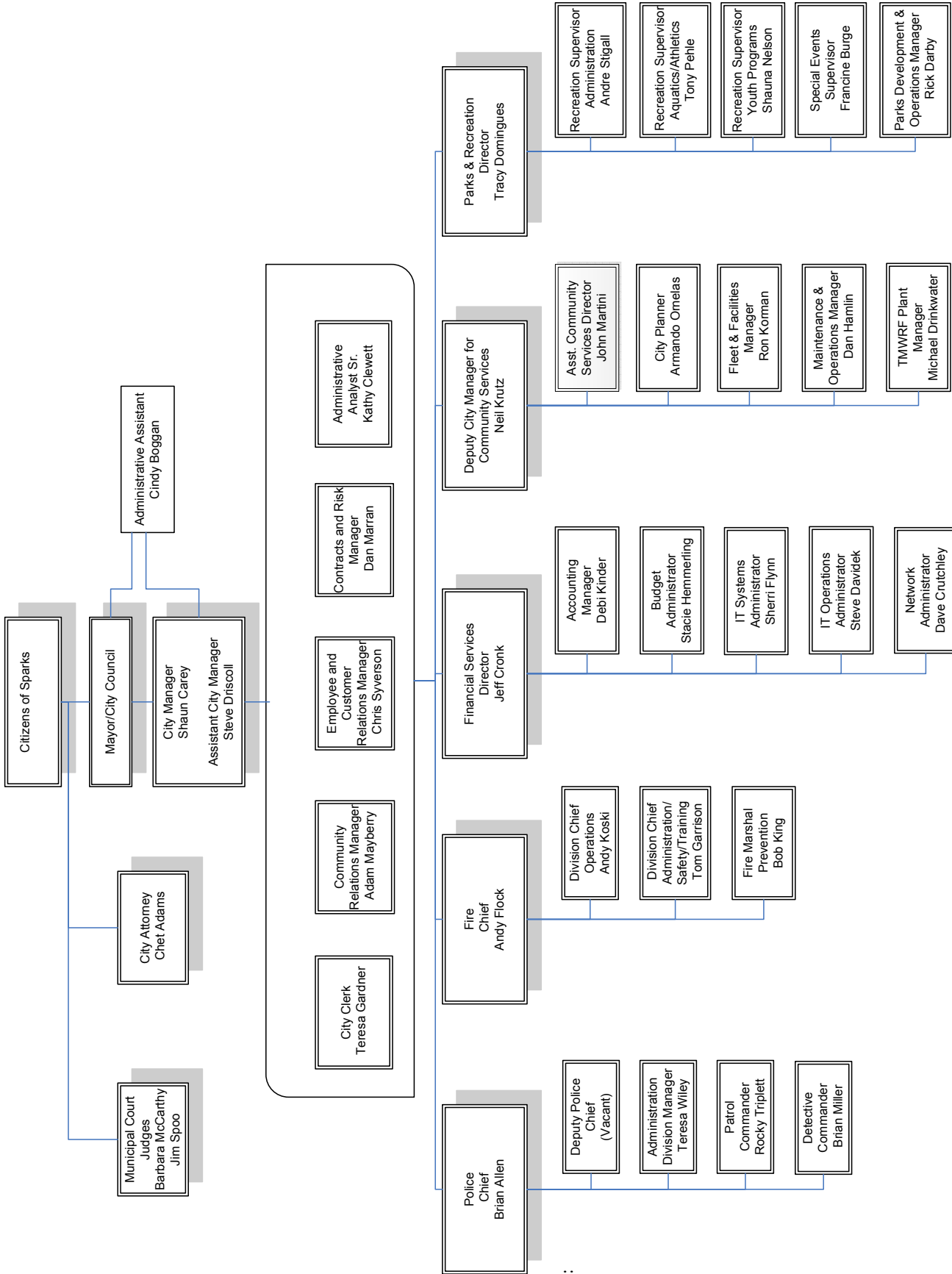
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Kafoury, Armstrong & Company. We would like to acknowledge their expert support and guidance throughout the year not only 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, 2013**

| <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 | Shaun D. Carey | Appointed | |
| Assistant City Manager | Stephen W. Driscoll | Appointed | |
| City Clerk | Teresa Gardner | Appointed | |
| 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 | Andreas Flock | 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, 2012

Executive Director/CEO

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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, 2013, 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, 2013, 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 58 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, 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 2012 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 December 6, 2012. In our opinion, the summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2012, 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 2012 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 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 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 non major combining and individual fund statements and schedules are fairly stated in all material aspects in relation to the basic financial statements for 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 27, 2013, 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 27, 2013

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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, 2013. 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, 2013 by \$398,929,747 (net position), an increase of 6.6 percent from the prior year. This net position represents the net investment in capital assets and amounts that are restricted for a variety of specific obligations of the City.
- Sparks' governmental funds reported combined ending fund balances of \$45,476,155 as of June 30, 2013 which is a decrease of \$1,767,578, or 3.7 percent, from fiscal year 2011-2012 ending fund balance total of \$47,243,733. The decrease was primarily due to an increased investment in park capital assets.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2013 the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$5,807,762, which represents approximately 11.2 percent of General Fund revenues. Of that amount, \$327,535 is assigned for encumbrances and \$1,366,324 is assigned as a budgeted resource to be expended in fiscal year 2013-2014, leaving \$4,113,903 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and property taxes. Combined, these resources accounted for 70.2 percent of total General Fund revenues, and have decreased by 0.1 percent from last year's results. While consolidated tax revenues increased 4.2 percent, property taxes decreased by 4.0 percent compared to the previous fiscal year.
- Cash and investments (unrestricted) of \$79,273,839 can cover current liabilities 1.9 times on a government-wide basis.
- Governmental activity expenses were \$92,049,326 as compared to \$87,333,911 for the year ended June 30, 2012. The increase of \$4,417,415 is primarily driven by increases in the general government and public safety functions. The increase of \$2,045,968 as seen in the general government function and the increase of \$2,470,334 as seen in the Police Public Safety function is primarily related to an increase in workers' compensation claims liability and other internal services allocated via a lookback analysis to eliminate the change in net position. Business-type activities posted overall expenses of \$26,402,771 as compared with \$21,867,526 in the prior year. The increase is primarily

related to a pipe failure and electrical emergency at the Truckee Meadows Water Reclamation Facility, a jointly owned venture of the Cities of Reno and Sparks.

- The City's long-term debt outstanding decreased by \$6,322,479 in fiscal year 2012-2013. The decrease was primarily attributable to regular debt service payments.

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 is detected, 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 amended budget to actual results is provided, along with similar comparisons of amended budget to actual results for the other governmental funds elsewhere in the report.

Proprietary Funds

Under current generally accepted accounting principles, the City of Sparks maintains two types of proprietary funds; enterprise funds and internal service funds. The business-type activities presented in the government-wide financial statements are those that are accounted for in enterprise funds. The major enterprise 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 as well as central motor vehicle and office supply services, although the City no longer plans to use the office supply services fund after fiscal year 2012-2013. 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 6.6 percent during fiscal year 2012-2013. The largest component of this increase was related to changes in the net investment in capital assets, which increased by \$32,770,285, mostly due to donated roads reported in construction in progress related to the new Veterans Memorial Bridge-part of the South East Connector RTC project.

CITY OF SPARKS' STATEMENT OF NET POSITION

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 94,855,417 | \$ 98,829,227 | \$ 76,376,532 | \$ 77,110,832 | \$ 171,231,949 | \$ 175,940,059 |
| Capital assets | 347,168,473 | 317,309,424 | 158,585,219 | 161,242,423 | 505,753,692 | 478,551,847 |
| Total assets | 442,023,890 | 416,138,651 | 234,961,751 | 238,353,255 | 676,985,641 | 654,491,906 |
| Long-term liabilities outstanding | 191,540,126 | 196,855,686 | 45,055,406 | 49,047,287 | 236,595,532 | 245,902,973 |
| Other liabilities | 32,882,880 | 27,449,594 | 8,577,482 | 6,798,657 | 41,460,362 | 34,248,251 |
| Total liabilities | 224,423,006 | 224,305,280 | 53,632,888 | 55,845,944 | 278,055,894 | 280,151,224 |
| Net position: | | | | | | |
| Net investment in capital assets | 276,456,276 | 244,417,470 | 118,604,065 | 117,872,586 | 395,060,341 | 362,290,056 |
| Restricted | 42,903,334 | 51,091,604 | - | - | 42,903,334 | 51,091,604 |
| Unrestricted | (101,758,726) | (103,675,703) | 62,724,798 | 64,634,725 | (39,033,928) | (39,040,978) |
| Total net position | \$ 217,600,884 | \$ 191,833,371 | \$ 181,328,863 | \$ 182,507,311 | \$ 398,929,747 | \$ 374,340,682 |

The largest portion of the City of Sparks' net position (99.0 percent) reflects its net investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$395,060,341, 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.

The remaining net position of the City (1.0 percent) 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 \$8,188,270 is largely due to a decrease in funds that are restricted for claims, such as heart and lung.

Unrestricted net position is the amount of funds available to meet the City's on-going obligations. The negative unrestricted net asset value of \$39,033,928 in fiscal year 2012-2013 is comprised primarily of a deficit of \$101,758,726 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 | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Program revenues: | | | | | | |
| Charges for services | \$ 20,396,122 | \$ 21,666,665 | \$ 23,232,855 | \$ 21,865,466 | \$ 43,628,977 | \$ 43,532,131 |
| Operating grants, interest and contributions | 2,184,401 | 1,940,111 | - | - | 2,184,401 | 1,940,111 |
| Capital grants, interest and contributions | 37,135,600 | 6,441,089 | 2,246,382 | 589,860 | 39,381,982 | 7,030,949 |
| | <u>59,716,123</u> | <u>30,047,865</u> | <u>25,479,237</u> | <u>22,455,326</u> | <u>85,195,360</u> | <u>52,503,191</u> |
| General revenues: | | | | | | |
| Ad valorem taxes | 23,200,778 | 23,935,797 | | | 23,200,778 | 23,935,797 |
| Special Assessments - taxes | 1,830,467 | 1,895,243 | | | 1,830,467 | 1,895,243 |
| Consolidated tax | 18,252,243 | 17,513,809 | | | 18,252,243 | 17,513,809 |
| Dedicated sales tax - improvement districts | 9,226,882 | 6,847,151 | | | 9,226,882 | 6,847,151 |
| Other taxes | 4,344,907 | 4,272,212 | | | 4,344,907 | 4,272,212 |
| Unrestricted interest income | 3,638 | 367,254 | 19,311 | 399,619 | 22,949 | 766,873 |
| Miscellaneous revenue | 776,389 | 480,804 | 191,187 | 371,133 | 967,576 | 851,937 |
| | <u>57,635,304</u> | <u>55,312,270</u> | <u>210,498</u> | <u>770,752</u> | <u>57,845,802</u> | <u>56,083,022</u> |
| Total revenues | <u>117,351,427</u> | <u>85,360,135</u> | <u>25,689,735</u> | <u>23,226,078</u> | <u>143,041,162</u> | <u>108,586,213</u> |
| Expenses: | | | | | | |
| General Government | 10,863,112 | 8,817,144 | | | 10,863,112 | 8,817,144 |
| Judicial | 2,225,488 | 2,054,034 | | | 2,225,488 | 2,054,034 |
| Public safety: | | | | | | |
| Police | 24,348,564 | 21,878,230 | | | 24,348,564 | 21,878,230 |
| Fire | 16,185,902 | 15,053,308 | | | 16,185,902 | 15,053,308 |
| Public Works | 245,421 | 354,981 | | | 245,421 | 354,981 |
| Public Works | 13,780,817 | 14,071,989 | | | 13,780,817 | 14,071,989 |
| Culture and recreation | 9,672,978 | 9,149,895 | | | 9,672,978 | 9,149,895 |
| Community support | 1,568,970 | 2,473,833 | | | 1,568,970 | 2,473,833 |
| Interest on long-term debt | 13,158,074 | 13,480,497 | | | 13,158,074 | 13,480,497 |
| Sewer | | | 24,622,329 | 20,399,005 | 24,622,329 | 20,399,005 |
| Development services | | | 1,780,442 | 1,468,521 | 1,780,442 | 1,468,521 |
| Total expenses | <u>92,049,326</u> | <u>87,333,911</u> | <u>26,402,771</u> | <u>21,867,526</u> | <u>118,452,097</u> | <u>109,201,437</u> |
| Increase (Decrease) in net position | | | | | | |
| before transfers & special items | 25,302,101 | (1,973,776) | (713,036) | 1,358,552 | 24,589,065 | (615,224) |
| Transfers | 465,412 | 13,273 | (465,412) | (13,273) | - | - |
| Special Items-Loss on sale of improvements to developer | - | - | | | - | - |
| Increase (Decrease) in net position | <u>25,767,513</u> | <u>(1,960,503)</u> | <u>(1,178,448)</u> | <u>1,345,279</u> | <u>24,589,065</u> | <u>(615,224)</u> |
| Net position, July 1 | 191,833,371 | 193,793,874 | 182,507,311 | 181,162,032 | 374,340,682 | 374,955,906 |
| Net position, June 30 | <u>\$ 217,600,884</u> | <u>\$ 191,833,371</u> | <u>\$ 181,328,863</u> | <u>\$ 182,507,311</u> | <u>\$ 398,929,747</u> | <u>\$ 374,340,682</u> |

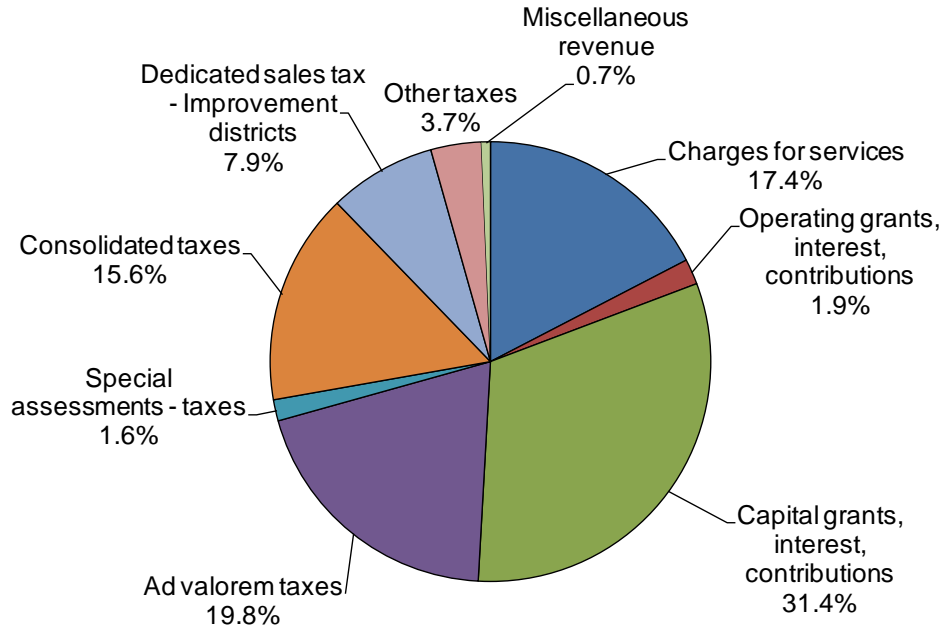
Governmental Activities

Governmental activities in fiscal year 2012-2013 increased the City's net position by \$25,767,513. Of the more significant results for governmental activities that contributed to this increase the following was observed:

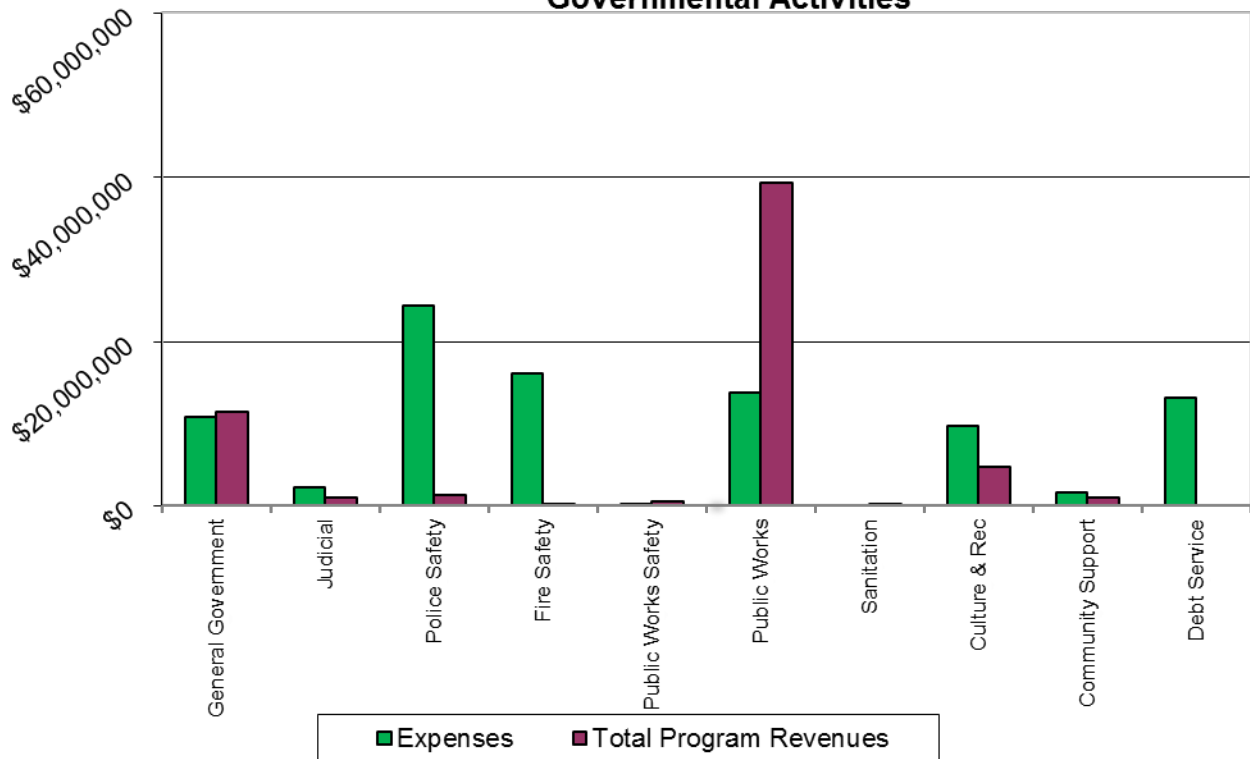
- Construction on the South East Connector, a Regional Transportation Commission (RTC) project, within the City, is the primary reason for the increase in Capital grants, interest and contribution revenue of \$30,694,511. RTC constructs the roads and bridges and the City maintains them once complete. Therefore the construction in progress is considered a contribution from the RTC to the City;

- Special ad valorem assessment revenues collected from within the area known as the Local Improvement District 3 were \$1,830,467, a decline of \$64,776 from the prior year. A receivable for principal amount outstanding remains in the amount of \$22,951,192. The receivable is reflected in the fund statements;
- Consolidated taxes (consisting primarily of sales taxes) increased by 4.2 percent or \$738,434 from fiscal year 2011-2012. This increase may indicate a small level of stabilization in the economy; however consolidated tax revenues are still 29 percent below the peak levels achieved in fiscal year 2005-2006. Sales taxes comprise over 80 percent of the consolidated tax, and the low revenues are representative of the continuing recession in the local economy during fiscal year 2012-2013;
- Ad valorem taxes revenue decreased by 3.1 percent, or \$735,019, from fiscal year 2011-2012. Since the housing decline, the City's assessed values have decreased by 31.7 percent but for the first year since we are seeing an increase in assessed values of 0.1 percent in fiscal year 2014. Additionally, 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 ranging from 3 percent for residential properties to 8 percent for certain commercial properties;
- Total expenses increased 5.4 percent, or \$4,715,415, which was primarily due to increased costs in two areas. An increase of \$2,045,968 was seen in the general government function and is primarily related to an increase in workers' compensation claims liability and other internal services allocated via a lookback analysis to eliminate the change in net position. An increase of \$2,470,334 was seen in the Police Public Safety function and is primarily related to an increase in heart and lung claims.

Revenues by Source Governmental Activities



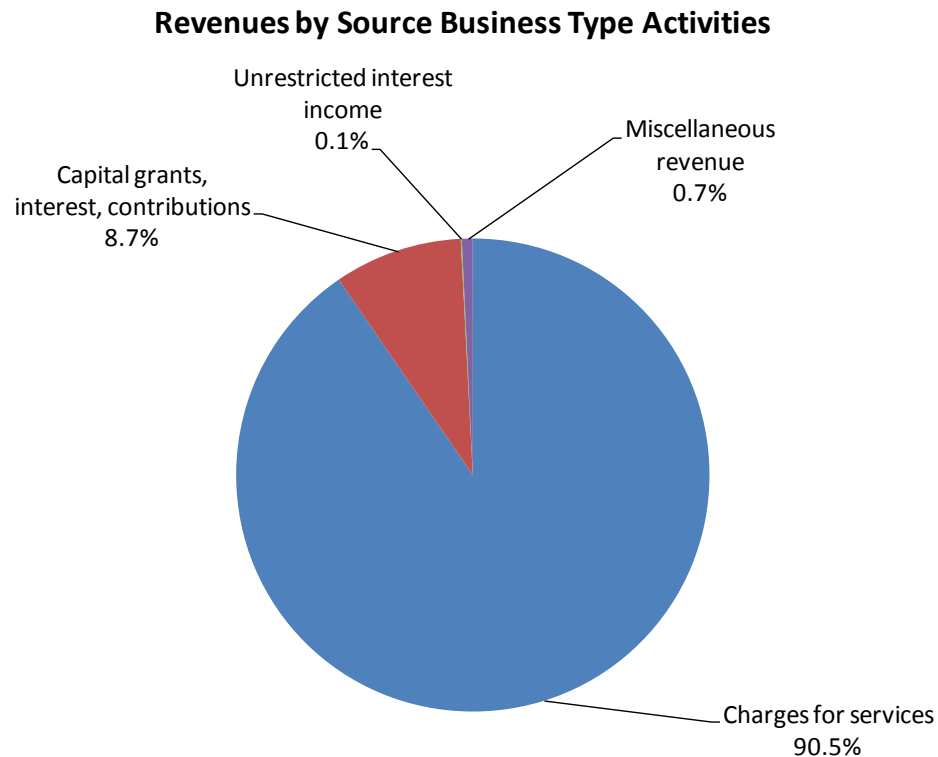
Expenses and Program Revenues Governmental Activities



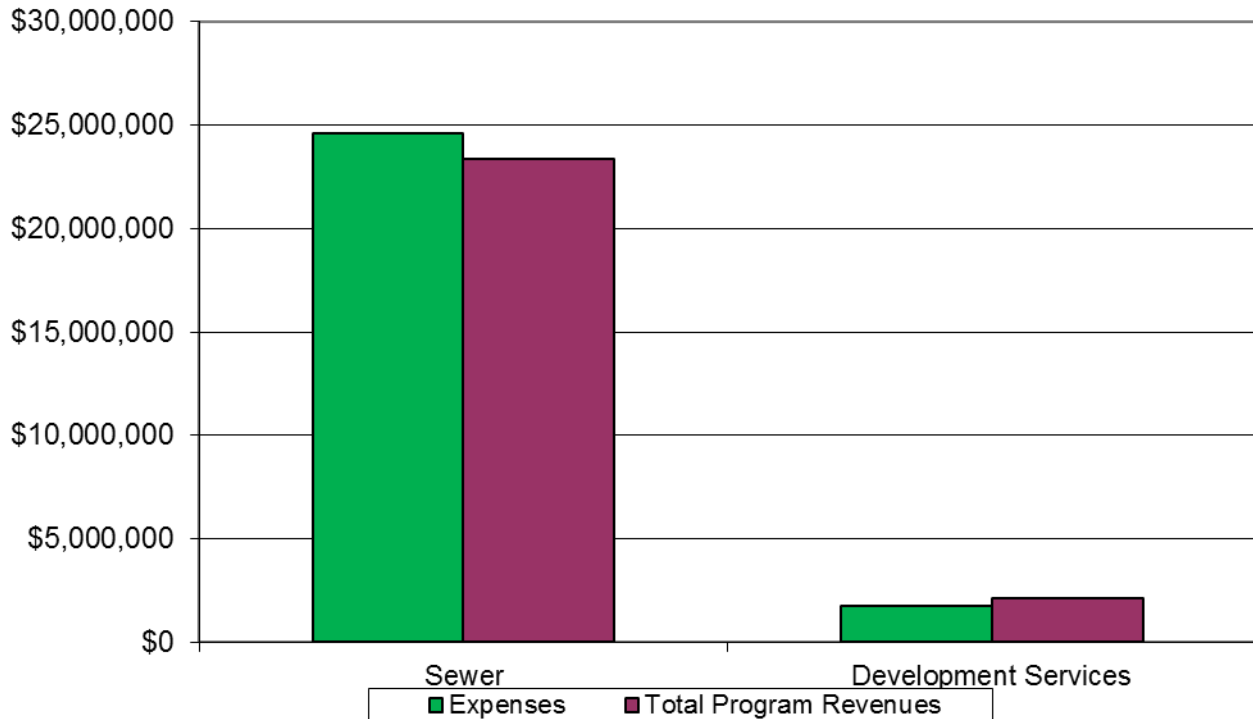
Business-type Activities

Business-type activities decreased the City's net position by \$1,178,448 for fiscal year 2012-2013, a decrease of \$2,523,727 over fiscal year 2011-2012. Significant results include:

- Total program revenues increased by 13.5 percent, or \$3,023,911, which was driven by an increase of revenues related to charges for services and capital grants, interest and contributions;
- Total general revenues decreased by 72.7 percent, or \$560,254, which was primarily driven by a decrease of unrestricted interest income. Interest revenues still remain low due to the continued weakening of the economy and the Federal Reserve's fiscal policies to keep interest rates low for an extended period of time;
- Total expenses increased by 20.7 percent, or \$4,535,245 primarily related to a pipe failure emergency 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 Sanitary Sewer Operations Fund.



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, 2013, Sparks' governmental funds reported combined ending fund balances of \$45,476,155 which is a decrease of \$1,767,578 from fiscal year 2011-2012 ending fund balance of \$47,243,733. The decrease was primarily due to an increased investment in park capital assets, specifically the little league fields at Golden Eagle Regional Park.
- The combined ending fund balance of \$45,476,155 is comprised of: \$35,210,268 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, and \$10,265,887 which is unrestricted (includes committed, assigned and unassigned balances).

- Approximately 22.6 percent of ending fund balances, or \$10,265,887, is unrestricted. Of the unrestricted balance, \$1,040,583 has been committed by Council action and \$5,111,401 has been assigned by the Financial Services Director, a designee of the Council. The remaining \$4,113,903 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, 2013, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$5,807,762, or 10.3 percent lower than the prior year's unrestricted balance of \$6,477,452, 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 2012-2013, the unrestricted ending balance represents 11.6% of expenditures. For fiscal year 2012-2013, the unrestricted ending balance represents 11.2 percent of General Fund revenues, down from 12.3 percent for the prior fiscal year.

Although the City's General Fund unrestricted fund balance was \$5,807,762 at June 30, 2013, it should be noted that \$1,693,859 is considered assigned for specific purposes, including \$327,535 for encumbrances and \$1,366,324 as budgeted resources to be expended in fiscal year 2013-2014. This leaves \$4,113,903 as an unassigned ending fund balance.

The primary impacts upon the General Fund include a \$633,123 (1.2 percent) decrease in revenues and a \$266,228 (0.5 percent) increase in expenses. The three largest areas of revenue changes were; charges for services decreased \$779,887 (22.5 percent) mostly related to reduced internal charges to other funds; tax revenues decreased \$767,111 (4.0 percent) most of which was related to a decline in assessed values of real property, intergovernmental revenues increased \$798,906 (4.0 percent) most of which is related to increased consolidated sales tax revenue collected by the State. Higher expenses were primarily related to an increase in professional services paid for parks maintenance and computer maintenance. Personnel costs were essentially flat compared to the previous year. The result is that the ending fund balance within the General Fund decreased by \$684,529, or 10.5 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 \$16,315,034 compared to \$15,170,146 for the prior year, an increase of 7.5 percent. All revenue collected within this fund is pledged for debt service.

Proprietary Funds

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

The net position of the Sewer Operations Enterprise Fund was \$181,718,305 as of June 30, 2013, a decrease of \$697,344 or 0.4 percent, under the prior year's balance of \$182,415,649. The decrease is primarily related to operational expenses resulting from a pipe failure and electrical emergency at the Truckee Meadows Water Reclamation Facility, a jointly owned venture of the Cities of Reno and Sparks. Net position of the Development Services Enterprise Fund increased to \$1,118,949 from \$760,313 in the prior year, reflecting an improvement in the local economy. Revenues from licenses and permits increased \$124,926, or 12.2 percent.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations decreased by \$421,332, approximately 1 percent below the original budget. This was due to the reduction of budget for interfund charges for service which will no longer be charged.

Actual revenues were \$421,025 more than budgeted primarily due to better than expected CTAX Revenues.

Actual expenditures were 96.5 percent of the original budget and 97.3 percent of the final amended budget. This was achieved through a City-wide effort to reduce fiscal year 2012-2013 service and supply expenditures.

The following functions are highlighted:

- General government achieved \$549,641 or 5.6 percent in budgetary savings primarily from a position vacancies, reduction in professional services contracts, and grant match expenditures;
- Public safety achieved \$483,028 or 1.4 percent in budgetary savings, primarily due to across the board service and supply reductions;
- Budgetary savings within the Public Works function totaled \$220,218 or 9.2 percent which was due to a reduction in maintenance and repairs.
- The Culture and Recreation function turned in a budgetary savings of \$108,048 or 4.2 percent which was primarily due to a vacant position.

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, 2013 amounted to \$505,753,692 compared to \$478,551,847 (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 2012-2013 operations for governmental activities was \$29,859,049 (from \$317,309,424 to \$347,168,473), while business-type activities decreased by \$2,657,204 (from \$161,242,423 to \$158,585,219).

Significant capital asset activities that occurred during fiscal year 2012-2013 included:

- Assets classified as Construction in Progress increased by \$29,560,266 during fiscal year 2012-2013, mostly due to donated roads related to the new Veterans Memorial Bridge-part of the South East Connector RTC project,
- Assets classified as Infrastructure decreased by \$3,281,010 during fiscal year 2012-2013, the primary result of which was due to depreciation.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 30,582,864 | \$ 31,009,581 | \$ - | \$ - | \$ 30,582,864 | \$ 31,009,581 |
| Intangibles | 3,219,154 | 2,984,867 | 2,648 | 2,648 | 3,221,802 | 2,987,515 |
| Buildings | 19,096,001 | 18,697,359 | 774,562 | 806,251 | 19,870,563 | 19,503,610 |
| Improvements other than Buildings | 47,112,393 | 45,783,784 | 1,116,785 | 952,491 | 48,229,178 | 46,736,275 |
| Equipment, Furnishings & Vehicles | 8,331,695 | 9,038,301 | 81,614 | 119,844 | 8,413,309 | 9,158,145 |
| Infrastructure | 203,926,012 | 204,713,249 | 147,192,754 | 149,686,527 | 351,118,766 | 354,399,776 |
| Construction in progress | 34,835,389 | 5,017,318 | 2,390,354 | 2,648,159 | 37,225,743 | 7,665,477 |
| Water Rights | 64,965 | 64,965 | 7,026,502 | 7,026,503 | 7,091,467 | 7,091,468 |
| Total | \$ 347,168,473 | \$ 317,309,424 | \$ 158,585,219 | \$ 161,242,423 | \$ 505,753,692 | \$ 478,551,847 |

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, 2013, the City of Sparks had a total of \$255,447,855 of long-term liabilities outstanding. Of this amount, Government-type activities accounted for \$206,280,469 and include; general obligation debt of \$3,890,000; revenue bonds of \$119,952,126; tax allocation bonds of \$58,713,918; capital lease obligations of \$1,292,535; credits payable to developers of \$311,643; accrued compensated absences, sick leave conversion, and insurance claim liabilities totaling \$22,120,247. Business-type activities account for the remaining \$49,167,386 in total long-term liabilities outstanding. Of that amount, \$47,811,281 is made up of Sewer Utility general obligation bonds totaling \$39,407,646 and an \$8,403,635 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 \$1,356,105 for compensated absences, and sick leave conversion. The City of Sparks' long-term liabilities outstanding, including debt of the Redevelopment Agency, decreased by \$6,322,479, or 2.4 percent, of the restated beginning balance during the fiscal year ended June 30, 2013. Claims liabilities were not included as long-term liabilities outstanding in fiscal year 2011-2012, as all amounts were short-term obligations and thus reflected in accrued liabilities in prior years.

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 9.8 percent in June, 2013 compared to 11.5 percent in June, 2012;
- The housing market recovery has been slow and continues to be one of the worst in the nation, evidenced by high foreclosure rates. Recent data shows Nevada is 2nd in the nation in foreclosures, topped only by Florida;
- Fiscal year 2012-2013 is the third consecutive year, after 4 consecutive years of declines, in which taxable sales within Washoe County increased. Fiscal year 2012-2013 taxable sales were 5.5 percent higher than those reported in fiscal year 2011-2012. Sales categories showing significant improvement during the year included: Autos (up 16.0%), Building Materials and Garden Equipment (up 16.9%), Telecommunications (up 26.8%), and Professional Services (up 14.9%). Those areas that experienced significant declines were; Heavy Construction (down 20.4%) and Rental and Leasing Services (down 3.6%);
- As mentioned previously, the City's Ad Valorem tax revenues decreased by 3.1 percent in fiscal year 2012-2013. This was due to a decrease of 4.3 percent in the assessed valuation between fiscal year 2012-2013 and fiscal year 2011-2012. The residential housing market is slowly starting to strengthen. Assessed values in fiscal year 2013-2014 are 0.1 percent higher than 2012-2013. Therefore, ad valorem revenues will stabilize in 2013-2014 and will begin to increase in 2014-2015;

- The City of Sparks' estimated population decreased slightly during fiscal year 2012-2013 (2.2 percent). The high unemployment rate that caused people to relocate to areas with better employment opportunity continues to be a challenge. Sparks had an annual population growth that averaged 3.4 percent from fiscal year 2002 to 2008;
- Building permits issued in fiscal year 2012-2013 totaled 2,393 representing a decrease of 2.8 percent from 2,463 permits issued during fiscal year 2011-2012. While the City did see a small decrease in permits issued, development activity in the area is increasing and the City expects 2013-2014 permits to increase. The impact of 5 steep years of declines (2007-2011) has not been overcome. Permits issued in 2012-2013 are 60.3 percent less than the number issued at the peak of the housing boom during fiscal year 2005-2006 in which 6,033 total permits were issued;
- City personnel costs increased slightly reflecting an increase in staffing within the Development Services, and Sewer funds;
- 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. The results of a new rate study are still awaited. In addition, sewer connection fees, which also include sewer, storm drain and flood mitigation components increased from \$5,178 to \$5,300 per residence as of January 1, 2013.

All of these factors and others were considered in preparing the City's budget for the upcoming 2013-2014 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 Financial Services Department, 431 Prater Way, Sparks, Nevada, 89431.

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CITY OF SPARKS, NEVADA
STATEMENT OF NET POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> | <u>2012</u> |
|--|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 42,429,767 | \$ 36,844,072 | \$ 79,273,839 | \$ 84,763,112 |
| Accounts receivable | 26,138,891 | 2,754,834 | 28,893,725 | 29,423,762 |
| Internal balances | 1,508,391 | (1,508,391) | - | - |
| Due from other governments | 7,533,273 | 551,960 | 8,085,233 | 6,982,367 |
| Inventories | 240,810 | - | 240,810 | 220,854 |
| Deposits | 16,673 | - | 16,673 | 16,673 |
| Deferred charges | 2,329,752 | - | 2,329,752 | 2,495,387 |
| Notes receivable | 18,272 | 7,446,764 | 7,465,036 | 7,922,299 |
| Restricted assets: | | | | |
| Cash and investments | 14,639,588 | - | 14,639,588 | 14,495,904 |
| Investment in the Truckee Meadows Water Reclamation Facility | - | 30,287,293 | 30,287,293 | 29,619,701 |
| Capital assets: | | | | |
| Land, construction in progress, intangible assets, and water rights | 68,236,406 | 9,419,504 | 77,655,910 | 48,522,362 |
| Other capital assets, net of depreciation | 278,932,067 | 149,165,715 | 428,097,782 | 430,029,485 |
| TOTAL ASSETS | <u>442,023,890</u> | <u>234,961,751</u> | <u>676,985,641</u> | <u>654,491,906</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 2,072,286 | 187,694 | 2,259,980 | 2,923,509 |
| Accrued interest payable | 7,412,162 | 694,478 | 8,106,640 | 6,762,729 |
| Contracts and retentions payable | 1,302,475 | 573,508 | 1,875,983 | 1,208,003 |
| Deposits | 57,487 | 40,456 | 97,943 | 60,961 |
| Due to other governments | 1,346,792 | 2,359,883 | 3,706,675 | 1,395,337 |
| Unearned revenue | 474,838 | 67,546 | 542,384 | 556,928 |
| Noncurrent liabilities: | | | | |
| Due within one year | 20,216,840 | 4,653,917 | 24,870,757 | 25,792,622 |
| Due in more than one year | 186,063,629 | 44,513,469 | 230,577,098 | 235,977,712 |
| Net OPEB obligation | 5,476,497 | 541,937 | 6,018,434 | 5,473,423 |
| TOTAL LIABILITIES | <u>224,423,006</u> | <u>53,632,888</u> | <u>278,055,894</u> | <u>280,151,224</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 276,456,276 | 118,604,065 | 395,060,341 | 362,290,056 |
| Restricted for: | | | | |
| Court improvements | 761,879 | - | 761,879 | 940,617 |
| Road and street projects | 5,748,960 | - | 5,748,960 | 4,851,192 |
| Grants | 1,268,448 | - | 1,268,448 | 1,065,632 |
| Claims | 4,134,388 | - | 4,134,388 | 9,763,078 |
| Debt service | 22,373,617 | - | 22,373,617 | 23,585,259 |
| Capital projects | 7,955,365 | - | 7,955,365 | 10,217,560 |
| Promotion of special events | 286,676 | - | 286,676 | 259,339 |
| Public safety | 374,001 | - | 374,001 | 408,927 |
| Unrestricted | (101,758,726) | 62,724,798 | (39,033,928) | (39,040,978) |
| TOTAL NET POSITION | <u>\$ 217,600,884</u> | <u>\$ 181,328,863</u> | <u>\$ 398,929,747</u> | <u>\$ 374,340,682</u> |

See accompanying notes.

**CITY OF SPARKS, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | |
|--------------------------------|-------------------------|---------------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants, Interest, Contributions | Capital Grants, Interest, Contributions |
| Governmental Activities: | | | | |
| General government | \$ 10,863,112 | \$ 11,417,822 | \$ 102,720 | \$ - |
| Judicial | 2,225,488 | 991,278 | - | - |
| Public safety: | | | | |
| Police | 24,348,564 | 455,406 | 741,172 | 144,210 |
| Fire | 16,185,902 | 79,927 | 160,654 | 7,000 |
| Public works | 245,421 | 192,776 | 60,161 | 275,852 |
| Public works | 13,780,817 | 3,055,505 | - | 36,246,422 |
| Sanitation | - | 6,300 | - | - |
| Culture and recreation | 9,672,978 | 4,181,538 | 343,638 | 217,116 |
| Community support | 1,568,970 | 15,570 | 776,056 | 245,000 |
| Debt Service: | | | | |
| Interest and fiscal charges | 13,158,074 | - | - | - |
| Total Governmental Activities | <u>92,049,326</u> | <u>20,396,122</u> | <u>2,184,401</u> | <u>37,135,600</u> |
| Business-Type Activities: | | | | |
| Sewer | 24,622,329 | 21,114,955 | - | 2,246,382 |
| Development Services | 1,780,442 | 2,117,900 | - | - |
| Total Business-Type Activities | <u>26,402,771</u> | <u>23,232,855</u> | <u>-</u> | <u>2,246,382</u> |
| Total | <u>\$ 118,452,097</u> | <u>\$ 43,628,977</u> | <u>\$ 2,184,401</u> | <u>\$ 39,381,982</u> |

General Revenues:
 Ad valorem taxes
 Special assessments - taxes
 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
 Transfers
 Total General Revenues and Transfers
 Change in Net Position

NET POSITION, BEGINNING OF YEAR

NET POSITION, END OF YEAR

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

| Governmental Activities | Business-Type Activities | Total | 2012 |
|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| \$ 657,430 | \$ - | \$ 657,430 | \$ 3,026,811 |
| (1,234,210) | - | (1,234,210) | (1,021,246) |
| (23,007,776) | - | (23,007,776) | (20,392,384) |
| (15,938,321) | - | (15,938,321) | (14,398,916) |
| 283,368 | - | 283,368 | (81,430) |
| 25,521,110 | - | 25,521,110 | (5,755,158) |
| 6,300 | - | 6,300 | 15,330 |
| (4,930,686) | - | (4,930,686) | (3,073,289) |
| (532,344) | - | (532,344) | (2,125,267) |
| (13,158,074) | - | (13,158,074) | (13,480,497) |
| (32,333,203) | - | (32,333,203) | (57,286,046) |
| - | (1,260,992) | (1,260,992) | 42,608 |
| - | 337,458 | 337,458 | 545,192 |
| - | (923,534) | (923,534) | 587,800 |
| (32,333,203) | (923,534) | (33,256,737) | (56,698,246) |
| 23,200,778 | - | 23,200,778 | 23,935,797 |
| 1,830,467 | - | 1,830,467 | 1,895,243 |
| 18,252,243 | - | 18,252,243 | 17,513,809 |
| 9,226,882 | - | 9,226,882 | 6,847,151 |
| 1,385,805 | - | 1,385,805 | 1,336,914 |
| 1,795,600 | - | 1,795,600 | 1,719,836 |
| 429,435 | - | 429,435 | 345,941 |
| 571,293 | - | 571,293 | 691,949 |
| 162,774 | - | 162,774 | 177,572 |
| 3,638 | 19,311 | 22,949 | 766,873 |
| 776,389 | 191,187 | 967,576 | 851,937 |
| 465,412 | (465,412) | - | - |
| 58,100,716 | (254,914) | 57,845,802 | 56,083,022 |
| 25,767,513 | (1,178,448) | 24,589,065 | (615,224) |
| 191,833,371 | 182,507,311 | 374,340,682 | 374,955,906 |
| <u>\$ 217,600,884</u> | <u>\$ 181,328,863</u> | <u>\$ 398,929,747</u> | <u>\$ 374,340,682</u> |

See accompanying notes.

CITY OF SPARKS, NEVADA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

| | <u>General Fund</u> | <u>General Obligation Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> | <u>2012</u> |
|--|-------------------------|--|---|---|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 3,502,616 | \$ 4,326,941 | \$ 19,242,321 | \$ 27,071,878 | \$ 30,233,459 |
| Accounts receivable, net | 1,139,101 | 22,951,192 | 2,021,250 | 26,111,543 | 26,792,722 |
| Notes receivable | - | - | 18,272 | 18,272 | 36,012 |
| Inventories | - | - | - | - | 1,268 |
| Due from other funds | 80,032 | - | - | 80,032 | 316,791 |
| Due from other governments | 4,357,577 | 1,519,251 | 1,656,445 | 7,533,273 | 6,757,030 |
| Restricted assets: | | | | | |
| Cash and investments | - | 10,468,842 | 4,170,746 | 14,639,588 | 14,495,904 |
| TOTAL ASSETS | <u>\$ 9,079,326</u> | <u>\$ 39,266,226</u> | <u>\$ 27,109,034</u> | <u>\$ 75,454,586</u> | <u>\$ 78,633,186</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 717,309 | \$ - | \$ 338,776 | \$ 1,056,085 | \$ 1,337,570 |
| Accrued liabilities | 829,088 | - | 101,456 | 930,544 | 1,229,609 |
| Contracts payable | 34,169 | - | 1,225,735 | 1,259,904 | 564,010 |
| Contract retentions payable | - | - | 23,386 | 23,386 | 44,045 |
| Deferred revenue | 431,399 | 22,951,192 | 1,858,361 | 25,240,952 | 25,739,452 |
| Refundable deposits | 40,338 | - | 17,149 | 57,487 | 35,809 |
| Due to other funds | - | - | 80,032 | 80,032 | 1,641,833 |
| Due to other governments | 1,219,261 | - | 110,780 | 1,330,041 | 797,125 |
| TOTAL LIABILITIES | <u>3,271,564</u> | <u>22,951,192</u> | <u>3,755,675</u> | <u>29,978,431</u> | <u>31,389,453</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventory | - | - | - | - | 1,268 |
| Restricted for: | | | | | |
| Grants and donations | - | - | 151,570 | 151,570 | 97,141 |
| Law enforcement | - | - | 374,001 | 374,001 | 408,927 |
| Promotion of special events | - | - | 286,676 | 286,676 | 259,339 |
| Various judicial uses | - | - | 95,876 | 95,876 | 86,592 |
| Municipal facilities construction | - | - | 119,944 | 119,944 | 445,685 |
| Court fee collection programs | - | - | 546,059 | 546,059 | 408,340 |
| Developer agreements | - | - | 1,412,284 | 1,412,284 | 1,383,106 |
| Bond proceeds defined projects | - | - | 1,717,230 | 1,717,230 | 1,713,241 |
| Debt service reserve | - | 16,315,034 | 5,090,614 | 21,405,648 | 20,173,903 |
| Parks and recreation | - | - | 3,095,018 | 3,095,018 | 5,325,024 |
| Street improvements and rehabilitation | - | - | 4,403,416 | 4,403,416 | 4,567,731 |
| Capital projects | - | - | 306,598 | 306,598 | 370,995 |
| Improvements to Victorian Square | - | - | 1,295,948 | 1,295,948 | 1,164,024 |
| Committed for: | | | | | |
| Capital projects | - | - | - | - | 51,610 |
| Economic development | - | - | 324,078 | 324,078 | 297,339 |
| Parks and recreation | - | - | 54,371 | 54,371 | 55,062 |
| Road surface repairs | - | - | 433,213 | 433,213 | 204,485 |
| Economic stabilization | - | - | 228,921 | 228,921 | 228,640 |
| Assigned for: | | | | | |
| Specific capital projects | - | - | 792,374 | 792,374 | 619,547 |
| Encumbrances | 327,535 | - | 341,189 | 668,724 | 651,985 |
| Next year's budget deficit | 1,366,324 | - | 199,417 | 1,565,741 | 2,731,097 |
| Other capital projects | - | - | 2,084,562 | 2,084,562 | 1,674,236 |
| Unassigned: | 4,113,903 | - | - | 4,113,903 | 4,324,416 |
| TOTAL FUND BALANCES | <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> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 9,079,326</u> | <u>\$ 39,266,226</u> | <u>\$ 27,109,034</u> | <u>\$ 75,454,586</u> | <u>\$ 78,633,186</u> |

See accompanying notes.

CITY OF SPARKS, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

| | | |
|--|----------------------|------------------------------|
| Fund Balances - Total Governmental Funds (page 8) | | \$ 45,476,155 |
| Amounts reported for governmental activities in the statement of net position (page 4) are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Governmental capital assets | 468,171,055 | |
| Less: accumulated depreciation | <u>(127,626,361)</u> | 340,544,694 |
| Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Bond costs - deferred charges | 3,043,340 | |
| Less: accumulated amortization | <u>(713,588)</u> | 2,329,752 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| General obligation bonds and note payable | (3,890,000) | |
| Revenue bonds payable | (119,952,126) | |
| Tax allocation bonds payable | (58,713,918) | |
| Compensated absences payable | (9,201,024) | |
| Net OPEB obligation | (5,403,057) | |
| Sick leave conversion payable | (4,674,398) | |
| Developer credits payable | <u>(311,643)</u> | (202,146,166) |
| Interest payable | | (7,412,162) |
| Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds. | | 24,788,418 |
| 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. | | 12,511,802 |
| Internal balances is a receivable from/(payable to) business-type activities | | <u>1,508,391</u> |
| Net Position - Governmental Activities (page 5) | | <u><u>\$ 217,600,884</u></u> |

**CITY OF SPARKS, NEVADA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

| | General Fund | General Obligation Debt Service | Other Governmental Funds | Total Governmental Funds | 2012 |
|--|---------------------|---------------------------------------|--------------------------------|--------------------------------|----------------------|
| REVENUES | | | | | |
| Taxes | \$ 18,273,139 | \$ 2,715,177 | \$ 5,836,905 | \$ 26,825,221 | \$ 27,612,851 |
| Licenses and permits | 9,662,207 | - | 4,216,514 | 13,878,721 | 13,721,762 |
| Intergovernmental revenues | 20,647,838 | 9,226,882 | 5,141,695 | 35,016,415 | 31,605,381 |
| Charges for services | 2,679,816 | - | 2,686,392 | 5,366,208 | 6,303,327 |
| Fines and forfeits | 686,356 | - | - | 686,356 | 707,145 |
| Miscellaneous | 106,231 | 17,246 | 317,118 | 440,595 | 1,624,222 |
| Total Revenues | <u>52,055,587</u> | <u>11,959,305</u> | <u>18,198,624</u> | <u>82,213,516</u> | <u>81,574,688</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 9,187,828 | - | 296,563 | 9,484,391 | 9,538,767 |
| Judicial | 1,899,949 | - | 76,237 | 1,976,186 | 1,972,078 |
| Public safety | 34,187,236 | - | 1,444,991 | 35,632,227 | 35,869,222 |
| Public works | 2,138,703 | - | 3,598,376 | 5,737,079 | 6,274,814 |
| Culture and recreation | 2,455,934 | - | 3,909,521 | 6,365,455 | 6,501,064 |
| Community support | 124,408 | - | 600,880 | 725,288 | 1,619,322 |
| Intergovernmental | - | - | - | - | 259,051 |
| Total Current | <u>49,994,058</u> | <u>-</u> | <u>9,926,568</u> | <u>59,920,626</u> | <u>62,034,318</u> |
| Capital outlay: | | | | | |
| General government | 59,267 | - | 299,748 | 359,015 | 278,215 |
| Judicial | - | - | 386,687 | 386,687 | 43,925 |
| Public safety | 30,193 | - | 188,876 | 219,069 | 497,072 |
| Public works | 32,220 | - | 1,875,769 | 1,907,989 | 271,021 |
| Culture and recreation | - | - | 3,370,978 | 3,370,978 | 2,051,738 |
| Community support | - | - | 676,343 | 676,343 | 86,929 |
| Total Capital Outlay | <u>121,680</u> | <u>-</u> | <u>6,798,401</u> | <u>6,920,081</u> | <u>3,228,900</u> |
| Debt service: | | | | | |
| Principal | - | 3,985,000 | 2,095,000 | 6,080,000 | 5,665,000 |
| Interest | - | 8,970,869 | 2,164,300 | 11,135,169 | 10,068,803 |
| Fiscal charges and other | - | - | 95,898 | 95,898 | 95,907 |
| Total Debt Service | <u>-</u> | <u>12,955,869</u> | <u>4,355,198</u> | <u>17,311,067</u> | <u>15,829,710</u> |
| Total Expenditures | <u>50,115,738</u> | <u>12,955,869</u> | <u>21,080,167</u> | <u>84,151,774</u> | <u>81,092,928</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,939,849</u> | <u>(996,564)</u> | <u>(2,881,543)</u> | <u>(1,938,258)</u> | <u>481,760</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital asset sales | - | - | 88,258 | 88,258 | - |
| Transfers: | | | | | |
| Transfers in | 60,000 | 2,141,452 | 2,442,273 | 4,643,725 | 4,699,972 |
| Transfers out | (2,684,378) | - | (1,876,925) | (4,561,303) | (4,582,435) |
| Total Other Financing Sources (Uses) | <u>(2,624,378)</u> | <u>2,141,452</u> | <u>653,606</u> | <u>170,680</u> | <u>117,537</u> |
| NET CHANGE IN FUND BALANCES | <u>(684,529)</u> | <u>1,144,888</u> | <u>(2,227,937)</u> | <u>(1,767,578)</u> | <u>599,297</u> |
| FUND BALANCES, JULY 1 | <u>6,492,291</u> | <u>15,170,146</u> | <u>25,581,296</u> | <u>47,243,733</u> | <u>46,644,436</u> |
| FUND BALANCES, JUNE 30 | <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> |

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, 2013**

Net change in fund balances - total governmental funds (page 10) \$ (1,767,578)

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 | 6,920,081 | |
| Sale/disposition of assets | (1,219,329) | |
| Less: current year depreciation | <u>(12,442,969)</u> | (6,742,217) |

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

| | | |
|----------------------------|-------------------|------------|
| Change in deferred revenue | (537,291) | |
| Donated capital assets | <u>36,186,601</u> | 35,649,310 |

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|--------------------|------------------|-----------|
| Principal payments | <u>6,080,000</u> | 6,080,000 |
|--------------------|------------------|-----------|

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 and issuance costs | (402,559) | |
| Change in accrued interest | (1,405,559) | |
| Change in developer credits payable | 25,605 | |
| Change in long-term compensated absences payable | (487,644) | |
| Change in net OPEB obligation | (489,421) | |
| Change in sick leave conversion payable | <u>171,887</u> | (2,587,691) |

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.

(4,864,311)

Change in net position of governmental activities (pages 6-7) \$ 25,767,513

**CITY OF SPARKS, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 1 OF 5)**

| | Budgeted Amounts | | Actual | Variance with | |
|---|-------------------------|-------------------|-------------------|----------------------|-------------------|
| | Original | Final | | Final Budget | 2012 |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Real property | \$ 17,480,000 | \$ 17,480,000 | \$ 17,248,127 | \$ (231,873) | \$ 18,057,192 |
| Personal property | 802,000 | 802,000 | 1,025,012 | 223,012 | 983,058 |
| | <u>18,282,000</u> | <u>18,282,000</u> | <u>18,273,139</u> | <u>(8,861)</u> | <u>19,040,250</u> |
| Licenses and permits: | | | | | |
| Business licenses and permits: | | | | | |
| Business licenses | 3,626,076 | 3,626,076 | 3,678,582 | 52,506 | 3,594,100 |
| Business license penalties | 22,730 | 22,730 | 52,681 | 29,951 | 54,441 |
| Liquor licenses | 219,572 | 219,572 | 235,010 | 15,438 | 228,243 |
| City gaming licenses | 599,841 | 599,841 | 561,900 | (37,941) | 565,411 |
| Telecommunication licenses | 1,136,478 | 1,136,478 | 1,127,641 | (8,837) | 1,142,900 |
| Franchise fees: | | | | | |
| Gas | 650,000 | 650,000 | 405,875 | (244,125) | 527,893 |
| Electric | 1,600,000 | 1,600,000 | 1,493,369 | (106,631) | 1,451,424 |
| Water | 377,117 | 377,117 | 465,063 | 87,946 | 428,153 |
| Sanitation | 525,000 | 525,000 | 611,782 | 86,782 | 587,629 |
| Other | 664,000 | 664,000 | 770,132 | 106,132 | 727,179 |
| Bicycle licenses | - | - | 6 | 6 | 5 |
| Other permits | 193,875 | 193,875 | 260,166 | 66,291 | 167,136 |
| | <u>9,614,689</u> | <u>9,614,689</u> | <u>9,662,207</u> | <u>47,518</u> | <u>9,474,514</u> |
| Intergovernmental revenues: | | | | | |
| Federal and state grants | - | - | 60,161 | 60,161 | 61,801 |
| State shared revenue: | | | | | |
| Consolidated taxes payment | 17,372,000 | 17,372,000 | 18,252,243 | 880,243 | 17,513,809 |
| Fair share distribution | 1,363,500 | 1,363,500 | 1,385,805 | 22,305 | 1,336,914 |
| Other local government shared revenues: | | | | | |
| County gaming licenses (City's share) | 471,630 | 471,630 | 429,435 | (42,195) | 345,941 |
| Other | 520,194 | 520,194 | 520,194 | - | 590,467 |
| | <u>19,727,324</u> | <u>19,727,324</u> | <u>20,647,838</u> | <u>920,514</u> | <u>19,848,932</u> |
| Charges for services: | | | | | |
| General government: | | | | | |
| Building and zoning fees | - | - | 21,364 | 21,364 | 31,782 |
| Other | 3,270,940 | 2,849,609 | 2,658,452 | (191,157) | 3,427,921 |
| | <u>3,270,940</u> | <u>2,849,609</u> | <u>2,679,816</u> | <u>(169,793)</u> | <u>3,459,703</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 2 OF 5)**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> | <u>2012</u> |
|-----------------------------|-------------------------|-------------------|-------------------|----------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> | |
| Fines and forfeits: | | | | | |
| Fines - Court | \$ 958,500 | \$ 958,500 | \$ 677,627 | \$ (280,873) | \$ 705,356 |
| Forfeits - Bail | 10,000 | 10,000 | 8,729 | (1,271) | 1,789 |
| | <u>968,500</u> | <u>968,500</u> | <u>686,356</u> | <u>(282,144)</u> | <u>707,145</u> |
| Miscellaneous: | | | | | |
| Investment income | 50,000 | 50,000 | (6,051) | (56,051) | 53,474 |
| Rents and royalties | 83,500 | 83,500 | 68,787 | (14,713) | 65,928 |
| Other | 58,940 | 58,940 | 43,495 | (15,445) | 38,764 |
| | <u>192,440</u> | <u>192,440</u> | <u>106,231</u> | <u>(86,209)</u> | <u>158,166</u> |
| Total Revenues | <u>52,055,893</u> | <u>51,634,562</u> | <u>52,055,587</u> | <u>421,025</u> | <u>52,688,710</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Executive (Mayor): | | | | | |
| Salaries and wages | 60,433 | 60,433 | 55,873 | 4,560 | 56,076 |
| Employee benefits | 41,179 | 41,179 | 39,999 | 1,180 | 41,594 |
| Services and supplies | 5,547 | 5,547 | 2,494 | 3,053 | 525 |
| | <u>107,159</u> | <u>107,159</u> | <u>98,366</u> | <u>8,793</u> | <u>98,195</u> |
| Legislative (City Council): | | | | | |
| Salaries and wages | 261,270 | 261,270 | 228,186 | 33,084 | 229,607 |
| Employee benefits | 149,860 | 149,860 | 135,451 | 14,409 | 137,205 |
| Services and supplies | 30,951 | 30,951 | 6,239 | 24,712 | 7,463 |
| | <u>442,081</u> | <u>442,081</u> | <u>369,876</u> | <u>72,205</u> | <u>374,275</u> |
| Management Services: | | | | | |
| Salaries and wages | 1,566,687 | 1,614,164 | 1,578,031 | 36,133 | 1,562,065 |
| Employee benefits | 1,482,633 | 1,514,285 | 1,472,026 | 42,259 | 1,511,411 |
| Services and supplies | 1,270,054 | 1,259,595 | 1,221,151 | 38,444 | 1,079,083 |
| Capital outlay | 30,764 | - | - | - | 6,665 |
| | <u>4,350,138</u> | <u>4,388,044</u> | <u>4,271,208</u> | <u>116,836</u> | <u>4,159,224</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 3 OF 5)**

| | Budgeted Amounts | | Actual | Variance with | |
|--------------------------|-------------------------|-------------------|-------------------|----------------------|-------------------|
| | Original | Final | | Final Budget | 2012 |
| Legal (City Attorney): | | | | | |
| Salaries and wages | \$ 892,001 | \$ 892,001 | \$ 876,161 | \$ 15,840 | \$ 862,357 |
| Employee benefits | 402,226 | 402,226 | 389,970 | 12,256 | 405,933 |
| Services and supplies | 168,169 | 168,169 | 143,559 | 24,610 | 147,586 |
| | <u>1,462,396</u> | <u>1,462,396</u> | <u>1,409,690</u> | <u>52,706</u> | <u>1,415,876</u> |
| Finance: | | | | | |
| Salaries and wages | 1,303,369 | 1,303,369 | 1,279,730 | 23,639 | 1,125,861 |
| Employee benefits | 515,629 | 515,629 | 506,334 | 9,295 | 501,338 |
| Services and supplies | 504,490 | 558,617 | 492,183 | 66,434 | 282,062 |
| Capital outlay | 110,000 | 64,873 | 59,267 | 5,606 | 255,569 |
| | <u>2,433,488</u> | <u>2,442,488</u> | <u>2,337,514</u> | <u>104,974</u> | <u>2,164,830</u> |
| Community Services: | | | | | |
| Salaries and wages | 491,506 | 509,286 | 486,018 | 23,268 | 417,316 |
| Employee benefits | 172,180 | 195,707 | 183,984 | 11,723 | 158,525 |
| Services and supplies | 354,263 | 249,575 | 90,439 | 159,136 | 33,908 |
| | <u>1,017,949</u> | <u>954,568</u> | <u>760,441</u> | <u>194,127</u> | <u>609,749</u> |
| Total General Government | <u>9,813,211</u> | <u>9,796,736</u> | <u>9,247,095</u> | <u>549,641</u> | <u>8,822,149</u> |
| Judicial: | | | | | |
| Municipal Court: | | | | | |
| Salaries and wages | 1,109,292 | 1,109,292 | 1,105,818 | 3,474 | 1,042,569 |
| Employee benefits | 606,573 | 606,573 | 599,726 | 6,847 | 578,366 |
| Services and supplies | 224,388 | 224,388 | 194,405 | 29,983 | 221,356 |
| Total Judicial | <u>1,940,253</u> | <u>1,940,253</u> | <u>1,899,949</u> | <u>40,304</u> | <u>1,842,291</u> |
| Public safety: | | | | | |
| Police department: | | | | | |
| Salaries and wages | 11,412,435 | 11,398,435 | 11,625,693 | (227,258) | 11,375,019 |
| Employee benefits | 6,242,908 | 6,242,908 | 6,229,572 | 13,336 | 6,338,199 |
| Services and supplies | 2,252,425 | 2,266,424 | 1,968,766 | 297,658 | 2,048,026 |
| Capital outlay | - | - | - | - | 140,900 |
| | <u>19,907,768</u> | <u>19,907,767</u> | <u>19,824,031</u> | <u>83,736</u> | <u>19,902,144</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 4 OF 5)**

| | Budgeted Amounts | | Actual | Variance with | |
|------------------------------|-------------------------|-------------------|-------------------|----------------------|-------------------|
| | Original | Final | | Final Budget | 2012 |
| Fire department: | | | | | |
| Salaries and wages | \$ 8,394,523 | \$ 8,394,523 | \$ 8,304,924 | \$ 89,599 | \$ 8,129,908 |
| Employee benefits | 4,141,716 | 4,141,716 | 4,056,386 | 85,330 | 4,195,686 |
| Services and supplies | 2,038,977 | 2,036,228 | 1,864,368 | 171,860 | 1,835,086 |
| Capital outlay | 47,044.00 | 49,793 | 30,193 | 19,600 | 97,274 |
| | <u>14,622,260</u> | <u>14,622,260</u> | <u>14,255,871</u> | <u>366,389</u> | <u>14,257,954</u> |
| Community Services: | | | | | |
| Services and supplies | <u>170,430</u> | <u>170,430</u> | <u>137,527</u> | <u>32,903</u> | <u>130,304</u> |
| Total Public Safety | <u>34,700,458</u> | <u>34,700,457</u> | <u>34,217,429</u> | <u>483,028</u> | <u>34,290,402</u> |
| Public works: | | | | | |
| Community Services: | | | | | |
| Salaries and wages | 499,435 | 302,520 | 254,491 | 48,029 | 248,853 |
| Employee benefits | 197,402 | 66,125 | 111,295 | (45,170) | 95,232 |
| Services and supplies | 1,910,009 | 1,991,732 | 1,772,917 | 218,815 | 1,647,028 |
| Capital outlay | - | 30,764 | 32,220 | (1,456) | - |
| Total Public Works | <u>2,606,846</u> | <u>2,391,141</u> | <u>2,170,923</u> | <u>220,218</u> | <u>1,991,113</u> |
| Culture and Recreation: | | | | | |
| Community Services: | | | | | |
| Salaries and wages | 613,418 | 613,418 | 534,363 | 79,055 | 743,428 |
| Employee benefits | 299,585 | 299,585 | 317,459 | (17,874) | 441,982 |
| Services and supplies | <u>1,627,968</u> | <u>1,650,979</u> | <u>1,604,112</u> | <u>46,867</u> | <u>1,336,744</u> |
| Total Culture and Recreation | <u>2,540,971</u> | <u>2,563,982</u> | <u>2,455,934</u> | <u>108,048</u> | <u>2,522,154</u> |
| Community support: | | | | | |
| Management Services: | | | | | |
| Services and supplies | <u>138,149</u> | <u>140,149</u> | <u>124,408</u> | <u>15,741</u> | <u>122,350</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 5 OF 5)**

| | Budgeted Amounts | | Actual | Variance with | 2012 |
|--|-------------------------|---------------------|---------------------|----------------------|---------------------|
| | Original | Final | | Final Budget | |
| Intergovernmental expenditures: | | | | | |
| Management Services: | | | | | |
| Services and supplies | \$ 214,162 | \$ - | \$ - | \$ - | \$ 259,051 |
| Total Expenditures | <u>51,954,050</u> | <u>51,532,718</u> | <u>50,115,738</u> | <u>1,416,980</u> | <u>49,849,510</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>101,843</u> | <u>101,844</u> | <u>1,939,849</u> | <u>1,838,005</u> | <u>2,839,200</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contingency | (1,000,000) | (1,000,000) | - | 1,000,000 | - |
| Transfers: | | | | | |
| Transfers in | 1,060,000 | 1,060,000 | 60,000 | (1,000,000) | 311,572 |
| Transfers out | <u>(2,314,879)</u> | <u>(2,334,378)</u> | <u>(2,684,378)</u> | <u>(350,000)</u> | <u>(2,535,798)</u> |
| Total Other Financing Sources (Uses) | <u>(2,254,879)</u> | <u>(2,274,378)</u> | <u>(2,624,378)</u> | <u>(350,000)</u> | <u>(2,224,226)</u> |
| NET CHANGE IN FUND BALANCES | (2,153,036) | (2,172,534) | (684,529) | 1,488,005 | 614,974 |
| FUND BALANCES, JULY 1 | <u>6,501,379</u> | <u>6,520,877</u> | <u>6,492,291</u> | <u>(28,586)</u> | <u>5,877,317</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 4,348,343</u> | <u>\$ 4,348,343</u> | <u>\$ 5,807,762</u> | <u>\$ 1,459,419</u> | <u>\$ 6,492,291</u> |

See accompanying notes.

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013**

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|---|-------------------------------------|------------------------------|--|
| | Sewer Operations | Nonmajor Development Services | Total Enterprise Funds | |
| ASSETS | | | | |
| UNRESTRICTED CURRENT ASSETS: | | | | |
| Cash and investments | \$ 35,027,798 | \$ 1,816,274 | \$ 36,844,072 | \$ 15,357,889 |
| Accounts receivable | 2,741,291 | 13,543 | 2,754,834 | 27,348 |
| Notes receivable | 480,163 | - | 480,163 | - |
| Due from other governments | 551,960 | - | 551,960 | - |
| Deposits | - | - | - | 16,673 |
| Inventory of supplies | - | - | - | 240,810 |
| Total Current Assets | 38,801,212 | 1,829,817 | 40,631,029 | 15,642,720 |
| NONCURRENT ASSETS | | | | |
| CAPITAL ASSETS: | | | | |
| Construction in progress | 2,390,354 | - | 2,390,354 | 816,493 |
| Intangible assets | 2,648 | - | 2,648 | - |
| Buildings | 1,075,383 | - | 1,075,383 | 451,019 |
| Site improvements | 3,818,108 | - | 3,818,108 | 245,445 |
| Machinery and equipment | 441,011 | 166,928 | 607,939 | 20,861,702 |
| Water rights | 7,026,502 | - | 7,026,502 | - |
| Roads and streets | 1,537,340 | - | 1,537,340 | - |
| Storm drains | 85,570,405 | - | 85,570,405 | - |
| Sewer lines | 139,539,702 | - | 139,539,702 | - |
| Less: Accumulated depreciation | 241,401,453 | 166,928 | 241,568,381 | 22,374,659 |
| Total Capital Assets, Net | 82,816,234 | 166,928 | 82,983,162 | 15,750,880 |
| OTHER NONCURRENT ASSETS: | 158,585,219 | - | 158,585,219 | 6,623,779 |
| Investment in Truckee Meadows Water Reclamation Facility | 30,287,293 | - | 30,287,293 | - |
| Notes receivable, net | 6,966,601 | - | 6,966,601 | - |
| Other Noncurrent Assets | 37,253,894 | - | 37,253,894 | - |
| Total Noncurrent Assets | 195,839,113 | - | 195,839,113 | 6,623,779 |
| Total Assets | 234,640,325 | 1,829,817 | 236,470,142 | 22,266,499 |

(Continued)

CITY OF SPARKS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|---|-------------------------------|---|--|
| | Sewer Operations | Nonmajor Development Services | Total Enterprise Funds | |
| LIABILITIES | | | | |
| CURRENT LIABILITIES (payable from current assets): | | | | |
| Accounts payable | \$ 86,742 | \$ 4,651 | \$ 91,393 | \$ 76,307 |
| Accrued liabilities | 67,360 | 28,941 | 96,301 | 9,350 |
| Contracts payable | 550,773 | - | 550,773 | 19,185 |
| Contract retentions payable | 22,735 | - | 22,735 | - |
| Unearned revenue | 67,546 | - | 67,546 | 22,304 |
| Refundable deposits | - | 40,456 | 40,456 | - |
| Due to other governments | 2,329,089 | 30,794 | 2,359,883 | 16,751 |
| Interest payable | 694,478 | - | 694,478 | - |
| Current maturities of long-term liabilities | 4,461,009 | 192,908 | 4,653,917 | 1,975,233 |
| Total Current Liabilities | <u>8,279,732</u> | <u>297,750</u> | <u>8,577,482</u> | <u>2,119,130</u> |
| LONG-TERM LIABILITIES: | | | | |
| Capital lease (net of current portion) | - | - | - | 744,875 |
| Compensated absences (net of current portion) | 379,650 | 212,155 | 591,805 | 47,656 |
| Net OPEB obligation | 345,422 | 196,515 | 541,937 | 73,440 |
| Sick leave conversion payable (net of current portion) | 253,766 | 4,448 | 258,214 | 20,227 |
| Claims liabilities (net of current portion) | - | - | - | 6,749,369 |
| General obligation bonds and note (net of current portion) | 43,663,450 | - | 43,663,450 | - |
| Total Long-Term Liabilities | <u>44,642,288</u> | <u>413,118</u> | <u>45,055,406</u> | <u>7,635,567</u> |
| Total Liabilities | <u>52,922,020</u> | <u>710,868</u> | <u>53,632,888</u> | <u>9,754,697</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 118,604,065 | - | 118,604,065 | 5,331,244 |
| Restricted for: | | | | |
| Claims | - | - | - | 4,134,388 |
| Unrestricted | 63,114,240 | 1,118,949 | 64,233,189 | 3,046,170 |
| Total Net Position | <u>\$ 181,718,305</u> | <u>\$ 1,118,949</u> | <u>\$ 182,837,254</u> | <u>\$ 12,511,802</u> |
| | | | Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | (1,508,391) |
| | | | Net Position of Business-Type Activities | <u>\$ 181,328,863</u> |

See accompanying notes.

**CITY OF SPARKS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|---|--|--|---------------------------------------|---|
| | <u>Sewer Operations</u> | <u>Nonmajor Development Services</u> | <u>Total Enterprise Funds</u> | |
| OPERATING REVENUES | | | | |
| Licenses and permits | \$ 211,135 | \$ 1,145,429 | \$ 1,356,564 | \$ - |
| Charges for services | 20,903,820 | 972,471 | 21,876,291 | 11,669,234 |
| Miscellaneous | - | - | - | 151,933 |
| Total Operating Revenues | <u>21,114,955</u> | <u>2,117,900</u> | <u>23,232,855</u> | <u>11,821,167</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 2,503,147 | 928,112 | 3,431,259 | 468,682 |
| Employee benefits | 1,121,649 | 345,171 | 1,466,820 | 227,786 |
| Services and supplies | 11,392,820 | 408,044 | 11,800,864 | 15,697,420 |
| Depreciation | 5,629,127 | - | 5,629,127 | 1,729,128 |
| Total Operating Expenses | <u>20,646,743</u> | <u>1,681,327</u> | <u>22,328,070</u> | <u>18,123,016</u> |
| OPERATING INCOME (LOSS) | <u>468,212</u> | <u>436,573</u> | <u>904,785</u> | <u>(6,301,849)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | 20,453 | (1,142) | 19,311 | (29,790) |
| Interest expense | (1,420,019) | - | (1,420,019) | (89,099) |
| Miscellaneous | 183,360 | 7,827 | 191,187 | - |
| Gain (loss) on disposition of assets | - | - | - | 32,080 |
| Net loss from Truckee Meadows Water Reclamation Facility | (1,814,942) | - | (1,814,942) | - |
| Total Nonoperating Revenues (Expenses) | <u>(3,031,148)</u> | <u>6,685</u> | <u>(3,024,463)</u> | <u>(86,809)</u> |
| NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(2,562,936)</u> | <u>443,258</u> | <u>(2,119,678)</u> | <u>(6,388,658)</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Grants | - | - | - | 230,325 |
| Contributions from other governments | 263,777 | - | 263,777 | - |
| Sewer connection fees | 1,982,605 | - | 1,982,605 | - |
| Vehicles | - | - | - | 71,292 |
| Total Capital Contributions | <u>2,246,382</u> | <u>-</u> | <u>2,246,382</u> | <u>301,617</u> |
| TRANSFERS | | | | |
| Transfers in | 6,304 | - | 6,304 | 382,990 |
| Transfers out | (387,094) | (84,622) | (471,716) | - |
| Total Transfers | <u>(380,790)</u> | <u>(84,622)</u> | <u>(465,412)</u> | <u>382,990</u> |
| CHANGE IN NET POSITION | <u>(697,344)</u> | <u>358,636</u> | <u>(338,708)</u> | <u>(5,704,051)</u> |
| NET POSITION, JULY 1 | <u>182,415,649</u> | <u>760,313</u> | | <u>18,215,853</u> |
| NET POSITION, JUNE 30 | <u>\$ 181,718,305</u> | <u>\$ 1,118,949</u> | | <u>\$ 12,511,802</u> |
| | | | <u>(839,740)</u> | |
| | | | <u>\$ (1,178,448)</u> | |

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

Change in net position of business-type activities

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013
 (PAGE 1 OF 2)**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|--|--|--|---------------------------------------|---|
| | <u>Sewer Operations</u> | <u>Nonmajor Development Services</u> | <u>Total Enterprise Funds</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers and users | \$ 20,528,799 | \$ 2,186,774 | \$ 22,715,573 | \$ 11,611,532 |
| Cash received from reimbursements of insurance claims | - | - | - | 266,264 |
| Cash paid to employees | (3,578,169) | (1,155,055) | (4,733,224) | (641,009) |
| Cash paid to suppliers | (8,305,166) | (404,419) | (8,709,585) | (12,193,337) |
| Miscellaneous cash receipts | 183,360 | 7,827 | 191,187 | 40,502 |
| Net Cash Provided by (Used for) Operating Activities | <u>8,828,824</u> | <u>635,127</u> | <u>9,463,951</u> | <u>(916,048)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers in | 6,304 | - | 6,304 | - |
| Transfers out | (4,104) | (84,622) | (88,726) | - |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>2,200</u> | <u>(84,622)</u> | <u>(82,422)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Bond and capital lease obligation principal payments | (4,023,577) | - | (4,023,577) | (599,155) |
| Bond interest expense paid | (1,481,667) | - | (1,481,667) | (89,099) |
| Proceeds from sale of capital assets | - | - | - | 80,275 |
| Acquisition of capital assets | (2,982,863) | - | (2,982,863) | (1,506,989) |
| Cash contributions - from other governments | 263,777 | - | 263,777 | - |
| Cash contributions - sewer connection fees | 1,544,560 | - | 1,544,560 | - |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(6,679,770)</u> | <u>-</u> | <u>(6,679,770)</u> | <u>(2,114,968)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Contributions to Truckee Meadows Water Reclamation Facility | (2,482,534) | - | (2,482,534) | - |
| Investment income (loss) | 20,453 | (1,142) | 19,311 | (29,790) |
| Principal received on notes receivable | 494,578 | - | 494,578 | - |
| Net Cash Provided by (Used for) Investing Activities | <u>(1,967,503)</u> | <u>(1,142)</u> | <u>(1,968,645)</u> | <u>(29,790)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 183,751 | 549,363 | 733,114 | (3,060,806) |
| CASH AND CASH EQUIVALENTS, JULY 1 | <u>34,844,047</u> | <u>1,266,911</u> | <u>36,110,958</u> | <u>18,418,695</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ 35,027,798</u> | <u>\$ 1,816,274</u> | <u>\$ 36,844,072</u> | <u>\$ 15,357,889</u> |

See accompanying notes.

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013
 (PAGE 2 OF 2)**

| | <u>Business-Type Activities - Enterprise Funds</u> | | | Governmental |
|--|--|--|---------------------------------------|---------------------------------------|
| | <u>Sewer Operations</u> | <u>Nonmajor Development Services</u> | <u>Total Enterprise Funds</u> | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 468,212 | \$ 436,573 | \$ 904,785 | \$ (6,301,849) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations: | | | | |
| Depreciation | 5,629,127 | - | 5,629,127 | 1,729,128 |
| Miscellaneous cash receipts (expenses) | 183,360 | 7,827 | 191,187 | - |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | (205,011) | 6,040 | (198,971) | 47,829 |
| Due from other funds | 1,338,422 | 47,530 | 1,385,952 | 48,305 |
| Due from other governments | (326,623) | - | (326,623) | - |
| Inventory of supplies | - | - | - | (21,224) |
| Increase (decrease) in: | | | | |
| Accounts payable | (951) | (10,029) | (10,980) | (28,277) |
| Accrued liabilities | (29,974) | (5,796) | (35,770) | (2,056) |
| Compensated absences | 89,199 | 125,192 | 214,391 | 50,975 |
| Contracts payable | - | - | - | 3,685 |
| Net OPEB obligation | 31,065 | 17,985 | 49,050 | 6,540 |
| Sick leave conversion payable | (43,663) | (19,153) | (62,816) | - |
| Unearned revenue | (54,522) | - | (54,522) | 2,184 |
| Refundable deposits | - | 15,304 | 15,304 | - |
| Due to other governments | 1,754,798 | 13,654 | 1,768,452 | (95,291) |
| Due to other funds | (4,615) | - | (4,615) | (336) |
| Claims liabilities | - | - | - | 3,644,339 |
| Total Adjustments | <u>8,360,612</u> | <u>198,554</u> | <u>8,559,166</u> | <u>5,385,801</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 8,828,824</u> | <u>\$ 635,127</u> | <u>\$ 9,463,951</u> | <u>\$ (916,048)</u> |
| NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Contributions of capital assets from other funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 454,282</u> |
| Transfer of capital assets to other funds | <u>\$ 382,990</u> | <u>\$ -</u> | <u>\$ 382,990</u> | <u>\$ 151,830</u> |
| Capital assets - federal grants and other | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 230,325</u> |
| Book value of capital asset disposals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,869</u> |

See accompanying notes.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 Agencies 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 Agencies 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, 2013

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:

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred revenue account is established. Deferred revenues also arise when the government receives resources before it has legal claim to them, and thus in subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

Internal service funds account for motor vehicle maintenance, office supplies, 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 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 and

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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.
- 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 2011-12 have been written off. No provision for uncollectible 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 Tax Revenue Debt Service Fund, and Redevelopment Agency 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 for non-infrastructure assets and \$15,000 for infrastructure assets 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.

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:

In the government-wide financial statements and the proprietary fund types in the 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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 deferred and amortized as a component of interest expense using the straight-line method.

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. For governmental fund types, 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.

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.”

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:

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

- Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable in 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.

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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

E. Comparative Data

Comparative data shown for the prior year has been extracted from the 2011-12 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 2011-12. Such information can only be obtained by referring to the audited financial statements for that year.

F. New Accounting Pronouncement

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year, which redefined the net assets in proprietary funds and in government-wide statements as net position.

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, at a public hearing, 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 must then be forwarded to the Nevada Department of Taxation for final approval.
- 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

- 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 (excluding depreciation based on interpretation by the State of Nevada Department of Taxation) 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 of the Impact Fee Service Area No. 1 Special Revenue Fund by \$308, an apparent violation of NRS 354.626.

Actual operating and non-operating expenses, excluding depreciation, exceeded total appropriations of the Sewer Operations Enterprise Fund, Development Services Enterprise Fund, and the Motor Vehicle Maintenance Internal Service Fund by \$822,098, \$85,414, and \$305,622, respectively, an apparent violation of NRS 354.626.

Actual operating and non-operating expenses, excluding depreciation, exceeded total appropriations of the Group Insurance Self-Insurance Internal Service Fund and the Workers' Compensation Insurance Internal Service Fund by \$426,173 and \$2,780,881, 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.

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 year ended June 30, 2013, 2012 or 2011, an apparent violation of NAC 354.750.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

At June 30, 2013 the Community Development Entitlement Grant Special Revenue Fund owed the General Fund \$5,171. This balance is the result of carrying out grant activity on a reimbursement basis, and therefore at June 30, 2013 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 \$756,858 at June 30, 2013.

NOTE 3 – CASH AND INVESTMENTS

A. Deposits:

At June 30, 2013, the City's carrying amount of deposits was \$5,380,175 and the bank balance was \$6,000,136. 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 \$619,961.

B. Investments:

At June 30, 2013, the City had the following investments and maturities:

| | <u>Investment Maturities in Years</u> | | | |
|---------------------------------------|---------------------------------------|---------------------|---------------------|--------------------|
| | <u>Fair Value</u> | <u>Less than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Investments: | | | | |
| U.S. Agencies | \$ 53,453,001 | \$ 15,025,352 | \$35,540,119 | \$2,887,530 |
| U.S. Treasuries | 4,992,813 | - | 4,992,813 | - |
| Negotiable Certificates of Deposit | 3,920,000 | 980,000 | 2,940,000 | - |
| Money Market Mutual Funds | <u>33,534,686</u> | <u>33,534,686</u> | - | - |
| Total Investments | <u>\$95,900,500</u> | <u>\$49,540,038</u> | <u>\$43,472,932</u> | <u>\$2,887,530</u> |

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

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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 or agencies of the U.S. Government or agencies of the U.S. Government. The City's investments in U.S. Agency securities are rated AA+ by Standard and Poor's and Aaa 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, 2013, the following investments in a single issuer exceeded 5% of the City's total investments:

| | |
|---|--------|
| U.S. Agency security – Federal Home Loan Bank | 12.53% |
| U.S. Agency security – Federal National Mortgage Association | 15.33% |
| U.S. Agency security – Federal Home Loan Mortgage Corporation | 15.50% |
| U.S. Agency security – Federal Farm Credit Bank | 12.39% |

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 Agencies 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 Agencies 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 agencies do not constitute an external investment pool.

C. Summary of Deposit and Investment Balances:

A reconciliation of the City's deposits and investment balances as of June 30, 2013 follows:

| | |
|-----------------------------------|-----------------------|
| Deposits | \$ 5,380,175 |
| Investments | 95,900,500 |
| | <u>\$ 101,280,675</u> |
| Governmental Activities: | |
| Cash and investments | \$ 42,429,767 |
| Cash and investments – restricted | 14,639,588 |
| Business-Type Activities: | |
| Cash and investments | 36,844,072 |
| Fiduciary Funds | 7,367,248 |
| | <u>\$101,280,675</u> |

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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 | \$1,139,101 | \$ - | \$ 924,662 | \$ 2,063,763 | \$27,348 | \$ 2,091,111 |
| Special Assessments | - | 22,951,192 | - | 22,951,192 | - | 22,951,192 |
| Housing Rehabilitation Loans | <u>-</u> | <u>-</u> | <u>1,265,145</u> | <u>1,265,145</u> | <u>-</u> | <u>1,265,145</u> |
| | 1,139,101 | 22,951,192 | 2,189,807 | 26,280,100 | 27,348 | 26,307,448 |
| Less: allowance for uncollectibles | <u>-</u> | <u>-</u> | <u>168,557</u> | <u>168,557</u> | <u>-</u> | <u>168,557</u> |
| Accounts Receivable, Net | <u>\$1,139,101</u> | <u>\$22,951,192</u> | <u>\$2,021,250</u> | <u>\$26,111,543</u> | <u>\$27,348</u> | <u>\$26,138,891</u> |

The only accounts receivable not expected to be collected within one year are \$21,996,588 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,265,145, less the allowance of \$168,557, reported in the Community Development Block Grant Special Revenue Fund.

| | Sewer Operations Fund | Development Services | Total Business- Type Activities |
|--------------------------|--------------------------|-------------------------|------------------------------------|
| Accounts Receivable: | | | |
| Effluent charges | \$ 2,741,291 | \$ - | \$ 2,741,291 |
| Miscellaneous | <u>-</u> | <u>13,543</u> | <u>13,543</u> |
| Accounts Receivable | <u>\$ 2,741,291</u> | <u>\$ 13,543</u> | <u>\$ 2,754,834</u> |
| Notes Receivable: | | | |
| Effluent connection fees | \$ 1,391,269 | | \$ 1,391,269 |
| Sun Valley GID | <u>6,055,495</u> | | <u>6,055,495</u> |
| Notes Receivable, Net | <u>\$ 7,446,764</u> | | <u>\$ 7,446,764</u> |

The current portion of notes receivable was \$480,163 as of June 30, 2013.

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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, 2013 is as follows:

| <u>Due From</u> | <u>Due To</u> | |
|-----------------------|------------------|-----------------------|
| | General Fund | Total Governmental |
| Nonmajor Governmental | \$ 80,032 | \$ 80,032 |
| Total | <u>\$ 80,032</u> | <u>\$ 80,032</u> |

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, 2013 are as follows:

| <u>Transfers Out</u> | <u>Transfers In</u> | | | | | | |
|-----------------------|---------------------|---------------------------------------|--------------------------|-----------------------|-----------------|---------------------|---------------------|
| | General Fund | General Obligation Debt Service | Nonmajor Governmental | Total Governmental | Sewer | Internal Service | Total |
| General | \$ - | \$ 729,879 | \$ 1,954,499 | \$ 2,684,378 | \$ - | \$ - | \$ 2,684,378 |
| Nonmajor Governmental | - | 1,382,847 | 487,774 | 1,870,621 | 6,304 | - | 1,876,925 |
| Total Governmental | - | 2,112,726 | 2,442,273 | 4,554,999 | 6,304 | - | 4,561,303 |
| Sewer | - | 4,104 | - | 4,104 | - | 382,990 | 387,094 |
| Nonmajor Enterprise | 60,000 | 24,622 | - | 84,622 | - | - | 84,622 |
| Total Business-Type | 60,000 | 28,726 | - | 88,726 | - | 382,990 | 471,716 |
| Total | <u>\$ 60,000</u> | <u>\$ 2,141,452</u> | <u>\$ 2,442,273</u> | <u>\$ 4,643,725</u> | <u>\$ 6,304</u> | <u>\$ 382,990</u> | <u>\$ 5,033,019</u> |

Transfers are used to move (1) revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) capital assets between proprietary fund types.

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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 72% and 28%, 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, 2013, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$1,814,942.

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, 2013, is \$30,287,293.

Summary June 30, 2013 financial information for TMWRF is as follows:

| | |
|---|-----------------------|
| Assets: | |
| Current assets | \$ 7,512,037 |
| Capital assets, net of accumulated depreciation | <u>104,180,380</u> |
| Total Assets | <u>111,692,417</u> |
| Liabilities: | |
| Current liabilities | 4,343,822 |
| Noncurrent liabilities | <u>1,053,559</u> |
| Total Liabilities | <u>5,397,381</u> |
| Net Position: | |
| Net investment in capital assets | 104,180,380 |
| Unrestricted | <u>2,114,656</u> |
| Total Net Position | <u>\$ 106,295,036</u> |
| Operating revenues | \$ 22,466,553 |
| Operating expenses before depreciation | (22,466,553) |
| Depreciation | (5,452,027) |
| Nonoperating revenues (expenses) | (295,008) |
| Capital contributions | <u>7,913,720</u> |
| Change in Net Position | <u>\$ 2,166,685</u> |

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Commitments outstanding for construction projects at TMWRF at June 30, 2013 totaled approximately \$7.9 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 72% and 28%, 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, 2013, the City of Sparks has recorded \$8,403,635 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.

In March 2013, during excavation activities related to the Southeast Connector roadway construction, solid waste and impacted soil was discovered. The property on which the solid waste and impacted soil was discovered is located on property maintained by the Facility and jointly owned by the Cities of Reno and Sparks. A third party environmental investigation firm was retained to provide the necessary analysis and coordination of waste and soil removal from the site, as well as to prepare a report for submittal to the Washoe County Health Department and Nevada Department of Environmental Protection to determine if further remediation is necessary. It was determined that approximately 2,800 cubic yards of impacted material needed to be removed from the site and disposed of at a local landfill at a cost estimated to be less than \$120,000. In addition, based on the initial environmental investigation and sampling report, it is believed that the extent of the impacted area is well defined and no additional waste material is present. However, future remediation costs are unknown at this time as the outcome of the remediation analysis is not yet complete.

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, 2013 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

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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, 2013, 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.

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, 2013, 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.

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

| | Balance July 1, 2012 | Additions or Transfers In | Deletions or Transfers Out | Completed Construction | Balance June 30, 2013 |
|---|-------------------------|------------------------------|-------------------------------|---------------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 31,009,581 | \$ 3,283 | \$ (430,000) | \$ - | \$ 30,582,864 |
| Construction in progress | 5,017,318 | 33,122,623 | - | (3,304,552) | 34,835,389 |
| Intangible assets | 2,753,188 | - | - | - | 2,753,188 |
| Water rights | 64,965 | - | - | - | 64,965 |
| Total capital assets, not being depreciated | 38,845,052 | 33,125,906 | (430,000) | (3,304,552) | 68,236,406 |
| Capital assets, being depreciated: | | | | | |
| Intangible assets | 257,421 | 6,828 | - | 279,219 | 543,468 |
| Buildings | 36,667,708 | 1,327,298 | - | 58,591 | 38,053,597 |
| Improvements other than buildings | 85,633,816 | 4,352,737 | (313,632) | 931,146 | 90,604,067 |
| Machinery and equipment | 29,638,854 | 1,739,974 | (5,109,513) | 94,579 | 26,363,894 |
| Infrastructure | 260,609,794 | 4,193,471 | - | 1,941,017 | 266,744,282 |
| Total capital assets, being depreciated | 412,807,593 | 11,620,308 | (5,423,145) | 3,304,552 | 422,309,308 |
| Less accumulated depreciation for: | | | | | |
| Intangible assets | (25,742) | (51,760) | - | - | (77,502) |
| Buildings | (17,970,349) | (987,247) | - | - | (18,957,596) |
| Improvements other than buildings | (39,850,032) | (3,946,321) | 304,679 | - | (43,491,674) |
| Machinery and equipment | (20,600,553) | (2,265,044) | 4,833,398 | - | (18,032,199) |
| Infrastructure | (55,896,545) | (6,921,725) | - | - | (62,818,270) |
| Total accumulated depreciation | (134,343,221) | (14,172,097) | 5,138,077 | - | (143,377,241) |
| Total capital assets, being depreciated, net | 278,464,372 | (2,551,789) | (285,068) | 3,304,552 | 278,932,067 |
| Governmental activities capital assets, net | \$ 317,309,424 | \$ 30,574,117 | \$ (715,068) | \$ - | \$ 347,168,473 |
| Business-Type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | \$ 2,648,159 | \$ 1,441,329 | \$ - | \$ (1,699,134) | \$ 2,390,354 |
| Water rights | 7,026,503 | - | (1) | - | 7,026,502 |
| Intangible assets | 2,648 | - | - | - | 2,648 |
| Total capital assets, not being depreciated | 9,677,310 | 1,441,329 | (1) | (1,699,134) | 9,419,504 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 1,075,383 | - | - | - | 1,075,383 |
| Improvements other than buildings | 3,578,728 | 3,777 | - | 235,603 | 3,818,108 |
| Machinery and equipment | 642,559 | 382,989 | (417,609) | - | 607,939 |
| Roads and streets | 1,086,451 | 38,322 | - | 412,567 | 1,537,340 |
| Storm drains | 83,575,646 | 1,363,170 | (4,981) | 636,570 | 85,570,405 |
| Sewer lines | 138,999,981 | 125,327 | - | 414,394 | 139,539,702 |
| Total capital assets, being depreciated | 228,958,748 | 1,913,585 | (422,590) | 1,699,134 | 232,148,877 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (269,132) | (31,689) | - | - | (300,821) |
| Improvements other than buildings | (2,626,237) | (75,086) | - | - | (2,701,323) |
| Machinery and equipment | (522,715) | (38,230) | 34,620 | - | (526,325) |
| Roads and streets | (53,823) | (79,205) | - | - | (133,028) |
| Storm drains | (26,436,129) | (2,072,373) | 4,980 | - | (28,503,522) |
| Sewer lines | (47,485,599) | (3,332,544) | - | - | (50,818,143) |
| Total accumulated depreciation | (77,393,635) | (5,629,127) | 39,600 | - | (82,983,162) |
| Total capital assets, being depreciated, net | 151,565,113 | (3,715,542) | (382,990) | 1,699,134 | 149,165,715 |
| Business-type activities capital assets, net | \$ 161,242,423 | \$ (2,274,213) | \$ (382,991) | \$ - | \$ 158,585,219 |

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General government | \$ 338,139 |
| Judicial | 56,867 |
| Public safety | 897,760 |
| Public works | 7,573,131 |
| Culture and recreation | 2,740,558 |
| Community support | 836,514 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | <u>1,729,128</u> |
| Total depreciation and amortization expense – governmental activities | <u>\$14,172,097</u> |
| Business-Type Activities: | |
| Sewer | <u>\$5,629,127</u> |
| Total depreciation expense – business-type activities | <u>\$5,629,127</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 \$40,040 for the year ended June 30, 2013. 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: | |
| 2014 | \$ 41,244 |
| 2015 | 42,476 |
| 2016 | 43,754 |
| 2017 | 45,068 |
| 2018 | <u>38,490</u> |
| | <u>\$211,032</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>4,146,647</u> |
| Total | <u>\$ 238,062</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:

| | <u>Issue Date</u> | <u>Interest Rate</u> | <u>Final Maturity Date</u> |
|--|-------------------|----------------------|----------------------------|
| Governmental Activities: | | | |
| 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 |
| 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 | 1/1/2005 | 4.34% | 8/18/2012 |
| 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, 2012 | Additions | Deletions | Balance June 30, 2013 | Due in 2013-2014 |
|--------------------|----------------------|-------------------|-------------------|-----------------------|-------------------|
| \$ 7,090,000 | \$ 3,880,000 | \$ - | \$ 720,000 | \$ 3,160,000 | \$ 745,000 |
| 1,315,000 | 890,000 | - | 160,000 | 730,000 | 170,000 |
| <u>8,405,000</u> | <u>4,770,000</u> | <u>-</u> | <u>880,000</u> | <u>3,890,000</u> | <u>915,000</u> |
| 13,635,000 | 7,275,000 | - | - | 7,275,000 | - |
| 83,290,000 | 80,705,000 | - | 1,550,000 | 79,155,000 | 1,815,000 |
| 36,600,000 | 32,716,045 | - | - | 32,716,045 | 6,960,210 |
| <u>4,180,000</u> | <u>4,160,000</u> | <u>-</u> | <u>645,000</u> | <u>3,515,000</u> | <u>655,000</u> |
| 137,705,000 | 124,856,045 | - | 2,195,000 | 122,661,045 | 9,430,210 |
| - | 2,902,413 | - | 193,494 | 2,708,919 | - |
| <u>137,705,000</u> | <u>121,953,632</u> | <u>-</u> | <u>2,001,506</u> | <u>119,952,126</u> | <u>9,430,210</u> |
| 26,120,000 | 24,465,000 | - | 910,000 | 23,555,000 | 970,000 |
| 12,700,000 | 11,885,000 | - | 445,000 | 11,440,000 | 475,000 |
| 7,230,000 | 6,775,000 | - | 245,000 | 6,530,000 | 260,000 |
| <u>22,165,000</u> | <u>19,210,000</u> | <u>-</u> | <u>1,405,000</u> | <u>17,805,000</u> | <u>1,460,000</u> |
| 68,215,000 | 62,335,000 | - | 3,005,000 | 59,330,000 | 3,165,000 |
| - | 659,512 | - | 43,430 | 616,082 | - |
| <u>68,215,000</u> | <u>61,675,488</u> | <u>-</u> | <u>2,961,570</u> | <u>58,713,918</u> | <u>3,165,000</u> |
| 457,586 | 75,894 | - | 75,894 | - | - |
| 1,263,900 | 636,469 | - | 146,990 | 489,479 | 154,795 |
| 3,046,040 | 1,179,327 | - | 376,271 | 803,056 | 392,865 |
| <u>4,767,526</u> | <u>1,891,690</u> | <u>-</u> | <u>599,155</u> | <u>1,292,535</u> | <u>547,660</u> |
| - | 337,248 | - | 25,605 | 311,643 | 25,000 |
| - | 8,777,824 | 3,948,247 | 3,409,628 | 9,316,443 | 4,245,995 |
| - | 4,873,235 | 372,266 | 544,153 | 4,701,348 | 534,888 |
| - | 4,451,829 | 15,686,192 | 12,035,565 | 8,102,456 | 1,353,087 |
| <u>219,092,526</u> | <u>208,730,946</u> | <u>20,006,705</u> | <u>22,457,182</u> | <u>206,280,469</u> | <u>20,216,840</u> |

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

| | <u>Issue Date</u> | <u>Interest Rate</u> | <u>Final Maturity Date</u> |
|--|-------------------|----------------------|----------------------------|
| Business-Type Activities: | | | |
| 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 | | | |

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

| <u>Authorized</u> | <u>Balance July 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2013</u> | <u>Due in 2013-2014</u> |
|-------------------|-----------------------------|------------------|------------------|------------------------------|-------------------------|
| \$ 4,700,000 | \$ 1,203,365 | \$ - | \$ 327,694 | \$ 875,671 | \$ 340,370 |
| 6,814,488 | 2,140,756 | - | 445,973 | 1,694,783 | 462,458 |
| 3,070,670 | 1,648,990 | - | 180,598 | 1,468,392 | 187,360 |
| 7,038,807 | 4,385,300 | - | 402,950 | 3,982,350 | 415,691 |
| 3,082,361 | 1,712,808 | - | 147,777 | 1,565,031 | 152,562 |
| 8,243,494 | 6,024,501 | - | 444,665 | 5,579,836 | 458,331 |
| 4,091,227 | 3,091,962 | - | 199,188 | 2,892,774 | 204,968 |
| 5,160,261 | 4,090,424 | - | 255,518 | 3,834,906 | 262,360 |
| 13,385,605 | 11,511,306 | - | 658,873 | 10,852,433 | 676,678 |
| 4,772,645 | 4,572,115 | - | 206,134 | 4,365,981 | 211,894 |
| 2,509,299 | 2,403,867 | - | 108,378 | 2,295,489 | 111,407 |
| 62,868,857 | 42,785,394 | - | 3,377,748 | 39,407,646 | 3,484,079 |
| 12,027,038 | 9,049,464 | - | 645,829 | 8,403,635 | 663,752 |
| - | 832,301 | 793,603 | 579,212 | 1,046,692 | 454,887 |
| - | 372,229 | - | 62,816 | 309,413 | 51,199 |
| 74,895,895 | 53,039,388 | 793,603 | 4,665,605 | 49,167,386 | 4,653,917 |
| \$ 293,988,421 | \$ 261,770,334 | \$ 20,800,308 | \$ 27,122,787 | \$ 255,447,855 | \$ 24,870,757 |

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 are as follows:

| Year Ending June 30 | Governmental Activities | | | | | |
|------------------------|--------------------------|-------------------|-----------------------|----------------------|----------------------|----------------------|
| | General Obligation Bonds | | Revenue Bonds | | Tax Allocation Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2014 | \$ 915,000 | \$ 160,657 | \$ 9,430,210 | \$ 12,577,350 | \$ 3,165,000 | \$ 3,599,545 |
| 2015 | 950,000 | 122,899 | 4,306,104 | 7,056,947 | 3,335,000 | 3,429,982 |
| 2016 | 990,000 | 83,725 | 4,685,297 | 6,810,691 | 3,465,000 | 3,250,632 |
| 2017 | 1,035,000 | 42,853 | 5,085,779 | 6,540,773 | 3,640,000 | 3,061,292 |
| 2018 | - | - | 5,517,586 | 6,245,818 | 3,835,000 | 2,857,774 |
| 2019-2023 | - | - | 35,449,211 | 25,687,797 | 22,845,000 | 10,611,087 |
| 2024-2028 | - | - | 58,186,858 | 12,718,348 | 17,995,000 | 3,919,649 |
| 2029-2033 | - | - | - | - | 1,050,000 | 81,375 |
| Total | <u>\$ 3,890,000</u> | <u>\$ 410,134</u> | <u>\$ 122,661,045</u> | <u>\$ 77,637,724</u> | <u>\$ 59,330,000</u> | <u>\$ 30,811,336</u> |

| Year Ending June 30 | Governmental Activities | | Business-Type Activities* | | | |
|------------------------|-------------------------|-------------------|---------------------------|---------------------|---------------------|---------------------|
| | Capital Leases | | General Obligation Bonds | | Note Payable | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2014 | \$ 547,660 | \$ 61,406 | \$ 3,484,079 | \$ 1,075,889 | \$ 663,752 | \$ 227,083 |
| 2015 | 573,204 | 35,861 | 3,593,819 | 964,405 | 682,173 | 208,662 |
| 2016 | 171,671 | 9,116 | 3,521,836 | 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 |
| 2019-2023 | - | - | 14,689,281 | 1,987,106 | 4,022,732 | 431,445 |
| 2024-2028 | - | - | 7,183,963 | 413,446 | 872,751 | 18,083 |
| 2029-2033 | - | - | 738,335 | 10,338 | - | - |
| Total | <u>\$ 1,292,535</u> | <u>\$ 106,383</u> | <u>\$ 39,407,646</u> | <u>\$ 6,722,607</u> | <u>\$ 8,403,635</u> | <u>\$ 1,395,551</u> |

*Full accrual basis of accounting

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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C. Compliance:

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2013. 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, 2013.

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, 2013 was \$1,160,000.

E. 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 and the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011. 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. The total principal and interest remaining to be paid on the bonds is \$13,980,488, payable through fiscal year 2026. For the current year, principal and interest paid for the bonds totaled \$1,064,548, and pledged revenues totaled \$2,737,836.

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 \$186,318,281, 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 \$18,772,802, and pledged

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

revenues totaled \$9,226,882, resulting in delinquent pledged revenues of \$9,545,920 at June 30, 2013.

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 \$22,894,769, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,290,281 and pledged revenues totaled \$2,544,075.

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 are payable solely from the pledged revenues described above. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of the Redevelopment Area. The total principal and interest remaining to be paid on the bonds is \$30,000,448, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$1,969,019 and pledged revenues totaled \$2,407,838.

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 \$46,131,323. For the current year, principal and interest paid for the bonds totaled \$4,614,407. Net pledged revenues totaled \$8,079,944.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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F. 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 \$37,246,121. For the current year, principal and interest paid for the bond totaled \$2,505,113 and pledged revenues totaled \$2,715,177.

NOTE 10 – STABILIZATION ARRANGEMENTS

The City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses is committed to be the primary source of revenue for the Stabilization Special Revenue Fund. At June 30, 2013, the Stabilization Special Revenue Fund has a committed fund balance of \$228,921.

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.
- 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

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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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> | |
| 2012-13 | 23.75% | 39.75% | \$ 9,518,716 |
| 2011-12 | 23.75% | 39.75% | 9,354,379 |
| 2010-11 | 21.50% | 37.00% | 9,034,424 |

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, 2013, 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.

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, 2013 is \$7,287,346.

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, 2013 is \$311,643.

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – COMMITMENTS

As of June 30, 2013, 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: | | |
| Road Fund | | |
| Prater Way Streetscape and Electric | | |
| Undergrounding Project | \$ 451,091 | 2013-14 |
| Street Rehabilitation | <u>589,484</u> | 2013-14 |
| | <u>\$1,040,575</u> | |

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 | \$327,535 |
| Non-major governmental funds | <u>341,189</u> |
| | <u>\$668,724</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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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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>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> |
| <u>2011-12</u> | | | | |
| Group Insurance Self-Insurance Fund | \$959,200 | \$ 6,929,103 | \$7,053,404 | \$ 834,899 |
| Municipal Self-Insurance Fund | - | 298,286 | 298,286 | - |
| Workers' Compensation Fund | <u>4,006,532</u> | <u>(33,549)</u> | <u>356,053</u> | <u>3,616,930</u> |
| Total | <u>\$4,965,732</u> | <u>\$ 7,193,840</u> | <u>\$7,707,743</u> | <u>\$4,451,829</u> |

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

CITY OF SPARKS, NEVADA
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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, 2013, the City paid \$615,702 in health insurance premiums on behalf of 91 retirees who opted for the conversion of their accumulated sick leave. Another \$6,723 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 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 City of Sparks Medical and Dental Benefit 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.

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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, 2013, 107 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, 2013 was \$395,942. 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 | \$118.16 | 13 | \$401.74 |
| 6 | \$153.61 | 14 | \$437.19 |
| 7 | \$189.06 | 15 | \$472.64 |
| 8 | \$224.50 | 16 | \$508.09 |
| 9 | \$259.95 | 17 | \$543.54 |
| 10 | \$295.40 | 18 | \$578.98 |
| 11 | \$330.85 | 19 | \$614.43 |
| 12 | \$366.30 | 20 | \$649.88 |

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 \$30.00 to \$758.52 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, 2013, 165 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, 2013, are shown below:

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

| Sparks Plan Premium Rates | | | | |
|---------------------------|---------------|-----------------------------------|------------------|--|
| | Employee Only | Employee & Spouse | Employee & Child | Employee & Family |
| Active Employees | \$568.06 | \$1,041.25 | \$992.20 | \$1,478.78 |
| Retiree, No Medicare | \$563.83 | \$1,036.17 (Spouse w/MC=\$936.09) | \$987.12 | \$1,473.71 |
| Retiree, Medicare | \$452.63 | \$824.89 (Spouse no MC=\$924.97) | N/A | 1 w/MC \$1,362.51 2 w/MC \$1,262.42 |

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, 2013, the City's Net Employer Contribution was \$395,542 to the Sparks Plan and \$395,942 to the NPEBP, for a total contribution of \$791,484. 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.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations, by plan, for fiscal years 2011 through 2013 are as follows:

| Plan Type | Fiscal Year Ended June 30, | Annual OPEB Cost | Employer Contributions | Net OPEB Obligation | Percentage of Annual OPEB Cost Contributed |
|-------------|----------------------------|------------------|------------------------|---------------------|--|
| Sparks Plan | 2013 | \$979,100 | \$395,542 | \$5,516,596 | 40.4% |
| Sparks Plan | 2012 | \$748,678 | \$403,300 | \$4,933,038 | 53.9% |
| Sparks Plan | 2011 | \$748,203 | \$437,313 | \$4,587,660 | 58.4% |
| NPEBP | 2013 | \$357,395 | \$395,942 | \$501,838 | 110.8% |
| NPEBP | 2012 | \$616,416 | \$447,291 | \$540,385 | 72.6% |
| NPEBP | 2011 | \$615,893 | \$534,022 | \$371,260 | 86.7% |
| Totals | 2013 | \$1,336,495 | \$791,484 | \$6,018,434 | 59.2% |
| Totals | 2012 | \$1,365,094 | \$850,591 | \$5,473,423 | 62.3% |
| Totals | 2011 | \$1,364,096 | \$971,335 | \$4,958,920 | 71.2% |

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The net OPEB obligation (NOPEBO) as of June 30, 2013, 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) | 632,380 | 354,651 | 987,031 |
| Total Annual Required Contribution (ARC) | 974,208 | 354,651 | 1,328,859 |
| Adjustments Related to Prior Year Net OPEB Obligation: | | | |
| Interest | 137,836 | 77,301 | 215,137 |
| Amortization | (132,944) | (74,557) | (207,501) |
| Annual OPEB Cost | 979,100 | 357,395 | 1,336,495 |
| Total Contributions | (395,542) | (395,942) | (791,484) |
| Increase in Net OPEB obligation | 583,558 | (38,547) | 545,011 |
| Net OPEB obligation, 7/1/2012 | 4,933,038 | 540,385 | 5,473,423 |
| Net OPEB obligation, 6/30/2013 | \$5,516,596 | \$501,838 | \$6,018,434 |

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.

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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. | | |

NOTE 16 – CAPITAL FACILITIES FUND

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$237,189 on the following:

| | |
|--|------------------|
| City Wide Elevator Upgrades | \$ 3,344 |
| Fleet Building – Garage Oversized Lift Project | 148,122 |
| Maintenance Yard Bull Pen Roof Replacement Project | 34,904 |
| Richards Way Senior Center Stucco Rehab | 18,796 |
| Alf Sorensen Pool Chemical Feed System | 14,634 |
| Deer Pool Sand Filter Replacement Project | <u>17,389</u> |
| | <u>\$237,189</u> |

CITY OF SPARKS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

| 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) | UAAL 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.

**CITY OF SPARKS, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

| | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Capital Projects Funds</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 3,133,503 | \$ 890,272 | \$ 15,218,546 | \$ 19,242,321 |
| Accounts receivable, net | 1,234,726 | - | 786,524 | 2,021,250 |
| Notes receivable | - | - | 18,272 | 18,272 |
| Due from other governments | 383,917 | 44,393 | 1,228,135 | 1,656,445 |
| Restricted assets: | | | | |
| Cash and investments | - | 4,170,746 | - | 4,170,746 |
| TOTAL ASSETS | <u>\$ 4,752,146</u> | <u>\$ 5,105,411</u> | <u>\$ 17,251,477</u> | <u>\$ 27,109,034</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 133,117 | \$ - | \$ 205,659 | \$ 338,776 |
| Accrued liabilities | 67,070 | - | 34,386 | 101,456 |
| Contracts payable | 20,290 | - | 1,205,445 | 1,225,735 |
| Contract retentions payable | - | - | 23,386 | 23,386 |
| Deferred revenue | 1,407,620 | 14,797 | 435,944 | 1,858,361 |
| Refundable deposits | 15,149 | - | 2,000 | 17,149 |
| Due to other funds | 80,032 | - | - | 80,032 |
| Due to other governments | 64,374 | - | 46,406 | 110,780 |
| Total Liabilities | <u>1,787,652</u> | <u>14,797</u> | <u>1,953,226</u> | <u>3,755,675</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| Grants and donations | 151,570 | - | - | 151,570 |
| Law enforcement | 374,001 | - | - | 374,001 |
| Promotion of special events | 286,676 | - | - | 286,676 |
| Various judicial uses | 95,876 | - | - | 95,876 |
| Municipal facilities construction | 119,944 | - | - | 119,944 |
| Court fee collection programs | 546,059 | - | - | 546,059 |
| Developer agreements | 287,017 | - | 1,125,267 | 1,412,284 |
| Bond proceeds defined projects | 62,768 | - | 1,654,462 | 1,717,230 |
| Debt service reserve | - | 5,090,614 | - | 5,090,614 |
| Parks and recreation | - | - | 3,095,018 | 3,095,018 |
| Street improvements and rehabilitation | - | - | 4,403,416 | 4,403,416 |
| Capital projects | - | - | 306,598 | 306,598 |
| Improvements to Victorian Square | - | - | 1,295,948 | 1,295,948 |
| Committed for: | | | | |
| Economic development | 324,078 | - | - | 324,078 |
| Parks and recreation | 54,371 | - | - | 54,371 |
| Road surface repairs | 433,213 | - | - | 433,213 |
| Economic stabilization | 228,921 | - | - | 228,921 |
| Assigned for: | | | | |
| Specific capital projects | - | - | 792,374 | 792,374 |
| Encumbrances | - | - | 341,189 | 341,189 |
| Next year's budget deficit | - | - | 199,417 | 199,417 |
| Other capital projects | - | - | 2,084,562 | 2,084,562 |
| Total Fund Balances | <u>2,964,494</u> | <u>5,090,614</u> | <u>15,298,251</u> | <u>23,353,359</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 4,752,146</u> | <u>\$ 5,105,411</u> | <u>\$ 17,251,477</u> | <u>\$ 27,109,034</u> |

**CITY OF SPARKS, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|--|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| REVENUES | | | | |
| Taxes | \$ 101,276 | \$ 3,965,000 | \$ 1,770,629 | \$ 5,836,905 |
| Licenses and permits | 517,145 | - | 3,699,369 | 4,216,514 |
| Intergovernmental revenues | 2,631,603 | 162,774 | 2,347,318 | 5,141,695 |
| Charges for services | 2,428,516 | - | 257,876 | 2,686,392 |
| Miscellaneous | 173,370 | 1,357 | 142,391 | 317,118 |
| Total Revenues | <u>5,851,910</u> | <u>4,129,131</u> | <u>8,217,583</u> | <u>18,198,624</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 104,050 | - | 192,513 | 296,563 |
| Judicial | 76,237 | - | - | 76,237 |
| Public safety | 1,396,143 | - | 48,848 | 1,444,991 |
| Public works | 208,944 | - | 3,389,432 | 3,598,376 |
| Culture and recreation | 3,036,953 | - | 872,568 | 3,909,521 |
| Community support | 471,449 | - | 129,431 | 600,880 |
| Total Current | <u>5,293,776</u> | <u>-</u> | <u>4,632,792</u> | <u>9,926,568</u> |
| Capital outlay: | | | | |
| General government | - | - | 299,748 | 299,748 |
| Judicial | 386,687 | - | - | 386,687 |
| Public safety | 111,690 | - | 77,186 | 188,876 |
| Public works | - | - | 1,875,769 | 1,875,769 |
| Culture and recreation | 207,296 | - | 3,163,682 | 3,370,978 |
| Community support | 338,844 | - | 337,499 | 676,343 |
| Total Capital Outlay | <u>1,044,517</u> | <u>-</u> | <u>5,753,884</u> | <u>6,798,401</u> |
| Debt service: | | | | |
| Principal | - | 2,095,000 | - | 2,095,000 |
| Interest | - | 2,164,300 | - | 2,164,300 |
| Fiscal charges and other | - | 2,974 | 92,924 | 95,898 |
| Total Debt Service | <u>-</u> | <u>4,262,274</u> | <u>92,924</u> | <u>4,355,198</u> |
| Total Expenditures | <u>6,338,293</u> | <u>4,262,274</u> | <u>10,479,600</u> | <u>21,080,167</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(486,383)</u> | <u>(133,143)</u> | <u>(2,262,017)</u> | <u>(2,881,543)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital asset sales | - | - | 88,258 | 88,258 |
| Transfers: | | | | |
| Transfers in | 602,273 | 300,000 | 1,540,000 | 2,442,273 |
| Transfers out | (14,078) | (80,000) | (1,782,847) | (1,876,925) |
| Total Other Financing Sources (Uses) | <u>588,195</u> | <u>220,000</u> | <u>(154,589)</u> | <u>653,606</u> |
| NET CHANGE IN FUND BALANCES | 101,812 | 86,857 | (2,416,606) | (2,227,937) |
| FUND BALANCES, JULY 1 | <u>2,862,682</u> | <u>5,003,757</u> | <u>17,714,857</u> | <u>25,581,296</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 2,964,494</u> | <u>\$ 5,090,614</u> | <u>\$ 15,298,251</u> | <u>\$ 23,353,359</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, 2013

| | Community Development Block Grant | Community Development Entitlement Grant | Sparks Grants and Donations | Tourism and Marketing | Parks and Recreation Program |
|--|--|--|--|----------------------------------|---|
| ASSETS | | | | | |
| Cash and investments | \$ 74,861 | \$ - | \$ 164,768 | \$ 435,086 | \$ 747,060 |
| Accounts receivable, net | 1,096,588 | 36,583 | 13,924 | - | 14,947 |
| Due from other governments | - | - | 383,917 | - | - |
| TOTAL ASSETS | \$ 1,171,449 | \$ 36,583 | \$ 562,609 | \$ 435,086 | \$ 762,007 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 9,385 | \$ 29,703 | \$ 1,662 | \$ 83,974 |
| Accrued liabilities | - | 471 | 2,390 | - | 62,848 |
| Contracts payable | - | 20,290 | - | - | - |
| Deferred revenue | 1,096,588 | - | - | 146,748 | 164,284 |
| Refundable deposits | - | - | - | - | 15,149 |
| Due to other funds | 74,861 | 5,171 | - | - | - |
| Due to other governments | - | 1,266 | 4,945 | - | 57,303 |
| Total Liabilities | 1,171,449 | 36,583 | 37,038 | 148,410 | 383,558 |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Grants and donations | - | - | 151,570 | - | - |
| Law enforcement | - | - | 374,001 | - | - |
| Promotion of special events | - | - | - | 286,676 | - |
| Various judicial uses | - | - | - | - | - |
| Municipal facilities construction | - | - | - | - | - |
| Court fee collection programs | - | - | - | - | - |
| Developer agreements | - | - | - | - | - |
| Bond proceeds defined projects | - | - | - | - | - |
| Committed for: | | | | | |
| Economic development | - | - | - | - | 324,078 |
| Parks and recreation | - | - | - | - | 54,371 |
| Road surface repairs | - | - | - | - | - |
| Economic stabilization | - | - | - | - | - |
| Total Fund Balances | - | - | 525,571 | 286,676 | 378,449 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,171,449 | \$ 36,583 | \$ 562,609 | \$ 435,086 | \$ 762,007 |

| Court Administrative Assessment | Street Cut | Impact Fee Service Area No. 1 | Tourism Improvement District 1 | Stabilization | Total |
|--|-----------------------|--|---|----------------------|---------------------|
| \$ 763,258 | \$ 362,971 | \$ 293,810 | \$ 62,768 | \$ 228,921 | \$ 3,133,503 |
| 95 | 72,589 | - | - | - | 1,234,726 |
| - | - | - | - | - | 383,917 |
| <u>\$ 763,353</u> | <u>\$ 435,560</u> | <u>\$ 293,810</u> | <u>\$ 62,768</u> | <u>\$ 228,921</u> | <u>\$ 4,752,146</u> |
| \$ 1,474 | \$ 126 | \$ 6,793 | \$ - | \$ - | \$ 133,117 |
| - | 1,361 | - | - | - | 67,070 |
| - | - | - | - | - | 20,290 |
| - | - | - | - | - | 1,407,620 |
| - | - | - | - | - | 15,149 |
| - | - | - | - | - | 80,032 |
| - | 860 | - | - | - | 64,374 |
| <u>1,474</u> | <u>2,347</u> | <u>6,793</u> | <u>-</u> | <u>-</u> | <u>1,787,652</u> |
| - | - | - | - | - | 151,570 |
| - | - | - | - | - | 374,001 |
| - | - | - | - | - | 286,676 |
| 95,876 | - | - | - | - | 95,876 |
| 119,944 | - | - | - | - | 119,944 |
| 546,059 | - | - | - | - | 546,059 |
| - | - | 287,017 | - | - | 287,017 |
| - | - | - | 62,768 | - | 62,768 |
| - | - | - | - | - | 324,078 |
| - | - | - | - | - | 54,371 |
| - | 433,213 | - | - | - | 433,213 |
| - | - | - | - | 228,921 | 228,921 |
| <u>761,879</u> | <u>433,213</u> | <u>287,017</u> | <u>62,768</u> | <u>228,921</u> | <u>2,964,494</u> |
| <u>\$ 763,353</u> | <u>\$ 435,560</u> | <u>\$ 293,810</u> | <u>\$ 62,768</u> | <u>\$ 228,921</u> | <u>\$ 4,752,146</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, 2013**

| | Community Development Block Grant | Community Development Entitlement Grant | Sparks Grants and Donations | Tourism and Marketing |
|--|--|--|--|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 101,276 |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenues | - | 614,185 | 1,742,498 | - |
| Charges for services | 10,538 | - | 50,125 | - |
| Miscellaneous | - | - | 163,378 | 411 |
| Total Revenues | <u>10,538</u> | <u>614,185</u> | <u>1,956,001</u> | <u>101,687</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 104,050 | - |
| Judicial | - | - | 22,837 | - |
| Public safety | - | - | 1,370,538 | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | 147,360 | - |
| Community support | 10,538 | 275,341 | - | 174,350 |
| Total Current | <u>10,538</u> | <u>275,341</u> | <u>1,644,785</u> | <u>174,350</u> |
| Capital outlay: | | | | |
| Judicial | - | - | - | - |
| Public safety | - | - | 111,690 | - |
| Culture and recreation | - | - | 207,296 | - |
| Community support | - | 338,844 | - | - |
| Total Capital Outlay | <u>-</u> | <u>338,844</u> | <u>318,986</u> | <u>-</u> |
| Total Expenditures | <u>10,538</u> | <u>614,185</u> | <u>1,963,771</u> | <u>174,350</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>(7,770)</u> | <u>(72,663)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | - | - | 27,273 | 100,000 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>27,273</u> | <u>100,000</u> |
| NET CHANGE IN FUND BALANCES | <u>-</u> | <u>-</u> | <u>19,503</u> | <u>27,337</u> |
| FUND BALANCES, JULY 1 | <u>-</u> | <u>-</u> | <u>506,068</u> | <u>259,339</u> |
| FUND BALANCES, JUNE 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 525,571</u> | <u>\$ 286,676</u> |

| Parks and Recreation Program | Court Administrative Assessment | Street Cut | Impact Fee Service Area No. 1 | Tourism Improvement District 1 | Stabilization | Totals |
|-------------------------------------|--|-------------------|--------------------------------------|---------------------------------------|----------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 101,276 |
| 20,105 | - | 437,398 | 59,642 | - | - | 517,145 |
| - | 274,920 | - | - | - | - | 2,631,603 |
| 2,367,777 | - | 76 | - | - | - | 2,428,516 |
| 8,923 | - | 169 | 123 | 85 | 281 | 173,370 |
| <u>2,396,805</u> | <u>274,920</u> | <u>437,643</u> | <u>59,765</u> | <u>85</u> | <u>281</u> | <u>5,851,910</u> |
| - | - | - | - | - | - | 104,050 |
| - | 53,400 | - | - | - | - | 76,237 |
| - | - | - | 25,605 | - | - | 1,396,143 |
| - | - | 208,915 | 29 | - | - | 208,944 |
| 2,889,593 | - | - | - | - | - | 3,036,953 |
| - | - | - | - | 11,220 | - | 471,449 |
| <u>2,889,593</u> | <u>53,400</u> | <u>208,915</u> | <u>25,634</u> | <u>11,220</u> | <u>-</u> | <u>5,293,776</u> |
| - | 386,687 | - | - | - | - | 386,687 |
| - | - | - | - | - | - | 111,690 |
| - | - | - | - | - | - | 207,296 |
| - | - | - | - | - | - | 338,844 |
| <u>-</u> | <u>386,687</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,044,517</u> |
| <u>2,889,593</u> | <u>440,087</u> | <u>208,915</u> | <u>25,634</u> | <u>11,220</u> | <u>-</u> | <u>6,338,293</u> |
| <u>(492,788)</u> | <u>(165,167)</u> | <u>228,728</u> | <u>34,131</u> | <u>(11,135)</u> | <u>281</u> | <u>(486,383)</u> |
| 475,000 | - | - | - | - | - | 602,273 |
| (7,774) | - | - | (6,304) | - | - | (14,078) |
| <u>467,226</u> | <u>-</u> | <u>-</u> | <u>(6,304)</u> | <u>-</u> | <u>-</u> | <u>588,195</u> |
| (25,562) | (165,167) | 228,728 | 27,827 | (11,135) | 281 | 101,812 |
| <u>404,011</u> | <u>927,046</u> | <u>204,485</u> | <u>259,190</u> | <u>73,903</u> | <u>228,640</u> | <u>2,862,682</u> |
| <u>\$ 378,449</u> | <u>\$ 761,879</u> | <u>\$ 433,213</u> | <u>\$ 287,017</u> | <u>\$ 62,768</u> | <u>\$ 228,921</u> | <u>\$ 2,964,494</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | <u>2013</u> | | | <u>2012</u> |
|------------------------------------|-------------------------|--------------------|--------------------|--------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Charges for services: | | | | |
| Federal grant-loan reimbursements: | | | | |
| Housing rehabilitation | \$ 12,000 | \$ 10,538 | \$ (1,462) | \$ 6,000 |
| Total Revenues | <u>12,000</u> | <u>10,538</u> | <u>(1,462)</u> | <u>6,000</u> |
| EXPENDITURES | | | | |
| Community support: | | | | |
| Services and supplies | <u>12,000</u> | <u>10,538</u> | <u>1,462</u> | <u>6,000</u> |
| NET CHANGE IN FUND BALANCES | - | - | - | - |
| FUND BALANCES, JULY 1 | <u>(1)</u> | <u>-</u> | <u>1</u> | <u>-</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ (1)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|---|-------------------------|---------------|-----------------|-------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Community Development Block and Entitlement grants | \$ 983,265 | \$ 614,185 | \$ (369,080) | \$ 550,159 |
| EXPENDITURES | | | | |
| Community support: | | | | |
| Salaries and wages | 102,986 | 71,649 | 31,337 | 76,797 |
| Employee benefits | 33,191 | 23,063 | 10,128 | 26,456 |
| Services and supplies | 424,796 | 180,629 | 244,167 | 446,906 |
| Capital outlay | 422,292 | 338,844 | 83,448 | - |
| Total Expenditures | 983,265 | 614,185 | 369,080 | 550,159 |
| 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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 1 OF 2)

| | 2013 | | | 2012 |
|---|-------------------------|------------------|------------------|------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Federal grants: | | | | |
| Department of Energy grants | \$ - | \$ - | \$ - | \$ 3,362 |
| Department of Justice grants | 921,991 | 727,389 | (194,602) | 622,792 |
| Environmental Protection Agency grants | 180,567 | 102,720 | (77,847) | - |
| Department of Transportation, Traffic Safety grants | 205,982 | 219,710 | 13,728 | 165,194 |
| Department of Transportation, Federal Highway grants | - | (21,888) | (21,888) | 21,888 |
| Department of Homeland Security grants | 109,374 | 112,291 | 2,917 | 427,728 |
| Local Emergency Planning Committee grants | 1,116 | - | (1,116) | 135,526 |
| Housing and Urban Development grants | 162,143 | 162,143 | - | 35,857 |
| Department of Agriculture, Forest Service grants | 23,889 | 23,858 | (31) | - |
| State grants: | | | | |
| Family Services grants | - | - | - | 10,000 |
| Local Emergency Planning Committee grants | 10,812 | 10,812 | - | 4,294 |
| Nevada Office of the Attorney General grants | - | - | - | 46,618 |
| Other local government shared revenues: | | | | |
| Crime forfeitures | 404,935 | 385,542 | (19,393) | 560,264 |
| State District Specialty Court Program | 19,921 | 19,921 | - | - |
| | <u>2,040,730</u> | <u>1,742,498</u> | <u>(298,232)</u> | <u>2,033,523</u> |
| Charges for services: | | | | |
| Other | 153,104 | 50,125 | (102,979) | 68,596 |
| Miscellaneous: | | | | |
| Investment income | - | 505 | 505 | 451 |
| Other | 135,343 | 162,873 | 27,530 | 255,274 |
| | <u>135,343</u> | <u>163,378</u> | <u>28,035</u> | <u>255,725</u> |
| Total Revenues | <u>2,329,177</u> | <u>1,956,001</u> | <u>(373,176)</u> | <u>2,357,844</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 202,054 | 104,050 | 98,004 | 92,723 |
| Judicial: | | | | |
| Services and supplies | 33,492 | 22,837 | 10,655 | - |
| Public safety: | | | | |
| Salaries and wages | 708,794 | 604,037 | 104,757 | 508,806 |
| Employee benefits | 327,930 | 249,242 | 78,688 | 250,122 |
| Services and supplies | 725,694 | 517,259 | 208,435 | 833,027 |
| Capital outlay | 362,566 | 111,690 | 250,876 | 150,846 |
| Total Public Safety | <u>2,124,984</u> | <u>1,482,228</u> | <u>642,756</u> | <u>1,742,801</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(PAGE 2 OF 2)

| | 2013 | | | 2012 |
|--|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | |
| Culture and recreation: | | | | |
| Salaries and wages | \$ 221,665 | \$ 87,523 | \$ 134,142 | \$ 97,451 |
| Employee benefits | 4,367 | 1,879 | 2,488 | 1,436 |
| Services and supplies | 110,609 | 57,958 | 52,651 | 78,147 |
| Capital outlay | 134,000 | 207,296 | (73,296) | 59,503 |
| Total Culture and Recreation | <u>470,641</u> | <u>354,656</u> | <u>115,985</u> | <u>236,537</u> |
| Total Expenditures | <u>2,831,171</u> | <u>1,963,771</u> | <u>867,400</u> | <u>2,072,061</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(501,994)</u> | <u>(7,770)</u> | <u>494,224</u> | <u>285,783</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | 27,273 | 27,273 | - | 225,593 |
| Transfers out | - | - | - | (5,308) |
| Total Other Financing Sources (Uses) | <u>27,273</u> | <u>27,273</u> | <u>-</u> | <u>220,285</u> |
| NET CHANGE IN FUND BALANCES | (474,721) | 19,503 | 494,224 | 506,068 |
| FUND BALANCES, JULY 1 | <u>769,247</u> | <u>506,068</u> | <u>(263,179)</u> | <u>-</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 294,526</u> | <u>\$ 525,571</u> | <u>\$ 231,045</u> | <u>\$ 506,068</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | <u>2013</u> | | | <u>2012</u> |
|--|-------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Taxes: | | | | |
| Room taxes | \$ 110,000 | \$ 101,276 | \$ (8,724) | \$ 105,640 |
| Intergovernmental revenues: | | | | |
| Contribution from redevelopement agency | 100,000 | - | (100,000) | - |
| Miscellaneous: | | | | |
| Investment income | 397 | 411 | 14 | 507 |
| Total Revenues | <u>210,397</u> | <u>101,687</u> | <u>(108,710)</u> | <u>106,147</u> |
| EXPENDITURES | | | | |
| Community support: | | | | |
| Services and supplies | <u>348,219</u> | <u>174,350</u> | <u>173,869</u> | <u>188,655</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (137,822) | (72,663) | 65,159 | (82,508) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | <u>-</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| NET CHANGE IN FUND BALANCES | (137,822) | 27,337 | 165,159 | 17,492 |
| FUND BALANCES, JULY 1 | <u>139,771</u> | <u>259,339</u> | <u>119,568</u> | <u>241,847</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ 1,949</u></u> | <u><u>\$ 286,676</u></u> | <u><u>\$ 284,727</u></u> | <u><u>\$ 259,339</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Concession franchise fees | \$ 22,200 | \$ 20,105 | \$ (2,095) | \$ 25,359 |
| Charges for services: | | | | |
| Recreation program fees | 2,326,420 | 2,286,851 | (39,569) | 2,418,604 |
| Administrative service charges | 5,000 | 4,021 | (979) | 4,984 |
| Other | 201,476 | 76,905 | (124,571) | 66,283 |
| | <u>2,532,896</u> | <u>2,367,777</u> | <u>(165,119)</u> | <u>2,489,871</u> |
| Miscellaneous: | | | | |
| Investment income | 182 | 60 | (122) | 121 |
| Gifts and bequests | 1,500 | 2,001 | 501 | 3,632 |
| Rental and event insurance | 4,176 | 3,494 | (682) | 4,693 |
| Other | - | 3,368 | 3,368 | 36,107 |
| | <u>5,858</u> | <u>8,923</u> | <u>3,065</u> | <u>44,553</u> |
| Total Revenues | <u>2,560,954</u> | <u>2,396,805</u> | <u>(164,149)</u> | <u>2,559,783</u> |
| EXPENDITURES | | | | |
| Culture and recreation: | | | | |
| Salaries and wages | 1,998,001 | 1,921,432 | 76,569 | 1,899,616 |
| Employee benefits | 401,869 | 459,631 | (57,762) | 474,642 |
| Services and supplies | 745,183 | 508,530 | 236,653 | 572,608 |
| Total Expenditures | <u>3,145,053</u> | <u>2,889,593</u> | <u>255,460</u> | <u>2,946,866</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(584,099)</u> | <u>(492,788)</u> | <u>91,311</u> | <u>(387,083)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | 375,000 | 475,000 | 100,000 | 313,557 |
| Transfers out | - | (7,774) | (7,774) | (38,430) |
| Total Other Financing Sources (Uses) | <u>375,000</u> | <u>467,226</u> | <u>92,226</u> | <u>275,127</u> |
| NET CHANGE IN FUND BALANCES | <u>(209,099)</u> | <u>(25,562)</u> | <u>183,537</u> | <u>(111,956)</u> |
| FUND BALANCES, JULY 1 | <u>286,378</u> | <u>404,011</u> | <u>117,633</u> | <u>515,967</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 77,279</u> | <u>\$ 378,449</u> | <u>\$ 301,170</u> | <u>\$ 404,011</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|--|-------------------------|-------------------|------------------|-------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Municipal court administrative assessments | \$ 40,000 | \$ 40,685 | \$ 685 | \$ 40,277 |
| Court collection fees | 180,000 | 177,280 | (2,720) | 192,346 |
| Court facility administrative assessments | 55,000 | 56,955 | 1,955 | 57,848 |
| | <u>275,000</u> | <u>274,920</u> | <u>(80)</u> | <u>290,471</u> |
| Charges for services: | | | | |
| Other | - | - | - | 450 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>450</u> |
| Total Revenues | <u>275,000</u> | <u>274,920</u> | <u>(80)</u> | <u>290,921</u> |
| EXPENDITURES | | | | |
| Judicial: | | | | |
| Services and supplies | 100,237 | 53,400 | 46,837 | 129,787 |
| Capital outlay | 383,946 | 386,687 | (2,741) | 43,925 |
| | <u>484,183</u> | <u>440,087</u> | <u>44,096</u> | <u>173,712</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (209,183) | (165,167) | 44,016 | 117,209 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers out | - | - | - | (202,000) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(202,000)</u> |
| NET CHANGE IN FUND BALANCES | (209,183) | (165,167) | 44,016 | (84,791) |
| FUND BALANCES, JULY 1 | 931,546 | 927,046 | (4,500) | 1,011,837 |
| FUND BALANCES, JUNE 30 | \$ 722,363 | \$ 761,879 | \$ 39,516 | \$ 927,046 |

**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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | <u>2013</u> | | | <u>2012</u> |
|-----------------------------|-------------------------|-------------------|-------------------|-------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Street cut permits | \$ 154,012 | \$ 437,398 | \$ 283,386 | \$ 177,931 |
| Charges for services: | | | | |
| Other | - | 76 | 76 | 30 |
| Miscellaneous: | | | | |
| Investment income | 75 | 169 | 94 | 87 |
| Total Revenues | <u>154,087</u> | <u>437,643</u> | <u>283,556</u> | <u>178,048</u> |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Salaries and wages | 28,934 | 41,200 | (12,266) | 21,252 |
| Employee benefits | 10,684 | 18,833 | (8,149) | 15,491 |
| Services and supplies | 287,411 | 148,882 | 138,529 | 119,619 |
| Total Expenditures | <u>327,029</u> | <u>208,915</u> | <u>118,114</u> | <u>156,362</u> |
| NET CHANGE IN FUND BALANCES | (172,942) | 228,728 | 401,670 | 21,686 |
| FUND BALANCES, JULY 1 | <u>174,120</u> | <u>204,485</u> | <u>30,365</u> | <u>182,799</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 1,178</u> | <u>\$ 433,213</u> | <u>\$ 432,035</u> | <u>\$ 204,485</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|-------------------------|-------------------|--------------------|-------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Flood control fees | \$ 20,000 | \$ 20,832 | \$ 832 | \$ 34,745 |
| Public facility fees | 15,000 | 25,600 | 10,600 | 18,502 |
| Park fees | 30,000 | 6,910 | (23,090) | 24,876 |
| Sanitary sewer fee | 15,000 | 6,300 | (8,700) | 15,330 |
| | <u>80,000</u> | <u>59,642</u> | <u>(20,358)</u> | <u>93,453</u> |
| Miscellaneous: | | | | |
| Investment income | (5,500) | 123 | 5,623 | (4,756) |
| Total Revenues | <u>74,500</u> | <u>59,765</u> | <u>(14,735)</u> | <u>88,697</u> |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Services and supplies | 25,297 | 25,605 | (308) | 18,518 |
| Public works: | | | | |
| Services and supplies | 35 | 29 | 6 | 10 |
| Total Expenditures | <u>25,332</u> | <u>25,634</u> | <u>(302)</u> | <u>18,528</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 49,168 | 34,131 | (15,037) | 70,169 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers out | - | (6,304) | (6,304) | (15,339) |
| NET CHANGE IN FUND BALANCES | 49,168 | 27,827 | (21,341) | 54,830 |
| FUND BALANCES, JULY 1 | <u>259,190</u> | <u>259,190</u> | <u>-</u> | <u>204,360</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 308,358</u> | <u>\$ 287,017</u> | <u>\$ (21,341)</u> | <u>\$ 259,190</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | <u>2013</u> | | | <u>2012</u> |
|-----------------------------|-------------------------|------------------|------------------|------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment income | \$ - | \$ 85 | \$ 85 | \$ 118 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community support: | | | | |
| Services and supplies | 65,949 | 11,220 | 54,729 | 2,125 |
| NET CHANGE IN FUND BALANCES | (65,949) | (11,135) | 54,814 | (2,007) |
| FUND BALANCES, JULY 1 | 65,949 | 73,903 | 7,954 | 75,910 |
| FUND BALANCES, JUNE 30 | <u>\$ -</u> | <u>\$ 62,768</u> | <u>\$ 62,768</u> | <u>\$ 73,903</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, 2013
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | <u>2013</u> | | | <u>2012</u> |
|-----------------------------|--------------------------|--------------------------|---------------------|--------------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Other | \$ - | \$ - | \$ - | \$ 200,000 |
| Miscellaneous: | | | | |
| Investment income | <u>280</u> | <u>281</u> | <u>1</u> | <u>360</u> |
| NET CHANGE IN FUND BALANCES | 280 | 281 | 1 | 200,360 |
| FUND BALANCES, JULY 1 | <u>228,560</u> | <u>228,640</u> | <u>80</u> | <u>28,280</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ 228,840</u></u> | <u><u>\$ 228,921</u></u> | <u><u>\$ 81</u></u> | <u><u>\$ 228,640</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 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 Tax Revenue Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency:

- Tax Increment Refunding Revenue Bonds – Series 2010

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

Redevelopment Agency 2 Debt Service Fund

To accumulate monies for the payment of the following debt for the Redevelopment Agency 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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|--|-------------------------|----------------------|---------------------|----------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Special assessments | \$ 2,600,000 | \$ 2,715,177 | \$ 115,177 | \$ 2,715,177 |
| Intergovernmental revenues: | | | | |
| Dedicated sales tax - improvement districts | 7,743,643 | 9,226,882 | 1,483,239 | 6,847,151 |
| Contribution from redevelopement agency | 1,382,847 | - | (1,382,847) | - |
| | <u>9,126,490</u> | <u>9,226,882</u> | <u>100,392</u> | <u>6,847,151</u> |
| Miscellaneous: | | | | |
| Investment income | 45,000 | 17,246 | (27,754) | 22,144 |
| Total Revenues | <u>11,771,490</u> | <u>11,959,305</u> | <u>187,815</u> | <u>9,584,472</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 3,985,000 | 3,985,000 | - | 3,610,000 |
| Interest | 8,405,208 | 8,970,869 | (565,661) | 7,808,304 |
| Total Expenditures | <u>12,390,208</u> | <u>12,955,869</u> | <u>(565,661)</u> | <u>11,418,304</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (618,718) | (996,564) | (377,846) | (1,833,832) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | 758,605 | 2,141,452 | 1,382,847 | 2,129,873 |
| NET CHANGE IN FUND BALANCES | 139,887 | 1,144,888 | 1,005,001 | 296,041 |
| FUND BALANCES, JULY 1 | <u>15,004,724</u> | <u>15,170,146</u> | <u>165,422</u> | <u>14,874,105</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 15,144,611</u> | <u>\$ 16,315,034</u> | <u>\$ 1,170,423</u> | <u>\$ 15,170,146</u> |

**CITY OF SPARKS, NEVADA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

| | Redevelopment Agency Tax Revenue | Redevelopment Agency 2 Debt Service | Total |
|--|---|--|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 678,337 | \$ 211,935 | \$ 890,272 |
| Due from other governments | 44,393 | - | 44,393 |
| Restricted assets: | | | |
| Cash and investments | 2,216,867 | 1,953,879 | 4,170,746 |
| TOTAL ASSETS | \$ 2,939,597 | \$ 2,165,814 | \$ 5,105,411 |
| LIABILITIES | | | |
| Deferred revenue | \$ 14,797 | \$ - | \$ 14,797 |
| Total Liabilities | 14,797 | - | 14,797 |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Debt service reserve | 2,924,800 | 2,165,814 | 5,090,614 |
| Total Fund Balances | 2,924,800 | 2,165,814 | 5,090,614 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,939,597 | \$ 2,165,814 | \$ 5,105,411 |

**CITY OF SPARKS, NEVADA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

| | Redevelopment Agency Tax Revenue | Redevelopment Agency 2 Debt Service | Totals |
|--|---|--|----------------------------|
| REVENUES | | | |
| Taxes | \$ 2,065,000 | \$ 1,900,000 | \$ 3,965,000 |
| Intergovernmental revenues | 162,774 | - | 162,774 |
| Miscellaneous | 586 | 771 | 1,357 |
| Total Revenues | <u>2,228,360</u> | <u>1,900,771</u> | <u>4,129,131</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | 1,405,000 | 690,000 | 2,095,000 |
| Interest | 885,281 | 1,279,019 | 2,164,300 |
| Fiscal charges and other | 903 | 2,071 | 2,974 |
| Total Expenditures | <u>2,291,184</u> | <u>1,971,090</u> | <u>4,262,274</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(62,824)</u> | <u>(70,319)</u> | <u>(133,143)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers: | | | |
| Transfers in | 300,000 | - | 300,000 |
| Transfers out | - | (80,000) | (80,000) |
| Total Other Financing Sources (Uses) | <u>300,000</u> | <u>(80,000)</u> | <u>220,000</u> |
| NET CHANGE IN FUND BALANCES | 237,176 | (150,319) | 86,857 |
| FUND BALANCE, JULY 1 | <u>2,687,624</u> | <u>2,316,133</u> | <u>5,003,757</u> |
| FUND BALANCE, JUNE 30 | <u><u>\$ 2,924,800</u></u> | <u><u>\$ 2,165,814</u></u> | <u><u>\$ 5,090,614</u></u> |

CITY OF SPARKS, NEVADA
REDEVELOPMENT AGENCY TAX REVENUE DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|-------------------------|---------------------|-------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 2,065,000 | \$ 2,065,000 | \$ - | \$ 2,060,000 |
| Intergovernmental revenues: | | | | |
| Motor vehicle privilege tax | 177,572 | 162,774 | (14,798) | 177,572 |
| Miscellaneous: | | | | |
| Investment income | 5,000 | 586 | (4,414) | 2,336 |
| Total Revenues | <u>2,247,572</u> | <u>2,228,360</u> | <u>(19,212)</u> | <u>2,239,908</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 1,405,000 | 1,405,000 | - | 1,350,000 |
| Interest | 885,281 | 885,281 | - | 939,281 |
| Fiscal charges and other | 2,000 | 903 | 1,097 | 915 |
| Total Expenditures | <u>2,292,281</u> | <u>2,291,184</u> | <u>1,097</u> | <u>2,290,196</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(44,709)</u> | <u>(62,824)</u> | <u>(18,115)</u> | <u>(50,288)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | - | 300,000 | 300,000 | - |
| NET CHANGE IN FUND BALANCES | (44,709) | 237,176 | 281,885 | (50,288) |
| FUND BALANCES, JULY 1 | <u>2,689,204</u> | <u>2,687,624</u> | <u>(1,580)</u> | <u>2,737,912</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 2,644,495</u> | <u>\$ 2,924,800</u> | <u>\$ 280,305</u> | <u>\$ 2,687,624</u> |

**CITY OF SPARKS, NEVADA
REDEVELOPMENT AGENCY 2 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|--|-------------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 1,950,000 | \$ 1,900,000 | \$ (50,000) | \$ 2,030,000 |
| Miscellaneous: | | | | |
| Investment income | - | 771 | 771 | 218 |
| Total Revenues | <u>1,950,000</u> | <u>1,900,771</u> | <u>(49,229)</u> | <u>2,030,218</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 690,000 | 690,000 | - | 705,000 |
| Interest | 1,279,019 | 1,279,019 | - | 1,321,218 |
| Fiscal charges and other | - | 2,071 | (2,071) | 2,068 |
| Total Expenditures | <u>1,969,019</u> | <u>1,971,090</u> | <u>(2,071)</u> | <u>2,028,286</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (19,019) | (70,319) | (51,300) | 1,932 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers out | - | (80,000) | (80,000) | - |
| NET CHANGE IN FUND BALANCES | (19,019) | (150,319) | (131,300) | 1,932 |
| FUND BALANCES, JULY 1 | <u>2,287,982</u> | <u>2,316,133</u> | <u>28,151</u> | <u>2,314,201</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 2,268,963</u> | <u>\$ 2,165,814</u> | <u>\$ (103,149)</u> | <u>\$ 2,316,133</u> |

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 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 Agency No. 1. Financing is provided by tax supported bonds.

Redevelopment Agency 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 Agency 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, 2013
(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> |
|--|--|--|--|
| ASSETS | | | |
| Cash and investments | \$ 292,200 | \$ 1,224,387 | \$ 915,538 |
| Accounts receivable | - | - | - |
| Notes receivable | - | - | - |
| Due from other governments | - | - | - |
| TOTAL ASSETS | <u>\$ 292,200</u> | <u>\$ 1,224,387</u> | <u>\$ 915,538</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 3,477 | \$ 18,804 | \$ 665 |
| Accrued liabilities | - | - | - |
| Contracts payable | - | 55,374 | - |
| Contract retentions payable | - | - | - |
| Deferred revenue | - | - | - |
| Refundable deposits | - | - | - |
| Due to other governments | - | - | - |
| Total Liabilities | <u>3,477</u> | <u>74,178</u> | <u>665</u> |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Parks and recreation | 288,723 | 1,150,209 | 914,873 |
| Street improvements and rehabilitation | - | - | - |
| Bond proceeds defined projects | - | - | - |
| Capital projects | - | - | - |
| Developer agreements | - | - | - |
| Improvements to Victorian Square | - | - | - |
| Assigned for: | | | |
| Specific capital projects | - | - | - |
| Encumbrances | - | - | - |
| Next year's budget deficit | - | - | - |
| Other capital projects | - | - | - |
| Total Fund Balances | <u>288,723</u> | <u>1,150,209</u> | <u>914,873</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 292,200</u> | <u>\$ 1,224,387</u> | <u>\$ 915,538</u> |

| <u>Road</u> | <u>Capital Projects</u> | <u>Capital Facilities</u> | <u>Parks and Recreation Project</u> |
|---------------------|-----------------------------|-------------------------------|---|
| \$ 4,522,252 | \$ 3,657,261 | \$ 332,455 | \$ 1,237,312 |
| 578,865 | - | - | 206,409 |
| - | - | - | - |
| 821,970 | - | 3,029 | - |
| <u>\$ 5,923,087</u> | <u>\$ 3,657,261</u> | <u>\$ 335,484</u> | <u>\$ 1,443,721</u> |
| \$ 112,327 | \$ 26,209 | \$ 28,886 | \$ 10,885 |
| 27,111 | - | - | 7,208 |
| 1,077,158 | 70,065 | - | - |
| 23,386 | - | - | - |
| 245,000 | - | - | - |
| - | - | - | 2,000 |
| 34,689 | - | - | 7,985 |
| <u>1,519,671</u> | <u>96,274</u> | <u>28,886</u> | <u>28,078</u> |
| - | - | - | 741,213 |
| 4,403,416 | - | - | - |
| - | 1,623,752 | - | - |
| - | - | 306,598 | - |
| - | - | - | - |
| - | - | - | - |
| - | 117,944 | - | 674,430 |
| - | 245,868 | - | - |
| - | - | - | - |
| - | 1,573,423 | - | - |
| <u>4,403,416</u> | <u>3,560,987</u> | <u>306,598</u> | <u>1,415,643</u> |
| <u>\$ 5,923,087</u> | <u>\$ 3,657,261</u> | <u>\$ 335,484</u> | <u>\$ 1,443,721</u> |

**CITY OF SPARKS, NEVADA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013
(PAGE 2 OF 2)**

| | <u>Local Improvement District 3</u> | <u>Redevelopment Agency Revolving</u> |
|--|---|---|
| ASSETS | | |
| Cash and investments | \$ 1,156,003 | \$ 556,215 |
| Accounts receivable | - | 1,250 |
| Notes receivable | - | 18,272 |
| Due from other governments | - | 282,849 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 1,156,003</u> | <u>\$ 858,586</u> |
| LIABILITIES | | |
| Accounts payable | \$ 26 | \$ 1,284 |
| Accrued liabilities | - | 67 |
| Contracts payable | - | - |
| Contract retentions payable | - | - |
| Deferred revenue | - | 166,014 |
| Refundable deposits | - | - |
| Due to other governments | - | 3,732 |
| | <hr/> | <hr/> |
| Total Liabilities | <u>26</u> | <u>171,097</u> |
| FUND BALANCES | | |
| Restricted for: | | |
| Parks and recreation | - | - |
| Street improvements and rehabilitation | - | - |
| Bond proceeds defined projects | 30,710 | - |
| Capital projects | - | - |
| Developer agreements | 1,125,267 | - |
| Improvements to Victorian Square | - | - |
| Assigned for: | | |
| Specific capital projects | - | - |
| Encumbrances | - | 15,396 |
| Next year's budget deficit | - | 199,417 |
| Other capital projects | - | 472,676 |
| | <hr/> | <hr/> |
| Total Fund Balances | <u>1,155,977</u> | <u>687,489</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,156,003</u> | <u>\$ 858,586</u> |

| Redevelopment Agency 2 Revolving | Victorian Square Room Tax | Totals |
|---|--|----------------------|
| \$ 84,435 | \$ 1,240,488 | \$ 15,218,546 |
| - | - | 786,524 |
| - | - | 18,272 |
| <u>61,979</u> | <u>58,308</u> | <u>1,228,135</u> |
| <u>\$ 146,414</u> | <u>\$ 1,298,796</u> | <u>\$ 17,251,477</u> |
| \$ 3,096 | \$ - | \$ 205,659 |
| - | - | 34,386 |
| - | 2,848 | 1,205,445 |
| - | - | 23,386 |
| 24,930 | - | 435,944 |
| - | - | 2,000 |
| <u>-</u> | <u>-</u> | <u>46,406</u> |
| <u>28,026</u> | <u>2,848</u> | <u>1,953,226</u> |
| - | - | 3,095,018 |
| - | - | 4,403,416 |
| - | - | 1,654,462 |
| - | - | 306,598 |
| - | - | 1,125,267 |
| - | 1,295,948 | 1,295,948 |
| - | - | 792,374 |
| 79,925 | - | 341,189 |
| - | - | 199,417 |
| <u>38,463</u> | <u>-</u> | <u>2,084,562</u> |
| <u>118,388</u> | <u>1,295,948</u> | <u>15,298,251</u> |
| <u>\$ 146,414</u> | <u>\$ 1,298,796</u> | <u>\$ 17,251,477</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, 2013
(PAGE 1 OF 2)**

| | Recreation and Parks District 1 | Recreation and Parks District 2 | Recreation and Parks District 3 |
|--|--|--|--|
| REVENUES | | | |
| Taxes | \$ 59,000 | \$ 125,000 | \$ 124,000 |
| Licenses and permits | - | - | - |
| Intergovernmental revenues | - | - | - |
| Charges for services | - | - | 1,550 |
| Miscellaneous | (459) | (3,451) | (3,714) |
| Total Revenues | <u>58,541</u> | <u>121,549</u> | <u>121,836</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 19 | 275 | 371 |
| Public safety | - | - | - |
| Public works | - | - | - |
| Culture and recreation | 8,253 | 10,507 | 12 |
| Community support | - | - | - |
| Total Current | <u>8,272</u> | <u>10,782</u> | <u>383</u> |
| Capital outlay: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Culture and recreation | 24,686 | 815,666 | 1,645,459 |
| Community support | - | - | - |
| Total Capital Outlay | <u>24,686</u> | <u>815,666</u> | <u>1,645,459</u> |
| Debt service: | | | |
| Fiscal charges and other | - | - | - |
| Total Expenditures | <u>32,958</u> | <u>826,448</u> | <u>1,645,842</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>25,583</u> | <u>(704,899)</u> | <u>(1,524,006)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Capital asset sales | - | - | - |
| Transfers: | | | |
| Transfers in | - | - | - |
| Transfer out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 25,583 | (704,899) | (1,524,006) |
| FUND BALANCES, JULY 1 | <u>263,140</u> | <u>1,855,108</u> | <u>2,438,879</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 288,723</u> | <u>\$ 1,150,209</u> | <u>\$ 914,873</u> |

| <u>Road</u> | <u>Capital Projects</u> | <u>Capital Facilities</u> | <u>Parks and Recreation Project</u> |
|---------------------|-----------------------------|-------------------------------|---|
| \$ - | \$ - | \$ 168,473 | \$ - |
| 2,596,839 | - | - | 1,102,530 |
| 2,347,318 | - | - | - |
| 360 | - | 20 | 58,162 |
| (7,322) | 29,610 | 4,299 | 39 |
| <u>4,937,195</u> | <u>29,610</u> | <u>172,792</u> | <u>1,160,731</u> |
| 703 | 185,946 | 3,369 | 83 |
| 29,700 | 19,148 | - | - |
| 3,362,364 | 27,068 | - | - |
| - | 7,442 | - | 614,252 |
| - | - | - | - |
| <u>3,392,767</u> | <u>239,604</u> | <u>3,369</u> | <u>614,335</u> |
| - | 299,748 | - | - |
| 15,980 | 61,206 | - | - |
| 1,692,763 | - | 183,006 | - |
| - | 247,611 | 50,814 | 379,446 |
| - | - | - | - |
| <u>1,708,743</u> | <u>608,565</u> | <u>233,820</u> | <u>379,446</u> |
| - | - | - | - |
| <u>5,101,510</u> | <u>848,169</u> | <u>237,189</u> | <u>993,781</u> |
| (164,315) | (818,559) | (64,397) | 166,950 |
| - | - | - | - |
| - | 1,210,000 | - | - |
| - | - | - | - |
| - | 1,210,000 | - | - |
| (164,315) | 391,441 | (64,397) | 166,950 |
| <u>4,567,731</u> | <u>3,169,546</u> | <u>370,995</u> | <u>1,248,693</u> |
| <u>\$ 4,403,416</u> | <u>\$ 3,560,987</u> | <u>\$ 306,598</u> | <u>\$ 1,415,643</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, 2013
(PAGE 2 OF 2)**

| | Local Improvement District 3 | Redevelopment Agency Revolving |
|--|---|---|
| | | |
| REVENUES | | |
| Taxes | \$ - | \$ 316,301 |
| Licenses and permits | - | - |
| Intergovernmental revenues | - | - |
| Charges for services | - | 197,784 |
| Miscellaneous | 1,362 | 124,530 |
| | 1,362 | 638,615 |
| Total Revenues | | |
| EXPENDITURES | | |
| Current: | | |
| General government | - | 1,511 |
| Public safety | - | - |
| Public works | - | - |
| Culture and recreation | - | 232,102 |
| Community support | 1,894 | 83,183 |
| | 1,894 | 316,796 |
| Total Current | | |
| Capital outlay: | | |
| General government | - | - |
| Public safety | - | - |
| Public works | - | - |
| Culture and recreation | - | - |
| Community support | - | - |
| | - | - |
| Total Capital Outlay | | |
| Debt service: | | |
| Fiscal charges and other | - | - |
| | - | - |
| Total Expenditures | 1,894 | 316,796 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (532) | 321,819 |
| OTHER FINANCING SOURCES (USES) | | |
| Capital asset sales | - | 88,258 |
| Transfers: | | |
| Transfers in | - | - |
| Transfer out | - | (705,942) |
| | - | (617,684) |
| Total Other Financing Sources (Uses) | | |
| NET CHANGE IN FUND BALANCES | (532) | (295,865) |
| FUND BALANCES, JULY 1 | 1,156,509 | 983,354 |
| FUND BALANCES, JUNE 30 | \$ 1,155,977 | \$ 687,489 |

| Redevelopment Agency 2 Revolving | Victorian Square Room Tax | Totals |
|---|--|----------------------|
| \$ 507,838 | \$ 470,017 | \$ 1,770,629 |
| - | - | 3,699,369 |
| - | - | 2,347,318 |
| - | - | 257,876 |
| (2,381) | (122) | 142,391 |
| <u>505,457</u> | <u>469,895</u> | <u>8,217,583</u> |
| 22 | 214 | 192,513 |
| - | - | 48,848 |
| - | - | 3,389,432 |
| - | - | 872,568 |
| 44,096 | 258 | 129,431 |
| <u>44,118</u> | <u>472</u> | <u>4,632,792</u> |
| - | - | 299,748 |
| - | - | 77,186 |
| - | - | 1,875,769 |
| - | - | 3,163,682 |
| - | 337,499 | 337,499 |
| <u>-</u> | <u>337,499</u> | <u>5,753,884</u> |
| 92,924 | - | 92,924 |
| <u>137,042</u> | <u>337,971</u> | <u>10,479,600</u> |
| 368,415 | 131,924 | (2,262,017) |
| - | - | 88,258 |
| 330,000 | - | 1,540,000 |
| (1,076,905) | - | (1,782,847) |
| <u>(746,905)</u> | <u>-</u> | <u>(154,589)</u> |
| (378,490) | 131,924 | (2,416,606) |
| 496,878 | 1,164,024 | 17,714,857 |
| <u>\$ 118,388</u> | <u>\$ 1,295,948</u> | <u>\$ 15,298,251</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|-----------------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Residential park construction tax | \$ 7,000 | \$ 59,000 | \$ 52,000 | \$ 11,100 |
| Charges for services: | | | | |
| Other | - | - | - | 390 |
| Miscellaneous: | | | | |
| Investment income (loss) | 1,400 | (459) | (1,859) | 2,048 |
| Total Revenues | <u>8,400</u> | <u>58,541</u> | <u>50,141</u> | <u>13,538</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 30 | 19 | 11 | 41 |
| Culture and recreation: | | | | |
| Services and supplies | 89,350 | 8,253 | 81,097 | 26,148 |
| Capital outlay | 138,071 | 24,686 | 113,385 | 147,688 |
| Total Culture and Recreation | <u>227,421</u> | <u>32,939</u> | <u>194,482</u> | <u>173,836</u> |
| Total Expenditures | <u>227,451</u> | <u>32,958</u> | <u>194,493</u> | <u>173,877</u> |
| NET CHANGE IN FUND BALANCES | (219,051) | 25,583 | 244,634 | (160,339) |
| FUND BALANCES, JULY 1 | <u>230,831</u> | <u>263,140</u> | <u>32,309</u> | <u>423,479</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ 11,780</u></u> | <u><u>\$ 288,723</u></u> | <u><u>\$ 276,943</u></u> | <u><u>\$ 263,140</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|------------------------------------|-------------------------|---------------------|-------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Residential park construction tax | \$ 25,000 | \$ 125,000 | \$ 100,000 | \$ 77,000 |
| Charges for services: | | | | |
| Other | - | - | - | 220 |
| Miscellaneous: | | | | |
| Investment income (loss) | 10,000 | (3,451) | (13,451) | 17,670 |
| Total Revenues | <u>35,000</u> | <u>121,549</u> | <u>86,549</u> | <u>94,890</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 350 | 275 | 75 | 334 |
| Culture and recreation: | | | | |
| Services and supplies | 7,400 | 10,507 | (3,107) | 1,460 |
| Capital outlay | 1,071,277 | 815,666 | 255,611 | 114,359 |
| Total Culture and Recreation | <u>1,078,677</u> | <u>826,173</u> | <u>252,504</u> | <u>115,819</u> |
| Total Expenditures | <u>1,079,027</u> | <u>826,448</u> | <u>252,579</u> | <u>116,153</u> |
| NET CHANGE IN FUND BALANCES | (1,044,027) | (704,899) | 339,128 | (21,263) |
| FUND BALANCES, JULY 1 | <u>1,555,398</u> | <u>1,855,108</u> | <u>299,710</u> | <u>1,876,371</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 511,371</u> | <u>\$ 1,150,209</u> | <u>\$ 638,838</u> | <u>\$ 1,855,108</u> |

**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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|-----------------------------------|-------------------------|-------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Residential park construction tax | \$ 40,000 | \$ 124,000 | \$ 84,000 | \$ 74,000 |
| Charges for services: | | | | |
| Other | - | 1,550 | 1,550 | - |
| Miscellaneous: | | | | |
| Recoveries and reimbursements | - | - | - | 7,870 |
| Investment income (loss) | 10,000 | (3,714) | (13,714) | 23,610 |
| | <u>10,000</u> | <u>(3,714)</u> | <u>(13,714)</u> | <u>31,480</u> |
| Total Revenues | <u>50,000</u> | <u>121,836</u> | <u>71,836</u> | <u>105,480</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 450 | 371 | 79 | 448 |
| Culture and recreation: | | | | |
| Services and supplies | 2,100 | 12 | 2,088 | - |
| Capital outlay | 1,802,926 | 1,645,459 | 157,467 | 90,896 |
| Total Culture and Recreation | <u>1,805,026</u> | <u>1,645,471</u> | <u>159,555</u> | <u>90,896</u> |
| Total Expenditures | <u>1,805,476</u> | <u>1,645,842</u> | <u>159,634</u> | <u>91,344</u> |
| NET CHANGE IN FUND BALANCES | (1,755,476) | (1,524,006) | 231,470 | 14,136 |
| FUND BALANCES, JULY 1 | <u>2,815,089</u> | <u>2,438,879</u> | <u>(376,210)</u> | <u>2,424,743</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 1,059,613</u> | <u>\$ 914,873</u> | <u>\$ (144,740)</u> | <u>\$ 2,438,879</u> |

**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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|------------------------------------|-------------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Right of way toll fees | \$ 600,000 | \$ 697,595 | \$ 97,595 | \$ 642,230 |
| Electric franchise fees | 1,600,000 | 1,493,369 | (106,631) | 1,451,424 |
| Gas franchise fees | 650,000 | 405,875 | (244,125) | 527,893 |
| | <u>2,850,000</u> | <u>2,596,839</u> | <u>(253,161)</u> | <u>2,621,547</u> |
| Intergovernmental revenues: | | | | |
| Federal grants: | | | | |
| Department of Energy grant | - | - | - | 1,509 |
| Department of Transportation grant | - | 550,852 | 550,852 | - |
| State shared revenues: | | | | |
| County Road Fund distributions | 16,644 | 12,483 | (4,161) | 16,644 |
| Motor vehicle fuel tax | 1,630,000 | 1,783,983 | 153,983 | 1,835,260 |
| | <u>1,646,644</u> | <u>2,347,318</u> | <u>700,674</u> | <u>1,853,413</u> |
| Charges for services: | | | | |
| Other | - | 360 | 360 | 918 |
| Miscellaneous: | | | | |
| Investment income (loss) | 25,000 | (7,322) | (32,322) | 38,102 |
| Total Revenues | <u>4,521,644</u> | <u>4,937,195</u> | <u>415,551</u> | <u>4,513,980</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 800 | 703 | 97 | 660 |
| Public safety: | | | | |
| Services and supplies | 38,364 | 29,700 | 8,664 | 172,788 |
| Capital outlay | 100,383 | 15,980 | 84,403 | 43,112 |
| Total Public Safety | <u>138,747</u> | <u>45,680</u> | <u>93,067</u> | <u>215,900</u> |
| Public works: | | | | |
| Salaries and wages | 1,024,526 | 1,070,726 | (46,200) | 1,119,980 |
| Employee benefits | 555,716 | 487,372 | 68,344 | 575,654 |
| Services and supplies | 2,742,883 | 1,804,266 | 938,617 | 2,366,917 |
| Capital outlay | 2,347,225 | 1,692,763 | 654,462 | 271,021 |
| Total Public Works | <u>6,670,350</u> | <u>5,055,127</u> | <u>1,615,223</u> | <u>4,333,572</u> |
| Total Expenditures | <u>6,809,897</u> | <u>5,101,510</u> | <u>1,708,387</u> | <u>4,550,132</u> |
| NET CHANGE IN FUND BALANCES | (2,288,253) | (164,315) | 2,123,938 | (36,152) |
| FUND BALANCES, JULY 1 | <u>3,947,004</u> | <u>4,567,731</u> | <u>620,727</u> | <u>4,603,883</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 1,658,751</u> | <u>\$ 4,403,416</u> | <u>\$ 2,744,665</u> | <u>\$ 4,567,731</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|---------------------|---------------------|---------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Federal grants: | | | | |
| Department of Energy grant | \$ - | \$ - | \$ - | \$ 4,160 |
| Charges for services: | | | | |
| Other | - | - | - | 975 |
| Miscellaneous: | | | | |
| Investment income | 903 | 769 | (134) | 10,195 |
| Recoveries and reimbursements | - | 28,841 | 28,841 | - |
| Rebates | - | - | - | 995,410 |
| | <u>903</u> | <u>29,610</u> | <u>28,707</u> | <u>1,005,605</u> |
| Total Revenues | <u>903</u> | <u>29,610</u> | <u>28,707</u> | <u>1,010,740</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 488,386 | 185,946 | 302,440 | 870,545 |
| Capital outlay | 1,149,858 | 299,748 | 850,110 | 15,981 |
| Total General Government | <u>1,638,244</u> | <u>485,694</u> | <u>1,152,550</u> | <u>886,526</u> |
| Public safety: | | | | |
| Services and supplies | 22,650 | 19,148 | 3,502 | 11,733 |
| Capital outlay | 225,712 | 61,206 | 164,506 | 6,428 |
| Total Public Safety | <u>248,362</u> | <u>80,354</u> | <u>168,008</u> | <u>18,161</u> |
| Public works: | | | | |
| Services and supplies | 40,540 | 27,068 | 13,472 | 64,778 |
| Culture and recreation: | | | | |
| Services and supplies | 217,730 | 7,442 | 210,288 | 16,331 |
| Capital outlay | 317,158 | 247,611 | 69,547 | 1,187,357 |
| Total Culture and Recreation | <u>534,888</u> | <u>255,053</u> | <u>279,835</u> | <u>1,203,688</u> |
| Total Expenditures | <u>2,462,034</u> | <u>848,169</u> | <u>1,613,865</u> | <u>2,173,153</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,461,131)</u> | <u>(818,559)</u> | <u>1,642,572</u> | <u>(1,162,413)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | 1,210,000 | 1,210,000 | - | 1,310,000 |
| Transfers out | - | - | - | (309,377) |
| Total Other Financing Sources (Uses) | <u>1,210,000</u> | <u>1,210,000</u> | <u>-</u> | <u>1,000,623</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,251,131)</u> | <u>391,441</u> | <u>1,642,572</u> | <u>(161,790)</u> |
| FUND BALANCES, JULY 1 | <u>2,870,809</u> | <u>3,169,546</u> | <u>298,737</u> | <u>3,331,336</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 1,619,678</u> | <u>\$ 3,560,987</u> | <u>\$ 1,941,309</u> | <u>\$ 3,169,546</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | 2013 | | | 2012 |
|-------------------------------------|-------------------------|-------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 162,000 | \$ 168,473 | \$ 6,473 | \$ 225,594 |
| Charges for services: | | | | |
| Other | - | 20 | 20 | 180 |
| Miscellaneous: | | | | |
| Investment income | - | 4,299 | 4,299 | 801 |
| Total Revenues | 162,000 | 172,792 | 10,792 | 226,575 |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 15,000 | 3,369 | 11,631 | 11,368 |
| Capital outlay | 72,763 | - | 72,763 | - |
| Total General Government | 87,763 | 3,369 | 84,394 | 11,368 |
| Public safety: | | | | |
| Services and supplies | - | - | - | 22,000 |
| Capital outlay | - | - | - | 58,512 |
| Total Public Safety | - | - | - | 80,512 |
| Public works: | | | | |
| Capital outlay | 290,634 | 183,006 | 107,628 | - |
| Culture and recreation: | | | | |
| Services and supplies | 19,105 | - | 19,105 | 14,846 |
| Capital outlay | 36,734 | 50,814 | (14,080) | 2,679 |
| Total Culture and Recreation | 55,839 | 50,814 | 5,025 | 17,525 |
| Total Expenditures | 434,236 | 237,189 | 197,047 | 109,405 |
| NET CHANGE IN FUND BALANCES | (272,236) | (64,397) | 207,839 | 117,170 |
| FUND BALANCES, JULY 1 | 307,382 | 370,995 | 63,613 | 253,825 |
| FUND BALANCES, JUNE 30 | \$ 35,146 | \$ 306,598 | \$ 271,452 | \$ 370,995 |

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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|-------------------------|---------------------|------------------|---------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Licenses and permits: | | | | |
| Concession franchise fees | \$ 100,000 | \$ 101,217 | \$ 1,217 | \$ 94,663 |
| Electric franchise fees | 800,000 | 746,685 | (53,315) | 725,712 |
| Gas franchise fees | 325,000 | 202,938 | (122,062) | 263,947 |
| Park fees | - | 51,690 | 51,690 | 44,636 |
| | <u>1,225,000</u> | <u>1,102,530</u> | <u>(122,470)</u> | <u>1,128,958</u> |
| Charges for services: | | | | |
| Other | 30,000 | 58,162 | 28,162 | 43,420 |
| Miscellaneous: | | | | |
| Investment income | <u>2,700</u> | <u>39</u> | <u>(2,661)</u> | <u>6,306</u> |
| Total Revenues | <u>1,257,700</u> | <u>1,160,731</u> | <u>(96,969)</u> | <u>1,178,684</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | <u>100</u> | <u>83</u> | <u>17</u> | <u>97</u> |
| Culture and recreation: | | | | |
| Salaries and wages | 290,751 | 263,286 | 27,465 | 287,146 |
| Employee benefits | 140,027 | 113,595 | 26,432 | 137,872 |
| Services and supplies | 369,102 | 237,371 | 131,731 | 123,069 |
| Capital outlay | <u>378,697</u> | <u>379,446</u> | <u>(749)</u> | <u>449,256</u> |
| Total Culture and Recreation | <u>1,178,577</u> | <u>993,698</u> | <u>184,879</u> | <u>997,343</u> |
| Total Expenditures | <u>1,178,677</u> | <u>993,781</u> | <u>184,896</u> | <u>997,440</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 79,023 | 166,950 | 87,927 | 181,244 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>309,377</u> |
| NET CHANGE IN FUND BALANCES | 79,023 | 166,950 | 87,927 | 490,621 |
| FUND BALANCE, JULY 1 | <u>1,276,882</u> | <u>1,248,693</u> | <u>(28,189)</u> | <u>758,072</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 1,355,905</u> | <u>\$ 1,415,643</u> | <u>\$ 59,738</u> | <u>\$ 1,248,693</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | <u>2013</u> | | | <u>2012</u> |
|-----------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| REVENUES | | | | |
| Miscellaneous: | | | | |
| Investment income | \$ 1,050 | \$ 1,362 | \$ 312 | \$ 1,827 |
| EXPENDITURES | | | | |
| Community support: | | | | |
| Services and supplies | <u>755,000</u> | <u>1,894</u> | <u>753,106</u> | <u>4,231</u> |
| NET CHANGE IN FUND BALANCES | (753,950) | (532) | 753,418 | (2,404) |
| FUND BALANCES, JULY 1 | <u>753,962</u> | <u>1,156,509</u> | <u>402,547</u> | <u>1,158,913</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ 12</u></u> | <u><u>\$ 1,155,977</u></u> | <u><u>\$ 1,155,965</u></u> | <u><u>\$ 1,156,509</u></u> |

CITY OF SPARKS, NEVADA
REDEVELOPMENT AGENCY REVOLVING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|-----------------|------------|--------------|------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 470,000 | \$ 316,301 | \$ (153,699) | \$ 427,259 |
| Charges for services: | | | | |
| Other | 229,395 | 197,784 | (31,611) | 224,474 |
| Miscellaneous: | | | | |
| Recoveries and reimbursements | - | 111,489 | 111,489 | - |
| Investment income (loss) | 6,000 | (1,959) | (7,959) | 10,215 |
| Property rentals | 15,000 | 15,000 | - | 15,000 |
| | 21,000 | 124,530 | 103,530 | 25,215 |
| Total Revenues | 720,395 | 638,615 | (81,780) | 676,948 |
| EXPENDITURES | | | | |
| General government: | | | | |
| Salaries and wages | | | - | |
| Employee benefits | | | - | |
| Services and supplies | 3,660 | 1,511 | 2,149 | 2,338 |
| Culture and recreation: | | | | |
| Salaries and wages | 212,074 | 182,732 | 29,342 | 187,620 |
| Employee benefits | 10,634 | 7,421 | 3,213 | 5,150 |
| Services and supplies | 108,038 | 41,949 | 66,089 | 55,368 |
| Total Culture and Recreation | 330,746 | 232,102 | 98,644 | 248,138 |
| Community support: | | | | |
| Salaries and wages | 23,932 | 26,846 | (2,914) | 36,859 |
| Employee benefits | 15,955 | 11,296 | 4,659 | 17,785 |
| Services and supplies | 433,900 | 45,041 | 388,859 | 405,864 |
| Total Community Support | 473,787 | 83,183 | 390,604 | 460,508 |
| Intergovernmental: | | | | |
| Services and supplies | 405,942 | - | 405,942 | - |
| Total Expenditures | 1,214,135 | 316,796 | 897,339 | 710,984 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (493,740) | 321,819 | 815,559 | (34,036) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital asset sales | - | 88,258 | 88,258 | - |
| Transfers: | | | | |
| Transfers out | - | (705,942) | (705,942) | (404,729) |
| Total Other Financing Sources (Uses) | - | (617,684) | (617,684) | (404,729) |
| NET CHANGE IN FUND BALANCES | (493,740) | (295,865) | 197,875 | (438,765) |
| FUND BALANCES, JULY 1 | 1,088,532 | 983,354 | (105,178) | 1,422,119 |
| FUND BALANCES, JUNE 30 | \$ 594,792 | \$ 687,489 | \$ 92,697 | \$ 983,354 |

CITY OF SPARKS, NEVADA
REDEVELOPMENT AGENCY 2 REVOLVING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|--|------------------|-------------------|-------------------|--------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 538,926 | \$ 507,838 | \$ (31,088) | \$ 260,522 |
| Charges for services: | | | | |
| Other | - | - | - | 8,100 |
| Miscellaneous: | | | | |
| Investment income (loss) | 10,000 | (2,381) | (12,381) | 7,869 |
| Total Revenues | <u>548,926</u> | <u>505,457</u> | <u>(43,469)</u> | <u>276,491</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 300 | 22 | 278 | 182 |
| Community support: | | | | |
| Salaries and wages | - | - | - | 25,848 |
| Employee benefits | - | - | - | 12,471 |
| Services and supplies | 1,209,309 | 44,096 | 1,165,213 | 246,975 |
| Total Community Support | <u>1,209,309</u> | <u>44,096</u> | <u>1,165,213</u> | <u>285,294</u> |
| Debt service: | | | | |
| Fiscal charges and other | 92,924 | 92,924 | - | 92,924 |
| Total Expenditures | <u>1,302,533</u> | <u>137,042</u> | <u>1,165,491</u> | <u>378,400</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(753,607)</u> | <u>368,415</u> | <u>1,122,022</u> | <u>(101,909)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers: | | | | |
| Transfers in | - | 330,000 | 330,000 | - |
| Transfers out | - | (1,076,905) | (1,076,905) | (1,071,454) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(746,905)</u> | <u>(746,905)</u> | <u>(1,071,454)</u> |
| NET CHANGE IN FUND BALANCES | (753,607) | (378,490) | 375,117 | (1,173,363) |
| FUND BALANCES, JULY 1 | <u>753,908</u> | <u>496,878</u> | <u>(257,030)</u> | <u>1,670,241</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 301</u> | <u>\$ 118,388</u> | <u>\$ 118,087</u> | <u>\$ 496,878</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Final Budget | Actual | Variance | |
| REVENUES | | | | |
| Taxes: | | | | |
| Room tax | \$ 606,000 | \$ 470,017 | \$ (135,983) | \$ 586,309 |
| Miscellaneous: | | | | |
| Investment income (loss) | 3,000 | (692) | (3,692) | 7,841 |
| Other | - | 570 | 570 | - |
| | <u>3,000</u> | <u>(122)</u> | <u>(3,122)</u> | <u>7,841</u> |
| Total Revenues | <u>609,000</u> | <u>469,895</u> | <u>(139,105)</u> | <u>594,150</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Services and supplies | 225 | 214 | 11 | 116 |
| Community support: | | | | |
| Services and supplies | 49,775 | 258 | 49,517 | - |
| Capital outlay | 503,071 | 337,499 | 165,572 | 86,929 |
| Total Community Support | <u>552,846</u> | <u>337,757</u> | <u>215,089</u> | <u>86,929</u> |
| Total Expenditures | <u>553,071</u> | <u>337,971</u> | <u>215,100</u> | <u>87,045</u> |
| NET CHANGE IN FUND BALANCES | 55,929 | 131,924 | 75,995 | 507,105 |
| FUND BALANCES, JULY 1 | <u>1,636,434</u> | <u>1,164,024</u> | <u>(472,410)</u> | <u>656,919</u> |
| FUND BALANCES, JUNE 30 | <u><u>\$ 1,692,363</u></u> | <u><u>\$ 1,295,948</u></u> | <u><u>\$ (396,415)</u></u> | <u><u>\$ 1,164,024</u></u> |

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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|---|-------------------------|-----------------------|--------------------|--------------------|
| | Final Budget | Actual | Variance | |
| OPERATING REVENUES | | | | |
| Licenses and permits: | | | | |
| Miscellaneous | \$ 232,843 | \$ 211,135 | \$ (21,708) | \$ 216,889 |
| Charges for services: | | | | |
| Sewer charges | 20,247,694 | 20,903,820 | 656,126 | 19,634,864 |
| Total Operating Revenues | <u>20,480,537</u> | <u>21,114,955</u> | <u>634,418</u> | <u>19,851,753</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 2,360,372 | 2,503,147 | (142,775) | 2,115,634 |
| Employee benefits | 1,147,832 | 1,121,649 | 26,183 | 1,069,549 |
| Services and supplies | 11,641,478 | 11,392,820 | 248,658 | 8,481,667 |
| Depreciation | 4,810,000 | 5,629,127 | (819,127) | 5,497,273 |
| Total Operating Expenses | <u>19,959,682</u> | <u>20,646,743</u> | <u>(687,061)</u> | <u>17,164,123</u> |
| OPERATING INCOME (LOSS) | <u>520,855</u> | <u>468,212</u> | <u>(52,643)</u> | <u>2,687,630</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 208,000 | 20,453 | (187,547) | 391,375 |
| Interest expense | (1,481,762) | (1,420,019) | 61,743 | (1,539,573) |
| Miscellaneous | 170,249 | 183,360 | 13,111 | 368,755 |
| Net loss from Truckee Meadows Water Reclamation Facility | <u>(799,035)</u> | <u>(1,814,942)</u> | <u>(1,015,907)</u> | <u>(1,703,685)</u> |
| Total Nonoperating Revenue (Expenses) | <u>(1,902,548)</u> | <u>(3,031,148)</u> | <u>(1,128,600)</u> | <u>(2,483,128)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(1,381,693)</u> | <u>(2,562,936)</u> | <u>(1,181,243)</u> | <u>204,502</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Grants | 130,066 | - | (130,066) | - |
| Contributions from other governments | - | 263,777 | 263,777 | - |
| Sewer connection fees | 511,428 | 1,982,605 | 1,471,177 | 589,860 |
| Total Capital Contributions | <u>641,494</u> | <u>2,246,382</u> | <u>1,604,888</u> | <u>589,860</u> |
| TRANSFERS | | | | |
| Transfers in | - | 6,304 | 6,304 | 15,339 |
| Transfers out | <u>(4,104)</u> | <u>(387,094)</u> | <u>(382,990)</u> | <u>(4,087)</u> |
| Total Transfers | <u>(4,104)</u> | <u>(380,790)</u> | <u>(376,686)</u> | <u>11,252</u> |
| CHANGE IN NET POSITION | <u>\$ (744,303)</u> | <u>(697,344)</u> | <u>\$ 46,959</u> | <u>\$ 805,614</u> |
| NET POSITION, JULY 1 | | <u>182,415,649</u> | | |
| NET POSITION, JUNE 30 | | <u>\$ 181,718,305</u> | | |

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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|---|-------------------------|---------------------|-------------------|-------------------|
| | Final Budget | Actual | Variance | |
| OPERATING REVENUES | | | | |
| Licenses and permits: | | | | |
| Building permits | \$ 798,573 | \$ 1,131,761 | \$ 333,188 | \$ 1,007,658 |
| Other | 12,413 | 13,668 | 1,255 | 12,845 |
| Charges for services: | | | | |
| Building and zoning fees | 567,557 | 905,871 | 338,314 | 824,105 |
| Other | 73,419 | 66,600 | (6,819) | 169,105 |
| Total Operating Revenues | <u>1,451,962</u> | <u>2,117,900</u> | <u>665,938</u> | <u>2,013,713</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 733,650 | 928,112 | (194,462) | 717,398 |
| Employee benefits | 325,319 | 345,171 | (19,852) | 315,227 |
| Services and supplies | 536,944 | 408,044 | 128,900 | 431,482 |
| Depreciation | 19,000 | - | 19,000 | 5,724 |
| Total Operating Expenses | <u>1,614,913</u> | <u>1,681,327</u> | <u>(66,414)</u> | <u>1,469,831</u> |
| OPERATING INCOME (LOSS) | <u>(162,951)</u> | <u>436,573</u> | <u>599,524</u> | <u>543,882</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | 1,285 | (1,142) | (2,427) | 8,244 |
| Miscellaneous | 3,268 | 7,827 | 4,559 | 2,378 |
| Gain (loss) on disposition of assets | - | - | - | (5) |
| Total Nonoperating Revenues (Expenses) | <u>4,553</u> | <u>6,685</u> | <u>2,132</u> | <u>10,617</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(158,398)</u> | <u>443,258</u> | <u>601,656</u> | <u>554,499</u> |
| TRANSFERS | | | | |
| Transfers out | <u>(84,622)</u> | <u>(84,622)</u> | <u>-</u> | <u>(24,525)</u> |
| CHANGE IN NET POSITION | <u>\$ (243,020)</u> | <u>358,636</u> | <u>\$ 601,656</u> | <u>\$ 529,974</u> |
| NET POSITION, JULY 1 | | <u>760,313</u> | | |
| NET POSITION, JUNE 30 | | <u>\$ 1,118,949</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.

Office Service and Supply Fund

To account for the cost of operating a facility and to provide office supplies and printing services to City offices. Such costs are billed to the user departments and include depreciation on 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, 2013**

| | Motor Vehicle Maintenance | Office Service and Supply | Group Insurance Self-Insurance |
|--|--|--|---|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and investments | \$ 3,109,371 | \$ - | \$ 3,657,792 |
| Accounts receivable | 4,086 | - | 11,596 |
| Deposits | - | - | 6,673 |
| Inventory of supplies | 240,810 | - | - |
| Total Current Assets | 3,354,267 | - | 3,676,061 |
| NONCURRENT ASSETS | | | |
| CAPITAL ASSETS: | | | |
| Construction in progress | 816,493 | - | - |
| Buildings | 451,019 | - | - |
| Site improvements | 245,445 | - | - |
| Machinery and equipment | 20,861,702 | - | - |
| | 22,374,659 | - | - |
| Less: Accumulated depreciation | 15,750,880 | - | - |
| Total Noncurrent Assets | 6,623,779 | - | - |
| Total Assets | 9,978,046 | - | 3,676,061 |
| LIABILITIES | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable | 60,896 | - | 3,420 |
| Accrued liabilities | 15,638 | - | (6,288) |
| Contracts payable | - | - | - |
| Unearned revenue | - | - | 22,304 |
| Due to other governments | 15,754 | - | - |
| Current portion of long-term liabilities | 622,146 | - | 842,489 |
| Total Current Liabilities | 714,434 | - | 861,925 |
| LONG-TERM LIABILITIES: | | | |
| Capital lease (net of current portion) | 744,875 | - | - |
| Compensated absences (net of current portion) | 47,656 | - | - |
| Net OPEB obligation | 73,440 | - | - |
| Sick leave conversion payable (net of current portion) | 20,227 | - | - |
| Claims liabilities (net of current portion) | - | - | - |
| Total Long-Term Liabilities | 886,198 | - | - |
| Total Liabilities | 1,600,632 | - | 861,925 |
| NET POSITION | | | |
| Net investment in capital assets | 5,331,244 | - | - |
| Restricted for claims | - | - | 2,814,136 |
| Unrestricted | 3,046,170 | - | - |
| Total Net Position | \$ 8,377,414 | \$ - | \$ 2,814,136 |

| Workers' Compensation Insurance | Municipal Self-Insurance | Totals |
|--|-------------------------------------|----------------------|
| \$ 6,493,109 | \$ 2,097,617 | \$ 15,357,889 |
| - | 11,666 | 27,348 |
| 10,000 | - | 16,673 |
| - | - | 240,810 |
| <u>6,503,109</u> | <u>2,109,283</u> | <u>15,642,720</u> |
| - | - | 816,493 |
| - | - | 451,019 |
| - | - | 245,445 |
| - | - | 20,861,702 |
| <u>-</u> | <u>-</u> | <u>22,374,659</u> |
| <u>-</u> | <u>-</u> | <u>15,750,880</u> |
| <u>-</u> | <u>-</u> | <u>6,623,779</u> |
| <u>6,503,109</u> | <u>2,109,283</u> | <u>22,266,499</u> |
| - | 11,991 | 76,307 |
| - | - | 9,350 |
| - | 19,185 | 19,185 |
| - | - | 22,304 |
| - | 997 | 16,751 |
| 510,598 | - | 1,975,233 |
| <u>510,598</u> | <u>32,173</u> | <u>2,119,130</u> |
| - | - | 744,875 |
| - | - | 47,656 |
| - | - | 73,440 |
| - | - | 20,227 |
| 6,749,369 | - | 6,749,369 |
| <u>6,749,369</u> | <u>-</u> | <u>7,635,567</u> |
| <u>7,259,967</u> | <u>32,173</u> | <u>9,754,697</u> |
| - | - | 5,331,244 |
| (756,858) | 2,077,110 | 4,134,388 |
| - | - | 3,046,170 |
| <u>\$ (756,858)</u> | <u>\$ 2,077,110</u> | <u>\$ 12,511,802</u> |

**CITY OF SPARKS, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>Motor Vehicle Maintenance</u> | <u>Office Service and Supply</u> | <u>Group Insurance Self-Insurance</u> |
|---|--|--|---|
| OPERATING REVENUES | | | |
| Charges for services | \$ 3,635,484 | \$ - | \$ 7,344,017 |
| Miscellaneous | 40,502 | - | 19,353 |
| Total Operating Revenues | <u>3,675,986</u> | <u>-</u> | <u>7,363,370</u> |
| OPERATING EXPENSES | | | |
| Salaries and wages | 468,682 | - | - |
| Employee benefits | 227,786 | - | - |
| Services and supplies | 1,947,372 | - | 8,342,340 |
| Depreciation | 1,729,128 | - | - |
| Total Operating Expenses | <u>4,372,968</u> | <u>-</u> | <u>8,342,340</u> |
| OPERATING INCOME (LOSS) | <u>(696,982)</u> | <u>-</u> | <u>(978,970)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income (loss) | (5,967) | - | (6,407) |
| Interest expense | (89,099) | - | - |
| Gain (loss) on disposition of assets | 43,407 | (11,327) | - |
| Total Nonoperating Revenues (Expenses) | <u>(51,659)</u> | <u>(11,327)</u> | <u>(6,407)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(748,641)</u> | <u>(11,327)</u> | <u>(985,377)</u> |
| CAPITAL CONTRIBUTIONS | | | |
| Grants | 230,325 | - | - |
| Vehicles | 71,292 | - | - |
| Total Contributions | 301,617 | - | - |
| TRANSFERS | | | |
| Transfers in | 382,990 | - | - |
| CHANGE IN NET POSITION | (64,034) | (11,327) | (985,377) |
| NET POSITION, JULY 1 | <u>8,441,448</u> | <u>11,327</u> | <u>3,799,513</u> |
| NET POSITION, JUNE 30 | <u>\$ 8,377,414</u> | <u>\$ -</u> | <u>\$ 2,814,136</u> |

| Workers' Compensation Insurance | Municipal Self-Insurance | Totals |
|--|-------------------------------------|----------------------|
| \$ 442,822 | \$ 246,911 | \$ 11,669,234 |
| - | 92,078 | 151,933 |
| <u>442,822</u> | <u>338,989</u> | <u>11,821,167</u> |
| - | - | 468,682 |
| - | - | 227,786 |
| 4,616,972 | 790,736 | 15,697,420 |
| <u>-</u> | <u>-</u> | <u>1,729,128</u> |
| <u>4,616,972</u> | <u>790,736</u> | <u>18,123,016</u> |
| <u>(4,174,150)</u> | <u>(451,747)</u> | <u>(6,301,849)</u> |
| (12,837) | (4,579) | (29,790) |
| - | - | (89,099) |
| <u>-</u> | <u>-</u> | <u>32,080</u> |
| <u>(12,837)</u> | <u>(4,579)</u> | <u>(86,809)</u> |
| <u>(4,186,987)</u> | <u>(456,326)</u> | <u>(6,388,658)</u> |
| - | - | 230,325 |
| <u>-</u> | <u>-</u> | <u>71,292</u> |
| - | - | 301,617 |
| <u>-</u> | <u>-</u> | <u>382,990</u> |
| (4,186,987) | (456,326) | (5,704,051) |
| <u>3,430,129</u> | <u>2,533,436</u> | <u>18,215,853</u> |
| <u>\$ (756,858)</u> | <u>\$ 2,077,110</u> | <u>\$ 12,511,802</u> |

**CITY OF SPARKS, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(PAGE 1 OF 2)**

| | Motor Vehicle Maintenance | Office Service and Supply | Group Insurance Self-Insurance |
|---|--|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers and users | \$ 3,682,868 | \$ - | \$ 7,390,160 |
| Cash received from reimbursements of insurance claims | - | - | 19,353 |
| Cash paid to employees | (641,009) | - | - |
| Cash paid to suppliers | (1,990,472) | (105,314) | (8,343,099) |
| Miscellaneous cash receipts | 40,502 | - | - |
| Net Cash Provided by (Used for) Operating Activities | <u>1,091,889</u> | <u>(105,314)</u> | <u>(933,586)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal payments on capital lease obligations | (599,155) | - | - |
| Interest expense on capital lease obligations | (89,099) | - | - |
| Proceeds from sale of capital assets | 80,275 | - | - |
| Acquisition of capital assets | (1,506,986) | (3) | - |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(2,114,965)</u> | <u>(3)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income (loss) | (5,967) | - | (6,407) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,029,043) | (105,317) | (939,993) |
| CASH AND CASH EQUIVALENTS, JULY 1 | <u>4,138,414</u> | <u>105,317</u> | <u>4,597,785</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ 3,109,371</u> | <u>\$ -</u> | <u>\$ 3,657,792</u> |
| Comprised of: | | | |
| Unrestricted | <u>\$ 3,109,371</u> | <u>\$ -</u> | <u>\$ 3,657,792</u> |

| Workers' Compensation Insurance | Municipal Self-Insurance | Totals |
|--|-------------------------------------|----------------------|
| \$ 457,095 | \$ 81,409 | \$ 11,611,532 |
| - | 246,911 | 266,264 |
| - | - | (641,009) |
| (978,740) | (775,712) | (12,193,337) |
| - | - | 40,502 |
| <u>(521,645)</u> | <u>(447,392)</u> | <u>(916,048)</u> |
| - | - | (599,155) |
| - | - | (89,099) |
| - | - | 80,275 |
| - | - | (1,506,989) |
| - | - | <u>(2,114,968)</u> |
| <u>(12,837)</u> | <u>(4,579)</u> | <u>(29,790)</u> |
| (534,482) | (451,971) | (3,060,806) |
| <u>7,027,591</u> | <u>2,549,588</u> | <u>18,418,695</u> |
| <u>\$ 6,493,109</u> | <u>\$ 2,097,617</u> | <u>\$ 15,357,889</u> |
| <u>\$ 6,493,109</u> | <u>\$ 2,097,617</u> | <u>\$ 15,357,889</u> |

**CITY OF SPARKS, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(PAGE 2 OF 2)**

| | <u>Motor Vehicle Maintenance</u> | <u>Office Service and Supply</u> | <u>Group Insurance Self-Insurance</u> |
|--|--|--|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (696,982) | \$ - | \$ (978,970) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations: | | | |
| Depreciation | 1,729,128 | - | - |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (921) | - | 46,143 |
| Due from other funds | 48,305 | - | - |
| Inventory of supplies | (21,224) | - | - |
| Increase (decrease) in: | | | |
| Accounts payable | (30,513) | (1,050) | (3,248) |
| Accrued liabilities | (2,056) | - | - |
| Compensated absences | 50,975 | - | - |
| Net OPEB obligation | 6,540 | - | - |
| Contracts payable | - | - | - |
| Unearned revenue | - | - | 1,187 |
| Due to other governments | 8,973 | (104,264) | - |
| Due to other funds | (336) | - | - |
| Claims liabilities | - | - | 1,302 |
| Total Adjustments | <u>1,788,871</u> | <u>(105,314)</u> | <u>45,384</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 1,091,889</u> | <u>\$ (105,314)</u> | <u>\$ (933,586)</u> |
| NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Contributions of capital assets from other funds | <u>\$ 454,282</u> | <u>\$ -</u> | <u>\$ -</u> |
| Transfer of capital assets to other funds | <u>\$ -</u> | <u>\$ 151,830</u> | <u>\$ -</u> |
| Capital asset contributions - federal grant and other | <u>\$ 230,325</u> | <u>\$ -</u> | <u>\$ -</u> |
| Book value of capital asset disposals | <u>\$ 36,869</u> | <u>\$ -</u> | <u>\$ -</u> |

| Workers' Compensation Insurance | Municipal Self-Insurance | Totals |
|--|-------------------------------------|----------------|
| \$ (4,174,150) | \$ (451,747) | \$ (6,301,849) |
| - | - | 1,729,128 |
| 14,273 | (11,666) | 47,829 |
| - | - | 48,305 |
| - | - | (21,224) |
| (4,805) | 11,339 | (28,277) |
| - | - | (2,056) |
| - | - | 50,975 |
| - | - | 6,540 |
| - | 3,685 | 3,685 |
| - | 997 | 2,184 |
| - | - | (95,291) |
| - | - | (336) |
| 3,643,037 | - | 3,644,339 |
| 3,652,505 | 4,355 | 5,385,801 |
| \$ (521,645) | \$ (447,392) | \$ (916,048) |
| \$ - | \$ - | \$ 454,282 |
| \$ - | \$ - | \$ 151,830 |
| \$ - | \$ - | \$ 230,325 |
| \$ - | \$ - | \$ 36,869 |

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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|---|-------------------------|---------------------|---------------------|-------------------|
| | Final Budget | Actual | Variance | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Equipment rent | \$ 3,625,695 | \$ 3,635,484 | \$ 9,789 | \$ 3,578,884 |
| Miscellaneous | 12,000 | 40,502 | 28,502 | 35,301 |
| Total Operating Revenues | <u>3,637,695</u> | <u>3,675,986</u> | <u>38,291</u> | <u>3,614,185</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 478,445 | 468,682 | 9,763 | 395,034 |
| Employee benefits | 253,576 | 227,786 | 25,790 | 214,971 |
| Services and supplies | 1,606,196 | 1,947,372 | (341,176) | 1,496,920 |
| Depreciation | 2,052,734 | 1,729,128 | 323,606 | 771,496 |
| Total Operating Expenses | <u>4,390,951</u> | <u>4,372,968</u> | <u>17,983</u> | <u>2,878,421</u> |
| OPERATING INCOME (LOSS) | <u>(753,256)</u> | <u>(696,982)</u> | <u>56,274</u> | <u>735,764</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | 30,000 | (5,967) | (35,967) | 36,997 |
| Interest expense | (89,100) | (89,099) | 1 | (115,560) |
| Miscellaneous | 4,000 | - | (4,000) | 3,494 |
| Gain (loss) on disposition of assets | 50,000 | 43,407 | (6,593) | (112,035) |
| Total Nonoperating Revenues (Expenses) | <u>(5,100)</u> | <u>(51,659)</u> | <u>(46,559)</u> | <u>(187,104)</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(758,356)</u> | <u>(748,641)</u> | <u>9,715</u> | <u>548,660</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Grants | - | 230,325 | 230,325 | 235,488 |
| Vehicles | - | 71,292 | 71,292 | 157,935 |
| Total Contributions | <u>-</u> | <u>301,617</u> | <u>301,617</u> | <u>393,423</u> |
| TRANSFERS | | | | |
| Transfers in | - | 382,990 | 382,990 | - |
| Transfers out | (1,000,000) | - | 1,000,000 | - |
| Total Transfers | <u>(1,000,000)</u> | <u>382,990</u> | <u>1,382,990</u> | <u>-</u> |
| CHANGE IN NET POSITION | <u>\$ (1,758,356)</u> | <u>(64,034)</u> | <u>\$ 1,694,322</u> | <u>\$ 942,083</u> |
| NET POSITION, JULY 1 | | <u>8,441,448</u> | | |
| NET POSITION, JUNE 30 | | <u>\$ 8,377,414</u> | | |

CITY OF SPARKS, NEVADA
OFFICE SERVICE AND SUPPLY INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | <u>2013</u> | | | <u>2012</u> |
|--|-------------------------|-----------------|--------------------|---------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Reproduction sales | \$ - | \$ - | \$ - | \$ 5,148 |
| OPERATING EXPENSES | | | | |
| Services and supplies | - | - | - | 32,638 |
| Depreciation | - | - | - | 1,315 |
| Total Operating Expenses | - | - | - | 33,953 |
| OPERATING INCOME (LOSS) | - | - | - | (28,805) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | - | - | - | 116 |
| Gain (loss) on disposition of assets | - | (11,327) | (11,327) | - |
| Total Nonoperating Revenues (Expenses) | - | (11,327) | (11,327) | 116 |
| INCOME (LOSS) BEFORE TRANSFERS | - | (11,327) | (11,327) | (28,689) |
| TRANSFERS: | | | | |
| Transfers out | - | - | - | (104,264) |
| CHANGE IN NET POSITION | <u>\$ -</u> | <u>(11,327)</u> | <u>\$ (11,327)</u> | <u>\$ (132,953)</u> |
| NET POSITION, JULY 1 | | <u>11,327</u> | | |
| NET POSITION, JUNE 30 | | <u>\$ -</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|-------------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| | Final Budget | Actual | Variance | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Other | \$ 7,329,469 | \$ 7,344,017 | \$ 14,548 | \$ 7,799,310 |
| Miscellaneous: | | | | |
| Reimbursement from insurance claims | 1,000 | 19,353 | 18,353 | 3,819 |
| Total Operating Revenues | <u>7,330,469</u> | <u>7,363,370</u> | <u>32,901</u> | <u>7,803,129</u> |
| OPERATING EXPENSES | | | | |
| Services and supplies | <u>7,916,167</u> | <u>8,342,340</u> | <u>(426,173)</u> | <u>7,878,253</u> |
| OPERATING INCOME (LOSS) | (585,698) | (978,970) | (393,272) | (75,124) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | <u>30,000</u> | <u>(6,407)</u> | <u>(36,407)</u> | <u>37,386</u> |
| CHANGE IN NET POSITION | <u><u>\$ (555,698)</u></u> | <u>(985,377)</u> | <u><u>\$ (429,679)</u></u> | <u><u>\$ (37,738)</u></u> |
| NET POSITION, JULY 1 | | <u>3,799,513</u> | | |
| NET POSITION, JUNE 30 | | <u><u>\$ 2,814,136</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

| | 2013 | | | 2012 |
|----------------------------------|-------------------------|---------------------|-----------------------|--------------------|
| | Final Budget | Actual | Variance | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Contributions and reimbursements | \$ 373,451 | \$ 442,822 | \$ 69,371 | \$ 514,587 |
| OPERATING EXPENSES | | | | |
| Services and supplies | 1,836,091 | 4,616,972 | (2,780,881) | 664,701 |
| OPERATING INCOME (LOSS) | (1,462,640) | (4,174,150) | (2,711,510) | (150,114) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | 50,000 | (12,837) | (62,837) | 67,415 |
| CHANGE IN NET POSITION | <u>\$ (1,412,640)</u> | (4,186,987) | <u>\$ (2,774,347)</u> | <u>\$ (82,699)</u> |
| NET POSITION, JULY 1 | | <u>3,430,129</u> | | |
| NET POSTION, JUNE 30 | | <u>\$ (756,858)</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, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

| | <u>2013</u> | | | |
|-------------------------------------|-------------------------|---------------------|-------------------|---------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>2012</u> |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Interfund services provided | \$ 246,912 | \$ 246,911 | \$ (1) | \$ 400,162 |
| Miscellaneous: | | | | |
| Reimbursement from insurance claims | - | 92,078 | 92,078 | 40,278 |
| Total Operating Revenues | 246,912 | 338,989 | 92,077 | 440,440 |
| OPERATING EXPENSES | | | | |
| Services and supplies | 901,566 | 790,736 | 110,830 | 678,303 |
| OPERATING INCOME (LOSS) | (654,654) | (451,747) | 202,907 | (237,863) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income (loss) | 15,000 | (4,579) | (19,579) | 23,796 |
| CHANGE IN NET POSITION | <u>\$ (639,654)</u> | (456,326) | <u>\$ 183,328</u> | <u>\$ (214,067)</u> |
| NET POSITION, JULY 1 | | <u>2,533,436</u> | | |
| NET POSITION, JUNE 30 | | <u>\$ 2,077,110</u> | | |

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, 2013
(PAGE 1 OF 2)

| | <u>BALANCE JULY 1, 2012</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE JUNE 30, 2013</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Sick Leave Retirement Trust Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 69,629 | \$ 545,732 | \$ 554,467 | \$ 60,894 |
| Liabilities: | | | | |
| Group insurance premiums payable | \$ 69,629 | \$ 545,732 | \$ 554,467 | \$ 60,894 |
| Post Employment Medical Benefits Trust Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 502,279 | \$ 167,811 | \$ 124,771 | \$ 545,319 |
| Liabilities: | | | | |
| Group insurance premiums payable | \$ 502,279 | \$ 167,811 | \$ 124,771 | \$ 545,319 |
| Truckee Meadows Water Reclamation Facility | | | | |
| Assets: | | | | |
| Cash and investments | \$ 3,310,175 | \$ 18,838,516 | \$ 16,412,867 | \$ 5,735,824 |
| Liabilities: | | | | |
| Due to other governments | \$ 3,310,175 | \$ 18,838,516 | \$ 16,412,867 | \$ 5,735,824 |
| Regional Transportation Commission Road Impact Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 28,381 | \$ 61,028 | \$ - | \$ 89,409 |
| Liabilities: | | | | |
| Due to other governments | \$ 28,381 | \$ 61,028 | \$ - | \$ 89,409 |
| Marina Special Assessment District 2 (Refunding) | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,163,834 | \$ 446,469 | \$ 784,426 | \$ 825,877 |
| Liabilities: | | | | |
| Due to special assessment bond holders | \$ 1,163,834 | \$ 446,469 | \$ 784,426 | \$ 825,877 |

CITY OF SPARKS, NEVADA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(PAGE 2 OF 2)

| | <u>BALANCE</u> <u>JULY 1,</u> <u>2012</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE</u> <u>JUNE 30,</u> <u>2013</u> |
|--|---|------------------|------------------|--|
| Mesa Meadows Landscape Maintenance Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 8,761 | \$ 50,335 | \$ 58,030 | \$ 1,066 |
| Liabilities: | | | | |
| Accounts payable | \$ 8,761 | \$ 50,335 | \$ 58,030 | \$ 1,066 |
| Promontory Landscape Maintenance Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 9,702 | \$ 16,431 | \$ 14,707 | \$ 11,426 |
| Liabilities: | | | | |
| Accounts payable | \$ 9,702 | \$ 16,431 | \$ 14,707 | \$ 11,426 |
| Triple Crown Landscape Maintenance Fund | | | | |
| Assets: | | | | |
| Cash and investments | \$ 82,603 | \$ 47,430 | \$ 32,600 | \$ 97,433 |
| Liabilities: | | | | |
| Accounts payable | \$ 82,603 | \$ 47,430 | \$ 32,600 | \$ 97,433 |
| Totals - All Agency Funds | | | | |
| Assets: | | | | |
| Cash and investments | \$ 5,175,364 | \$ 20,173,752 | \$ 17,981,868 | \$ 7,367,248 |
| Liabilities: | | | | |
| Accounts payable | \$ 101,066 | \$ 114,196 | \$ 105,337 | \$ 109,925 |
| Group insurance premiums payable | 571,908 | 713,543 | 679,238 | 606,213 |
| Due to special assessment bond holders | 1,163,834 | 446,469 | 784,426 | 825,877 |
| Due to other governments | 3,338,556 | 18,899,544 | 16,412,867 | 5,825,233 |
| Total Liabilities | \$ 5,175,364 | \$ 20,173,752 | \$ 17,981,868 | \$ 7,367,248 |

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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.

| <u>Section Contents</u> | <u>Schedule #</u> |
|--|--------------------------|
| Financial Trends <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> | 1.1 - 1.4 |
| Revenue Capacity <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> | 2.1 - 2.4 |
| Debt Capacity <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> | 3.1 - 3.4 |
| Demographic and Economic Information <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> | 4.1 - 4.2 |
| Operating Information <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> | 5.1 - 5.3 |

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>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in | | | | |
| capital assets | \$ 276,456,276 | \$ 244,417,470 | \$ 248,628,684 | \$ 240,120,081 |
| Restricted | 42,903,334 | 51,091,604 | 54,408,668 | 52,436,068 |
| Unrestricted | <u>(101,758,726)</u> | <u>(103,675,703)</u> | <u>(106,405,447)</u> | <u>(99,397,357)</u> |
| Total | <u>\$ 217,600,884</u> | <u>\$ 191,833,371</u> | <u>\$ 196,631,905</u> | <u>\$ 193,158,792</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in | | | | |
| capital assets | \$ 118,604,065 | \$ 117,872,586 | \$ 116,663,143 | \$ 114,408,011 |
| Restricted | - | - | - | - |
| Unrestricted | <u>62,724,798</u> | <u>64,634,725</u> | <u>65,174,839</u> | <u>66,681,450</u> |
| Total | <u>\$ 181,328,863</u> | <u>\$ 182,507,311</u> | <u>\$ 181,837,982</u> | <u>\$ 181,089,461</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in | | | | |
| capital assets | \$ 395,060,341 | \$ 362,290,056 | \$ 365,291,827 | \$ 354,528,092 |
| Restricted | 42,903,334 | 51,091,604 | 54,408,668 | 52,436,068 |
| Unrestricted | <u>(39,033,928)</u> | <u>(39,040,978)</u> | <u>(41,230,608)</u> | <u>(32,715,907)</u> |
| Total | <u>\$ 398,929,747</u> | <u>\$ 374,340,682</u> | <u>\$ 378,469,887</u> | <u>\$ 374,248,253</u> |

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

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 231,945,948 | \$ 232,225,145 | \$ 197,548,146 | \$ 182,374,433 | \$ 160,048,222 | \$ 131,899,288 |
| 29,215,548 | 25,841,636 | 31,281,266 | 31,065,597 | 19,906,031 | 15,760,747 |
| (92,013,116) | 11,302,280 | 30,290,646 | 6,973,294 | 9,919,552 | 10,494,184 |
| <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> | <u>\$ 158,154,219</u> |
| | | | | | |
| \$ 110,657,125 | \$ 97,014,066 | \$ 93,760,468 | \$ 103,297,062 | \$ 79,335,296 | \$ 75,437,936 |
| - | 29,391,969 | 28,315,990 | 15,947,491 | 25,943,523 | 14,460,922 |
| 70,313,937 | 45,149,581 | 40,062,574 | 39,325,348 | 36,564,776 | 38,401,261 |
| <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> | <u>\$ 128,300,119</u> |
| | | | | | |
| \$ 342,603,073 | \$ 329,239,211 | \$ 291,308,614 | \$ 285,671,495 | \$ 239,383,518 | \$ 207,337,224 |
| 29,215,548 | 55,233,605 | 59,597,256 | 47,013,088 | 45,849,554 | 30,221,669 |
| (21,699,179) | 56,451,861 | 70,353,220 | 46,298,642 | 46,484,328 | 48,895,445 |
| <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> | <u>\$ 286,454,338</u> |

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

FISCAL YEAR ENDED JUNE 30,

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|------------------------|------------------------|------------------------|
| EXPENSES | | | |
| Governmental Activities: | | | |
| General government | \$ 10,863,112 | \$ 8,817,144 | \$ 10,025,892 |
| Judicial | 2,225,488 | 2,054,034 | 2,158,409 |
| Public safety | 40,779,887 | 37,286,519 | 36,969,841 |
| Public works | 13,780,817 | 14,071,989 | 14,151,854 |
| Culture and recreation | 9,672,978 | 9,149,895 | 9,899,309 |
| Community support | 1,568,970 | 2,473,833 | 3,206,527 |
| Intergovernmental | - | - | - |
| Interest on long-term debt | 13,158,074 | 13,480,497 | 12,860,069 |
| Total Governmental Activities Expenses | <u>92,049,326</u> | <u>87,333,911</u> | <u>89,271,901</u> |
| Business-type Activities: | | | |
| Sewer | 24,622,329 | 20,399,005 | 21,680,905 |
| Development services | 1,780,442 | 1,468,521 | 1,653,448 |
| Special events | - | - | - |
| Total Business-type Activities Expenses | <u>26,402,771</u> | <u>21,867,526</u> | <u>23,334,353</u> |
| Total Primary Government Expenses | <u>\$ 118,452,097</u> | <u>\$ 109,201,437</u> | <u>\$ 112,606,254</u> |
| PROGRAM REVENUES | | | |
| Governmental Activities: | | | |
| Charges for services | | | |
| General government | \$ 11,417,822 | \$ 11,607,851 | \$ 11,639,553 |
| Judicial | 991,278 | 1,032,788 | 1,317,073 |
| Public safety | 728,109 | 880,505 | 2,014,994 |
| Public works | 3,055,505 | 2,835,071 | 2,695,408 |
| Sanitation | 6,300 | 15,330 | - |
| Culture, recreation, and community support | 4,197,108 | 5,295,120 | 4,114,266 |
| Operating grants, interest, and contributions | 2,184,401 | 1,940,111 | 2,445,242 |
| Capital grants, interest, and contributions | 37,135,600 | 6,441,089 | 16,900,744 |
| Total Governmental Activities Program Revenues | <u>59,716,123</u> | <u>30,047,865</u> | <u>41,127,280</u> |
| Business-type Activities: | | | |
| Charges for services | | | |
| Sewer | 21,114,955 | 19,851,753 | 18,827,593 |
| Development services | 2,117,900 | 2,013,713 | 1,410,322 |
| Special events | - | - | - |
| Operating grants, interest, and contributions | - | - | - |
| Capital grants, interest, and contributions | 2,246,382 | 589,860 | 797,086 |
| Total Business-type Activities Program Revenues | <u>25,479,237</u> | <u>22,455,326</u> | <u>21,035,001</u> |
| Total Primary Government Program Revenues | <u>85,195,360</u> | <u>52,503,191</u> | <u>62,162,281</u> |
| NET (EXPENSE) / REVENUE | | | |
| Governmental activities | (32,333,203) | (57,286,046) | (48,144,621) |
| Business-type activities | (923,534) | 587,800 | (2,299,352) |
| Total Primary Government Net (Expense) / Revenue | <u>\$ (33,256,737)</u> | <u>\$ (56,698,246)</u> | <u>\$ (50,443,973)</u> |

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

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------------|-------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|
| \$ 9,446,502 | \$ 14,777,036 | \$ 12,403,133 | \$ 11,661,238 | \$ 12,156,255 | \$ 9,625,324 | \$ 9,153,412 |
| 2,304,226 | 2,260,022 | 2,206,087 | 2,128,779 | 2,013,727 | 1,814,240 | 1,720,763 |
| 41,712,851 | 41,632,067 | 41,422,094 | 39,316,933 | 34,084,232 | 31,373,930 | 26,938,058 |
| 14,700,661 | 11,447,145 | 10,871,899 | 10,870,053 | 7,309,418 | 8,757,905 | 6,263,297 |
| 11,237,024 | 11,814,474 | 11,339,107 | 9,170,899 | 9,095,585 | 7,825,036 | 7,810,429 |
| 6,101,231 | 96,486,490 | 3,260,995 | 2,864,022 | 3,311,641 | 3,011,600 | 2,595,730 |
| - | - | - | - | - | 416,923 | 422,947 |
| 12,398,040 | 11,611,485 | 3,014,307 | 3,445,090 | 2,480,467 | 2,699,667 | 2,691,635 |
| <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> | <u>57,596,271</u> |
| 22,979,230 | 22,541,333 | 22,943,578 | 18,588,132 | 18,931,299 | 14,694,015 | 13,590,809 |
| 2,636,060 | 4,356,655 | 7,415,328 | 8,134,105 | 8,384,606 | 7,912,119 | 6,038,268 |
| - | - | - | 667,015 | 649,919 | 552,492 | 563,523 |
| <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>20,192,600</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> | <u>\$ 77,788,871</u> |
| \$ 12,791,944 | \$ 13,540,898 | \$ 13,082,445 | \$ 14,245,717 | \$ 12,063,050 | \$ 11,716,921 | \$ 10,597,587 |
| 1,327,287 | 1,162,867 | 1,212,838 | 1,255,761 | 1,252,547 | 1,083,290 | 1,064,400 |
| 801,870 | 674,869 | 714,749 | 909,204 | 643,101 | 604,971 | 481,780 |
| 2,622,887 | 2,675,642 | 2,433,410 | 2,546,119 | 3,318,461 | 2,117,045 | 982,914 |
| 30,852 | 93,775 | 141,100 | 250,063 | 500,839 | 331,357 | 191,367 |
| 4,217,444 | 4,459,484 | 4,197,229 | 4,530,880 | 6,131,004 | 4,326,339 | 4,357,605 |
| 2,095,270 | 1,395,463 | 1,652,886 | 3,246,249 | 2,572,872 | 2,344,694 | 940,472 |
| 20,097,164 | 12,625,105 | 9,299,281 | 13,285,210 | 19,748,867 | 26,582,066 | 15,544,228 |
| <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> | <u>34,160,353</u> |
| 18,523,097 | 18,101,886 | 15,905,011 | 13,933,305 | 14,120,743 | 11,258,773 | 10,628,393 |
| 1,463,498 | 3,545,235 | 5,696,054 | 6,670,574 | 9,398,373 | 6,229,394 | 6,557,715 |
| - | - | (835) | 466,384 | 389,902 | 398,559 | 336,894 |
| - | - | 31,247 | - | 311,802 | 69,343 | 18,491 |
| 1,993,711 | 3,508,720 | 12,836,482 | 7,163,970 | 19,080,067 | 16,299,322 | 11,993,176 |
| <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>29,534,669</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> | <u>63,695,022</u> |
| (53,915,817) | (153,400,616) | (51,783,684) | (39,187,811) | (24,220,584) | (16,417,942) | (23,435,918) |
| <u>(3,634,984)</u> | <u>(1,742,147)</u> | <u>4,109,053</u> | <u>844,981</u> | <u>15,335,063</u> | <u>11,096,765</u> | <u>9,342,069</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> | <u>\$ (14,093,849)</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>2013</u> | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|-----------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | |
| Governmental Activities: | | | |
| Taxes: | | | |
| Ad valorem | \$ 23,200,778 | \$ 23,935,797 | \$ 25,692,651 |
| Special assessments - taxes | 1,830,467 | 1,895,243 | 1,960,106 |
| Consolidated | 18,252,243 | 17,513,809 | 16,725,697 |
| Other | 13,571,789 | 11,119,363 | 11,418,369 |
| Unrestricted investment income | 3,638 | 367,254 | 475,772 |
| Other | 776,389 | 480,804 | (4,471,332) |
| Transfers | 465,412 | 13,273 | (183,529) |
| | <u>58,100,716</u> | <u>55,325,543</u> | <u>51,617,734</u> |
| Business-type Activities: | | | |
| Unrestricted investment income | 19,311 | 399,619 | 382,358 |
| Other | 191,187 | 371,133 | 299,956 |
| Transfers | (465,412) | (13,273) | 183,529 |
| | <u>(254,914)</u> | <u>757,479</u> | <u>865,843</u> |
| Total Primary Government Activities | <u>\$ 57,845,802</u> | <u>\$ 56,083,022</u> | <u>\$ 52,483,577</u> |
| CHANGE IN NET POSITION | | | |
| Governmental activities | \$ 25,767,513 | \$ (1,960,503) | \$ (5,668,312) |
| Business-type activities | (1,178,448) | 1,345,279 | 1,453,643 |
| Total Primary Government Change in Net Position | <u>\$ 24,589,065</u> | <u>\$ (615,224)</u> | <u>\$ (4,214,669)</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> | <u>2004</u> |
|----|--------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 29,194,703 | \$ 30,028,590 | \$ 27,817,931 | \$ 25,508,556 | \$ 21,998,015 | \$ 20,077,848 | \$ 19,303,817 |
| | 28,130,914 | - | - | - | - | - | - |
| | 16,582,397 | 18,521,203 | 22,526,073 | 25,167,648 | 25,719,825 | 23,021,373 | 20,287,910 |
| | 9,518,119 | 6,413,406 | 4,801,416 | 4,793,754 | 4,447,060 | 4,148,903 | 3,953,980 |
| | 1,575,591 | 3,667,677 | 3,426,124 | 3,639,015 | 1,564,429 | 1,221,372 | 460,924 |
| | (7,462,151) | 3,972,094 | 4,649,354 | 18,574,607 | 973,423 | 852,325 | 894,738 |
| | <u>(2,403,664)</u> | <u>(9,423,035)</u> | <u>(1,188,211)</u> | <u>210,965</u> | <u>57,351</u> | <u>(1,184,293)</u> | <u>(752,917)</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> | <u>44,148,452</u> |
| | 1,114,003 | 1,399,026 | 2,358,845 | 2,016,700 | 956,483 | 853,287 | 238,203 |
| | 235,716 | 335,532 | 1,760,475 | 918,415 | 492,111 | 409,131 | 184,368 |
| | <u>2,403,664</u> | <u>9,423,035</u> | <u>1,188,211</u> | <u>(210,965)</u> | <u>(57,351)</u> | <u>1,184,293</u> | <u>752,917</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>1,175,488</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> | <u>\$ 45,323,940</u> |
| \$ | 26,991,288 | \$ (735,882) | \$ (91,367,929) | \$ 26,110,861 | \$ 15,572,292 | \$ 23,916,944 | \$ 27,730,510 |
| | <u>1,454,031</u> | <u>7,522,609</u> | <u>3,565,384</u> | <u>6,833,203</u> | <u>2,236,224</u> | <u>17,781,774</u> | <u>12,272,253</u> |
| \$ | <u>28,445,319</u> | <u>\$ 6,786,727</u> | <u>\$ (87,802,545)</u> | <u>\$ 32,944,064</u> | <u>\$ 17,808,516</u> | <u>\$ 41,698,718</u> | <u>\$ 40,002,763</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>2013</u> | <u>2012</u> | <u>2011⁽²⁾</u> | <u>2010</u> |
|---|----------------------|----------------------|---------------------------|----------------------|
| GENERAL FUND | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 103,542 |
| Unreserved | | | | |
| Designated | - | - | - | 3,569,096 |
| Undesignated | - | - | - | 1,180,678 |
| Nonspendable | - | 1,268 | 788 | - |
| Restricted | - | 13,571 | 346,058 | - |
| Assigned | 1,693,859 | 2,153,036 | 1,336,536 | - |
| Unassigned | 4,113,903 | 4,324,416 | 5,161,421 | - |
| Total General Fund (1) | <u>\$ 5,807,762</u> | <u>\$ 6,492,291</u> | <u>\$ 6,844,803</u> | <u>\$ 4,853,316</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | | | | |
| Designated in: | | | | |
| Special Revenue Funds | - | - | - | 3,042,768 |
| Debt Service Funds | - | - | - | 17,203,646 |
| Capital Projects Funds | - | - | - | 10,689,211 |
| Undesignated in: | | | | |
| Special Revenue Funds | - | - | - | 2,020,507 |
| Debt Service Funds | - | - | - | 2,777,260 |
| Capital Projects Funds | - | - | - | 7,885,152 |
| Restricted | 35,210,268 | 36,390,477 | 35,551,672 | - |
| Committed | 1,040,583 | 837,136 | 692,616 | - |
| Assigned | 3,417,542 | 3,523,829 | 4,559,865 | - |
| Total All Other Governmental Funds(1) | <u>\$ 39,668,393</u> | <u>\$ 40,751,442</u> | <u>\$ 40,804,153</u> | <u>\$ 43,618,544</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.

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| \$ 145,056 | \$ 2,339,619 | \$ 3,251,155 | \$ 3,434,378 | \$ 5,203,587 | \$ 1,450,673 |
| 4,787,612 | 2,946,258 | 4,653,106 | 8,443,190 | 6,959,190 | - |
| 1,428,367 | - | 1,671,937 | - | 1,803,775 | 7,994,961 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <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> | <u>\$ 9,445,634</u> |

| | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 34 | \$ 360 |
| 1,817,197 | 2,745,928 | 3,371,213 | 6,181,326 | 2,215,820 | 155,921 |
| 20,778,418 | 5,846,639 | 5,335,046 | 5,431,376 | 5,205,804 | 5,684,406 |
| 17,217,241 | 14,734,728 | 13,062,564 | 24,848,717 | 8,614,637 | 1,567,567 |
| 99,033 | 6,445 | 3,273,881 | 143,770 | (54,181) | 2,162,883 |
| 1,107,955 | 190,173 | 403,389 | 1,807 | 9,831 | 9,804 |
| 6,166,558 | 4,284,574 | 27,587,271 | 1,321,426 | 1,710,006 | 8,416,384 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <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> | <u>\$ 17,997,325</u> |

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

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-----------------------|---------------------|---------------------|-----------------------|
| REVENUES | | | | |
| Taxes | \$ 26,825,221 | \$ 27,612,851 | \$ 29,467,590 | \$ 32,410,994 |
| Licenses and permits | 13,878,721 | 13,721,762 | 13,238,303 | 13,669,551 |
| Intergovernmental revenues | 35,016,415 | 31,605,381 | 31,505,744 | 29,576,686 |
| Charges for services | 5,366,208 | 6,303,327 | 7,168,837 | 8,147,497 |
| Fines and forfeits | 686,356 | 707,145 | 923,884 | 965,408 |
| Miscellaneous | 440,595 | 1,624,222 | 2,187,918 | 2,240,126 |
| | <u>82,213,516</u> | <u>81,574,688</u> | <u>84,492,276</u> | <u>87,010,262</u> |
| EXPENDITURES | | | | |
| General government* | 9,484,391 | 9,538,767 | 9,303,631 | 9,766,563 |
| Judicial | 1,976,186 | 1,972,078 | 2,060,499 | 2,087,748 |
| Public safety | 35,632,227 | 35,869,222 | 35,178,504 | 37,207,229 |
| Public works | 5,737,079 | 6,274,814 | 7,983,441 | 9,028,720 |
| Culture and recreation | 6,365,455 | 6,501,064 | 6,990,564 | 7,952,673 |
| Community support | 725,288 | 1,619,322 | 2,011,557 | 5,188,476 |
| Intergovernmental | - | 259,051 | 295,331 | 378,557 |
| Capital outlay | 6,920,081 | 3,228,900 | 5,672,383 | 14,080,842 |
| Debt service: | | | | |
| Principal | 6,080,000 | 5,665,000 | 5,120,000 | 5,375,177 |
| Interest | 11,135,169 | 10,068,803 | 10,427,468 | 11,808,027 |
| Other | 95,898 | 95,907 | 148,273 | 517,375 |
| | <u>84,151,774</u> | <u>81,092,928</u> | <u>85,191,651</u> | <u>103,391,387</u> |
| Total Expenditures | <u>84,151,774</u> | <u>81,092,928</u> | <u>85,191,651</u> | <u>103,391,387</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,938,258)</u> | <u>481,760</u> | <u>(699,375)</u> | <u>(16,381,125)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital asset sales | 88,258 | - | - | (173,812) |
| Capital leases | - | - | - | - |
| Bonds issued | - | - | 4,180,000 | 31,948,734 |
| Notes issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | (22,176,160) |
| Refunded bonds redeemed | - | - | (4,120,000) | - |
| Payoff of refinanced notes | - | - | - | - |
| Transfers in | 4,643,725 | 4,699,972 | 4,911,833 | 7,109,022 |
| Transfers out | (4,561,303) | (4,582,435) | (5,095,362) | (8,562,739) |
| Prior period adjustment | - | (1,004,520) | - | 3,160,503 |
| | <u>170,680</u> | <u>(886,983)</u> | <u>(123,529)</u> | <u>11,305,548</u> |
| Total Other Financing Sources (Uses) | <u>170,680</u> | <u>(886,983)</u> | <u>(123,529)</u> | <u>11,305,548</u> |
| Net Change in Fund Balances | <u>\$ (1,767,578)</u> | <u>\$ (405,223)</u> | <u>\$ (822,904)</u> | <u>\$ (5,075,577)</u> |
| Debt service as a percentage of noncapital expenditures | <u>22.3%</u> | <u>20.2%</u> | <u>19.6%</u> | <u>19.2%</u> |

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

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|----------------------|------------------------|----------------------|----------------------|---------------------|---------------------|
| \$ 31,274,738 | \$ 28,978,465 | \$ 27,628,757 | \$ 24,741,997 | \$ 22,019,098 | \$ 21,198,341 |
| 14,689,530 | 14,683,887 | 15,862,116 | 15,390,351 | 12,856,436 | 10,656,286 |
| 27,967,425 | 28,457,097 | 34,112,864 | 32,048,098 | 29,552,798 | 25,409,324 |
| 8,506,396 | 10,038,096 | 7,691,212 | 6,678,271 | 5,978,656 | 5,443,839 |
| 994,119 | 1,030,249 | 1,072,402 | 1,056,471 | 921,692 | 894,260 |
| 6,238,845 | 3,222,787 | 3,632,831 | 3,914,795 | 2,893,545 | 2,723,992 |
| <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> | <u>66,326,042</u> |
| 15,469,427 | 12,925,180 | 12,417,105 | 11,932,956 | 9,763,943 | 9,005,519 |
| 2,106,624 | 2,102,867 | 2,100,592 | 2,026,228 | 1,810,052 | 1,715,984 |
| 37,831,695 | 38,668,242 | 37,993,570 | 34,273,230 | 29,927,321 | 26,834,340 |
| 8,401,507 | 8,347,228 | 9,190,042 | 7,149,800 | 6,778,104 | 5,562,863 |
| 9,048,897 | 9,379,399 | 8,399,860 | 8,007,456 | 7,143,175 | 7,163,624 |
| 95,685,899 | 2,376,365 | 2,001,009 | 2,449,286 | 2,315,369 | 2,053,403 |
| 522,230 | 555,090 | 602,197 | 558,961 | 416,923 | 422,947 |
| 31,682,011 | 35,791,802 | 16,863,538 | 6,624,529 | 8,281,367 | 7,560,902 |
| 3,022,679 | 3,022,746 | 3,497,151 | 4,451,982 | 6,035,419 | 4,148,879 |
| 10,115,441 | 2,674,877 | 3,169,166 | 2,399,181 | 2,531,367 | 2,676,377 |
| 2,543,061 | 219,354 | 240,970 | 97,155 | 101,604 | 82,043 |
| <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>67,226,881</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> | <u>(900,839)</u> |
| 7,250 | - | 18,192,789 | - | - | 2,123 |
| - | - | 1,527,600 | 375,400 | 3,749,413 | 202,380 |
| 147,774,213 | - | 22,040,000 | 14,475,000 | 1,790,177 | - |
| - | - | - | - | - | 8,010,000 |
| - | - | (20,611,718) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | (4,875,000) |
| 10,650,405 | 10,469,999 | 15,351,278 | 6,122,455 | 8,313,548 | 4,678,542 |
| (11,220,378) | (10,332,628) | (17,221,359) | (6,694,587) | (9,428,044) | (5,293,038) |
| - | - | - | - | 682,869 | - |
| <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>2,725,007</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>\$ 1,824,168</u> |
| <u>7.1%</u> | <u>7.1%</u> | <u>8.4%</u> | <u>9.3%</u> | <u>12.8%</u> | <u>11.4%</u> |

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

| FISCAL YEAR ENDED JUNE 30, | REAL PROPERTY ASSESSED VALUE | | | | PERSONAL PROPERTY ASSESSED VALUE |
|---|-------------------------------------|-------------------|-------------------|----------------|---|
| | RESIDENTIAL | COMMERCIAL | INDUSTRIAL | OTHER | |
| 2013 | \$ 1,205,915,561 | \$ 484,053,275 | \$ 333,460,281 | \$ 135,939,375 | \$ 5,004,005 |
| 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 |
| 2004 | 950,408,335 | 316,365,059 | 287,195,375 | 105,877,098 | 13,071,442 |

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.

| LESS: TAX EXEMPT PROPERTY | TAXABLE ASSESSED VALUE | ESTIMATED ACTUAL VALUE | PERCENTAGE OF TAXABLE VALUE TO ACTUAL VALUE | TOTAL DIRECT TAX RATE |
|--|---------------------------------------|---------------------------------------|--|--------------------------------------|
| \$ 151,109,413 | \$ 2,013,263,084 | \$ 5,752,180,239 | 35.00% | 0.9161 |
| 153,036,305 | 2,104,262,973 | 6,011,899,585 | 35.00% | 0.9161 |
| 142,328,445 | 2,222,443,075 | 6,349,837,357 | 35.00% | 0.9161 |
| 134,931,327 | 2,471,871,611 | 7,062,490,316 | 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% | 0.9161 |
| 107,078,725 | 1,565,838,584 | 4,473,824,526 | 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>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| CITY OF SPARKS DIRECT RATE | | | | |
| Operating Rate | 0.6672 | 0.6672 | 0.6672 | 0.6372 |
| Voter Approved | 0.1105 | 0.1105 | 0.1105 | 0.1105 |
| Legislative Overrides | 0.1384 | 0.1384 | 0.1384 | 0.1284 |
| Debt Service | - | - | - | 0.0400 |
| Total City of Sparks Direct Rate | <u>0.9161</u> | <u>0.9161</u> | <u>0.9161</u> | <u>0.9161</u> |
| OVERLAPPING RATES | | | | |
| Washoe County | 1.3917 | 1.3917 | 1.3917 | 1.3917 |
| Washoe County School District | 1.1385 | 1.1385 | 1.1385 | 1.1385 |
| Washoe Regional Water Planning Board/Special Districts | 0.0000 | 0.0000 | 0.0005 | 0.0004 |
| 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>2.7007</u> | <u>2.7006</u> |
| Total City of Sparks Property Tax Rate | <u><u>3.6163</u></u> | <u><u>3.6163</u></u> | <u><u>3.6168</u></u> | <u><u>3.6167</u></u> |
| REDEVELOPMENT AGENCY OF THE CITY OF SPARKS | <u><u>3.1336</u></u> | <u><u>3.1336</u></u> | <u><u>3.2075</u></u> | <u><u>3.2294</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.

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 0.6372 | 0.6372 | 0.6372 | 0.6272 | 0.6172 | 0.6372 |
| 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 | 0.0500 | 0.0600 | 0.0600 |
| <u>0.9161</u> | <u>0.9161</u> | <u>0.9161</u> | <u>0.9161</u> | <u>0.9161</u> | <u>0.9361</u> |
| 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3817 | 1.3453 |
| 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 |
| 0.0004 | 0.0004 | 0.0005 | 0.0005 | 0.0004 | 0.0005 |
| 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1500 |
| <u>2.7006</u> | <u>2.7006</u> | <u>2.7007</u> | <u>2.7007</u> | <u>2.6906</u> | <u>2.6343</u> |
| <u>3.6167</u> | <u>3.6167</u> | <u>3.6168</u> | <u>3.6168</u> | <u>3.6067</u> | <u>3.5704</u> |
| <u>3.2525</u> | <u>3.6167</u> | <u>3.6168</u> | <u>3.6168</u> | <u>3.6067</u> | <u>3.5704</u> |

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

| TAXPAYER | 2013 | | | 2004 | | |
|---|-------------------------------|-------------|--|-------------------------------|-------------|--|
| | ASSESSED VALUATION | RANK | PERCENT OF TOTAL ASSESSED VALUATION | ASSESSED VALUATION | RANK | PERCENT OF TOTAL ASSESSED VALUATION |
| Sparks Legends Development | \$ 30,697,294 | 1 | 1.52% | \$ - | - | |
| PAR Industrial LLC | 20,673,931 | 2 | 1.03% | - | - | |
| Northwestern Mutual Life Insurance Co. | 15,605,833 - | 3 | 0.78% | 15,353,290 - | 3 | 0.98% |
| Prologis NA3 NV III LLC | 14,280,710 | 4 | 0.71% | - | - | |
| Prime Park Vista LLC | 13,957,229 | 5 | 0.69% | 11,319,578 | 6 | 0.72% |
| Inland American Sparks Crossing | 13,131,016 | 6 | 0.65% | - | - | |
| Scheels All Sports LLC | 12,084,698 | 7 | 0.60% | - | - | |
| Sparks Family Hospital | 11,918,316 | 8 | 0.59% | - | - | |
| MWSH Sparks LLC | 10,324,345 | 9 | 0.51% | - | - | |
| US INST Real Est Equities LP | 10,029,821 | 10 | 0.50% | 11,033,773 | 7 | 0.70% |
| Dermody Industrial Group | - | - | - | 24,214,595 | 1 | 1.55% |
| Sparks Nugget, Inc. | - | - | - | 19,477,776 | 2 | 1.24% |
| Security Capital Industrial Trust | - | - | - | 12,074,126 | 4 | 0.77% |
| DP Industrial, LLC | - | - | - | 11,905,684 | 5 | 0.76% |
| Prologis Trust | - | - | - | 11,003,405 | 8 | 0.70% |
| Marshall Mall Associates | - | - | - | 7,483,573 | 9 | 0.48% |
| Sparks Reno Parntership | - | - | - | 6,338,530 | 10 | 0.40% |
| Total, Ten Largest Taxpayers | 152,703,193 | | 7.58% | 130,204,330 | | 8.32% |
| Total, Other Taxpayers | 1,860,559,891 | | 92.42% | 1,435,634,254 | | 91.89% |
| Total Assessed Valuations | \$2,013,263,084 | | 100.00% | \$1,565,838,584 | | 100.21% |

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)**

| FISCAL YEAR ENDED JUNE 30, | CURRENT YEAR | | | | TOTALS TO DATE | | |
|---|-------------------------|----------------------------|--|---|----------------------------|--|--|
| | TAXES LEVIED | TAX COLLECTIONS | PERCENT OF TAXES LEVIED | DELINQUENT TAX COLLECTIONS | TAX COLLECTIONS | PERCENT OF TAXES LEVIED | |
| 2013 | \$ 22,131,906 | \$ 21,370,949 | 96.56% | \$ - | \$ 21,370,949 | 96.56% | |
| 2012 | 21,867,752 | 21,720,508 | 99.33% | 131,773 | 21,852,281 | 99.93% | |
| 2011 | 23,635,725 | 23,309,474 | 98.62% | 292,640 | 23,602,114 | 99.86% | |
| 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% | |
| 2004 | 19,273,159 | 18,923,232 | 98.18% | 349,827 | 19,273,059 | 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.

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

| GENERAL BONDED DEBT | | | | | | | |
|---|-------------------------------|--------------|----------------------|--------------|--|--|---------------------------|
| FISCAL YEAR ENDED JUNE 30, | GENERAL OBLIGATION | | REDEVELOPMENT | | TOTAL GENERAL BONDED DEBT | PERCENTAGE OF ACTUAL PROPERTY VALUE (a) | PER CAPITA (b) |
| | BONDS | NOTES | BONDS | NOTES | | | |
| 2013 | \$ 3,890,000 | \$ - | \$58,713,918 | \$ - | \$ 62,603,918 | 1.09% | \$ 693.95 |
| 2012 | 4,770,000 | - | 61,675,488 | - | 66,445,488 | 1.11% | 719.87 |
| 2011 | 5,610,000 | - | 64,542,058 | - | 70,152,058 | 1.05% | 759.41 |
| 2010 | 6,415,000 | - | 67,468,628 | - | 73,883,628 | 0.82% | 734.59 |
| 2009 | 7,725,000 | - | 60,972,256 | - | 68,697,256 | 0.42% | 357.31 |
| 2008 | 8,855,000 | - | 23,905,000 | - | 32,760,000 | 0.52% | 390.78 |
| 2007 | 9,955,000 | - | 25,000,000 | - | 34,955,000 | 0.64% | 418.37 |
| 2006 | 2,390,000 | - | 26,395,000 | 7,035,000 | 35,820,000 | 0.82% | 484.55 |
| 2005 | 3,190,000 | 1,625,000 | 27,725,000 | 7,035,000 | 39,575,000 | 1.01% | 573.49 |
| 2004 | 3,945,000 | 3,250,000 | 28,990,000 | 8,797,000 | 44,982,000 | 1.05% | 603.18 |

Notes:

(a) See Schedule 2.1 for estimated actual property value.

(b) See Schedule 4.1 for population and personal income data.

| OTHER GOVERNMENTAL ACTIVITIES DEBT | | BUSINESS TYPE ACTIVITIES | | | | |
|---|---------------------------|-------------------------------------|------------------------------------|---|--|---------------------------|
| REVENUE BONDS | CAPITAL LEASES | SEWER UTILITY BONDS | SEWER UTILITY NOTES | TOTAL PRIMARY GOVERNMENT | PERCENTAGE OF PERSONAL INCOME (b) | PER CAPITA (b) |
| \$ 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 | 1.34% | 2,623.19 |
| 123,674,746 | 2,464,385 | 46,060,110 | 9,680,647 | 252,031,946 | 1.41% | 2,728.29 |
| 124,766,252 | 3,011,794 | 47,391,756 | 10,292,425 | 259,345,855 | 1.26% | 2,828.41 |
| 124,684,114 | 3,576,062 | 44,443,986 | 10,607,736 | 252,009,154 | 1.11% | 2,694.78 |
| 15,425,177 | 4,332,661 | 45,485,848 | 11,606,160 | 109,609,846 | 0.51% | 1,195.52 |
| 15,885,178 | 5,542,427 | 40,170,551 | 12,089,873 | 108,643,029 | 0.54% | 1,214.58 |
| 16,265,177 | 4,836,973 | 35,251,877 | 10,311,302 | 102,485,329 | 0.53% | 1,197.01 |
| 1,790,177 | 6,341,629 | 30,907,062 | 4,563,076 | 83,176,944 | 0.47% | 1,018.41 |
| - | 3,220,590 | 29,157,908 | - | 77,360,498 | 0.46% | 986.30 |

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**CITY OF SPARKS, NEVADA
GENERAL OBLIGATION DIRECT
AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

| NAME OF GOVERNMENT UNIT | GENERAL OBLIGATION DEBT OUTSTANDING | PRESENTLY SELF-SUPPORTING GENERAL OBLIGATION DEBT | PERCENT APPLICABLE (a) | APPLICABLE NET DEBT |
|---|--|--|---------------------------------------|--------------------------------|
| Direct: | | | | |
| City of Sparks: | | | | |
| Governmental Activity Bonds & Capital Leases | \$ 5,182,535 | \$ - | 100.00% | \$ 5,182,535 |
| Sewer Utility Bonds | 39,407,646 | 39,407,646 | 100.00% | - |
| Total Direct Debt | 44,590,181 | 39,407,646 | | 5,182,535 |
| Overlapping: | | | | |
| Washoe County School District | 529,914,000 | - | 16.38% | 86,799,913 |
| Reno-Sparks Convention & Visitors Authority | 122,133,000 | 122,133,000 | 16.38% | - |
| State of Nevada | 1,921,545,000 | 551,925 | 2.45% | 47,064,330 |
| Total Overlapping Debt | 2,573,592,000 | 122,684,925 | | 133,864,244 |
| Total General Obligation Direct and Overlapping Debt | \$ 2,618,182,181 | \$ 162,092,571 | | \$ 139,046,779 |

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, 2013

| | |
|---|-------------------------|
| Assessed value of taxable property | <u>\$ 2,013,263,084</u> |
| Debt limit (20% of assessed value) | \$ 402,652,617 |
| Debt applicable to limit: | |
| Governmental activities | 182,556,044 |
| Business-type activities | <u>39,407,646</u> |
| Total net debt applicable to limitation | <u>221,963,690</u> |
| Legal debt margin | <u>\$ 180,688,927</u> |

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 402,652,617 | \$ 420,832,971 | \$ 444,469,376 | \$ 494,355,461 |
| Total net debt subject to limitation | <u>221,963,690</u> | <u>231,184,122</u> | <u>239,866,914</u> | <u>246,041,636</u> |
| Legal Debt Margin | <u>\$ 180,688,927</u> | <u>\$ 189,648,849</u> | <u>\$ 204,602,462</u> | <u>\$ 448,216,120</u> |
| Total net debt subject to limitation as a percentage of debt limit | <u>55.1%</u> | <u>54.9%</u> | <u>54.0%</u> | <u>49.8%</u> |

Note: The legal debt limit is set forth in NRS 266.600.

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 589,199,859 | \$ 541,887,145 | \$ 471,863,339 | \$ 416,381,898 | \$ 369,215,796 | \$ 344,207,008 |
| 237,825,357 | 93,671,025 | 91,010,728 | 78,491,102 | 76,729,028 | 77,590,881 |
| <u>\$ 351,374,502</u> | <u>\$ 448,216,120</u> | <u>\$ 380,852,611</u> | <u>\$ 337,890,796</u> | <u>\$ 292,486,768</u> | <u>\$ 266,616,127</u> |
| <u>40.4%</u> | <u>17.3%</u> | <u>19.3%</u> | <u>18.9%</u> | <u>20.8%</u> | <u>22.5%</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 | |
| SEWER UTILITY BONDS (3): | | | | | | | |
| 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 |
| 2004 | 14,312,838 | 7,977,590 | 6,335,248 | 914,421 | 756,275 | 1,670,696 | 3.8 |

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)**

| FISCAL YEAR ENDED JUNE 30, | POPULATION (1) | CITY AREA SQUARE MILES (6) | TOTAL PERSONAL INCOME (3) | PER CAPITA PERSONAL INCOME (3) | UNEMPLOYMENT RATE (4) |
|---|-----------------------|---------------------------------------|--|---|----------------------------------|
| 2013 | 90,214 | 35.81 | \$ 18,066,105,271 | \$ 42,675 | 9.7% |
| 2012 | 92,302 | 35.81 | 17,994,128,756 | 42,194 | 11.8% |
| 2011 | 90,264 | 35.81* | 17,922,439,000 | 41,718 | 13.0% |
| 2010 | 91,237 | 37.26 | 17,160,343,000 | 40,252 | 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% |
| 2004 | 78,435 | 28.15 | 16,698,039,000 | 40,646 | 4.3% |

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- (1) State of Nevada, Demographer's Office estimate for 2013. Population for 2012 was adjusted for US Census data.
- (2) City of Sparks, Revenue Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, 2004-2011, for Reno/Sparks Metropolitan Area; Estimated for 2012 & 2013 as data was unavailable at time of publication.
- (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

| <u>PUBLIC SCHOOL ENROLLMENT (5)</u> | <u>BUSINESS LICENSES ISSUED (2)</u> | <u>TOTAL CONSTRUCTION PERMITS (6)</u> | | <u>TOTAL CONSTRUCTION VALUE (6)</u> |
|--|--|--|----|--|
| 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 |
| 17,207 | 6,335 | 5,263 | | 227,932,418 |

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

| EMPLOYER | March, 2013 | | | March, 2004 | | |
|---|--------------------------|-------------|---|--------------------------|-------------|---|
| | (1) EMPLOYEES | RANK | PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT | (1) EMPLOYEES | RANK | PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT |
| Sparks Nugget, Inc. | 1000-1499 | 1 | 0.63% | 2000-2499 | 1 | 1.16% |
| United Parcel Service | 900-990 | 2 | 0.48% | | | |
| City of Sparks | 600-699 | 3 | 0.33% | 600-699 | 4 | 0.34% |
| Northern Nevada Medical Center | 400-499 | 4 | 0.33% | 500-599 | 5 | 0.28% |
| Henry Shein, Inc. | 400-499 | 4 | 0.23% | 200-299 | 7 | 0.13% |
| Western Village Inn & Casino | 400-499 | 5 | 0.23% | - | - | - |
| Wal-mart Supercenter | 400-499 | 6 | 0.23% | - | - | - |
| Department of Transportation | 300-399 | 7 | 0.18% | - | - | - |
| Rail City Casino | 300-399 | 8 | 0.18% | - | - | - |
| Scheels | 200-299 | 9 | 0.13% | - | - | - |
| Sanmar Corporation | 200-299 | 10 | 0.13% | - | - | - |
| Washoe County School District | | | | 1000-1699 | 2 | 0.83% |
| Q&D Consturction | | | | 600-699 | 3 | 0.34% |
| Baldini's Sports Casino | - | - | - | 400-499 | 6 | 0.23% |
| K-Mart Distribution Center | - | - | - | 300-399 | 8 | 0.18% |
| Plantation Investments | | | | 200-299 | 9 | 0.13% |
| Western Nevada Supply | - | - | - | 200-299 | 10 | 0.13% |
| Total Reno/Sparks Metropolitan Area Covered Employment (2) | 197,553 | | | 193,290 | | |

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)

| FUNCTION: | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------|-------------|-------------|--------------|--------------|
| General government | 57.5 | 57.5 | 69.5 | 77 |
| Judicial | 15.5 | 15.5 | 15 | 17 |
| Public safety | 243 | 243 | 235 | 249 |
| Public works | 95.5 | 95.5 | 22 | 42 |
| Culture and recreation | 100.5 | 100.5 | 140.5 | 172.5 |
| Community support | 0 | 0 | 0 | 0 |
| Utilities | 37 | 37 | 82 | 86 |
| Development Services | 10 | 10 | 15.5 | 5 |
| Total | <u>559</u> | <u>559</u> | <u>579.5</u> | <u>648.5</u> |

Source: City of Sparks Financial Services Department

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 62 | 73 | 78.7 | 102.0 | 77.0 | 73.5 |
| 17 | 17 | 18.5 | 18.0 | 17.0 | 18.0 |
| 322 | 322 | 351.7 | 305.0 | 289.0 | 298.0 |
| 50 | 50 | 61.0 | 42.0 | 53.0 | 48.0 |
| 156.3 | 156 | 207.8 | 67.0 | 63.0 | 71.2 |
| 0 | 0 | 0.0 | 1.0 | 1.0 | 1.5 |
| 118 | 118 | 109.8 | 145.0 | 107.0 | 93.5 |
| 10 | 10 | 11.0 | 11.0 | 9.0 | 10.0 |
| 735.3 | 746.0 | 838.5 | 691.0 | 616.0 | 613.7 |

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

| FUNCTION / PROGRAM: | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|
| General Government | | | | |
| Business licenses issued (3) | 7,067 | 6,084 | 4,956 | 6,592 |
| Judicial: (1) | | | | |
| Municipal Court Cases Filed: | | | | |
| Misdemeanor, non-traffic | 1,977 | 1,999 | 2,320 | 2,575 |
| Traffic and parking violations | 5,044 | 4,945 | 7,618 | 8,297 |
| Public Safety | | | | |
| Police: (5) | | | | |
| Number of sworn personnel | 108 | 105 | 105 | 116 |
| Number of cases | 11,845 | 11,598 | 12,400 | 14,422 |
| Calls for service | 76,566 | 79,568 | 77,554 | 81,531 |
| Fire: (6) | | | | |
| Number of firefighters | 87 | 87 | 89 | 89 |
| Emergency responses | 9,415 | 8,831 | 8,198 | 7,698 |
| Average response time (minutes) | 5.5 | 5.4 | 4.9 | 5.0 |
| Public Works (7) | | | | |
| Labor hours for graffiti removal | 2,045 | 1,369 | 1,854 | 2,025 |
| Pounds of material used for filling potholes | 112,979 | 154,592 | N/R | N/R |
| Tons of sand used during snow removal | 804 | 187 | 452 | 1,098 |
| Pounds of material used for pavement crack sealing | 255,159 | 152,445 | 168,147 | 171,817 |
| Street sweeper operator miles | 9,458 | 1,372 | 700 | 698 |
| Culture and Recreation (8) | | | | |
| Adult softball league number of participants | 78,086 | 69,436 | 65,839 | 69,942 |
| Before and after school program enrollment | 14,465 | 14,302 | 12,010 | 12,087 |
| Community "Fun Run" number of participants | 2,400 | 1,885 | 1,739 | 1,820 |
| Utilities | | | | |
| Sewer residential accounts (3) | 29,127 | 28,975 | 28,794 | 28,669 |
| Sewer commercial accounts (3) | 1,730 | 1,723 | 1,709 | 1,701 |
| Annual sewage treatment (millions of gallons) (4) | 13,334 | 12,401 | 9,626 | 9,716 |
| Development Services (2) | | | | |
| Building permits issued | 2,393 | 2,463 | 1,763 | 2,007 |

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, 2013
- (2) City of Sparks Community Development Department
- (3) City of Sparks Revenue Division
- (4) Truckee Meadows Water Reclamation Facility

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---------|---------|----------|----------|----------|----------|
| 6,850 | 6,999 | 6,714 | 6,474 | 6,276 | 6,335 |
| 2,404 | 1,949 | 2,291 | 2,045 | 2,354 | 5,724 |
| 8,079 | 8,426 | 9,115 | 7,267 | 11,305 | 10,265 |
| 116 | 118 | 111 | 108 | 107 | 100 |
| 17,177 | 18,049 | 18,672 | 17,815 | 17,519 | 18,007 |
| 86,066 | 89,978 | 92,001 | 88,821 | 80,322 | 78,431 |
| 91 | 108 | 114 | 114 | 112 | 96 |
| 7,610 | 7,829 | 7,834 | 7,241 | 6,600 | 6,016 |
| 4.9 | 5.0 | 4.6 | 5.3 | 5.1 | 5.1 |
| 2,060 | 2,456 | 2,111 | 1,690 | 1,475 | 998 |
| N/R | 70,319 | 41,835 | 106,525 | 169,663 | 58,515 |
| 964 | 1,263 | 626 | 919 | 2,863 | 570 |
| 168,448 | 202,304 | 209,458 | 227,451 | 350,768 | 231,159 |
| 690 | 670 | 662.0 | 587.0 | 577.6 | 556.4 |
| 73,647 | 73,239 | 83,118 | 78,840 | 72,776 | 92,626 |
| 12,844 | 16,108 | 15,707 | 13,588 | 13,828 | 12,970 |
| 1,994 | 2,062 | 2,351 | 2,005 | 1,744 | 1,519 |
| 28,477 | 28,342 | 27,243 | 26,092 | 25,142 | 24,124 |
| 1,687 | 1,656 | 1,627 | 1,549 | 1,526 | 1,503 |
| 10,237 | 10,744 | 10,292.3 | 10,502.8 | 10,578.8 | 10,457.4 |
| 2,579 | 3,636 | 4,544 | 6,067 | 4,959 | 5,263 |

- (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)

| FUNCTION / PROGRAM: | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|
| General Government | | | | |
| City owned facilities (1) | 48 | 48 | 48 | 48 |
| Number of networked computers (5) | 352 | 352 | 400 | 463 |
| Public Safety | | | | |
| Police: (2) | | | | |
| Marked police vehicles | 29 | 29 | 29 | 29 |
| Police motorcycles | 5 | 5 | 5 | 6 |
| Fire: (3) | | | | |
| Fire stations | 5 | 5 | 5 | 5 |
| Fire engines | 17 | 17 | 17 | 17 |
| Public Works (1) | | | | |
| Paved streets (miles) | 656.0 | 656.0 | 656.0 | 656.0 |
| Culture and Recreation (4) | | | | |
| Parks | 56 | 56 | 55 | 55 |
| Acreage of parks - developed | 591.0 | 591.0 | 587.0 | 583.0 |
| Acreage of parks - undeveloped | 693.7 | 697.0 | 697.0 | 697.7 |
| Swimming pools - outdoors | 1 | 1 | 2 | 2 |
| Swimming pools - indoors | 2 | 2 | 1 | 1 |
| Athletic Fields - lighted | 26 | 24 | 24 | 24 |
| Athletic Fields - unlighted | 28 | 28 | 28 | 14 |
| 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 | 21 |
| Community centers | 4 | 4 | 3 | 3 |
| Rodeo arenas | 0 | 1 | 1 | 1 |
| Sand volleyball courts | 10 | 10 | 10 | 10 |
| Utilities (1) | | | | |
| Sewer lines (miles) | 346.8 | 346.8 | 344.8 | 345.8 |
| Storm drains (miles) | 248.6 | 248.6 | 247.3 | 246.0 |

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

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------|-------|-------|-------|-------|-------|
| 48 | 48 | 45 | 38 | 35 | 32 |
| 463 | 463 | 484 | 434 | 414 | 411 |
| 29 | 29 | 29 | 27 | 31 | 32 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 5 | 5 | 5 | 5 | 5 | 4 |
| 15 | 15 | 15 | 15 | 15 | 15 |
| 652.0 | 665.0 | 662.0 | 612.0 | 600.0 | 587.0 |
| 55 | 55 | 53 | 53 | 52 | 52 |
| 577.9 | 576.0 | 434.5 | 434.8 | 431.6 | 431.6 |
| 699.7 | 419.0 | 561.4 | 564.3 | 564.3 | 564.3 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 24 | 24 | 17 | 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 | 22 | 20 | 20 |
| 3 | 3 | 3 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 10 | 10 | 6 | 6 | 6 | 6 |
| 337.1 | 327.4 | 309.3 | 294.0 | 244.1 | 235.7 |
| 231.6 | 211.3 | 179.3 | 118.0 | 112.1 | 105.2 |

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2013, 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 27, 2013.

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. However, we consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2013-001 to be a material weakness.

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*.

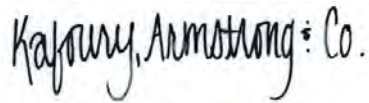
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The City of Sparks, Nevada's Response to Finding

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 27, 2013

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2013. 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, 2013.

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 2013-002 through 2013-004. 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

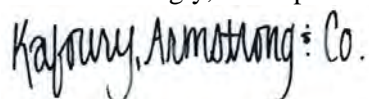
Management of the City of Sparks, Nevada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Sparks, Nevada's internal control 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 2013-002 through 2013-004 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 27, 2013

CITY OF SPARKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(Page 1 of 2)

| FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE | FEDERAL CFDA NUMBER | AGENCY OR PASS-THROUGH NUMBER | FEDERAL EXPENDITURES | PAYMENTS TO SUBRECIPIENTS |
|---|---------------------------|-------------------------------------|-------------------------|------------------------------|
| U.S. Department of Agriculture Service | | | | |
| Pass-through from State of Nevada | | | | |
| Nevada Division of Forestry | | | | |
| ARRA - Recovery Act of 2009: Wildland Fire Management | 10.688 | WFM-0460-21HFE | \$ 23,858 | \$ - |
| Total U.S. Department of Agriculture Forest Service | | | 23,858 | - |
| U.S. Department of Housing and Urban Development | | | | |
| Direct Award | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants / Entitlement Grants | 14.218 | B10MC320004 | 163,166 | - |
| Community Development Block Grants / Entitlement Grants | 14.218 | B11MC320004 | 450,991 | 15,000 |
| Community Development Block Grants / Entitlement Grants | 14.218 | B12MC320004 | 28 | - |
| Community Development Block Grants / Program Income | 14.218 | -- | 10,538 | - |
| Total CDBG - Entitlement Grants Cluster | | | 624,723 | 15,000 |
| Economic Development Initiative - Special Project Grants | 14.251 | B-06-SP-NV-0701 | 162,143 | - |
| Total U.S. Department of Housing and Urban Development | | | 786,866 | 15,000 |
| U.S. Department of Justice | | | | |
| Direct Award | | | | |
| ARRA - Public Safety Partnership and Community Policing Grants | 16.710 | 2009-RK-WX-0646 | 558,134 | - |
| Organized Crime Drug Enforcement Task Force | | | | |
| State and Local Overtime and Authorized Expense Program | 16.Unknown | PA-NV-0241 | 394 | - |
| State and Local Overtime and Authorized Expense Program | 16.Unknown | PA-NV-0245 | 175 | - |
| State and Local Overtime and Authorized Expense Program | 16.Unknown | PA-NV-0255 | 1,576 | - |
| | | | 2,145 | - |
| U.S. Marshals Service | | | | |
| Operation Trick or Treat | 16.Unknown | Reno 2012 Trick or Treat | 609 | - |
| Sex Offender Compliance Sweep | 16.Unknown | FWB3000F | 4,199 | - |
| Joint Law Enforcement Operations Task Force | 16.Unknown | JLEO-12-0378 | 8,264 | - |
| Joint Law Enforcement Operations Task Force | 16.Unknown | JLEO-13-0378 | 10,410 | - |
| | | | 18,674 | - |
| Pass-through from City of Reno | | | | |
| Justice Assistance Grant (JAG) Cluster: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2009-DJ-BX-0829 | 15 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2010-DJ-BX-1058 | 8,534 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2011-DJ-BX-3450 | 6,249 | - |
| | | | 14,798 | - |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories | 16.803 | 09-ARRA-37 | 61,585 | - |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories | 16.803 | 09-ARRA-51 | 10,000 | - |
| | | | 71,585 | - |
| Total Justice Assistance Grant (JAG) Cluster | | | 86,383 | - |
| Project Safe Neighborhoods | 16.609 | 11-PSN-04 | 1,116 | - |
| Pass-through from State of Nevada | | | | |
| Crime Victim Assistance | 16.575 | 2011-VA-GX-0030 | 24,968 | - |
| Enforcing Underage Drinking Laws Program | 16.727 | JUVDRINK | 9,721 | - |
| ARRA - Stop Violence Against Women | 16.588 | 2011-STOP-04 | 19,556 | - |
| Total U.S. Department of Justice | | | 725,505 | - |

CITY OF SPARKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(Page 2 of 2)

| FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE | FEDERAL CFDA NUMBER | AGENCY OR PASS-THROUGH NUMBER | FEDERAL EXPENDITURES | PAYMENTS TO SUBRECIPIENTS |
|--|---------------------------|-------------------------------------|----------------------------|------------------------------|
| <u>U.S. Department of Transportation</u> | | | | |
| Pass-through from State of Nevada | | | | |
| Department of Public Safety, Office of Traffic Safety | | | | |
| Highway Safety Cluster: | | | | |
| State & Community Highway Safety | 20.600 | 21-JF-1.22 | \$ 914 | \$ - |
| State & Community Highway Safety | 20.600 | 23-JF-1.21 | 4,746 | - |
| | | | <u>5,660</u> | <u>-</u> |
| Alcohol Impaired Driving Countermeasures Incentive Grant | 20.601 | 21-JF-1.22 | 17,280 | - |
| Alcohol Impaired Driving Countermeasures Incentive Grant | 20.601 | 23-JF-1.21 | 25,875 | - |
| | | | <u>43,155</u> | <u>-</u> |
| Occupant Protection Incentive Grant | 20.602 | 23-JF-1.21 | 8,597 | - |
| Safety Belt Performance Grant | 20.609 | 21-JF-1.22 | 25,867 | - |
| Total Highway Safety Cluster | | | <u>83,279</u> | <u>-</u> |
| Pass-through from State of Nevada | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Division of State Parks | | | | |
| Recreational Trails Program | 20.219 | 2010-13 | 38,157 | - |
| Department of Transportation | | | | |
| Highway Planning and Construction | 20.205 | P292-10-063 | 310,117 | - |
| Highway Planning and Construction | 20.205 | 23-JF-1.21 | 35,091 | - |
| Highway Planning and Construction | 20.205 | STP-0031(088) | 523,998 | - |
| | | | <u>869,206</u> | <u>-</u> |
| Total Highway Planning and Construction Cluster | | | <u>907,363</u> | <u>-</u> |
| Pass-through from City of Reno | | | | |
| National Motor Carrier Safety | 20.218 | FM-MHP-11-001-011837 | 8,387 | - |
| National Motor Carrier Safety | 20.218 | FM-MHP-12-001-012790 | 17,453 | - |
| | | | <u>25,840</u> | <u>-</u> |
| Pass-through from Washoe County | | | | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | 12-HMEP-16-03 | 7,000 | - |
| Total U.S. Department of Transportation | | | <u>1,023,482</u> | <u>-</u> |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Direct Award | | | | |
| ARRA - Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-00T29201-0 | 102,721 | - |
| Total U.S. Environmental Protection Agency | | | <u>102,721</u> | <u>-</u> |
| <u>Executive Office of the President</u> | | | | |
| Pass-through from Las Vegas Metropolitan Police Department | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | G11NV0001A | 10,390 | - |
| Total Executive Office of the President | | | <u>10,390</u> | <u>-</u> |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Direct Award | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2010-FP-01001 | 280 | - |
| Assistance to Firefighters Grant | 97.044 | EMW-2011-FP-00355 | 38,349 | - |
| Assistance to Firefighters Grant | 97.044 | EMW-2011-FO-03571 | 52,034 | - |
| | | | <u>90,663</u> | <u>-</u> |
| U.S. Secret Service | 97.Unknown | 3134132340 | 1,118 | - |
| Pass-through from State of Nevada | | | | |
| Nevada Emergency Management Homeland Security | | | | |
| Emergency Management Performance Grant | 97.042 | 9704212 | 80,271 | - |
| Pass-through from Washoe County | | | | |
| Homeland Security Grant Program | 97.067 | 97067.12-HL2 | 407 | - |
| Total U.S. Department of Homeland Security | | | <u>172,459</u> | <u>-</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 2,845,281</u> | <u>\$ 15,000</u> |

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, 2013**

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, 2013.
- A material weakness 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, 2013 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, 2013, 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
 - Highway Planning and Construction Cluster:
 - Highway Planning and Construction – CFDA 20.205
 - Recreational Trails Program – CFDA 20.219
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2013, was \$300,000.
- The City of Sparks, Nevada did not qualify as a low risk auditee for the year ended June 30, 2013 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, 2013**

Section II – Financial Statement Finding:

Material Weakness:

Finding 2013-001: Computer System Access Controls and Secondary Review

Criteria: System access controls as well as secondary review of all 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.

Condition: Access to the certain modules in the City of Sparks financial reporting software was not restricted to the designated personnel responsible for the related function of the software application as follows:

- City Works' Permits Plus software allows employees who processed cash receipts access rights to change the valuation of a permit in the system. The valuation adjustments are reviewed for reasonableness, however the person charged with the review of the permit adjustments also has the ability to change permit valuations.

Adjustments to the certain modules in the City of Sparks financial reporting software and other software programs are allowed without secondary review of the adjustments as follows:

- General journal entries posted by key Financial Services Department management personnel are posted without secondary review of those entries.
- Budgetary balances and adjustments posted by key Financial Services Department management personnel are posted without secondary review of those entries.
- Municipal court counter personnel have the access to dismiss court fines and fees in the system, and there is no secondary review of these dismissals to ensure legitimacy. There is no capability in the system to generate reports showing dismissals.

Effect: Unauthorized transactions could occur in the City of Sparks' financial reporting software and not be detected.

Cause: Inadequate design of information technology application controls to prevent or detect unauthorized transactions in the City of Sparks' financial reporting software and other software programs.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Recommendation: Management should examine its access controls over financial reporting software applications and restrict access only to those individuals responsible for the related function; and implement secondary approval of adjustments/postings in the financial reporting software.

Management's Response: The City is in the process of upgrading its Permit software and will address internal controls when setting up the new system. Financial Services department will review the dismissal of Court fines procedures and system controls, and recommend appropriate actions for improvement. The City feels that senior management personnel within the Financial Services Department are capable of posting general ledger and budget entries without the need for secondary review.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section III – Federal Award Findings and Questioned Costs:

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

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

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

| | |
|-------------------------------|--|
| <i>Questioned Costs:</i> | Undeterminable. Inquiry performed of the two employees, and testing of requirements that those employees were responsible for, supports that both employees performed work related to the CDBG program. |
| <i>Effect:</i> | Unallowable costs could be charged to the Federal program. |
| <i>Cause:</i> | The City of Sparks did not have adequate procedures in place to ensure costs charged to the Federal program were supported by documentation that meets the standards to serve as certification by the employee or supervisory official. |
| <i>Recommendation:</i> | We recommend the City of Sparks implement procedures to ensure amounts charged to Federal programs are supported documentation that meets the standards to serve as certification by the employee or supervisory official. |
| <i>Management's Response:</i> | The Financial Services Department has informed grant personnel assigned to work on the Federal awards of this requirement. In addition, the accountant assigned to monitor grants will ensure future compliance before requesting reimbursement. |

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

U.S. Department of Justice:

Finding 2013-003:

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

Grant Award Number: Affects grant award number 2009-RK-WX-0646 included under CFDA 16.710 on the Schedule of Expenditures of Federal Awards.

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.

Questioned Costs: None.

Effect: The Federal granting agency received inaccurate information related to cumulative grant expenditures.

Cause: The City of Sparks did not have adequate controls in place to ensure the Section 1512 reports reflected the accurate expenditure and revenue amounts reported in the accounting system.

Recommendation: We recommend 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.

Management's Response: Financial Services personnel will work with Police Department personnel responsible for filing the Section 1512 reports to confirm accurate reporting before filing.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Grant Award Number: Affects grant award number P292-10-063 included under CFDA 20.205 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 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.

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 for all covered vendor contracts and subawards.

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, 2013**

Prior Audit Findings for Federal Award Programs:

U.S. Department of Housing and Urban Development:

Finding 12-5:

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, 2013

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

Current Status: Corrective action was not implemented for fiscal year 2013 and therefore a repeat finding is disclosed in the Schedule of Findings and Questioned Costs as finding 2013-002.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

U.S. Department of Housing and Urban Development:

Finding 12-6:

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

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 (i.e., roads, sewers, community centers) to submit an annual performance report, HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.

Condition and Context: The City of Sparks was required to submit a HUD 60002 report as they received grants of more than \$200,000 for activities including housing rehabilitation and public construction.

As part of our testing over reporting we planned to test the HUD 60002 report required to be submitted during the year. The City of Sparks program personnel were not aware of the HUD 60002 reporting requirement, and the report had not been prepared or submitted.

Auditor's Recommendation: We recommend the City of Sparks implement procedures to ensure that all reporting requirements were identified and adhered to.

Current Status: Corrective action was implemented for filing of the HUD 60002 report for fiscal year 2013.

**CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

U.S. Department of Housing and Urban Development:

Finding 12-7:

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

Criteria: 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: Certain amounts reported on the CDBG Financial Summary Report, generated from the Department of Housing and Urban Development's IDIS system do not reconcile to the City's accounting records.

The City could not provide documentation to reconcile the amounts reported to the accounting records, and provided that the variances noted were the result of differences between the time when the report was downloaded from the IDIS system and the time when information was posted to the accounting system.

Auditor's Recommendation: We recommend the City of Sparks establish procedures to ensure that all information submitted to the awarding agency was supported by the City's accounting records.

Current Status: Corrective action was implemented for the preparation of the CDBG Financial Summary Report for fiscal year 2013.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

U.S. Department of Transportation; passed through from the Nevada Department of Transportation, Department of Public Safety, Office of Traffic Safety, and the Nevada Division of State Parks:

Finding 12-8:

Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreation Trails Program, CFDA 20.219

Criteria: As noted in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, costs charged to the Federal program must be for allowable costs. To be allowable under Federal awards, costs must be adequately documented and be allocable to the Federal award.

Condition and Context: The award includes a specific cost estimate of the project costs for a park trailhead and trail system, with each item identified as either Federal Share or Sponsor Match. The City may only be reimbursed for the Federal Share items noted in the agreement.

We tested a sample of transactions for conformance with the above criteria and the corresponding requests for reimbursements for those charges. We noted that an amount included on one reimbursement request was for park development costs unrelated to the items listed on the agreement. The unallowed cost was subsequently removed from the reimbursement request submitted to the Nevada Division of State Parks. However, the City is in continuing negotiations for reimbursements related to other park trailhead and trail system costs.

Auditor's Recommendation: We recommend the City of Sparks enhance review procedures to ensure only costs eligible for reimbursement are charged to the Federal program.

Current Status: Corrective action was implemented during fiscal year 2013.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

U.S. Department of Transportation; passed through from the Nevada Department of Transportation, Department of Public Safety, Office of Traffic Safety, and the Nevada Division of State Parks:

Finding 12-9:

Highway Planning and Construction Cluster:
Highway Planning and Construction, CFDA 20.205
Recreation Trails Program, CFDA 20.219

Criteria:

The A-102 Common Rule requires that when equipment is acquired under federal awards, equipment records shall be maintained, a physical inventory shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, equipment shall be adequately maintained and equipment shall be identified as having been purchased with Federal funds. It is the City of Sparks' policy, as noted in the Fixed Asset Procedure Manual, that adequate physical safeguards over equipment are employed by taking physical inventories of assets at the end of each fiscal year, that equipment is tagged to identify it as the property of the City, and equipment purchases are identified as grant funded acquisitions.

Condition and Context:

During our testing of equipment purchased with the Federal Highway Administration Congestion and Mitigation Air Quality (CMAQ) Grant funds, we physically inspected the equipment and examined the capital asset listing and the City's accounting system. We noted the following:

1. A physical inventory of equipment and other personal property which constitute capital assets was not performed at least once every two years. This has been communicated to the City as a violation of NAC 354.750 for the fiscal years ended June 30, 2009, 2010, 2011, and 2012.
2. Assets purchased with Federal grant funds are not separately identified in the City's capital asset listing or accounting system.

Auditor's Recommendation: We recommend the City enhance procedures for asset recording and reinforce compliance with existing policies.

Current Status: Corrective action was implemented during fiscal year 2013.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

U.S. Department of Transportation; passed through from the Nevada Department of Transportation, Department of Public Safety, Office of Traffic Safety, and the Nevada Division of State Parks:

Finding 12-10:

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 recommend 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 2013 and therefore a repeat finding is disclosed in the Schedule of Findings and Questioned Costs as finding 2013-004.

**CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

U.S. Department of Homeland Security:

Finding 12-11:

Assistance to Firefighters, CFDA 97.044

Criteria: OMB Circular A-133 requires that reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by the underlying accounting or performance records, and are presented in accordance with program requirements.

Condition and Context: The City of Sparks is required to submit semi-annual SF-425 Federal Financial Reports for the Assistance to Firefighters grant awards.

During testing of SF-425 report submitted for the six-month period ended December 31, 2011 for grant award EMW-2010-FP-01001 we noted that amounts reported did not agree to the accounting records. Cumulative receipts reported were overstated by \$31,496 and cumulative expenditures reported were understated by \$5,378.

Auditor's Recommendation: We recommend the City of Sparks enhance the procedures over the reporting process to ensure that all amounts included in the SF-425 Federal Financial Reports reconcile to the underlying accounting records.

Current Status: Corrective action was implemented for filing of the SF-425 report for fiscal year 2013.

CITY OF SPARKS, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2013

STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The City monitored expenditures during the current year in order to prevent overexpenditures; however, refer to Note 2 to the financial statements.

PRIOR YEAR RECOMMENDATIONS

See the Summary Schedule of Prior Year findings on page 161-168.

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, 2013

Flat Fixed Fees:

| | |
|--|-------------------|
| Business license revenue for the year ended June 30, 2012 (Base Year) | <u>\$ 753,162</u> |
|--|-------------------|

Adjustment to Base:

Base year

| | |
|---|--------------------|
| 1. Percentage increase (decrease) in population of the local government | (2.30) |
| 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>1.70 (0.60)</u> |
| | <u>(4,519)</u> |

| | |
|--------------------------------|----------------|
| Adjusted Base at June 30, 2013 | <u>748,643</u> |
|--------------------------------|----------------|

| | |
|----------------|----------------|
| Actual Revenue | <u>681,423</u> |
|----------------|----------------|

| | |
|---|--------------------|
| Amount over (under) allowable amount | <u>\$ (67,220)</u> |
|---|--------------------|

Fee Calculated on a Percentage of Gross Revenue:

| | |
|--------------------------------|--------------|
| Adjusted base at June 30, 2012 | \$ 2,147,869 |
|--------------------------------|--------------|

| | |
|--------------------------|--------------|
| Percentage change in CPI | <u>1.017</u> |
|--------------------------|--------------|

| | |
|--------------------------------|-----------|
| Adjusted base at June 30, 2013 | 2,184,383 |
|--------------------------------|-----------|

| | |
|----------------|------------------|
| Actual revenue | <u>2,997,159</u> |
|----------------|------------------|

| | |
|--|-------------------|
| Actual amount over (under) allowable amount | <u>\$ 812,776</u> |
|--|-------------------|