



CITY OF SPARKS  
NEVADA

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011



**CITY OF SPARKS, NEVADA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
***YEAR ENDED JUNE 30, 2011***

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

**CITY OF SPARKS, NEVADA**  
**JUNE 30, 2011**

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November 29, 2011

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

The Comprehensive Annual Financial Report of the City of Sparks, Nevada, for the fiscal year ended June 30, 2011, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

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

The 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 2009-2010.
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 3A, 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**

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 Agency is an organization for which the primary government is financially accountable, and whose governing body is substantially the same as the City's. All five City Council members comprise the governing body for the Agency. In addition, the Mayor, who cannot vote on City agenda items, is a voting Agency member. The original redevelopment district in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created in 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 in 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until 2023.

On June 28, 1999, a second redevelopment district was created. 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. New Funds were created to account for activities of Redevelopment Area No. 2. A special assessment district was formed in 2002 to construct infrastructure needed for new development to the marina area.

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.

### **Factors Affecting Financial Condition**

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. During subsequent public hearings, changes may be made to 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.

### **Economic Condition and Outlook**

Sparks, with an estimated population of 92,377 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. 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 noticeable 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 2010-2011. Looking forward to fiscal year

2011-2012, we are seeing revenues stabilizing with the notable exception of property taxes, which are expected to decline for at least a couple more years. Overall, revenues are expected to slightly decline or stay flat for the next several years. As local, national, and even global economies continue to rapidly change, the City of Sparks is preparing for a continuation of this recessionary period for our local economy.

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 has 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 \$.0432 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 2010-2011, the average interest rate earned on investments maturing during the year ranged from 0.13 percent to 3.57 percent.

### Risk Management

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

The Group Insurance Self-Insurance Fund provides all of the health benefits for City employees 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**

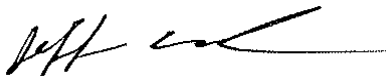
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sparks, Nevada, for its Comprehensive Annual Financial Report for each year ended June 30, 1981 through 2010. Fiscal year 2009-2010 was the thirtieth 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 2010-2011 CAFR as well.

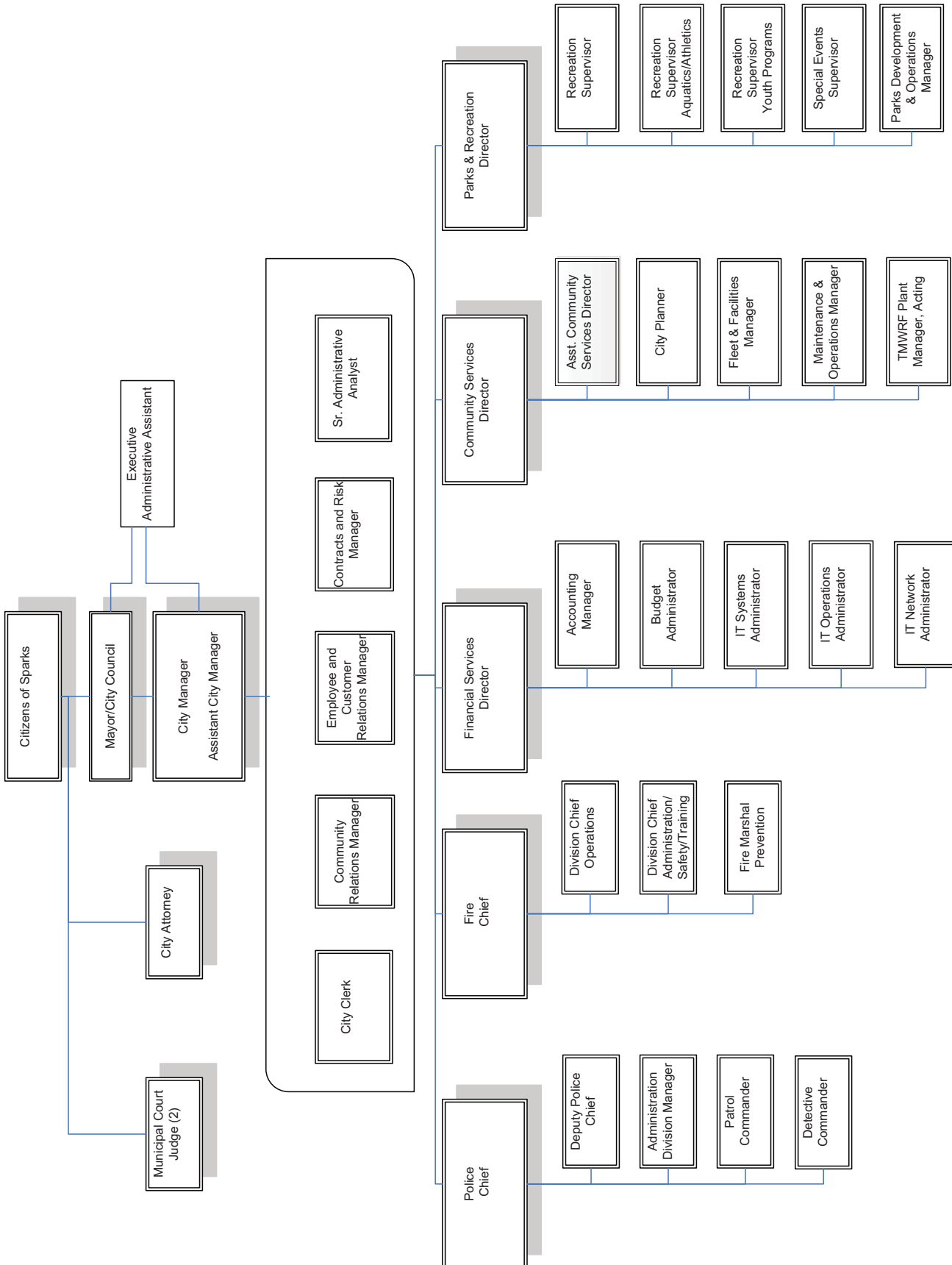
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Kafoury, Armstrong & Company. We would like to acknowledge their expert support and guidance throughout the year not only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

A handwritten signature in black ink, appearing to read "Jeff Cronk", with a long horizontal flourish extending to the right.

Jeff Cronk, CPA  
Financial Services Director



**PRINCIPAL OFFICIALS  
OF THE CITY OF SPARKS, NEVADA  
JUNE 30, 2011**

<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, 2012
Council Member Ward 2	Ed Lawson	Four Years	November, 2014
Council Member Ward 3	Ron Smith	Four Years	November, 2012
Council Member Ward 4	Mike Carrigan	Four Years	November, 2014
Council Member Ward 5	Ron Schmitt	Four Years	November, 2012
City Attorney	Chet Adams	Four Years	November, 2012
Municipal Judge, District 1	Barbara McCarthy	Six Years	November, 2014
Municipal Judge, District 2	Jim Spoo	Six Years	November, 2012
City Manager	Shaun D. Carey	Appointed	
Assistant City Manager	Stephen W. Driscoll	Appointed	
City Clerk	Linda Patterson	Appointed	
Community Services Director	Neil Krutz	Appointed	
Financial Services Director	Jeff Cronk	Appointed	
Parks and Recreation Director	Tracy Domingues	Appointed	
Police Chief	Steve Keefer	Appointed	
Fire Chief	Andreas Flock	Appointed	

INDEPENDENT AUDITORS

Kafoury, Armstrong & Co.

# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "J. R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sparks, Nevada as of and for the year ended June 30, 2011, which collectively comprise the City of Sparks, Nevada's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Sparks, Nevada. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City of Sparks, Nevada's 2010 financial statements and, in our report dated November 30, 2010, we expressed unqualified opinions, on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and where applicable, cash flows where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3A through 3N, and the Schedule of Funding Progress on page 61 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.

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

*Kafoury, Armstrong & Co.*

Reno, Nevada  
November 29, 2011

## **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, 2011. 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, 2011 by \$378,469,887 (net assets), an increase of 1.1 percent over the prior year. A portion of this increase relates to a decrease in the City's OPEB liability related to a change in assumptions regarding Medicare subsidies. These net assets represent amounts invested in capital assets, net of related debt and an amount that is restricted for a variety of specific obligations of the City.
- Sparks' governmental funds reported combined ending fund balances of \$47,648,956 as of June 30, 2011 which is a decrease of \$822,904 from fiscal year 2009-2010 ending fund balance of \$48,471,860. The decrease was primarily due to a debt payment made from the Impact Fee Service Area No 1 fund.
- Governmental Accounting Standards Boards Statement No. 54 provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted and unrestricted balances. As of June 30, 2011 the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$6,497,957, which represents approximately 11.7 percent of General Fund revenues. Of that amount, \$136,558 is assigned for encumbrances and \$1,199,978 is assigned as a budgeted resource to be expended in fiscal year 2011-2012, leaving \$5,161,421 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and ad valorem taxes. Combined, these resources accounted for 66.8 percent of total General Fund revenues, and have decreased by 4.3 percent over last year's results.
- Cash and investments (unrestricted) of \$83,637,673 can cover current liabilities 5.4 times on a government-wide basis.
- Government-wide total governmental expenses were \$89,271,901 as compared to \$97,900,535 for the year ended June 30, 2010; the decrease was primarily due to decreased spending within the Improvement District at the „Legends at Sparks Marina“ development along with decreased spending for Public Safety. Business-type activities posted overall expenses of \$23,334,353 as compared with \$25,615,290 in the prior year.
- The City's long-term debt outstanding decreased by \$9,447,114 in fiscal year 2010-2011. 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 Assets presents all of Sparks' assets and liabilities. The difference between these two values is reported as "net assets", 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 assets have changed during the fiscal year of the report. Changes in net assets 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 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 assets 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 governmental-wide financial statements are those that are accounted for in enterprise funds. The major enterprise fund reported in this manner is the Sewer Operations Fund, and the non-major enterprise fund is the Development Services Fund.

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

### ***Fiduciary Funds***

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

## Notes to the Financial Statements

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

### Other Information

The combining statements and individual fund schedules in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Internal service funds are presented after the governmental fund statements.

### Government-Wide Analysis

Over time, values reported as “net assets” can provide an indication of a government’s financial position. As noted previously, the City’s net assets increased by 1.1 percent during fiscal year 2010-2011. The largest component of this increase was related to changes in capital assets net of related debt, which increased by \$10,763,735.

#### CITY OF SPARKS' STATEMENT OF NET ASSETS

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 101,651,657	\$ 103,644,534	\$ 78,676,844	\$ 80,782,320	\$ 180,328,501	\$ 184,426,854
Capital assets	322,748,371	322,238,905	163,053,283	162,778,562	485,801,654	485,017,467
Total assets	424,400,028	425,883,439	241,730,127	243,560,882	666,130,155	669,444,321
Long-term liabilities outstanding	214,625,258	221,780,775	57,470,446	59,369,282	272,095,704	281,150,057
Other liabilities	13,142,865	10,943,872	2,421,699	3,102,139	15,564,564	14,046,011
Total liabilities	227,768,123	232,724,647	59,892,145	62,471,421	287,660,268	295,196,068
Net assets:						
Invested in capital assets net of related debt	248,628,684	240,120,081	116,663,143	114,408,011	365,291,827	354,528,092
Restricted	54,408,668	52,436,068	-	-	54,408,668	52,436,068
Unrestricted	(106,405,447)	(99,397,357)	65,174,839	66,681,450	(41,230,608)	(32,715,907)
Total net assets	\$ 196,631,905	\$ 193,158,792	\$ 181,837,982	\$ 181,089,461	\$ 378,469,887	\$ 374,248,253

The largest portion of the City of Sparks’ net assets (96.5 percent) reflects its investment in capital assets, including land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, intangible assets, storm drains and sewer lines. The value, \$365,291,827, 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 assets of the City (3.5 percent) are 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 increase in restricted net assets of \$1,972,600 is largely due to an increase in funds that are restricted for road and street projects.

Unrestricted net assets are the amount of funds available to meet the City's on-going obligations. The negative unrestricted net asset value of \$41,230,608 in fiscal year 2010-2011 is comprised primarily of a deficit of \$106,405,447 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 the notes to the financial statements.

CITY OF SPARKS CHANGES IN NET ASSETS						
	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program revenues:</b>						
Charges for services	\$ 21,781,294	\$ 21,792,284	\$ 20,237,915	\$ 19,986,595	\$ 42,019,209	\$ 41,778,879
Operating grants, interest and contributions	2,445,242	2,095,270	-	-	2,445,242	2,095,270
Capital grants, interest and contributions	16,900,744	20,097,164	797,086	1,993,711	17,697,830	22,090,875
	<u>41,127,280</u>	<u>43,984,718</u>	<u>21,035,001</u>	<u>21,980,306</u>	<u>62,162,281</u>	<u>65,965,024</u>
<b>General revenues:</b>						
Ad valorem taxes	25,692,651	29,194,703			25,692,651	29,194,703
Special Assessments - taxes	1,960,106	28,130,914			1,960,106	28,130,914
Consolidated tax	16,725,697	16,582,397			16,725,697	16,582,397
Dedicated sales tax - improvement districts	7,162,082	5,305,960			7,162,082	5,305,960
Other taxes	4,256,287	4,212,159			4,256,287	4,212,159
Unrestricted interest income	475,772	1,575,591	382,358	1,114,003	858,130	2,689,594
Gain (Loss) from sale of capital assets	-	(625,802)	-	-	-	(625,802)
Miscellaneous revenue	1,195,325	2,187,641	299,956	235,716	1,495,281	2,423,357
	<u>57,467,920</u>	<u>86,563,563</u>	<u>682,314</u>	<u>1,349,719</u>	<u>58,150,234</u>	<u>87,913,282</u>
<b>Total revenues</b>	<u>98,595,200</u>	<u>130,548,281</u>	<u>21,717,315</u>	<u>23,330,025</u>	<u>120,312,515</u>	<u>153,878,306</u>
<b>Expenses:</b>						
General Government	10,025,892	9,446,502			10,025,892	9,446,502
Judicial	2,158,409	2,304,226			2,158,409	2,304,226
<b>Public safety:</b>						
Police	21,692,176	23,806,403			21,692,176	23,806,403
Fire	14,808,883	16,876,311			14,808,883	16,876,311
Public Works	468,782	1,030,137			468,782	1,030,137
Public Works	14,151,854	14,700,661			14,151,854	14,700,661
Culture and recreation	9,899,309	11,237,024			9,899,309	11,237,024
Community support	3,206,527	6,101,231			3,206,527	6,101,231
Interest on long-term debt	12,860,069	12,398,040			12,860,069	12,398,040
Sewer			21,680,905	22,979,230	21,680,905	22,979,230
Development services			1,653,448	2,636,060	1,653,448	2,636,060
	<u>89,271,901</u>	<u>97,900,535</u>	<u>23,334,353</u>	<u>25,615,290</u>	<u>112,606,254</u>	<u>123,515,825</u>
<b>Total expenses</b>	<u>89,271,901</u>	<u>97,900,535</u>	<u>23,334,353</u>	<u>25,615,290</u>	<u>112,606,254</u>	<u>123,515,825</u>
<b>Increase (Decrease) in net assets</b>						
before transfers & special items	9,323,299	32,647,746	(1,617,038)	(2,285,265)	7,706,261	30,362,481
Transfers	(183,529)	(2,403,664)	183,529	2,403,664	-	-
Special Items-Loss on sale of improvements to developer	(5,666,657)	(9,023,990)			(5,666,657)	(9,023,990)
<b>Increase (Decrease) in net assets</b>	<u>3,473,113</u>	<u>21,220,092</u>	<u>(1,433,509)</u>	<u>118,399</u>	<u>2,039,604</u>	<u>21,338,491</u>
Net assets, July 1, as restated	193,158,792	171,938,700	183,271,491	180,971,062	376,430,283	352,909,762
Net assets, June 30	<u>\$ 196,631,905</u>	<u>\$ 193,158,792</u>	<u>\$ 181,837,982</u>	<u>\$ 181,089,461</u>	<u>\$ 378,469,887</u>	<u>\$ 374,248,253</u>

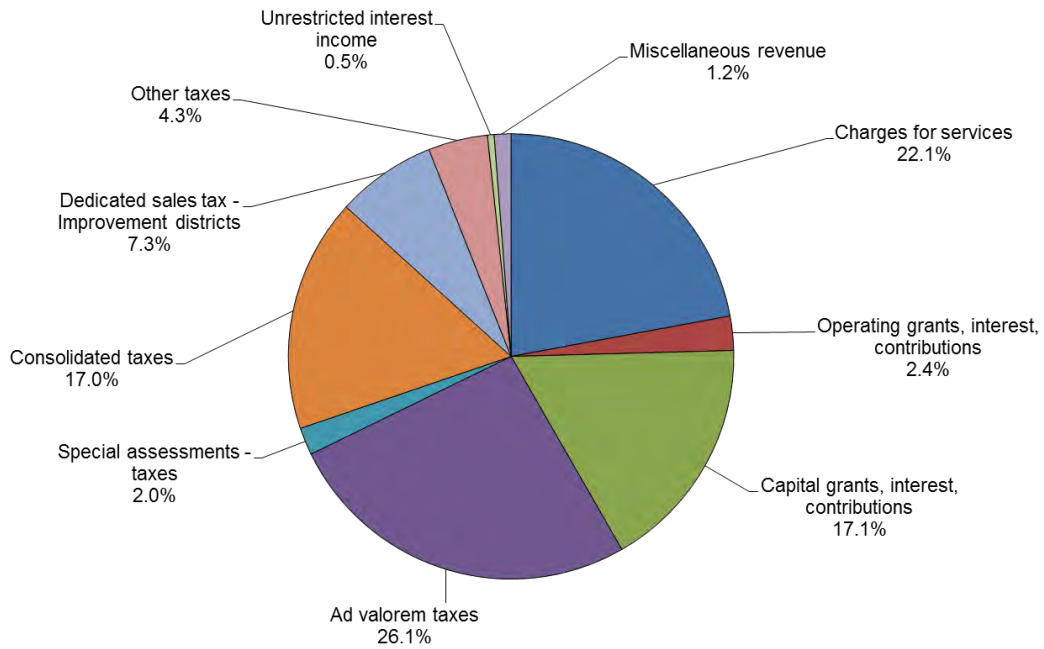
## Governmental Activities

Governmental activities increased the City's net assets by \$3,473,113. Of the more significant results for governmental activities that contributed to this increase the following was observed:

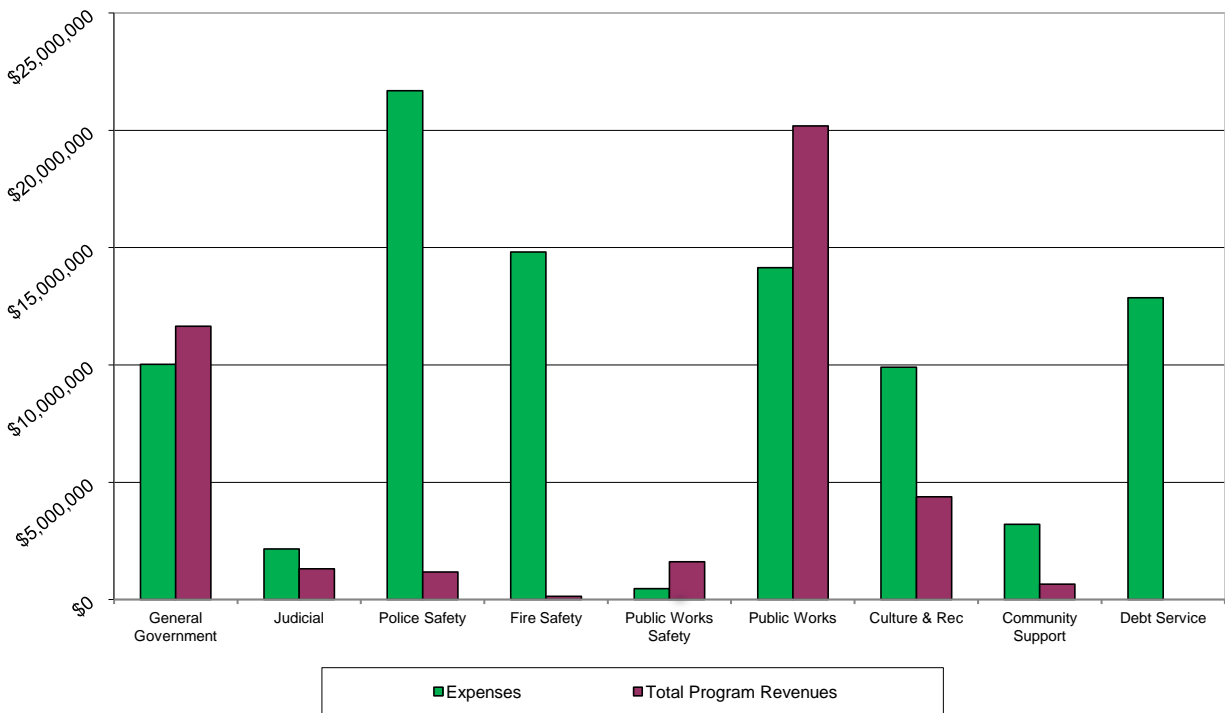
- Special ad valorem assessment interest and penalty revenues collected from within the area known as the Local Improvement District 3 were \$1,960,106. A receivable for principal amount outstanding remains in the amount of \$24,655,836. The receivable is reflected in the fund statements;
- Consolidated taxes (consisting primarily of sales taxes) increased slightly by 0.9 percent from fiscal year 2009-2010. This increase may indicate a small level of stabilization in the economy; however Consolidated tax revenues are still 35 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 2010-2011;
- Capital grants, interest and contributions decreased by a total of \$3,196,420 or 15.9 percent from the prior year;
- Total expenses decreased 8.8 percent, or \$8,628,634, which was primarily due to the reduction in spending associated within the Community Support function related to the Legends at Sparks Marina development along with decreased spending for the Public Safety function;
- A loss of \$5,666,657 was recorded on the sale of improvements to the developer of the Legends at Sparks Marina Project.

Also worth noting is that ad valorem taxes decreased by \$3,502,052 from the prior year, due to a drop of 10.1 percent in the City's taxable assessed values, while the City's operating tax rate remained steady at \$.9161 per \$100 of assessed valuation. The assessed values for the City's downtown Redevelopment Area No. 1 decreased 3.6 percent, while values in Redevelopment Area No. 2 increased 13.9 percent resulting from new development in the area relating to the Legends at Sparks Marina. 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 property tax receipts, by placing caps on property tax bills ranging from 3 to 8 percent.

### Revenues by Source Governmental Activities



### Expenses and Program Revenues Governmental Activities

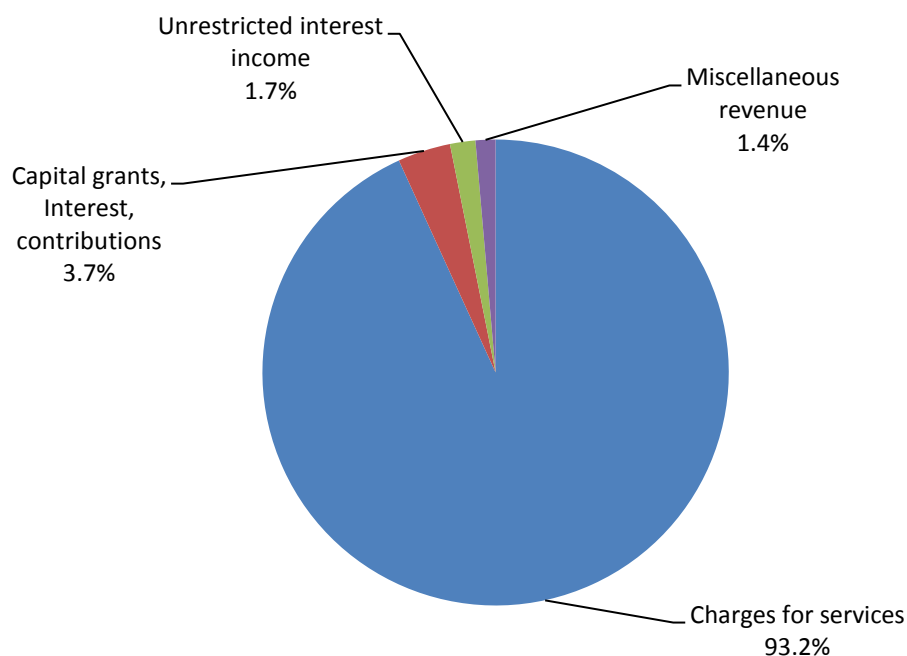


## Business-type Activities

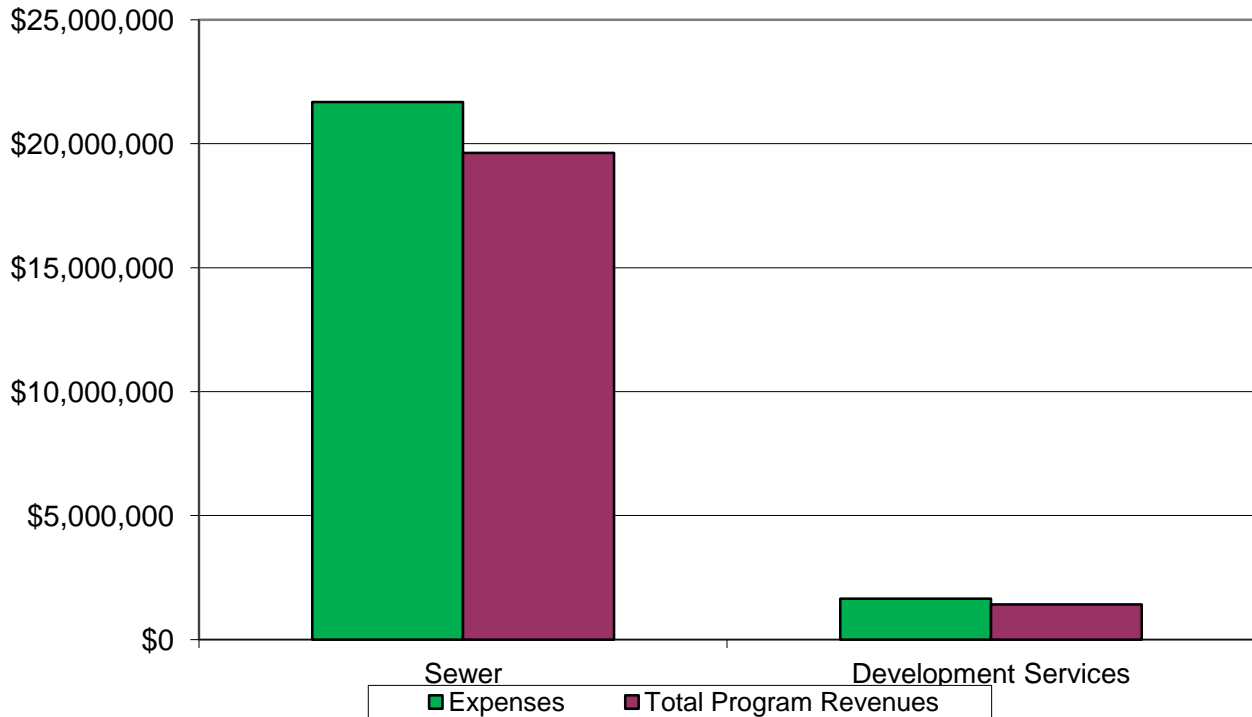
Business-type activities decreased net assets by \$1,433,509 for fiscal year 2010-2011, compared to increasing net assets by \$118,399 for fiscal year 2009-2010. Significant results include:

- Total program revenues decreased by 4.3 percent, or \$945,305, which was driven by a decrease of revenues related to capital grants, interest and contributions;
- Total general revenues decreased by 49.5 percent, or \$667,405, which was driven by a decrease of unrestricted interest income. Interest revenues are 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 decreased by 8.9 percent, or \$2,280,937 primarily driven by decreases in salary and benefits expenses within the Sanitary Sewer Operations Fund in response to requirements from the City Council to reduce spending due to continued declines in revenue within the City resulting from the continuing recession in the local economy.

### Revenues by Source Business-Type Activities



### Expenses and Program Revenues Business-type Activities



### Financial Analysis of the City’s Funds

#### *Governmental Funds*

The focus of the City of Sparks’ governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information may be useful in assessing the city’s financing requirements. Governmental Accounting Standards Board Statement 54 provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted and unrestricted balances. 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, 2011, Sparks’ governmental funds reported combined ending fund balances of \$47,648,956 compared with \$48,471,860 from the previous year. The decrease of \$822,904 was primarily due to a debt payment made from the Impact Fee Service Area No 1 fund.
- The combined ending fund balance of \$47,648,956 is comprised of: \$35,897,730 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, \$11,750,438 which is unrestricted (includes committed, assigned and unassigned), and \$788 which is nonspendable.

- Approximately 24.7 percent of ending fund balances, or \$11,750,438, is unrestricted. Of the unrestricted balance, \$692,616 has been committed by Council action and \$5,896,401 has been assigned by the Financial Services Director, a designee of the Council. The remaining \$5,161,421 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, 2011, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$6,497,957, or 28.1 percent higher than the prior year's unrestricted balance of \$4,673,187, and is representative of a planned reduction of services and costs to combat the impact of the significant slowdown in the local economy. Extensive effort has 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 2010-2011, the unrestricted ending balance represents 11.7 percent of General Fund revenues, up from 8.0 percent for the prior fiscal year.

Although the City's unrestricted fund balance was \$6,497,957 at June 30, 2011, it should be noted that \$1,336,536 is considered assigned for specific purposes, including \$136,558 for encumbrances and \$1,199,978 as budgeted resources to be expended in fiscal year 2011-2012.

The primary impacts upon the General Fund include an \$863,373 (17.4 percent) decrease in charges for services; a \$1,808,241 (8.1 percent) decrease in ad valorem taxes resulting from a decline in assessed property values; and a \$565,151 (5.7 percent) decrease in business licenses. The overall decline of revenue was offset by an 7.8 percent reduction of departmental expenditures. Efforts included reductions in compensation and in the number of personnel. The result is that the fund balance within the General Fund increased by \$1,991,487, or 41.0 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 \$14,874,105 compared to \$14,086,621 for the prior year, an increase of 5.6 percent.

## ***Proprietary Funds***

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

Net assets of the Sewer Operations Enterprise Fund were \$182,333,515 as of June 30, 2011, an increase of \$1,084,635, or 0.6 percent, over the prior year's balance of \$181,248,880. Net assets of the Development Services Enterprise Fund decreased to \$182,809 from \$197,656 in the prior

year, reflecting a continuation of reductions in development activities relating to the slowdown in the local real estate market.

### **General Fund Budgetary Highlights**

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations increased by \$1,164,098, approximately 2.3 percent over the original budget. This was primarily caused by the acceptance of grants.

Actual revenues were \$654,154, or 1.2 percent more than budgeted. The excess was primarily due to a stabilization of sales tax revenue rather than a continued decline as originally budgeted.

Actual expenditures were 98.0 percent of the original budget and 95.8 percent of the final amended budget. Delaying the purchase of capital assets, reductions of professional services contracts, and reductions in the level of services and supplies purchased, all contributed to the savings achieved.

The following functions are highlighted:

- General government achieved \$853,781 in budgetary savings primarily from a reduction in professional services contracts;
- Public safety turned in \$503,423 in budgetary savings, of which, \$268,759 was due to a reduction in capital outlay spending;
- Budgetary savings within the Public Works function totaled \$494,403 which was due to controlled service and supplies purchases.

### **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, 2011 amounted to \$485,801,654 compared to \$485,017,470 (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 for governmental activities was \$509,466 (from \$322,238,905 to \$322,748,371), while business-type activities increased by \$274,721 (from \$162,778,562 to \$163,053,283).

Significant capital asset activities that occurred during fiscal year 2010-2011 included:

- Assets classified as Improvements other than Buildings decreased by \$8,883,517, the primary result of which was due to a \$5,666,657 loss on the sale of improvements to the Legends at Sparks Marina developer;
- Infrastructure contributions from the Regional Transportation Commission were the major portion of the \$11,663,575 increase in that asset area.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 29,402,458	\$ 29,398,758	\$ -	\$ -	\$ 29,402,458	\$ 29,398,758
Intangibles	2,827,428	2,632,897	-	-	2,827,428	2,632,897
Buildings	20,306,992	20,960,926	852,063	879,883	21,159,055	21,840,809
Improvements other than Buildings	48,205,141	56,869,274	1,022,591	1,241,975	49,227,732	58,111,249
Equipment, Furnishings & Vehicles	8,678,651	8,465,500	243,002	306,423	8,921,653	8,771,923
Infrastructure	209,531,036	198,767,883	152,933,804	152,033,382	362,464,840	350,801,265
Construction in progress	3,796,665	5,143,667	975,320	1,299,477	4,771,985	6,443,144
Water Rights	-	-	7,026,503	7,017,422	7,026,503	7,017,422
<b>Total</b>	<b>\$ 322,748,371</b>	<b>\$ 322,238,905</b>	<b>\$ 163,053,283</b>	<b>\$ 162,778,562</b>	<b>\$ 485,801,654</b>	<b>\$ 485,017,467</b>

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

**Debt Administration**

As of June 30, 2011, the City of Sparks had a total of \$267,136,784 of long-term debt outstanding. Of this amount, Government-type activities accounted for \$210,112,893 and include; general obligation debt of \$5,610,000; revenue bonds of \$123,674,746; tax allocation bonds of \$64,542,058; capital lease obligations of \$2,464,385; credits payable to developers of \$355,759; accrued compensated absences and sick leave conversion totaling \$13,465,945. Business-type activities account for the remaining \$57,023,891 in total long-term debt outstanding. Of that amount, \$55,740,757 is made up of Sewer Utility general obligation bonds totaling \$46,060,110 and \$9,680,647 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 \$1,283,134 for compensated absences, and sick leave conversion. After a reclassification of Other Post Employment Benefits (OPEB) liability, the City of Sparks' long-term debt outstanding, including debt of the Redevelopment Agency, decreased by \$9,447,114, or 3.4 percent during the fiscal year ended June 30, 2011.

Additional information on the City of Sparks' outstanding long-term debt, including detailed descriptions on new issuances during fiscal year 2010-2011, can be found in Note 9 to the financial statements.

### **Other Factors**

- The unemployment rate in the Reno-Sparks area was 13.0 percent in June, 2011 compared to 13.6 percent in June, 2010;
- The housing market continues to be one of the worst in the nation, evidenced by high foreclosure rates and the fact that nearly 60 percent of all mortgages in the Reno-Sparks area are "underwater", meaning the home is worth less than what is owed on the property;
- After 4 consecutive years of declines, taxable sales within Washoe County finally increased slightly by 2.0 percent during fiscal year 2010-2011. Sales of Autos and Auto Parts were up 6.1 percent, and was the primary reason for the positive results. Other sales categories showing some improvement during the year included Rental & Leasing Services (up 12.8%), and Food Services & Drinking Places (up 2.7%). However, many other sales categories continued to struggle including General Merchandise (down 5.7%), Electronics & Appliances (down 2.5%), and most categories involving Construction;
- As mentioned previously, the City's assessed valuation decreased in fiscal year 2010-2011 by 10.1 percent. There has been a significant weakening in the local residential housing market and we anticipate reductions that began in fiscal year 2009-2010 to residential and commercial assessed valuations will continue into fiscal year 2011-2012;
- The City of Sparks' estimated population increased slightly during fiscal year 2010-2011 (0.05 percent). The high unemployment rate that caused people to relocate to areas with better employment opportunity continues to plague the City. Sparks had an annual population growth that averaged 3.4 from fiscal year 2002 to 2008;
- Building permits issued in fiscal year 2010-2011 totaled 1,763 representing a decline of 12.2 percent from 2,007 permits issued during fiscal year 2009-2010. This is the fifth year in a row of steep declines compared to fiscal year 2005-2006 in which 6,033 total permits were issued;
- City personnel costs decreased reflecting the effects from a continuation of a City-wide hiring freeze, and from employee wage and benefit concessions. Since the recession began, the City's overall workforce has been reduced by about one third;
- City sewer service rates were increased from \$64.87 to \$68.58 per calendar quarter as of January 1, 2011. In addition, sewer connection fees increased from \$4,861 to \$5,057 per residence as of January 1, 2011. Changes to the sewer fees were the result of a rate study which was completed in January, 2008.

All of these factors and others were considered in preparing the City's budget for the upcoming 2011-2012 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.

**CITY OF SPARKS, NEVADA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and investments	\$ 48,366,683	\$ 35,270,990	\$ 83,637,673	\$ 84,707,046
Cash with fiscal agent	-	-	-	1,523,915
Accounts receivable	28,330,828	2,304,561	30,635,389	32,242,822
Internal balances	678,342	(678,342)	-	-
Due from other governments	6,350,593	305,802	6,656,395	6,863,110
Inventories	229,055	-	229,055	188,809
Prepays	1,089	415,546	416,635	2,476
Deposits	16,673	-	16,673	16,673
Deferred charges	2,661,022	-	2,661,022	2,820,943
Notes receivable	53,236	8,949,929	9,003,165	7,201,457
Restricted assets:				
Cash and investments	14,964,136	-	14,964,136	14,998,602
Investment in the Truckee Meadows Water Reclamation Facility	-	32,108,358	32,108,358	33,861,001
Capital assets:				
Land, construction in progress, intangible assets, and water rights	36,026,551	8,001,823	44,028,374	45,492,221
Other capital assets, net of depreciation	286,721,820	155,051,460	441,773,280	439,525,246
<b>TOTAL ASSETS</b>	<b>424,400,028</b>	<b>241,730,127</b>	<b>666,130,155</b>	<b>669,444,321</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	7,523,181	801,125	8,324,306	7,928,467
Accrued interest payable	3,208,935	816,228	4,025,163	2,297,624
Contracts and retentions payable	259,373	330,272	589,645	1,449,749
Deposits	55,534	32,480	88,014	88,751
Due to other governments	1,245,219	335,199	1,580,418	1,383,122
Unearned revenue	524,515	106,395	630,910	569,706
Funds held for others	326,108	-	326,108	328,592
Noncurrent liabilities:				
Due within one year	12,824,306	4,503,991	17,328,297	17,819,771
Due in more than one year	197,288,587	52,519,900	249,808,487	258,764,127
Net OPEB obligation	4,512,365	446,555	4,958,920	4,566,159
<b>TOTAL LIABILITIES</b>	<b>227,768,123</b>	<b>59,892,145</b>	<b>287,660,268</b>	<b>295,196,068</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	248,628,684	116,663,143	365,291,827	354,528,092
Restricted for:				
Court improvements	1,011,837	-	1,011,837	629,148
Road and street projects	4,744,420	-	4,744,420	2,094,365
Grants	1,249,660	-	1,249,660	1,387,778
Claims	10,097,582	-	10,097,582	11,116,334
Debt service	26,898,775	-	26,898,775	27,984,607
Capital projects	9,824,952	-	9,824,952	9,195,710
Fiscal emergency	-	-	-	28,126
Promotion of special events	241,847	-	241,847	-
Public safety	339,595	-	339,595	-
Unrestricted	(106,405,447)	65,174,839	(41,230,608)	(32,715,907)
<b>TOTAL NET ASSETS</b>	<b>\$ 196,631,905</b>	<b>\$ 181,837,982</b>	<b>\$ 378,469,887</b>	<b>\$ 374,248,253</b>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

		2011		
		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants, Interest, Contributions	Capital Grants, Interest, Contributions
Governmental Activities:				
General government	\$ 10,025,892	\$ 11,639,553	\$ 12,000	\$ -
Judicial	2,158,409	1,317,073	-	-
Public safety:				
Police	21,692,176	398,647	674,394	104,321
Fire	14,808,883	72,783	27,103	37,246
Public works	468,782	1,543,564	70,737	-
Public works	14,151,854	2,695,408	729,836	16,759,147
Sanitation	-	-	-	-
Culture and recreation	9,899,309	4,096,466	286,339	-
Community support	3,206,527	17,800	644,833	30
Debt Service:				
Interest and fiscal charges	12,860,069	-	-	-
Total Governmental Activities	89,271,901	21,781,294	2,445,242	16,900,744
Business-Type Activities:				
Sewer	21,680,905	18,827,593	-	797,086
Development Services	1,653,448	1,410,322	-	-
Total Business-Type Activities	23,334,353	20,237,915	-	797,086
Total	\$ 112,606,254	\$ 42,019,209	\$ 2,445,242	\$ 17,697,830
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 interest income				
Miscellaneous revenue				
Special item - loss on sale of improvements to developer				
Transfers				
Total General Revenues, Special Item and Transfers				
Change in Net Assets				
<b>NET ASSETS, BEGINNING OF YEAR, as originally reported</b>				
Prior Period Adjustment				
<b>NET ASSETS, BEGINNING OF YEAR, as restated</b>				
<b>NET ASSETS, END OF YEAR</b>				

See accompanying notes.

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>2010</b>
\$ 1,625,661	\$ -	\$ 1,625,661	\$ 2,733,385
(841,336)	-	(841,336)	(976,939)
(20,514,814)	-	(20,514,814)	(23,103,259)
(14,671,751)	-	(14,671,751)	(16,717,643)
1,145,519	-	1,145,519	(500,933)
6,032,537	-	6,032,537	7,933,984
-	-	-	30,852
(5,516,504)	-	(5,516,504)	(6,722,704)
(2,543,864)	-	(2,543,864)	(4,820,322)
(12,860,069)	-	(12,860,069)	(12,398,040)
(48,144,621)	-	(48,144,621)	(54,541,619)
-	(2,056,226)	(2,056,226)	(2,462,422)
-	(243,126)	(243,126)	(1,172,562)
-	(2,299,352)	(2,299,352)	(3,634,984)
(48,144,621)	(2,299,352)	(50,443,973)	(58,176,603)
25,692,651	-	25,692,651	29,194,703
1,960,106	-	1,960,106	28,130,914
16,725,697	-	16,725,697	16,582,397
7,162,082	-	7,162,082	5,305,960
1,329,127	-	1,329,127	1,316,824
1,623,040	-	1,623,040	1,487,712
453,634	-	453,634	192,370
672,914	-	672,914	435,748
177,572	-	177,572	779,505
475,772	382,358	858,130	2,689,594
1,195,325	299,956	1,495,281	2,423,357
(5,666,657)	-	(5,666,657)	(9,023,990)
(183,529)	183,529	-	-
51,617,734	865,843	52,483,577	79,515,094
3,473,113	(1,433,509)	2,039,604	21,338,491
193,158,792	181,089,461	374,248,253	350,119,442
-	2,182,030	2,182,030	2,790,320
193,158,792	183,271,491	376,430,283	352,909,762
\$ 196,631,905	\$ 181,837,982	\$ 378,469,887	\$ 374,248,253

See accompanying notes.

**CITY OF SPARKS, NEVADA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	<b>2011</b>		
	<b>General Fund</b>	<b>General Obligation Debt Service</b>	<b>Other Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,917,802	\$ 3,230,445	\$ 21,236,461
Cash with fiscal agent	-	-	-
Accounts receivable	1,398,310	24,655,836	2,267,618
Notes receivable	-	-	53,236
Prepays	788	-	-
Due from other funds	78,148	-	-
Due from other governments	4,049,880	1,212,161	1,067,279
Restricted assets:			
Cash and investments	-	10,466,273	4,497,863
<b>TOTAL ASSETS</b>	<b>\$ 10,444,928</b>	<b>\$ 39,564,715</b>	<b>\$ 29,122,457</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 633,354	\$ 34,774	\$ 248,741
Accrued liabilities	1,341,113	-	204,468
Contracts payable	49,067	-	122,671
Contract retentions payable	-	-	87,635
Deferred revenue	501,644	24,655,836	1,914,804
Refundable deposits	29,204	-	26,330
Funds held for others	-	-	326,108
Due to other funds	-	-	78,148
Due to other governments	1,045,743	-	183,504
<b>TOTAL LIABILITIES</b>	<b>3,600,125</b>	<b>24,690,610</b>	<b>3,192,409</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	788	-	-
Restricted for:			
Promotion of special events	-	-	241,847
Grant purpose	6,463	-	34,430
Law enforcement	339,595	-	-
Various judicial uses	-	-	149,218
Municipal facilities construction	-	-	439,949
Court fee collection programs	-	-	422,670
Developer agreements	-	-	1,326,558
Bond proceeds defined projects	-	-	1,976,456
Debt service reserve	-	14,874,105	5,052,113
Parks and recreation	-	-	4,724,593
Street improvements and rehabilitation	-	-	5,398,989
Capital projects	-	-	253,825
Improvements to Victorian Square	-	-	656,919
Committed for:			
Capital projects	-	-	46,095
Economic development	-	-	266,646
Sponsorship and advertising	-	-	58,352
Parks and recreation	-	-	110,444
Road surface repairs	-	-	182,799
Economic stabilization	-	-	28,280
Assigned for:			
Specific capital projects	-	-	574,449
Encumbrances	136,558	-	501,537
Next year's budget deficit	1,199,978	-	1,267,030
Other capital projects	-	-	2,216,849
Unassigned:	5,161,421	-	-
<b>Total Fund Balances</b>	<b>6,844,803</b>	<b>14,874,105</b>	<b>25,930,048</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,444,928</b>	<b>\$ 39,564,715</b>	<b>\$ 29,122,457</b>

<b>Total Governmental Funds</b>		<b>2010</b>	
\$	29,384,708	\$	29,518,651
	-		1,523,915
	28,321,764		29,670,511
	53,236		69,957
	788		-
	78,148		74,891
	6,329,320		6,265,313
	<u>14,964,136</u>		<u>14,998,602</u>
\$	<u>79,132,100</u>	\$	<u>82,121,840</u>
\$	916,869	\$	2,223,785
	1,545,581		1,228,128
	171,738		288,369
	87,635		182,587
	27,072,284		28,213,056
	55,534		66,271
	326,108		328,592
	78,148		74,891
	<u>1,229,247</u>		<u>1,044,301</u>
	<u>31,483,144</u>		<u>33,649,980</u>
	788		-
	241,847		326,939
	40,893		43,518
	339,595		173,677
	149,218		174,341
	439,949		507,488
	422,670		194,038
	1,326,558		3,723,713
	1,976,456		1,987,382
	19,926,218		19,980,906
	4,724,593		4,771,173
	5,398,989		5,625,899
	253,825		398,895
	656,919		214,118
	46,095		39,555
	266,646		231,456
	58,352		36,726
	110,444		595,766
	182,799		196,864
	28,280		28,126
	574,449		558,774
	638,095		548,102
	2,467,008		339,669
	2,216,849		3,989,319
	<u>5,161,421</u>		<u>3,785,416</u>
	<u>47,648,956</u>		<u>48,471,860</u>
\$	<u>79,132,100</u>	\$	<u>82,121,840</u>

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**CITY OF SPARKS, NEVADA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

**Fund Balances - Total Governmental Funds (pages 7-8)** \$ 47,648,956

Amounts reported for governmental activities in the statement of net assets  
(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	423,885,183	
Less: accumulated depreciation	<u>(107,269,594)</u>	316,615,589

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>(382,318)</u>	2,661,022

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	(5,610,000)	
Revenue bonds payable	(123,674,746)	
Tax allocation bonds payable	(64,542,058)	
Compensated absences payable	(8,259,107)	
Net OPEB obligation	(4,451,754)	
Sick leave conversion payable	(5,117,659)	
Developer credits payable	<u>(355,759)</u>	(212,011,083)

Interest payable (3,208,935)

Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds. 26,555,092

Internal service funds are used by management to charge the costs of certain activities of individual funds. Net assets of the internal service funds are reported with governmental activities. 17,692,922

Internal balances is a receivable from/(payable to) business-type activities 678,342

**Net Assets - Governmental Activities (page 4)** \$ 196,631,905

**CITY OF SPARKS, NEVADA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		
	General Fund	General Obligation Debt Service	Other Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 20,444,707	\$ 2,720,007	\$ 6,302,876
Licenses and permits	9,417,526	-	3,820,777
Intergovernmental revenues	20,344,992	7,162,082	3,998,670
Charges for services	4,114,199	-	3,054,638
Fines and forfeits	921,084	-	2,800
Miscellaneous	396,736	47,363	1,743,819
Total Revenues	<u>55,639,244</u>	<u>9,929,452</u>	<u>18,923,580</u>
<b>EXPENDITURES</b>			
Current:			
General government	9,160,980	-	142,651
Judicial	1,912,603	-	147,896
Public safety	34,986,439	-	192,065
Public works	3,318,740	-	4,664,701
Culture and recreation	-	-	6,990,564
Community support	159,166	-	1,852,391
Intergovernmental	295,331	-	-
Total Current	<u>49,833,259</u>	<u>-</u>	<u>13,990,268</u>
Capital outlay:			
General government	124,869	-	149,177
Judicial	-	-	82,312
Public safety	-	-	1,174,810
Public works	-	-	985,180
Culture and recreation	-	-	2,730,389
Community support	-	-	425,646
Total Capital Outlay	<u>124,869</u>	<u>-</u>	<u>5,547,514</u>
Debt service:			
Principal	-	2,950,000	2,170,000
Interest	-	8,350,504	2,076,964
Fiscal charges and other	-	53,003	95,270
Total Debt Service	<u>-</u>	<u>11,353,507</u>	<u>4,342,234</u>
Total Expenditures	<u>49,958,128</u>	<u>11,353,507</u>	<u>23,880,016</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>5,681,116</u>	<u>(1,424,055)</u>	<u>(4,956,436)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital asset sales	-	-	-
Bonds issued	-	4,180,000	-
Refunding bonds issued	-	-	-
Debt service - principal	-	(4,120,000)	-
Discount on bonds issued	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers:			
Transfers in	6,009	2,151,539	2,754,285
Transfers out	(3,695,638)	-	(1,399,724)
Total Other Financing Sources (Uses)	<u>(3,689,629)</u>	<u>2,211,539</u>	<u>1,354,561</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,991,487	787,484	(3,601,875)
<b>FUND BALANCES, JULY 1</b>	4,853,316	14,086,621	29,531,923
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,844,803</u>	<u>\$ 14,874,105</u>	<u>\$ 25,930,048</u>

See accompanying notes.

<b>Total Governmental Funds</b>		<b>2010</b>	
\$	29,467,590	\$	32,410,994
	13,238,303		13,669,551
	31,505,744		29,576,686
	7,168,837		8,147,497
	923,884		965,408
	2,187,918		2,240,126
	<u>84,492,276</u>		<u>87,010,262</u>
	9,303,631		9,766,563
	2,060,499		2,087,748
	35,178,504		37,207,229
	7,983,441		9,028,720
	6,990,564		7,952,673
	2,011,557		5,188,476
	295,331		378,557
	<u>63,823,527</u>		<u>71,609,966</u>
	274,046		225,362
	82,312		-
	1,174,810		825,328
	985,180		856,994
	2,730,389		1,356,808
	425,646		10,816,350
	<u>5,672,383</u>		<u>14,080,842</u>
	5,120,000		5,375,177
	10,427,468		11,808,027
	148,273		517,375
	<u>15,695,741</u>		<u>17,700,579</u>
	<u>85,191,651</u>		<u>103,391,387</u>
	<u>(699,375)</u>		<u>(16,381,125)</u>
	-		(173,812)
	4,180,000		9,968,821
	-		22,165,000
	(4,120,000)		-
	-		(185,087)
	-		(22,176,160)
	4,911,833		7,109,022
	<u>(5,095,362)</u>		<u>(8,562,739)</u>
	<u>(123,529)</u>		<u>8,145,045</u>
	(822,904)		(8,236,080)
	<u>48,471,860</u>		<u>56,707,940</u>
\$	<u>47,648,956</u>	\$	<u>48,471,860</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, 2011**

**Net change in fund balances - total governmental funds (pages 10-11)** \$ (822,904)

Amounts reported for governmental activities in the statement of activities (pages 5-6) 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	5,672,383	
Sale/disposition of assets	(6,965,695)	
Less: current year depreciation	<u>(11,212,068)</u>	(12,505,380)

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	(1,167,223)	
Donated capital assets	<u>16,759,147</u>	15,591,924

Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. 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 assets. 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.

Bonds issued	(4,180,000)	
Debt service - principal	4,120,000	
Bond issuance costs - deferred charges	5,000	
Principal payments	<u>5,120,000</u>	5,065,000

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	(401,845)	
Change in accrued interest	(1,746,637)	
Change in developer credits payable	14,424	
Change in long-term compensated absences payable	187,103	
Change in net OPEB liability	(351,910)	
Change in sick leave conversion payable	<u>(455,466)</u>	(2,754,331)

Internal service funds are used by management to charge the costs of certain activities of individual funds. The net income of the internal service funds is reported with governmental activities.

(1,101,196)

**Change in net assets of governmental activities (pages 5-6)** \$ 3,473,113

**CITY OF SPARKS, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**  
**(PAGE 1 OF 5)**

	2011				2010
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Taxes:					
Real property	\$ 19,405,776	\$ 19,405,776	\$ 19,392,230	\$ (13,546)	\$ 21,025,062
Personal property	877,729	877,729	1,052,477	174,748	1,227,886
	<u>20,283,505</u>	<u>20,283,505</u>	<u>20,444,707</u>	<u>161,202</u>	<u>22,252,948</u>
Licenses and permits:					
Business licenses and permits:					
Business licenses	3,438,859	3,438,859	3,344,213	(94,646)	3,538,694
Business license penalties	48,547	48,547	36,853	(11,694)	59,246
Liquor licenses	260,000	260,000	238,809	(21,191)	238,484
City gaming licenses	500,000	500,000	576,580	76,580	588,253
Telecommunication licenses	1,098,594	1,098,594	1,069,919	(28,675)	1,141,566
Franchise fees:					
Gas	594,022	594,022	705,302	111,280	862,590
Electric	1,673,950	1,673,950	1,526,416	(147,534)	1,733,245
Water	394,000	394,000	405,442	11,442	390,770
Sanitation	450,000	450,000	563,159	113,159	522,395
Other	675,028	675,028	728,548	53,520	691,304
Bicycle licenses	-	-	103	103	11
Other permits	159,057	159,057	222,182	63,125	216,119
	<u>9,292,057</u>	<u>9,292,057</u>	<u>9,417,526</u>	<u>125,469</u>	<u>9,982,677</u>
Intergovernmental revenues:					
Federal and state grants	628,154	1,133,378	863,076	(270,302)	549,962
State shared revenue:					
Consolidated taxes payment	15,575,250	15,575,250	16,725,697	1,150,447	16,582,398
Fair share distribution	1,270,250	1,270,250	1,329,127	58,877	1,316,824
Other local government shared revenues:					
Crime forfeitures	5,555	156,409	156,409	-	43,634
County gaming licenses (City's share)	471,630	471,630	453,634	(17,996)	435,748
Other	802,020	817,049	817,049	-	1,077,461
	<u>18,752,859</u>	<u>19,423,966</u>	<u>20,344,992</u>	<u>921,026</u>	<u>20,006,027</u>
Charges for services:					
General government:					
Building and zoning fees	100	100	-	(100)	1,565
Other	4,139,665	4,355,516	4,114,199	(241,317)	4,976,007
	<u>4,139,765</u>	<u>4,355,616</u>	<u>4,114,199</u>	<u>(241,417)</u>	<u>4,977,572</u>

**CITY OF SPARKS, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**  
**(PAGE 2 OF 5)**

	2011				
	Budgeted Amounts		Actual	Variance with Final Budget	2010
	Original	Final			
Fines and forfeits:					
Fines - Court	\$ 958,500	\$ 958,500	\$ 912,479	\$ (46,021)	\$ 943,283
Forfeits - Bail	1,000	1,000	8,605	7,605	22,125
	<u>959,500</u>	<u>959,500</u>	<u>921,084</u>	<u>(38,416)</u>	<u>965,408</u>
Miscellaneous:					
Interest earnings	50,200	50,200	58,308	8,108	117,248
Rents and royalties	83,500	83,500	62,880	(20,620)	84,525
Other	480,614	536,746	275,548	(261,198)	297,691
	<u>614,314</u>	<u>670,446</u>	<u>396,736</u>	<u>(273,710)</u>	<u>499,464</u>
Total Revenues	<u>54,042,000</u>	<u>54,985,090</u>	<u>55,639,244</u>	<u>654,154</u>	<u>58,684,096</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
Executive (Mayor):					
Salaries and wages	54,537	54,537	53,704	833	52,360
Employee benefits	40,993	40,993	39,509	1,484	39,845
Services and supplies	4,936	4,936	2,056	2,880	3,828
	<u>100,466</u>	<u>100,466</u>	<u>95,269</u>	<u>5,197</u>	<u>96,033</u>
Legislative (City Council):					
Salaries and wages	237,690	237,690	225,230	12,460	227,670
Employee benefits	132,197	132,197	128,352	3,845	131,846
Services and supplies	36,270	36,270	8,852	27,418	13,252
	<u>406,157</u>	<u>406,157</u>	<u>362,434</u>	<u>43,723</u>	<u>372,768</u>
City Manager:					
Salaries and wages	566,367	566,367	601,864	(35,497)	575,539
Employee benefits	242,867	242,867	210,369	32,498	234,518
Services and supplies	32,953	32,953	28,998	3,955	23,818
	<u>842,187</u>	<u>842,187</u>	<u>841,231</u>	<u>956</u>	<u>833,875</u>
Administrative Services:					
Salaries and wages	1,356,841	1,442,113	1,510,137	(68,024)	1,579,326
Employee benefits	588,071	628,278	555,132	73,146	617,466
Services and supplies	556,387	601,000	383,474	217,526	286,578
Capital outlay	-	-	37,664	(37,664)	-
	<u>2,501,299</u>	<u>2,671,391</u>	<u>2,486,407</u>	<u>184,984</u>	<u>2,483,370</u>

**CITY OF SPARKS, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**  
**(PAGE 3 OF 5)**

	2011				2010
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Legal (City Attorney):					
Salaries and wages	\$ 990,362	\$ 990,362	\$ 938,560	\$ 51,802	\$ 1,023,620
Employee benefits	414,068	414,068	402,319	11,749	426,103
Services and supplies	172,037	193,535	136,766	56,769	133,463
	<u>1,576,467</u>	<u>1,597,965</u>	<u>1,477,645</u>	<u>120,320</u>	<u>1,583,186</u>
Finance:					
Salaries and wages	982,579	982,579	1,000,662	(18,083)	1,190,335
Employee benefits	419,507	419,507	401,243	18,264	473,902
Services and supplies	152,494	152,494	125,919	26,575	125,212
Capital outlay	-	-	87,205	(87,205)	223,888
	<u>1,554,580</u>	<u>1,554,580</u>	<u>1,615,029</u>	<u>(60,449)</u>	<u>2,013,337</u>
Community Development:					
Salaries and wages	426,218	426,218	459,756	(33,538)	529,280
Employee benefits	168,595	168,595	169,997	(1,402)	199,018
Services and supplies	473,867	480,027	125,680	354,347	118,729
	<u>1,068,680</u>	<u>1,074,840</u>	<u>755,433</u>	<u>319,407</u>	<u>847,027</u>
Other:					
Salaries and wages	480,204	480,204	462,976	17,228	392,091
Employee benefits	505,177	505,177	482,340	22,837	483,525
Services and supplies	906,663	906,663	707,085	199,578	871,437
	<u>1,892,044</u>	<u>1,892,044</u>	<u>1,652,401</u>	<u>239,643</u>	<u>1,747,053</u>
Total General Government	<u>9,941,880</u>	<u>10,139,630</u>	<u>9,285,849</u>	<u>853,781</u>	<u>9,976,649</u>
Judicial:					
Municipal Court:					
Salaries and wages	1,118,936	1,118,936	1,080,539	38,397	1,176,226
Employee benefits	606,592	606,592	592,574	14,018	646,913
Services and supplies	261,768	304,274	239,490	64,784	238,401
Total Judicial	<u>1,987,296</u>	<u>2,029,802</u>	<u>1,912,603</u>	<u>117,199</u>	<u>2,061,540</u>

**CITY OF SPARKS, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**  
**(PAGE 4 OF 5)**

	2011				2010
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Public safety:					
Administrative services department:					
Salaries and wages	\$ 50,337	\$ 50,336	\$ 25,980	\$ 24,356	\$ 66,170
Employee benefits	25,269	25,270	7,836	17,434	25,026
Services and supplies	12,929	12,929	39,917	(26,988)	27,402
Capital outlay	-	-	-	-	8,145
	<u>88,535</u>	<u>88,535</u>	<u>73,733</u>	<u>14,802</u>	<u>126,743</u>
Police department:					
Salaries and wages	11,272,424	11,470,404	11,751,856	(281,452)	12,131,631
Employee benefits	6,508,827	6,538,954	6,435,207	103,747	6,706,351
Services and supplies	1,912,001	2,429,721	2,271,569	158,152	2,411,349
Capital outlay	-	230,499	-	230,499	40,799
	<u>19,693,252</u>	<u>20,669,578</u>	<u>20,458,632</u>	<u>210,946</u>	<u>21,290,130</u>
Fire department:					
Salaries and wages	8,200,217	8,203,862	8,167,994	35,868	8,620,511
Employee benefits	4,245,013	4,245,013	4,270,828	(25,815)	4,411,061
Services and supplies	1,959,739	2,043,344	1,823,425	219,919	1,950,052
Capital outlay	-	38,260	-	38,260	14,695
	<u>14,404,969</u>	<u>14,530,479</u>	<u>14,262,247</u>	<u>268,232</u>	<u>14,996,319</u>
Public works:					
Salaries and wages	19,696	10,434	-	10,434	122,621
Employee benefits	-	-	-	-	70,676
Services and supplies	590,910	190,836	191,827	(991)	568,766
	<u>610,606</u>	<u>201,270</u>	<u>191,827</u>	<u>9,443</u>	<u>762,063</u>
Total Public Safety	<u>34,797,362</u>	<u>35,489,862</u>	<u>34,986,439</u>	<u>503,423</u>	<u>37,175,255</u>
Public works:					
Administrative services department:					
Salaries and wages	85,271	-	-	-	181,016
Employee benefits	40,207	-	-	-	57,040
Services and supplies	45,972	1,359	6,342	(4,983)	30,504
	<u>171,450</u>	<u>1,359</u>	<u>6,342</u>	<u>(4,983)</u>	<u>268,560</u>

**CITY OF SPARKS, NEVADA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**  
**(PAGE 5 OF 5)**

	2011				2010
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Engineering/public works:					
Salaries and wages	\$ 1,064,823	\$ 1,074,085	\$ 1,052,605	\$ 21,480	\$ 1,637,297
Employee benefits	454,055	454,055	338,392	115,663	603,312
Services and supplies	1,891,473	2,283,644	1,921,401	362,243	2,016,015
	<u>3,410,351</u>	<u>3,811,784</u>	<u>3,312,398</u>	<u>499,386</u>	<u>4,256,624</u>
Total Public Works	<u>3,581,801</u>	<u>3,813,143</u>	<u>3,318,740</u>	<u>494,403</u>	<u>4,525,184</u>
Community support:					
Community program subsidy:					
Services and supplies	256,927	256,927	159,166	97,761	72,800
Intergovernmental expenditures:					
Cooperative agreements:					
Services and supplies	438,440	438,440	295,331	143,109	378,557
Total Expenditures	<u>51,003,706</u>	<u>52,167,804</u>	<u>49,958,128</u>	<u>2,209,676</u>	<u>54,189,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,038,294</u>	<u>2,817,286</u>	<u>5,681,116</u>	<u>2,863,830</u>	<u>4,494,111</u>
OTHER FINANCING SOURCES (USES)					
Contingency	(600,000)	(600,000)	-	600,000	-
Transfers:					
Transfers in	1,070,001	1,070,001	6,009	(1,063,992)	110,000
Transfers out	<u>(4,396,063)</u>	<u>(4,396,063)</u>	<u>(3,695,638)</u>	<u>700,425</u>	<u>(6,111,830)</u>
Total Other Financing Sources (Uses)	<u>(3,926,062)</u>	<u>(3,926,062)</u>	<u>(3,689,629)</u>	<u>236,433</u>	<u>(6,001,830)</u>
NET CHANGE IN FUND BALANCES	(887,768)	(1,108,776)	1,991,487	3,100,263	(1,507,719)
FUND BALANCES, JULY 1	<u>3,569,096</u>	<u>3,790,095</u>	<u>4,853,316</u>	<u>1,063,221</u>	<u>6,361,035</u>
FUND BALANCES, JUNE 30	<u>\$ 2,681,328</u>	<u>\$ 2,681,319</u>	<u>\$ 6,844,803</u>	<u>\$ 4,163,484</u>	<u>\$ 4,853,316</u>

**CITY OF SPARKS, NEVADA  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	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	\$ 33,996,692	\$ 1,274,298	\$ 35,270,990	\$ 18,981,975
Accounts receivable	2,304,561	-	2,304,561	9,064
Notes receivable	536,784	-	536,784	-
Prepays	415,353	193	415,546	301
Due from other governments	305,802	-	305,802	21,273
Deposits	-	-	-	16,673
Inventory of supplies	-	-	-	229,055
Total Current Assets	37,559,192	1,274,491	38,833,683	19,258,341
NONCURRENT ASSETS				
CAPITAL ASSETS:				
Construction in progress	975,320	-	975,320	219,097
Buildings	1,075,383	19,723	1,095,106	359,444
Site improvements	3,578,728	-	3,578,728	245,445
Machinery and equipment	522,094	483,883	1,005,977	19,945,718
Water rights	7,026,503	-	7,026,503	-
Roads and streets	556,493	-	556,493	-
Storm drains	82,613,800	-	82,613,800	-
Sewer lines	138,399,415	-	138,399,415	-
Less: Accumulated depreciation	234,747,736	503,606	235,251,342	20,769,704
Total Capital Assets, Net	71,700,181	497,878	72,198,059	14,636,922
Other NONCURRENT ASSETS:				
Investment in Truckee Meadows Water Reclamation Facility	32,108,358	-	32,108,358	-
Notes receivable, net	8,413,145	-	8,413,145	-
Other Noncurrent Assets	40,521,503	-	40,521,503	-
Total Noncurrent Assets	203,569,058	5,728	203,574,786	6,132,782
Total Assets	241,128,250	1,280,219	242,408,469	25,391,123

(Continued)

**CITY OF SPARKS, NEVADA  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Sewer Operations</b>	<b>Nonmajor Development Services</b>	<b>Total Enterprise Funds</b>	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b> (payable from current assets):				
Accounts payable	\$ 99,731	\$ 507,598	\$ 607,329	\$ 74,977
Accrued liabilities	115,188	78,608	193,796	4,985,754
Contracts payable	304,211	-	304,211	-
Contract retentions payable	26,061	-	26,061	-
Unearned revenue	106,395	-	106,395	7,323
Refundable deposits	-	32,480	32,480	-
Due to other governments	308,844	26,355	335,199	15,972
Interest payable	816,228	-	816,228	-
Current maturities of long-term liabilities	4,351,644	152,347	4,503,991	642,232
	6,128,302	797,388	6,925,690	5,726,258
<b>LONG-TERM LIABILITIES:</b>				
Capital lease (net of current portion)	-	-	-	1,891,690
Compensated absences (net of current portion)	222,217	80,533	302,750	-
Net OPEB obligation	284,807	161,748	446,555	60,611
Sick leave conversion payable (net of current portion)	321,760	57,741	379,501	19,642
General obligation bonds and note (net of current portion)	51,837,649	-	51,837,649	-
Total Long-Term Liabilities	52,666,433	300,022	52,966,455	1,971,943
Total Liabilities	58,794,735	1,097,410	59,892,145	7,698,201
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	116,657,415	5,728	116,663,143	3,668,397
Restricted for:				
Claims	-	-	-	10,097,582
Unrestricted	65,676,100	177,081	65,853,181	3,926,943
Total Net Assets	\$ 182,333,515	\$ 182,809	\$ 182,516,324	\$ 17,692,922
			(678,342)	
			\$ 181,837,982	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Net Assets of Business-Type Activities

**CITY OF SPARKS, NEVADA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
OPERATING REVENUES				
Licenses and permits	\$ 198,701	\$ 625,078	\$ 823,779	\$ -
Charges for services	18,689,215	1,048,589	19,737,804	12,793,646
Miscellaneous	-	-	-	637,747
Total Operating Revenues	<u>18,887,916</u>	<u>1,673,667</u>	<u>20,561,583</u>	<u>13,431,393</u>
OPERATING EXPENSES				
Salaries and wages	2,709,310	1,009,491	3,718,801	491,926
Employee benefits	1,267,099	497,571	1,764,670	244,487
Services and supplies	8,422,033	356,308	8,778,341	12,344,392
Depreciation	5,595,060	12,716	5,607,776	1,910,459
Total Operating Expenses	<u>17,993,502</u>	<u>1,876,086</u>	<u>19,869,588</u>	<u>14,991,264</u>
OPERATING INCOME (LOSS)	<u>894,414</u>	<u>(202,419)</u>	<u>691,995</u>	<u>(1,559,871)</u>
NONOPERATING REVENUES (EXPENSES)				
Grants	-	-	-	25,000
Interest revenue	373,212	9,146	382,358	196,017
Interest expense	(1,636,013)	-	(1,636,013)	(140,845)
Miscellaneous	296,464	3,492	299,956	4,664
Gain (loss) on disposition of assets	-	-	-	52,572
Net loss from Truckee Meadows Water Reclamation Facility	<u>(1,831,153)</u>	<u>-</u>	<u>(1,831,153)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(2,797,490)</u>	<u>12,638</u>	<u>(2,784,852)</u>	<u>137,408</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,903,076)</u>	<u>(189,781)</u>	<u>(2,092,857)</u>	<u>(1,422,463)</u>
CAPITAL CONTRIBUTIONS				
Sewer connection fees	654,510	-	654,510	-
Sewer lines and storm drains	142,576	-	142,576	-
Total Capital Contributions	<u>797,086</u>	<u>-</u>	<u>797,086</u>	<u>-</u>
TRANSFERS				
Transfers in	12,773	200,000	212,773	-
Transfers out	(4,178)	(25,066)	(29,244)	-
Total Transfers	<u>8,595</u>	<u>174,934</u>	<u>183,529</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(1,097,395)</u>	<u>(14,847)</u>	<u>(1,112,242)</u>	<u>(1,422,463)</u>
NET ASSETS, JULY 1, as originally reported	181,248,880	197,656		19,115,385
Prior period adjustment	2,182,030	-		-
NET ASSETS, JULY 1, as restated	<u>183,430,910</u>	<u>197,656</u>		<u>19,115,385</u>
NET ASSETS, JUNE 30	<u>\$ 182,333,515</u>	<u>\$ 182,809</u>		<u>\$ 17,692,922</u>
			(321,267)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(321,267)</u>	
Change in net assets of business-type activities			<u>\$ (1,433,509)</u>	

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (PAGE 1 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 19,433,946	\$ 1,690,272	\$ 21,124,218	\$ 12,797,849
Cash received from reimbursements of insurance claims	-	-	-	636,210
Cash paid to employees	(3,897,780)	(1,483,557)	(5,381,337)	(714,451)
Cash paid to suppliers	(8,938,138)	(363,131)	(9,301,269)	(10,932,355)
Miscellaneous cash receipts	296,464	3,492	299,956	7,069
Net Cash Provided by (Used for) Operating Activities	<u>6,894,492</u>	<u>(152,924)</u>	<u>6,741,568</u>	<u>1,794,322</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Subsidy from federal, state and other grants	-	-	-	25,000
Transfers in	12,773	200,000	212,773	-
Transfers out	(4,178)	(25,066)	(29,244)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>8,595</u>	<u>174,934</u>	<u>183,529</u>	<u>25,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Bond and capital lease obligation principal payments	(3,489,014)	-	(3,489,014)	(547,409)
Bond interest expense paid	(1,655,111)	-	(1,655,111)	(140,845)
Proceeds from sewer bonds and notes	1,545,590	-	1,545,590	-
Proceeds from sale of capital assets	-	-	-	112,167
Acquisition of capital assets	(6,388,442)	-	(6,388,442)	(634,761)
Cash contributions - sewer connection fees	668,998	-	668,998	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(9,317,979)</u>	<u>-</u>	<u>(9,317,979)</u>	<u>(1,210,848)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Contributions to Truckee Meadows Water Reclamation Facility	(78,510)	-	(78,510)	-
Interest received on investments	373,212	9,146	382,358	196,017
Principal received on notes receivable	349,113	-	349,113	-
Net Cash Provided by (Used for) Investing Activities	<u>643,815</u>	<u>9,146</u>	<u>652,961</u>	<u>196,017</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,771,077)	31,156	(1,739,921)	804,491
CASH AND CASH EQUIVALENTS, JULY 1	<u>35,767,769</u>	<u>1,243,142</u>	<u>37,010,911</u>	<u>18,177,484</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 33,996,692</u>	<u>\$ 1,274,298</u>	<u>\$ 35,270,990</u>	<u>\$ 18,981,975</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011  
 (PAGE 2 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ 894,414	\$ (202,419)	\$ 691,995	\$ (1,559,871)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:				
Depreciation	5,595,060	12,716	5,607,776	1,910,459
Miscellaneous cash receipts (expenses)	296,464	3,492	299,956	4,664
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	226,605	6,605	233,210	4,203
Prepays	(415,353)	222	(415,131)	1,760
Due from other governments	291,995	-	291,995	-
Inventory of supplies	-	-	-	(40,246)
Increase (decrease) in:				
Accounts payable	(120,486)	4,490	(115,996)	(39,455)
Accrued liabilities	24,272	33,274	57,546	1,483,207
Compensated absences	76,396	26,997	103,393	9,144
Net OPEB obligation	29,496	(39,138)	(9,642)	8,983
Sick leave conversion payable	(51,535)	2,372	(49,163)	-
Unearned revenue	27,430	-	27,430	7,323
Refundable deposits	-	10,000	10,000	-
Due to other governments	19,734	(11,535)	8,199	4,151
Total Adjustments	<u>6,000,078</u>	<u>49,495</u>	<u>6,049,573</u>	<u>3,354,193</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 6,894,492</u>	<u>\$ (152,924)</u>	<u>\$ 6,741,568</u>	<u>\$ 1,794,322</u>
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES:				
Book value of capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,595</u>

**CITY OF SPARKS, NEVADA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2011**

	<u>AGENCY</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 4,958,868</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 78,372
Group insurance premium payable	522,995
Due to special assessment bond holders	600,723
Due to other governments	<u>3,756,778</u>
Total Liabilities	<u>\$ 4,958,868</u>

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**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*, the financial statements present the reporting entity, which consists of the primary government and organizations for which the primary government is financially accountable.

The following component units have been presented as blended component units because the component units' governing bodies are substantially the same as the governing body of the City.

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

Although legally separate from the City, the Redevelopment Agency districts are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

a particular function or business-type activity. Taxes and other items properly not included among program revenues are reported instead as *general revenues*.

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

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

**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.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

The City applies all applicable FASB pronouncements issued on or before November 30, 1989 for its government-wide and proprietary fund financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. The City has the option to follow subsequently issued FASB pronouncements for its business-type activities and enterprise funds, subject to the same limitation; however it has elected not to do so.

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.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**D. Assets, Liabilities and Net Assets 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 negotiable certificates of deposit, money market mutual funds, and obligations of agencies of the United States. Investments are reported at fair value determined by quoted market prices. 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

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

notes or other short-term commercial paper rated as “A-1” or “P-1” issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

Cash Equivalents:

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

Receivables and Payables:

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

Real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied. Taxes may be paid in four installments payable on the third Monday in August, and the first Mondays in October, January and March to the Treasurer of Washoe County in which the City of Sparks is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years prior to 2009-10 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.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Inventories and Prepaids:

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

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

Restricted Assets:

Bond covenants and other third party restrictions require a portion of the debt proceeds, as well as other resources, to be set aside for various purposes in the General Obligation Debt Service Fund, Redevelopment Agency Tax Revenue Debt Service Fund, Redevelopment Agency 2 Debt Service Fund, and Marina Special Assessment 2 Construction Capital Projects Fund. These amounts are reported as restricted assets.

Capital Assets:

Capital assets, which include land, construction in progress, intangible assets, 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.

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

Buildings	30 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-10 years
Sewer lines	40 years
Storm drains	40 years
Infrastructure, including roads and streets	15 years

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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 Assets.

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 assets and displayed in three components:

- Invested in Capital Assets, Net of Related Debt – 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 Assets – Consists of net assets 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 Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The details of the fund balances are included in the Governmental Funds Balance Sheet on pages 7-8.

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

- Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable 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) 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. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Financial Services Director.
- 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.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

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.

During fiscal year 2011, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unrestricted fund balance (the sum of the committed, assigned, and unassigned fund balance categories) at fiscal year end to be at least equal to 8.3 percent of total General Fund expenditures.

**E. Comparative Data:**

Comparative data shown for the prior year has been extracted from the 2009-10 financial statements and reclassified where necessary and practical, including fund balance classification in accordance with GASB Statement No. 54, to afford better comparability between the years. It has been provided to add comparability, but is not considered full disclosure of transactions for 2009-10. Such information can only be obtained by referring to the audited financial statements for that year.

**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 Tax Commission for final approval.
- The City may not amend the budget without approval by the City Council. The Financial Services Director is authorized to transfer appropriations between accounts within any department and between departments, with notification to the

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

City Council. Any revisions that alter the total appropriations of a function or fund must be approved in advance by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds.

- 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 reappropriated 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. City policy further enhances budgetary control by providing that actual expenditures may not exceed budgeted appropriations at the department level in the General Fund.
- 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 projects 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:**

Total expenditures exceeded those budgeted for the year in the public safety function of the Impact Fee Service Area No.1 Special Revenue Fund by \$14,424, an apparent violation of NRS 354.626.

Total expenditures exceeded those budgeted for the year in the community support function of the Tourism Improvement District 1 Special Revenue Fund by \$10,091, an apparent violation of NRS 354.626.

Total operating and non-operating expenses excluding depreciation, exceeded those budgeted for the year in the Workers' Compensation Insurance Internal Service Fund by \$221,238. While this would appear to be a violation of NRS 354.626, the overexpenditure occurred as a result of payments for professional services directly related to a program of insurance. Such payments are specifically excluded from the overexpenditure provisions of NRS 354.626.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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, 2011, 2010 or 2009, an apparent violation of NAC 354.750.

At June 30, 2011 the Community Development Entitlement Grant Special Revenue Fund owed the General Fund \$3,287 as evidenced by the line item "Due to Other Funds" on the Governmental Funds Balance Sheet. This balance is the result of carrying out grant activity on a reimbursement basis, and therefore at June 30, 2011 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).

**NOTE 3 – CASH AND INVESTMENTS**

**A. Deposits:**

At June 30, 2011, the City's carrying amount of deposits was \$3,002,688 and the bank balance was \$3,796,532. 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 \$793,844.

**B. Investments:**

At June 30, 2011, 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>
Investments:			
U.S. Agencies	\$ 55,633,935	\$ 1,498,515	\$54,135,420
U.S. Treasuries	6,085,091	3,014,531	3,070,560
Negotiable Certificates of Deposit	96,008	96,008	-
Money Market Mutual Funds	<u>38,742,955</u>	<u>38,742,955</u>	<u>-</u>
Total Investments	<u>\$100,557,989</u>	<u>\$43,352,009</u>	<u>\$57,205,980</u>

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

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. The City follows State statute for reducing exposure to investment credit risk by investing in U.S. Treasury and U.S. Agency securities, AAA rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government or agencies of the U.S. Government and negotiable certificates of deposit. The City's investments in U.S. Agency securities are rated AAA 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, 2011, the following investments exceeded 5% of the City's total investments:

U.S. Treasury Notes	6.05%
U.S. Agency security – Federal Home Loan Bank	16.50%
U.S. Agency security – Federal National Mortgage Association	17.94%
U.S. Agency security – Federal Home Loan Mortgage Corporation	17.89%

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 does not constitute an external investment pool.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**C. Summary of Deposit and Investment Balances:**

A reconciliation of the City's deposits and investment balances as of June 30, 2011 follows:

Deposits	\$ 3,002,688
Investments	<u>100,557,989</u>
	<u>\$ 103,560,677</u>
Governmental Activities:	
Cash and investments	\$ 48,366,683
Cash and investments – restricted	14,964,136
Business-Type Activities:	
Cash and investments	35,270,990
Fiduciary Funds	<u>4,958,868</u>
	<u>\$103,560,677</u>

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

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable:						
Miscellaneous	\$1,398,310	\$ -	\$1,091,670	\$ 2,489,980	\$9,064	\$ 2,499,044
Special Assessments	-	24,655,836	-	24,655,836	-	24,655,836
Housing Rehabilitation Loans	<u>-</u>	<u>-</u>	<u>1,175,948</u>	<u>1,175,948</u>	<u>-</u>	<u>1,175,948</u>
	1,398,310	24,655,836	2,267,618	28,321,764	9,064	28,330,828
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts Receivable, Net	<u>\$1,398,310</u>	<u>\$24,655,836</u>	<u>\$2,267,618</u>	<u>\$28,321,764</u>	<u>\$9,064</u>	<u>\$28,330,828</u>

The only accounts receivable not expected to be collected within one year are \$23,835,902 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,175,948 reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund
Accounts Receivable:	
Effluent charges	\$2,598,468
Less: allowance for uncollectibles	<u>293,907</u>
Accounts Receivable, Net	<u>\$2,304,561</u>
Notes Receivable:	
Effluent connection fees	\$2,650,332
Sun Valley GID	<u>6,782,387</u>
	9,432,719
Less: allowance for uncollectibles	<u>482,790</u>
Notes Receivable, Net	<u>\$8,949,929</u>

The current portion of notes receivable was \$536,784 as of June 30, 2011.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2011 is as follows:

	<b>Due To</b>	
<b>Due From</b>	General Fund	Total
Nonmajor Governmental	\$ 78,148	\$ 78,148

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; including advances for reimbursement grants.

**B. Transfers**

Transfers reported on the fund financial statements at June 30, 2011 are as follows:

	<b>Transfers In</b>			
<b>Transfers Out</b>	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental
General	\$ -	\$ 741,353	\$ 2,754,285	\$ 3,495,638
Nonmajor Governmental	6,009	1,380,942	-	1,386,951
Total Governmental	6,009	2,122,295	2,754,285	4,882,589
Sewer	-	4,178	-	4,178
Nonmajor Enterprise	-	25,066	-	25,066
Total Business-Type	-	29,244	-	29,244
Total	\$ 6,009	\$ 2,151,539	\$ 2,754,285	\$ 4,911,833

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

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Sewer	Nonmajor Enterprise	Total
\$ -	\$ 200,000	\$ 3,695,638
12,773	-	1,399,724
12,773	200,000	5,095,362
-	-	4,178
-	-	25,066
-	-	29,244
<u>\$ 12,773</u>	<u>\$ 200,000</u>	<u>\$ 5,124,606</u>

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

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

Pursuant to an agreement dated March 24, 1980, the cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF). The approximate ownership percentages of the cities of Reno and Sparks are 69% and 31%, 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, 2011, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$1,831,153.

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, 2011, is \$32,108,358.

Summary June 30, 2011 financial information for TMWRF is as follows:

Assets:	
Current assets	\$ 5,035,531
Capital assets, net of accumulated depreciation	<u>110,512,631</u>
Total Assets	<u>115,548,162</u>
Liabilities:	
Current liabilities	2,680,077
Noncurrent liabilities	<u>981,073</u>
Total Liabilities	<u>3,661,150</u>
Net Assets:	
Invested in capital assets	110,512,631
Unrestricted	<u>1,374,381</u>
Total Net Assets	<u>\$111,887,012</u>
Operating revenues	\$ 15,562,639
Operating expenses before depreciation	(15,562,639)
Depreciation	(5,733,054)
Nonoperating revenues (expenses)	(40,666)
Capital contributions	<u>249,880</u>
Change in Net Assets	<u>\$ (5,523,840)</u>

**CITY OF SPARKS, NEVADA**  
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Commitments outstanding for construction projects at TMWRF at June 30, 2011 totaled approximately \$2.3 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 69% and 31%, respectively.

The City of Reno obtained a loan from the State of Nevada Revolving Loan Fund to finance an expansion project at TMWRF. At June 30, 2011, the City of Sparks has recorded \$9,680,647 as a long-term liability to the City of Reno (see Note 9) for the City of Sparks' share of the amount drawn on the loan. The City of Sparks' payments on the liability to the City of Reno, including interest coincide with the City of Reno's payment to the State of Nevada on the loan.

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

**B. Local Government Oversight Committee Joint Venture (Truckee River Water Quality Settlement Agreement):**

On October 10, 1996, the City of Sparks entered into a joint venture with Washoe County and the City of Reno to purchase water rights pursuant to the Truckee River Water Quality Settlement Agreement. The entities have agreed to expend \$12 million to purchase Truckee River water rights, with each entity owning an undivided and equal interest in water rights. The purchase of the water rights will be financed under the State of Nevada Water Pollution Control Revolving Fund and Washoe County will finance the purchase on behalf of all the entities. As of June 30, 2011 all amounts owed by the City of Sparks have been contributed and the cumulative amount of water rights purchased and attributable to the City of Sparks of \$3,951,604 is recorded in the Sewer Operations Enterprise Fund. Separate financial statements and information for this joint venture are available by contacting the Washoe County Department of Water Resources, 4930 Energy Way, Reno, NV 89502.

**C. Truckee Meadows Water Authority:**

In November 2000, the City of Sparks, in a joint venture with the City of Reno and Washoe County, formed the Truckee Meadows Water Authority (Authority). The Authority was formed to purchase the water assets, to undertake the water utility operations of NV Energy, Inc. (formerly Sierra Pacific Power Company), a Nevada corporation, and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows community. The Authority has issued bonds that do not constitute an obligation of the Cities of Sparks, Reno or Washoe County. There is no equity interest recorded on the City of Sparks' balance sheet as of June 30, 2011, because no explicit and measurable equity interest is deemed to exist. Separate financial statements and information for this joint venture are available by contacting the Authority at P.O. Box 30013, Reno, NV 89520-3013.

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2011
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 29,398,758	\$ 3,700	\$ -	\$ -	\$ 29,402,458
Construction in progress	5,143,667	710,282	(1,299,074)	(758,210)	3,796,665
Intangible assets	2,632,897	194,531	-	-	2,827,428
Total capital assets, not being depreciated	<u>37,175,322</u>	<u>908,513</u>	<u>(1,299,074)</u>	<u>(758,210)</u>	<u>36,026,551</u>
Capital assets, being depreciated:					
Buildings	36,851,220	51,551	-	238,978	37,141,749
Improvements other than buildings	88,834,136	654,203	(6,051,549)	511,029	83,947,819
Machinery and equipment	26,969,249	2,406,819	(789,800)	4,992	28,591,260
Infrastructure	242,256,550	16,965,627	(277,880)	3,211	258,947,508
Total capital assets, being depreciated	<u>394,911,155</u>	<u>20,078,200</u>	<u>(7,119,229)</u>	<u>758,210</u>	<u>408,628,336</u>
Less accumulated depreciation for:					
Buildings	(15,890,294)	(944,463)	-	-	(16,834,757)
Improvements other than buildings	(31,964,862)	(4,111,149)	333,333	-	(35,742,678)
Machinery and equipment	(18,503,749)	(2,139,110)	730,250	-	(19,912,609)
Infrastructure	(43,488,667)	(5,927,805)	-	-	(49,416,472)
Total accumulated depreciation	<u>(109,847,572)</u>	<u>(13,122,527)</u>	<u>1,063,583</u>	<u>-</u>	<u>(121,906,516)</u>
Total capital assets, being depreciated, net	<u>285,063,583</u>	<u>6,955,673</u>	<u>(6,055,646)</u>	<u>758,210</u>	<u>286,721,820</u>
Governmental activities capital assets, net	<u>\$ 322,238,905</u>	<u>\$ 7,864,186</u>	<u>\$ (7,354,720)</u>	<u>\$ -</u>	<u>\$ 322,748,371</u>
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 1,299,477	\$ 577,582	\$ (14,671)	\$ (887,068)	\$ 975,320
Water rights	7,017,422	4,033	-	5,048	7,026,503
Total capital assets, not being depreciated	<u>8,316,899</u>	<u>581,615</u>	<u>(14,671)</u>	<u>(882,020)</u>	<u>8,001,823</u>
Capital assets, being depreciated:					
Buildings	1,095,106	-	-	-	1,095,106
Improvements other than buildings	3,552,190	-	-	26,538	3,578,728
Machinery and equipment	1,005,977	-	-	-	1,005,977
Roads and streets	440,975	115,518	-	-	556,493
Storm drains	78,922,645	3,338,271	-	352,884	82,613,800
Sewer lines	136,035,053	1,861,764	-	502,598	138,399,415
Total capital assets, being depreciated	<u>221,051,946</u>	<u>5,315,553</u>	<u>-</u>	<u>882,020</u>	<u>227,249,519</u>
Less accumulated depreciation for:					
Buildings	(215,223)	(27,820)	-	-	(243,043)
Improvements other than buildings	(2,310,215)	(245,922)	-	-	(2,556,137)
Machinery and equipment	(699,554)	(63,421)	-	-	(762,975)
Roads and streets	(11,700)	(20,214)	-	-	(31,914)
Storm drains	(22,448,195)	(1,954,354)	-	-	(24,402,549)
Sewer lines	(40,905,396)	(3,296,045)	-	-	(44,201,441)
Total accumulated depreciation	<u>(66,590,283)</u>	<u>(5,607,776)</u>	<u>-</u>	<u>-</u>	<u>(72,198,059)</u>
Total capital assets, being depreciated, net	<u>154,461,663</u>	<u>(292,223)</u>	<u>-</u>	<u>882,020</u>	<u>155,051,460</u>
Business-type activities capital assets, net	<u>\$ 162,778,562</u>	<u>\$ 289,392</u>	<u>\$ (14,671)</u>	<u>\$ -</u>	<u>\$ 163,053,283</u>

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

Governmental Activities:	
General government	\$ 155,977
Judicial	42,368
Public safety	651,682
Public works	6,648,670
Culture and recreation	2,521,383
Community support	1,191,988
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,910,459</u>
Total depreciation expense – governmental activities	<u>\$13,122,527</u>
Business-Type Activities:	
Sewer	\$5,595,060
Development Services	<u>12,716</u>
Total depreciation expense – business-type activities	<u>\$5,607,776</u>

**NOTE 8 – LEASES**

**A. Operating Lease:**

The City has a noncancelable operating lease for an office building with total costs for this lease of \$37,744 for the year ended June 30, 2011. 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:	
2012	\$ 38,880
2013	40,040
2014	41,244
2015	42,476
2016	43,754
2017-2018	<u>83,558</u>
	<u>\$289,952</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>2,969,896</u>
Total	<u>\$1,414,813</u>

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

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

The following schedule summarizes the changes in long-term debt:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Governmental Activities:</b>			
General Obligation Bonds and Notes Payable:			
Supported by ad valorem taxes:			
2007 Various Purpose Refunding Bonds Series A	3/29/2007	3.78%	3/1/2017
2007 Various Purpose Refunding Bonds Series B	3/29/2007	5.65%	3/1/2017
Revenue Bonds Payable:			
Supported by consolidated tax revenues:			
Consolidated Tax Revenue Bonds, Series 2007	2/15/2007	4.09%	5/1/2026
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	12/15/2028
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	6.95-7.0%	9/1/2027
Supported by incremental property tax revenues:			
2008 Tax Increment Obligation Bonds (Redevelopment Agency)	7/21/2008	6.6-6.85%	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
Interlocal Agreement between the City and Washoe County for Stormwater Drainage Facility Construction			
Developer Credits Payable			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total Governmental Activities			

<u>Authorized</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due in 2011-2012</u>
\$ 7,090,000	\$ 5,235,000	\$ -	\$ 665,000	\$ 4,570,000	\$ 690,000
1,315,000	1,180,000	-	140,000	1,040,000	150,000
<u>8,405,000</u>	<u>6,415,000</u>	<u>-</u>	<u>805,000</u>	<u>5,610,000</u>	<u>840,000</u>
13,635,000	12,560,000	-	4,690,000	7,870,000	595,000
83,290,000	82,780,000	-	775,000	82,005,000	1,300,000
36,000,000	32,715,653	-	-	32,715,653	2,230,119
<u>4,180,000</u>	<u>-</u>	<u>4,180,000</u>	<u>-</u>	<u>4,180,000</u>	<u>20,000</u>
137,105,000	128,055,653	4,180,000	5,465,000	126,770,653	4,145,119
-	3,289,401	-	(193,494)	3,095,907	-
<u>137,105,000</u>	<u>124,766,252</u>	<u>4,180,000</u>	<u>5,271,506</u>	<u>123,674,746</u>	<u>4,145,119</u>
26,120,000	26,120,000	-	800,000	25,320,000	855,000
12,700,000	12,700,000	-	395,000	12,305,000	420,000
7,230,000	7,230,000	-	170,000	7,060,000	285,000
<u>22,165,000</u>	<u>22,165,000</u>	<u>-</u>	<u>1,605,000</u>	<u>20,560,000</u>	<u>1,350,000</u>
68,215,000	68,215,000	-	2,970,000	65,245,000	2,910,000
-	746,372	-	(43,430)	702,942	-
<u>68,215,000</u>	<u>67,468,628</u>	<u>-</u>	<u>2,926,570</u>	<u>64,542,058</u>	<u>2,910,000</u>
457,586	218,344	-	69,712	148,632	72,738
1,263,900	908,587	-	132,540	776,047	139,578
<u>3,046,040</u>	<u>1,884,863</u>	<u>-</u>	<u>345,157</u>	<u>1,539,706</u>	<u>360,379</u>
<u>4,767,526</u>	<u>3,011,794</u>	<u>-</u>	<u>547,409</u>	<u>2,464,385</u>	<u>572,695</u>
-	2,409,008	-	2,409,008	-	-
-	370,183	-	14,424	355,759	-
-	8,499,295	3,679,349	3,857,308	8,321,336	3,833,516
-	4,689,143	965,172	509,706	5,144,609	522,976
<u>218,492,526</u>	<u>217,629,303</u>	<u>8,824,521</u>	<u>16,340,931</u>	<u>210,112,893</u>	<u>12,824,306</u>

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

<u>Authorized</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due in 2011-2012</u>
\$ 4,700,000	\$ 1,822,656	\$ -	\$ 303,780	\$ 1,518,876	\$ 315,511
6,814,488	2,985,575	-	414,744	2,570,831	430,076
3,070,670	1,990,867	-	167,797	1,823,070	174,080
7,038,807	5,154,525	-	378,626	4,775,899	390,599
3,082,361	1,994,600	-	138,651	1,855,949	143,142
8,243,494	6,874,452	-	418,544	6,455,908	431,407
4,091,227	3,473,643	-	188,111	3,285,532	193,570
5,160,261	4,581,643	-	242,365	4,339,278	248,854
13,385,605	12,777,441	-	624,618	12,152,823	641,517
4,772,645	3,592,524	1,180,121	-	4,772,645	200,530
2,509,299	2,143,830	365,469	-	2,509,299	105,432
62,868,857	47,391,756	1,545,590	2,877,236	46,060,110	3,274,718
12,641,848	10,292,425	-	611,778	9,680,647	628,390
-	810,567	585,716	548,458	847,825	545,075
-	459,847	34,351	58,889	435,309	55,808
75,510,705	58,954,595	2,165,657	4,096,361	57,023,891	4,503,991
<u>\$ 294,003,231</u>	<u>\$ 276,583,898</u>	<u>\$ 10,990,178</u>	<u>\$ 20,437,292</u>	<u>\$ 267,136,784</u>	<u>\$ 17,328,297</u>

**CITY OF SPARKS, NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**B. Payment Requirements for Debt Service**

The annual requirements to pay principal and interest on all bonds, notes, and capital lease obligations outstanding at June 30, 2011 are as follows:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 840,000	\$ 231,454	4,145,119	9,355,251	2,910,000	3,912,974
2013	880,000	196,905	3,407,129	7,567,039	3,005,000	3,759,413
2014	915,000	160,657	3,751,827	7,376,842	3,165,000	3,599,545
2015	950,000	122,899	4,145,532	7,164,956	3,335,000	3,429,982
2016	990,000	83,725	4,558,475	6,929,143	3,465,000	3,250,632
2017-2021	1,035,000	42,853	30,147,717	30,140,122	20,375,000	13,098,334
2022-2026	-	-	46,350,004	19,102,631	20,020,000	6,518,433
2027-2031	-	-	30,264,850	3,281,885	8,970,000	914,410
Total	<u>\$ 5,610,000</u>	<u>\$ 838,493</u>	<u>\$ 126,770,653</u>	<u>\$ 90,917,869</u>	<u>\$ 65,245,000</u>	<u>\$ 38,483,723</u>

Year Ending June 30	Governmental Activities		Business-Type Activities			
	Capital Leases		General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	572,695	115,560	\$ 3,274,718	\$ 1,316,773	\$ 628,390	\$ 262,445
2013	599,156	89,099	3,377,749	1,212,544	645,829	245,006
2014	547,660	61,406	3,484,101	1,105,350	663,752	227,083
2015	573,204	35,861	3,594,019	995,010	682,173	208,662
2016	171,670	9,116	3,521,836	884,061	701,105	189,730
2017-2021	-	-	15,546,818	3,032,246	3,808,413	645,763
2022-2026	-	-	11,112,913	1,044,001	2,550,985	124,313
2027-2031	-	-	2,147,956	100,713	-	-
Total	<u>\$ 2,464,385</u>	<u>\$ 311,042</u>	<u>\$ 46,060,110</u>	<u>\$ 9,690,698</u>	<u>\$ 9,680,647</u>	<u>\$ 1,903,002</u>

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**C. Compliance:**

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2011. 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, 2011.

**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, 2011 was \$2,265,000.

**E. Refunding:**

In April 2011, the City issued \$4,180,000 of Consolidated Tax Revenue Refunding Bonds, Series 2011 to refund existing revenue bonds. The proceeds of the new bond issue were used to immediately reduce the principal owed on the Consolidated Tax Revenue Bonds, Series 2007. The reacquisition price approximated the net carrying amount of the old debt. The refunding was undertaken to reduce total debt service over the next 7 years by \$171,164 and resulted in an economic gain of \$125,626.

**F. New Debt:**

On August 27, 2009 the City received a loan from the State of Nevada Water Pollution Control Revolving Fund in the maximum principal amount of \$7,281,944. Under the terms of the indenture, the City of Sparks issued \$3,592,524 of General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 2009 and \$2,143,830 of General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 2009A as of June 30, 2010. During the year ended June 30, 2011 the City issued an additional \$1,180,121, and \$365,469 on the series 2009 and 2009A, respectively.

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**G. 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. Proceeds from the bonds were used to partially refund the Consolidated Tax Revenue Bonds, Series 2006. The total principal and interest remaining to be paid on the bonds is \$11,378,198, payable through fiscal year 2026. For the current year, principal and interest paid for the bonds totaled \$1,083,704, and pledged revenues totaled \$2,508,855.

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 \$201,583,161, payable through fiscal year 2029. 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 \$9,269,495, and pledged revenues totaled \$7,162,082 resulting in delinquent pledged revenues of \$2,107,413 at June 30, 2011.

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 \$27,474,329, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,285,137 and pledged revenues totaled \$3,260,485.

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

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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 \$33,995,685, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$1,919,998 and pledged revenues totaled \$2,318,376.

The City has pledged 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Bonds, Series 2011, issued during fiscal year ended June 30, 2011. Proceeds from the bonds were used to partially refund the Consolidated Tax Revenue Bonds, Series 2007. The total principal and interest remaining to be paid on the bonds is \$4,727,163, payable through fiscal year 2018. For the current year, no interest or principal payments were required; interest and principal payments will commence November 1, 2011.

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 to be paid on the bonds is \$55,750,808. For the current year, principal and interest paid for the bonds totaled \$4,258,189. Net pledged revenues totaled \$7,143,984.

**H. 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.

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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 \$42,258,709. For the current year, interest paid for the bond totaled \$2,506,263 and pledged revenues totaled \$2,715,177.

**NOTE 10 –STABILIZATION ARRANGEMENTS**

On June 27, 2011, 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.

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 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.

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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>	
2010-11	21.50%	37.00%	\$ 9,034,424
2009-10	21.50%	37.00%	10,010,922
2008-09	20.50%	33.50%	9,662,690

**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, 2011, but in the opinion of management and legal counsel, any resulting liability will not materially affect the financial position or results of operations of the City.

The City of Sparks also has contingent liabilities due to developers. Infrastructure development in the Spanish Springs Sphere of Influence is being accomplished through development agreements. The purpose of the agreements is to establish a system of regulation for the allocation and payment of costs to assure that new development contributes its proportionate share to the cost of the required infrastructure. The agreements stipulate that should a developer provide land and/or capital improvements for dedication to the City, the costs incurred through dedication and/or construction of capital improvements by the owner will be credited against fees due. Such provisions in the agreements result in a liability of the City in the amount of the dedicated capital assets in excess of the fees due from the developers for future development. The liability is contingent on the pending receipt of infrastructure and future development permits issued. The contingent liability estimate of these credits due to developers at June 30, 2011 is \$7,646,315.

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, 2011 is \$355,759.

**NOTE 13 – COMMITMENTS**

As of June 30, 2011, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

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	Remaining Construction Commitment	Expected Date of Completion
Governmental Funds:		
Nonmajor Capital Projects Funds:		
Road Fund		
Interlocal Slurry Seal Project	\$ 325,000	2011-12
2011 Street Rehabilitation Project	582,322	2011-12
Capital Projects Fund		
Photovoltaic Projects	1,216,107	2011-12
Proprietary Fund:		
Sewer Operations Fund:		
Phase 2 of North Truckee Drain Realignment Project	1,118,854	2011-12
	<b>\$3,242,283</b>	

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.

	Encumbrances
General Fund	\$136,558
Non-major governmental funds	558,070
	<b>\$694,628</b>

**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.

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.

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At June 30, 2011, the amount of these liabilities was \$4,965,732 and is included in accrued liabilities of the Internal Service Funds on the Proprietary Funds Statement of Net Assets. Changes in the reported liability since July 1, 2010 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>2010-11</u>				
Group Insurance Self-Insurance Fund	\$1,165,360	\$ 6,310,180	\$6,516,340	\$ 959,200
Municipal Self-Insurance Fund	-	338,420	338,420	-
Workers' Compensation Fund	<u>2,321,000</u>	<u>4,055,016</u>	<u>2,369,484</u>	<u>4,006,532</u>
Total	<u>\$3,486,360</u>	<u>\$10,703,616</u>	<u>\$9,224,244</u>	<u>\$4,965,732</u>
<u>2009-10</u>				
Group Insurance Self-Insurance Fund	\$1,378,763	\$7,665,009	\$7,878,412	\$1,165,360
Municipal Self-Insurance Fund	-	262,316	262,316	-
Workers' Compensation Fund	<u>2,252,767</u>	<u>918,195</u>	<u>849,962</u>	<u>2,321,000</u>
Total	<u>\$3,631,530</u>	<u>\$8,845,520</u>	<u>\$8,990,690</u>	<u>\$3,486,360</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. City management believes that the self-insurance liabilities, recorded in the Internal Service Funds, are adequate to cover incurred losses for which the City may become liable. Employee claims in excess of \$200,000 per occurrence are covered by excess insurance.

Workers' Compensation Insurance - The City is self-insured for individual worker's compensation claims up to \$1,500,000 per occurrence. Claims in excess of this limit are covered by excess insurance up to State statutory limits. Insured funds of the City pay premiums to the Workers' Compensation Insurance Fund.

Municipal Self-Insurance - The City is self-insured for general liability claims up to \$300,000 for each occurrence, after which claims are covered by excess insurance.

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**NOTE 15 – POST-EMPLOYMENT BENEFITS**

**A. Accumulated Sick Leave**

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

For the year ended June 30, 2011, the City paid \$576,721 in health insurance premiums on behalf of 71 retirees who opted for the conversion of their accumulated sick leave. Another \$7,308 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**

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.

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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, retirees no longer have the option of joining the NPEBP, yet still retain the option to participate in the Sparks Plan. Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. As of June 30, 2011, 143 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, 2011 was \$534,022. 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 are as follows:

NPEBP Service	Subsidy Amount	NPEBP Service	Subsidy Amount
5	\$86.08	13	\$292.66
6	\$111.90	14	\$318.48
7	\$137.75	15	\$344.30
8	\$163.54	16	\$370.12
9	\$189.37	17	\$395.95
10	\$215.19	18	\$421.77
11	\$241.01	19	\$447.59
12	\$266.83	20	\$473.41

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 or the 1991-92 Classified Chief Officers contract, 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. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by

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Medicare. A summary of the monthly premium rates for the Sparks Plan, as of the July 2010, are shown below:

Sparks Plan Premium Rates				
	Employee Only	Employee & Spouse	Employee & Child	Employee & Family
Active Employees	\$617.46	\$1,131.79	\$1,078.48	\$1,607.37
Retiree, No Medicare	\$612.86	\$1,126.27 (Spouse w/MC=\$1,017.50)	\$1,072.96	\$1,601.85
Retiree, Medicare	\$492.00	\$1,017.50 (Spouse no MC=\$1,005.41)	N/A	1 w/MC \$1,480.98 2 w/MC \$1,372.21

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, 2011, the City's Net Employer Contribution was \$437,313 to the Sparks Plan and \$534,022 to the NPEBP, for a total contribution of \$971,335. The actuarial valuation was prepared from employee and retiree data as of July 2010. The data included a total of 563 participants in the City of Sparks Medical and Dental Plan consisting of 424 employees and 139 retirees, and a total of 132 participants in NPEBP consisting of no employees and 132 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 2009 through 2011 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	2011	\$748,203	\$437,313	\$4,587,660	58.4%
Sparks Plan	2010	\$2,803,690	\$450,961	\$4,276,770	16.1%
Sparks Plan	2009	\$2,800,248	\$876,207	\$1,924,041	31.3%
NPEBP	2011	\$615,893	\$534,022	\$371,260	86.7%
NPEBP	2010	\$705,763	\$517,755	\$289,389	73.4%
NPEBP	2009	\$705,582	\$604,201	\$101,381	85.6%
Totals	2011	\$1,364,096	\$971,335	\$4,958,920	71.2%
Totals	2010	\$3,509,453	\$968,716	\$4,566,159	27.6%
Totals	2009	\$3,505,830	\$1,480,408	\$2,025,422	42.2%

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The net OPEB obligation (NOPEBO) as of June 30, 2011, was calculated as follows:

	Sparks Plan	NPEBP	Totals
Normal Cost (Current Service Cost)	\$427,855	\$ -	\$427,855
Amortization of the Unfunded Actuarial Accrued Liability (UAAL)	316,961	613,237	930,198
Total Annual Required Contribution (ARC)	744,816	613,237	1,358,053
Adjustments Related to Prior Year Net OPEB Obligation:			
Interest	93,225	76,756	169,981
Amortization	<89,838>	<74,100>	<163,938>
Annual OPEB Cost	748,203	615,893	1,364,096
Total Contributions	<437,313>	<534,022>	<971,335>
Increase in Net OPEB obligation	310,890	81,871	392,761
Net OPEB obligation, 7/1/2010	4,276,770	289,389	4,566,159
Net OPEB obligation, 6/30/2011	\$4,587,660	\$371,260	\$4,958,920

Funded Status and Funding Progress: The funded status of the plan as of the most recent actuarial valuation (July 1, 2010) 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	07/01/2010	\$0	\$8,215,640	\$8,215,640	0%	\$28.3	29.0%
NPEBP	07/01/2010	\$0	\$15,895,093	\$15,895,093	0%	N/A	N/A
Totals	07/01/2010	\$0	\$24,110,733	\$24,110,733	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 provides current year information. Multiyear trend information is provided to

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show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits 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, 2010	July 1, 2010
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:		
Investment rate of return	4.0%	4.0%
Projected salary increases	6.5% (8% Law Enforcement)	6.5% (8% Law Enforcement)
Healthcare inflation rate*	9.0%	9.0%
* Decreasing 1% per year until 2014, when rate will be 5%.		

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**NOTE 16 – CAPITAL FACILITIES FUND**

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$156,123 on the following:

Alf Sorenson Roof Replacement – Phase II	\$ 48
Legislative Building Electrical Upgrades	31
Fire Alarm System Replacement – Police Department	6,860
City Hall Roof Repair	11,507
Fire Station 1 Renovation	52,237
City Hall Tenant Improvements	<u>85,440</u>
	<u>\$156,123</u>

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

Proprietary Funds - Enterprise Funds

The City entered into contracts beginning in fiscal year 2002 with effluent water users for connection fees to be paid according to individual contracts beginning in fiscal year 2001 and payable through fiscal year 2027. However, there was no recognition of these notes receivable in the financial statements of prior years. Given the nature of the contracts established with effluent water users, there should be a note receivable recorded in the financial statements. This correction of an error has been reflected in the Sewer Operations Enterprise Fund, a major proprietary fund, with the following effect on the June 30, 2011 beginning net assets:

	Sewer Operations Enterprise Fund	Total Enterprise Funds
Beginning Net Assets, as originally reported	\$181,248,880	\$181,446,536
Adjustments to reflect notes receivable for effluent connection fees	<u>2,182,030</u>	<u>2,182,030</u>
Beginning Net Assets, as restated	<u>\$183,430,910</u>	<u>\$183,628,566</u>

Government-Wide Financial Statements

The change above also impacts the business-type activities in the government-wide financial statements. This change has been corrected in the business-type activities with the following effect on the June 30, 2011 beginning net assets:

Beginning Net Assets, as originally reported	\$181,089,461
Adjustments to reflect notes receivable for effluent connection fees	<u>2,182,030</u>
Beginning Fund Balance, as restated	<u>\$183,271,491</u>

**CITY OF SPARKS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2011**

Other Post-Employment Benefits  
Schedule of Funding Progress

Plan	Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL), (1)		Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/c
			(b)	(1)				
Sparks' Plan	7/1/2010	\$ -	\$ 8,215,640		\$ 8,215,640	0%	\$ 28,300,000	29.0%
NPEBP	7/1/2010	\$ -	\$ 15,895,093		\$ 15,895,093	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 valuation was prepared using the projected credit unit actuarial funding method.

**CITY OF SPARKS, NEVADA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,920,208	\$ 835,973	\$ 17,480,280	\$ 21,236,461
Accounts receivable	1,345,631	-	921,987	2,267,618
Notes receivable	-	-	53,236	53,236
Due from other governments	68,212	44,394	954,673	1,067,279
Restricted assets:				
Cash and investments	-	4,171,755	326,108	4,497,863
<b>TOTAL ASSETS</b>	<u>\$ 4,334,051</u>	<u>\$ 5,052,122</u>	<u>\$ 19,736,284</u>	<u>\$ 29,122,457</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 187,656	\$ 9	\$ 61,076	\$ 248,741
Accrued liabilities	112,884	-	91,584	204,468
Contracts payable	27,819	-	94,852	122,671
Contract retentions payable	5,000	-	82,635	87,635
Deferred revenue	1,483,208	-	431,596	1,914,804
Refundable deposits	24,330	-	2,000	26,330
Funds held for others	-	-	326,108	326,108
Due to other funds	78,148	-	-	78,148
Due to other governments	154,006	-	29,498	183,504
<b>Total Liabilities</b>	<u>2,073,051</u>	<u>9</u>	<u>1,119,349</u>	<u>3,192,409</u>
<b>FUND BALANCES</b>				
Restricted for:				
Promotion of special events	241,847	-	-	241,847
Grant purpose	34,430	-	-	34,430
Various judicial uses	149,218	-	-	149,218
Municipal facilities construction	439,949	-	-	439,949
Court fee collection programs	422,670	-	-	422,670
Developer agreements	204,360	-	1,122,198	1,326,558
Bond proceeds defined projects	75,910	-	1,900,546	1,976,456
Debt service reserve	-	5,052,113	-	5,052,113
Parks and recreation	-	-	4,724,593	4,724,593
Street improvements and rehabilitation	-	-	5,398,989	5,398,989
Capital projects	-	-	253,825	253,825
Improvements to Victorian Square	-	-	656,919	656,919
Committed for:				
Capital projects	46,095	-	-	46,095
Economic development	266,646	-	-	266,646
Sponsorship and advertising	58,352	-	-	58,352
Parks and recreation	110,444	-	-	110,444
Road surface repairs	182,799	-	-	182,799
Economic stabilization	28,280	-	-	28,280
Assigned for:				
Specific capital projects	-	-	574,449	574,449
Encumbrances	-	-	501,537	501,537
Next year's budget deficit	-	-	1,267,030	1,267,030
Other capital projects	-	-	2,216,849	2,216,849
<b>Total Fund Balances</b>	<u>2,261,000</u>	<u>5,052,113</u>	<u>18,616,935</u>	<u>25,930,048</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,334,051</u>	<u>\$ 5,052,122</u>	<u>\$ 19,736,284</u>	<u>\$ 29,122,457</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 107,167	\$ 3,176,832	\$ 3,018,877	\$ 6,302,876
Licenses and permits	277,608	-	3,543,169	3,820,777
Intergovernmental revenues	1,231,854	177,572	2,589,244	3,998,670
Charges for services	2,771,151	-	283,487	3,054,638
Fines and forfeits	-	-	2,800	2,800
Miscellaneous	75,391	10,904	1,657,524	1,743,819
Total Revenues	<u>4,463,171</u>	<u>3,365,308</u>	<u>11,095,101</u>	<u>18,923,580</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	142,651	142,651
Judicial	147,896	-	-	147,896
Public safety	14,424	-	177,641	192,065
Public works	275,218	-	4,389,483	4,664,701
Culture and recreation	5,935,586	-	1,054,978	6,990,564
Community support	822,348	-	1,030,043	1,852,391
Total Current	<u>7,195,472</u>	<u>-</u>	<u>6,794,796</u>	<u>13,990,268</u>
Capital outlay:				
General government	-	-	149,177	149,177
Judicial	82,312	-	-	82,312
Public safety	-	-	1,174,810	1,174,810
Public works	-	-	985,180	985,180
Culture and recreation	2,541,335	-	189,054	2,730,389
Community support	-	-	425,646	425,646
Total Capital Outlay	<u>2,623,647</u>	<u>-</u>	<u>2,923,867</u>	<u>5,547,514</u>
Debt service:				
Principal	-	2,170,000	-	2,170,000
Interest	41,830	2,035,134	-	2,076,964
Fiscal charges and other	-	2,346	92,924	95,270
Total Debt Service	<u>41,830</u>	<u>4,207,480</u>	<u>92,924</u>	<u>4,342,234</u>
Total Expenditures	<u>9,860,949</u>	<u>4,207,480</u>	<u>9,811,587</u>	<u>23,880,016</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,397,778)</u>	<u>(842,172)</u>	<u>1,283,514</u>	<u>(4,956,436)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	2,614,285	-	140,000	2,754,285
Transfers out	(18,782)	-	(1,380,942)	(1,399,724)
Total Other Financing Sources (Uses)	<u>2,595,503</u>	<u>-</u>	<u>(1,240,942)</u>	<u>1,354,561</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,802,275)</u>	<u>(842,172)</u>	<u>42,572</u>	<u>(3,601,875)</u>
<b>FUND BALANCES, JULY 1</b>	<u>5,063,275</u>	<u>5,894,285</u>	<u>18,574,363</u>	<u>29,531,923</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 2,261,000</u>	<u>\$ 5,052,113</u>	<u>\$ 18,616,935</u>	<u>\$ 25,930,048</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.

### 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, 2011**

	<b>Community Development Block Grant</b>	<b>Community Development Entitlement Grant</b>	<b>Tourism and Marketing</b>	<b>Parks and Recreation Program</b>
<b>ASSETS</b>				
Cash and investments	\$ 74,863	\$ -	\$ 352,982	\$ 999,329
Accounts receivable	1,175,948	128,302	-	31,005
Due from other governments	-	-	-	58,085
<b>TOTAL ASSETS</b>	<b>\$ 1,250,811</b>	<b>\$ 128,302</b>	<b>\$ 352,982</b>	<b>\$ 1,088,419</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2	\$ 53,062	\$ 5,495	\$ 123,468
Accrued liabilities	-	-	-	109,792
Contracts payable	-	27,819	-	-
Contract retentions payable	-	5,000	-	-
Deferred revenue	1,175,948	-	105,640	201,620
Refundable deposits	-	-	-	24,330
Due to other funds	74,861	3,287	-	-
Due to other governments	-	39,134	-	113,242
<b>Total Liabilities</b>	<b>1,250,811</b>	<b>128,302</b>	<b>111,135</b>	<b>572,452</b>
<b>FUND BALANCES</b>				
Restricted for:				
Promotion of special events	-	-	241,847	-
Grant purpose	-	-	-	34,430
Various judicial uses	-	-	-	-
Municipal facilities construction	-	-	-	-
Court fee collection programs	-	-	-	-
Developer agreements	-	-	-	-
Bond proceeds defined projects	-	-	-	-
Committed for:				
Capital projects	-	-	-	46,095
Economic development	-	-	-	266,646
Sponsorship and advertising	-	-	-	58,352
Parks and recreation	-	-	-	110,444
Road surface repairs	-	-	-	-
Economic stabilization	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>241,847</b>	<b>515,967</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,250,811</b>	<b>\$ 128,302</b>	<b>\$ 352,982</b>	<b>\$ 1,088,419</b>

<u>Court Administrative Assessment</u>	<u>Street Cut</u>	<u>Impact Fee Service Area No. 1</u>	<u>Tourism Improvement District 1</u>	<u>Stabilization</u>	<u>Total</u>
\$ 1,015,851	\$ 167,018	\$ 205,975	\$ 75,910	\$ 28,280	\$ 2,920,208
-	10,376	-	-	-	1,345,631
-	10,127	-	-	-	68,212
<u>\$ 1,015,851</u>	<u>\$ 187,521</u>	<u>\$ 205,975</u>	<u>\$ 75,910</u>	<u>\$ 28,280</u>	<u>\$ 4,334,051</u>
\$ 4,014	\$ -	\$ 1,615	\$ -	\$ -	\$ 187,656
-	3,092	-	-	-	112,884
-	-	-	-	-	27,819
-	-	-	-	-	5,000
-	-	-	-	-	1,483,208
-	-	-	-	-	24,330
-	-	-	-	-	78,148
-	1,630	-	-	-	154,006
<u>4,014</u>	<u>4,722</u>	<u>1,615</u>	<u>-</u>	<u>-</u>	<u>2,073,051</u>
-	-	-	-	-	241,847
-	-	-	-	-	34,430
149,218	-	-	-	-	149,218
439,949	-	-	-	-	439,949
422,670	-	-	-	-	422,670
-	-	204,360	-	-	204,360
-	-	-	75,910	-	75,910
-	-	-	-	-	46,095
-	-	-	-	-	266,646
-	-	-	-	-	58,352
-	-	-	-	-	110,444
-	182,799	-	-	-	182,799
-	-	-	-	28,280	28,280
<u>1,011,837</u>	<u>182,799</u>	<u>204,360</u>	<u>75,910</u>	<u>28,280</u>	<u>2,261,000</u>
<u>\$ 1,015,851</u>	<u>\$ 187,521</u>	<u>\$ 205,975</u>	<u>\$ 75,910</u>	<u>\$ 28,280</u>	<u>\$ 4,334,051</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, 2011**

	<u>Community Development Block Grant</u>	<u>Community Development Entitlement Grant</u>	<u>Tourism and Marketing</u>	<u>Sparks Parking District</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 107,167	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	78,344	540,926	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	714	-
Total Revenues	<u>78,344</u>	<u>540,926</u>	<u>107,881</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community support	78,358	540,926	192,973	-
Total Current	<u>78,358</u>	<u>540,926</u>	<u>192,973</u>	<u>-</u>
Capital outlay:				
Judicial	-	-	-	-
Culture and recreation	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Interest	-	-	-	-
Total Expenditures	<u>78,358</u>	<u>540,926</u>	<u>192,973</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(14)</u>	<u>-</u>	<u>(85,092)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	-	-	-	-
Transfers out	-	-	-	(6,009)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,009)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(14)	-	(85,092)	(6,009)
<b>FUND BALANCES, JULY 1</b>	<u>14</u>	<u>-</u>	<u>326,939</u>	<u>6,009</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,847</u>	<u>\$ -</u>

<b>Parks and Recreation Program</b>	<b>Court Administrative Assessment</b>	<b>Street Cut</b>	<b>Impact Fee Service Area No. 1</b>	<b>Tourism Improvement District 1</b>	<b>Stabilization</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,167
17,060	-	199,298	61,150	-	100	277,608
249,275	363,309	-	-	-	-	1,231,854
2,709,727	-	61,424	-	-	-	2,771,151
52,979	2,868	208	18,460	108	54	75,391
<u>3,029,041</u>	<u>366,177</u>	<u>260,930</u>	<u>79,610</u>	<u>108</u>	<u>154</u>	<u>4,463,171</u>
-	147,896	-	-	-	-	147,896
-	-	-	14,424	-	-	14,424
-	-	274,996	222	-	-	275,218
5,935,586	-	-	-	-	-	5,935,586
-	-	-	-	10,091	-	822,348
<u>5,935,586</u>	<u>147,896</u>	<u>274,996</u>	<u>14,646</u>	<u>10,091</u>	<u>-</u>	<u>7,195,472</u>
-	82,312	-	-	-	-	82,312
132,326	-	-	2,409,009	-	-	2,541,335
<u>132,326</u>	<u>82,312</u>	<u>-</u>	<u>2,409,009</u>	<u>-</u>	<u>-</u>	<u>2,623,647</u>
-	-	-	41,830	-	-	41,830
6,067,912	230,208	274,996	2,465,485	10,091	-	9,860,949
<u>#####</u>	<u>135,969</u>	<u>(14,066)</u>	<u>(2,385,875)</u>	<u>(9,983)</u>	<u>154</u>	<u>(5,397,778)</u>
2,614,285	-	-	-	-	-	2,614,285
-	-	-	(12,773)	-	-	(18,782)
<u>2,614,285</u>	<u>-</u>	<u>-</u>	<u>(12,773)</u>	<u>-</u>	<u>-</u>	<u>2,595,503</u>
(424,586)	135,969	(14,066)	(2,398,648)	(9,983)	154	(2,802,275)
940,553	875,868	196,865	2,603,008	85,893	28,126	5,063,275
<u>\$ 515,967</u>	<u>\$ 1,011,837</u>	<u>\$ 182,799</u>	<u>\$ 204,360</u>	<u>\$ 75,910</u>	<u>\$ 28,280</u>	<u>\$ 2,261,000</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Intergovernmental revenues:				
Home program grant	\$ 205,000	\$ 78,314	\$ (126,686)	\$ 90,645
Housing and urban development grant	-	30	30	-
Total Revenues	<u>205,000</u>	<u>78,344</u>	<u>(126,656)</u>	<u>90,645</u>
EXPENDITURES				
Community support:				
Services and supplies	<u>241,079</u>	<u>78,358</u>	<u>162,721</u>	<u>92,819</u>
NET CHANGE IN FUND BALANCES	(36,079)	(14)	36,065	(2,174)
FUND BALANCES, JULY 1	<u>36,079</u>	<u>14</u>	<u>(36,065)</u>	<u>2,188</u>
FUND BALANCES, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Intergovernmental revenues:				
Community Development Block and Entitlement grants	\$ 869,080	\$ 540,926	\$ (328,154)	\$ 1,025,005
<b>EXPENDITURES</b>				
Public works:				
Services and supplies	10,446	-	10,446	485,798
Capital outlay	-	-	-	12,852
Total Public Works	10,446	-	10,446	498,650
Community support:				
Salaries and wages	99,114	91,119	7,995	98,665
Employee benefits	42,137	33,969	8,168	40,047
Services and supplies	755,656	415,838	339,818	387,643
Total Community Support	896,907	540,926	355,981	526,355
Total Expenditures	907,353	540,926	366,427	1,025,005
<b>NET CHANGE IN FUND BALANCES</b>	(38,273)	-	38,273	-
<b>FUND BALANCES, JULY 1</b>	38,273	-	(38,273)	-
<b>FUND BALANCES, JUNE 30</b>	\$ -	\$ -	\$ -	\$ -

**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, 2011**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Room taxes	\$ 150,000	\$ 107,167	\$ (42,833)	\$ 167,000
Miscellaneous:				
Interest earnings	1,200	714	(486)	799
Total Revenues	<u>151,200</u>	<u>107,881</u>	<u>(43,319)</u>	<u>167,799</u>
EXPENDITURES				
Community support:				
Services and supplies	<u>211,391</u>	<u>192,973</u>	<u>18,418</u>	<u>125,631</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,191)	(85,092)	(24,901)	42,168
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,771</u>
NET CHANGE IN FUND BALANCES	(60,191)	(85,092)	(24,901)	326,939
FUND BALANCES, JULY 1	<u>251,232</u>	<u>326,939</u>	<u>75,707</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u><u>\$ 191,041</u></u>	<u><u>\$ 241,847</u></u>	<u><u>\$ 50,806</u></u>	<u><u>\$ 326,939</u></u>

**CITY OF SPARKS, NEVADA**  
**SPARKS PARKING DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Miscellaneous:				
Interest earnings	\$ 300	\$ -	\$ (300)	\$ 21
EXPENDITURES				
Community support:				
Services and supplies	10,328	-	10,328	6,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,028)</u>	<u>-</u>	<u>10,028</u>	<u>(6,418)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	20,000	-	(20,000)	-
Transfers out	<u>-</u>	<u>(6,009)</u>	<u>(6,009)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>(6,009)</u>	<u>(26,009)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,972	(6,009)	(15,981)	(6,418)
FUND BALANCES, JULY 1	<u>1,807</u>	<u>6,009</u>	<u>4,202</u>	<u>12,427</u>
FUND BALANCES, JUNE 30	<u><u>\$ 11,779</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (11,779)</u></u>	<u><u>\$ 6,009</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Concession franchise fees	\$ -	\$ 17,060	\$ 17,060	\$ -
Intergovernmental revenues:				
Federal grants:				
Environmental Protection Agency grant	80,000	7,900	(72,100)	-
Housing and urban development grant	241,421	241,375	(46)	-
	<u>321,421</u>	<u>249,275</u>	<u>(72,146)</u>	<u>-</u>
Charges for services:				
Recreation program fees	3,178,381	2,395,016	(783,365)	2,410,949
Administrative service charges	5,000	5,669	669	5,399
Other	277,185	309,042	31,857	435,623
	<u>3,460,566</u>	<u>2,709,727</u>	<u>(750,839)</u>	<u>2,851,971</u>
Miscellaneous:				
Interest earnings	36,000	389	(35,611)	15,625
Gifts and bequests	97,999	36,734	(61,265)	102,184
Rental and event insurance	4,176	5,311	1,135	5,814
Other	32,000	10,545	(21,455)	62,128
	<u>170,175</u>	<u>52,979</u>	<u>(117,196)</u>	<u>185,751</u>
Total Revenues	<u>3,952,162</u>	<u>3,029,041</u>	<u>(923,121)</u>	<u>3,037,722</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Salaries and wages	3,510,969	2,870,089	640,880	3,665,158
Employee benefits	883,505	956,445	(72,940)	1,124,692
Services and supplies	2,976,814	2,109,052	867,762	2,078,187
Capital outlay	133,000	132,326	674	6,983
Total Expenditures	<u>7,504,288</u>	<u>6,067,912</u>	<u>1,436,376</u>	<u>6,875,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,552,126)	(3,038,871)	513,255	(3,837,298)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	3,021,000	2,614,285	(406,715)	4,533,000
NET CHANGE IN FUND BALANCES	(531,126)	(424,586)	106,540	695,702
FUND BALANCES, JULY 1	549,889	940,553	390,664	244,851
FUND BALANCES, JUNE 30	<u>\$ 18,763</u>	<u>\$ 515,967</u>	<u>\$ 497,204</u>	<u>\$ 940,553</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Intergovernmental revenues:				
Municipal court administrative assessments	\$ 45,000	\$ 55,393	\$ 10,393	\$ 57,272
Court collection fees	140,000	229,498	89,498	191,113
Court facility administrative assessments	75,000	78,418	3,418	78,796
	<u>260,000</u>	<u>363,309</u>	<u>103,309</u>	<u>327,181</u>
Miscellaneous:				
Interest earnings	-	2,868	2,868	(2,868)
Total Revenues	<u>260,000</u>	<u>366,177</u>	<u>106,177</u>	<u>324,313</u>
<b>EXPENDITURES</b>				
Judicial:				
Services and supplies	362,035	147,896	214,139	31,808
Capital outlay	86,312	82,312	4,000	-
Total Expenditures	<u>448,347</u>	<u>230,208</u>	<u>218,139</u>	<u>31,808</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(188,347)	135,969	324,316	292,505
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers out	-	-	-	(110,000)
<b>NET CHANGE IN FUND BALANCES</b>	(188,347)	135,969	324,316	182,505
<b>FUND BALANCES, JULY 1</b>	<u>276,382</u>	<u>875,868</u>	<u>599,486</u>	<u>693,363</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 88,035</u>	<u>\$ 1,011,837</u>	<u>\$ 923,802</u>	<u>\$ 875,868</u>

**CITY OF SPARKS, NEVADA  
STREET CUT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Licenses and permits:				
Street cut permits	\$ 200,000	\$ 199,298	\$ (702)	\$ 148,186
Charges for services:				
Other	63,566	61,424	(2,142)	-
Miscellaneous:				
Interest earnings	1,000	132	(868)	324
Recoveries and reimbursements	-	76	76	-
	<u>1,000</u>	<u>208</u>	<u>(792)</u>	<u>324</u>
Total Revenues	<u>264,566</u>	<u>260,930</u>	<u>(3,636)</u>	<u>148,510</u>
EXPENDITURES				
Public works:				
Salaries and wages	73,993	69,949	4,044	65,696
Employee benefits	37,025	36,679	346	35,626
Services and supplies	367,797	168,368	199,429	294,030
Total Expenditures	<u>478,815</u>	<u>274,996</u>	<u>203,819</u>	<u>395,352</u>
NET CHANGE IN FUND BALANCES	(214,249)	(14,066)	200,183	(246,842)
FUND BALANCES, JULY 1	<u>214,357</u>	<u>196,865</u>	<u>(17,492)</u>	<u>443,707</u>
FUND BALANCES, JUNE 30	<u>\$ 108</u>	<u>\$ 182,799</u>	<u>\$ 182,691</u>	<u>\$ 196,865</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Flood control fees	\$ 191,360	\$ 16,378	\$ (174,982)	\$ 156,179
Public facility fees	35,790	10,589	(25,201)	30,242
Park fees	95,160	23,739	(71,421)	79,606
Sanitary sewer fee	36,630	10,444	(26,186)	30,852
	<u>358,940</u>	<u>61,150</u>	<u>(297,790)</u>	<u>296,879</u>
Miscellaneous:				
Interest earnings	85,100	18,460	(66,640)	91,929
Total Revenues	<u>444,040</u>	<u>79,610</u>	<u>(364,430)</u>	<u>388,808</u>
<b>EXPENDITURES</b>				
Public safety:				
Services and supplies	-	14,424	(14,424)	-
Public works:				
Services and supplies	750	222	528	608
Capital outlay	132,427	-	132,427	493,888
Total Public Works	<u>133,177</u>	<u>222</u>	<u>132,955</u>	<u>494,496</u>
Sanitation:				
Capital outlay	18,372	-	18,372	-
Culture and recreation:				
Capital outlay	2,495,580	2,409,009	86,571	10,752
Debt service:				
Interest	-	41,830	(41,830)	269,064
Total Expenditures	<u>2,647,129</u>	<u>2,465,485</u>	<u>181,644</u>	<u>774,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,203,089)	(2,385,875)	(182,786)	(385,504)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers out	-	(12,773)	(12,773)	(567,027)
NET CHANGE IN FUND BALANCES	(2,203,089)	(2,398,648)	(195,559)	(952,531)
FUND BALANCES, JULY 1	<u>2,603,008</u>	<u>2,603,008</u>	<u>-</u>	<u>3,555,539</u>
FUND BALANCES, JUNE 30	<u>\$ 399,919</u>	<u>\$ 204,360</u>	<u>\$ (195,559)</u>	<u>\$ 2,603,008</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Miscellaneous:				
Interest earnings	\$ -	\$ 108	\$ 108	\$ 506
EXPENDITURES				
Current:				
Community support:				
Services and supplies	-	10,091	(10,091)	2,675,501
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(9,983)	(9,983)	(2,674,995)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	2,738,821
Transfers:				
Transfers out	-	-	-	(74,521)
Total Other Financing Sources (Uses)	-	-	-	2,664,300
NET CHANGE IN FUND BALANCES	-	(9,983)	(9,983)	(10,695)
FUND BALANCES, JULY 1	88,402	85,893	(2,509)	96,588
FUND BALANCES, JUNE 30	\$ 88,402	\$ 75,910	\$ (12,492)	\$ 85,893

**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, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Licenses and permits:				
Other	\$ -	\$ 100	\$ 100	\$ -
Miscellaneous:				
Interest earnings	<u>500</u>	<u>54</u>	<u>(446)</u>	<u>56</u>
NET CHANGE IN FUND BALANCES	500	154	(346)	56
FUND BALANCES, JULY 1	<u>28,570</u>	<u>28,126</u>	<u>(444)</u>	<u>28,070</u>
FUND BALANCES, JUNE 30	<u><u>\$ 29,070</u></u>	<u><u>\$ 28,280</u></u>	<u><u>\$ (790)</u></u>	<u><u>\$ 28,126</u></u>

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## **MAJOR DEBT SERVICE FUND**

### General Obligation Debt Service Fund

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

- General Obligation (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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 248,490
Special assessments	2,715,177	2,720,007	4,830	2,715,177
	<u>2,715,177</u>	<u>2,720,007</u>	<u>4,830</u>	<u>2,963,667</u>
Intergovernmental revenues:				
Dedicated sales tax - improvement districts	6,463,511	7,162,082	698,571	5,305,960
Miscellaneous:				
Interest earnings	511,828	47,363	(464,465)	436,320
Total Revenues	<u>9,690,516</u>	<u>9,929,452</u>	<u>238,936</u>	<u>8,705,947</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	4,142,696	2,950,000	1,192,696	2,370,000
Interest	10,049,596	8,350,504	1,699,092	9,062,810
Fiscal charges and other	56,050	53,003	3,047	23,770
Total Expenditures	<u>14,248,342</u>	<u>11,353,507</u>	<u>2,894,835</u>	<u>11,456,580</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,557,826)</u>	<u>(1,424,055)</u>	<u>3,133,771</u>	<u>(2,750,633)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	4,180,000	4,180,000	-
Debt service - principal	-	(4,120,000)	(4,120,000)	-
Transfers:				
Transfers in	800,307	2,151,539	1,351,232	2,150,133
Transfers out	-	-	-	(31,118)
Total Other Financing Sources (Uses)	<u>800,307</u>	<u>2,211,539</u>	<u>1,411,232</u>	<u>2,119,015</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(3,757,519)</u>	<u>787,484</u>	<u>4,545,003</u>	<u>(631,618)</u>
<b>FUND BALANCES, JULY 1</b>	<u>11,320,856</u>	<u>14,086,621</u>	<u>2,765,765</u>	<u>14,718,239</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 7,563,337</u>	<u>\$ 14,874,105</u>	<u>\$ 7,310,768</u>	<u>\$ 14,086,621</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011**

	<b>Redevelopment Agency Tax Revenue</b>	<b>Redevelopment Agency 2 Debt Service</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 475,511	\$ 360,462	\$ 835,973
Due from other governments	44,394	-	44,394
Restricted assets:			
Cash and investments	2,218,007	1,953,748	4,171,755
<b>TOTAL ASSETS</b>	<b>\$ 2,737,912</b>	<b>\$ 2,314,210</b>	<b>\$ 5,052,122</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 9	\$ 9
<b>FUND BALANCES</b>			
Restricted for:			
Debt service reserve	2,737,912	2,314,201	5,052,113
Total Fund Balances	2,737,912	2,314,201	5,052,113
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,737,912</b>	<b>\$ 2,314,210</b>	<b>\$ 5,052,122</b>

**CITY OF SPARKS, NEVADA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Redevelopment Agency Tax Revenue</b>	<b>Redevelopment Agency 2 Debt Service</b>	<b>Totals</b>
REVENUES			
Taxes	\$ 1,919,909	\$ 1,256,923	\$ 3,176,832
Intergovernmental revenues	177,572	-	177,572
Miscellaneous	5,577	5,327	10,904
Total Revenues	<u>2,103,058</u>	<u>1,262,250</u>	<u>3,365,308</u>
EXPENDITURES			
Debt service:			
Principal	1,605,000	565,000	2,170,000
Interest	680,137	1,354,997	2,035,134
Fiscal charges and other	45	2,301	2,346
Total Expenditures	<u>2,285,182</u>	<u>1,922,298</u>	<u>4,207,480</u>
NET CHANGE IN FUND BALANCES	(182,124)	(660,048)	(842,172)
FUND BALANCE, JULY 1	<u>2,920,036</u>	<u>2,974,249</u>	<u>5,894,285</u>
FUND BALANCE, JUNE 30	<u><u>\$ 2,737,912</u></u>	<u><u>\$ 2,314,201</u></u>	<u><u>\$ 5,052,113</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 1,899,909	\$ 1,919,909	\$ 20,000	\$ 1,755,301
Intergovernmental revenues:				
Motor vehicle privilege tax	177,572	177,572	-	192,370
Miscellaneous:				
Interest earnings	50,000	5,577	(44,423)	25,063
Total Revenues	<u>2,127,481</u>	<u>2,103,058</u>	<u>(24,423)</u>	<u>1,972,734</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,605,000	1,605,000	-	1,215,000
Interest	680,137	680,137	-	1,342,182
Fiscal charges and other	2,500	45	2,455	399,254
Total Expenditures	<u>2,287,637</u>	<u>2,285,182</u>	<u>2,455</u>	<u>2,956,436</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(160,156)</u>	<u>(182,124)</u>	<u>(21,968)</u>	<u>(983,702)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain (loss) on disposition of assets	-	-	-	(173,812)
Refunding bonds issued	-	-	-	22,165,000
Discount on bonds issued	-	-	-	(25,628)
Payments to refunded bond escrow agent	-	-	-	(22,176,160)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,600)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(160,156)	(182,124)	(21,968)	(1,194,302)
<b>FUND BALANCES, JULY 1</b>	<u>3,538,028</u>	<u>2,920,036</u>	<u>(617,992)</u>	<u>4,114,338</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 3,377,872</u>	<u>\$ 2,737,912</u>	<u>\$ (639,960)</u>	<u>\$ 2,920,036</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, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 999,928	\$ 1,256,923	\$ 256,995	\$ 281,626
Miscellaneous:				
Interest earnings	12,000	5,327	(6,673)	22,392
<b>Total Revenues</b>	<b>1,011,928</b>	<b>1,262,250</b>	<b>250,322</b>	<b>304,018</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal	565,000	565,000	-	-
Interest	1,354,997	1,354,997	-	1,105,139
Fiscal charges and other	2,500	2,301	199	1,400
<b>Total Expenditures</b>	<b>1,922,497</b>	<b>1,922,298</b>	<b>199</b>	<b>1,106,539</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(910,569)</b>	<b>(660,048)</b>	<b>250,521</b>	<b>(802,521)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	-	723,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>(910,569)</b>	<b>(660,048)</b>	<b>250,521</b>	<b>(79,521)</b>
<b>FUND BALANCES, JULY 1</b>	<b>2,962,756</b>	<b>2,974,249</b>	<b>11,493</b>	<b>3,053,770</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 2,052,187</b>	<b>\$ 2,314,201</b>	<b>\$ 262,014</b>	<b>\$ 2,974,249</b>

**CITY OF SPARKS, NEVADA  
TAX INCREMENT AREA DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Miscellaneous:				
Interest earnings	\$ -	\$ -	\$ -	\$ 1
EXPENDITURES				
Debt service:				
Fiscal charges and other	8,737	-	8,737	27
NET CHANGE IN FUND BALANCES	(8,737)	-	8,737	(26)
FUND BALANCES, JULY 1	8,763	-	(8,763)	26
FUND BALANCES, JUNE 30	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ (26)</u>	<u>\$ -</u>

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## **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.

### Redevelopment Agency 2 Bond Proceeds Fund

To account for the resources used for financing the acquisition and construction of Redevelopment Agency No. 2 projects. Financing to be provided by general obligation bonds.

### Marina Special Assessment District 2 Construction Fund

To account for the resources used for financing the acquisition of infrastructure improvements in the Marina Special Assessment District No. 2. Financing provided by special assessment bonds with no City commitment.

### 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, 2011**

(PAGE 1 OF 2)

	<u>Recreation and Parks District 1</u>	<u>Recreation and Parks District 2</u>	<u>Recreation and Parks District 3</u>
<b>ASSETS</b>			
Cash and investments	\$ 423,494	\$ 1,876,458	\$ 2,424,855
Accounts receivable	-	-	-
Notes receivable	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 423,494</u>	<u>\$ 1,876,458</u>	<u>\$ 2,424,855</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 15	\$ 87	\$ 112
Accrued liabilities	-	-	-
Contracts payable	-	-	-
Contract retentions payable	-	-	-
Deferred revenue	-	-	-
Refundable deposits	-	-	-
Funds held for others	-	-	-
Due to other governments	-	-	-
<b>Total Liabilities</b>	<u>15</u>	<u>87</u>	<u>112</u>
<b>FUND BALANCES</b>			
Restricted for:			
Parks and recreation	423,479	1,876,371	2,424,743
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	-	-	-
<b>Total Fund Balances</b>	<u>423,479</u>	<u>1,876,371</u>	<u>2,424,743</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 423,494</u>	<u>\$ 1,876,458</u>	<u>\$ 2,424,855</u>

<u>Road</u>	<u>Capital Projects</u>	<u>Capital Facilities</u>	<u>Parks and Recreation Project</u>
\$ 3,885,385	\$ 3,387,281	\$ 302,210	\$ 624,291
675,783	6,240	-	211,024
-	-	-	-
265,861	-	101	-
-	-	-	-
<u>\$ 4,827,029</u>	<u>\$ 3,393,521</u>	<u>\$ 302,311</u>	<u>\$ 835,315</u>
\$ 5,424	\$ 9,365	\$ 7,092	\$ 1,880
55,889	-	-	31,194
24,552	-	33,625	36,315
24,046	50,820	7,769	-
54,905	-	-	-
-	2,000	-	-
-	-	-	-
21,296	-	-	7,854
<u>186,112</u>	<u>62,185</u>	<u>48,486</u>	<u>77,243</u>
-	-	-	-
4,640,917	-	-	758,072
-	1,863,831	-	-
-	-	253,825	-
-	-	-	-
-	-	-	-
-	574,449	-	-
-	317,708	-	-
-	-	-	-
-	575,348	-	-
<u>4,640,917</u>	<u>3,331,336</u>	<u>253,825</u>	<u>758,072</u>
<u>\$ 4,827,029</u>	<u>\$ 3,393,521</u>	<u>\$ 302,311</u>	<u>\$ 835,315</u>

**CITY OF SPARKS, NEVADA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011**

(PAGE 2 OF 2)

	<u>Local Improvement District 3</u>	<u>Redevelopment Agency Revolving</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,158,980	\$ 1,213,867
Accounts receivable	-	9,172
Notes receivable	-	53,236
Due from other governments	-	455,100
Restricted assets:		
Cash and investments	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 1,158,980</u></u>	<u><u>\$ 1,731,375</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 67	\$ 17,166
Accrued liabilities	-	4,501
Contracts payable	-	-
Contract retentions payable	-	-
Deferred revenue	-	287,241
Refundable deposits	-	-
Funds held for others	-	-
Due to other governments	-	348
<b>Total Liabilities</b>	<u>67</u>	<u>309,256</u>
<b>FUND BALANCES</b>		
Restricted for:		
Parks and recreation	-	-
Street improvements and rehabilitation	-	-
Bond proceeds defined projects	36,715	-
Capital projects	-	-
Developer agreements	1,122,198	-
Improvements to Victorian Square	-	-
Assigned for:		
Specific capital projects	-	-
Encumbrances	-	94,916
Next year's budget deficit	-	210,082
Other capital projects	-	1,117,121
<b>Total Fund Balances</b>	<u>1,158,913</u>	<u>1,422,119</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,158,980</u></u>	<u><u>\$ 1,731,375</u></u>

<b>Redevelopment Agency 2 Revolving</b>	<b>Assessment District 2 Construction</b>	<b>Victorian Square Room Tax</b>	<b>Totals</b>
\$ 1,576,422	\$ -	\$ 607,037	\$ 17,480,280
19,768	-	-	921,987
-	-	-	53,236
183,725	-	49,886	954,673
-	326,108	-	326,108
<u>\$ 1,779,915</u>	<u>\$ 326,108</u>	<u>\$ 656,923</u>	<u>\$ 19,736,284</u>
\$ 19,864	\$ -	\$ 4	\$ 61,076
-	-	-	91,584
360	-	-	94,852
-	-	-	82,635
89,450	-	-	431,596
-	-	-	2,000
-	326,108	-	326,108
-	-	-	29,498
<u>109,674</u>	<u>326,108</u>	<u>4</u>	<u>1,119,349</u>
-	-	-	4,724,593
-	-	-	5,398,989
-	-	-	1,900,546
-	-	-	253,825
-	-	-	1,122,198
-	-	656,919	656,919
-	-	-	574,449
88,913	-	-	501,537
1,056,948	-	-	1,267,030
524,380	-	-	2,216,849
<u>1,670,241</u>	<u>-</u>	<u>656,919</u>	<u>18,616,935</u>
<u>\$ 1,779,915</u>	<u>\$ 326,108</u>	<u>\$ 656,923</u>	<u>\$ 19,736,284</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, 2011**

(PAGE 1 OF 2)

	<b>Recreation and Parks District 1</b>	<b>Recreation and Parks District 2</b>	<b>Recreation and Parks District 3</b>
<b>REVENUES</b>			
Taxes	\$ 7,000	\$ 21,000	\$ 23,000
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Miscellaneous	3,624	22,440	28,812
Total Revenues	<u>10,624</u>	<u>43,440</u>	<u>51,812</u>
<b>EXPENDITURES</b>			
Current:			
General government	55	356	462
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	19,695	-
Community support	-	-	-
Total Current	<u>55</u>	<u>20,051</u>	<u>462</u>
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	60,000	71,888
Community support	-	-	-
Total Capital Outlay	<u>-</u>	<u>60,000</u>	<u>71,888</u>
Debt service:			
Fiscal charges and other	-	-	-
Total Expenditures	<u>55</u>	<u>80,051</u>	<u>72,350</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>10,569</u>	<u>(36,611)</u>	<u>(20,538)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers:			
Transfers in	-	-	-
Transfer out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	10,569	(36,611)	(20,538)
<b>FUND BALANCES, JULY 1</b>	<u>412,910</u>	<u>1,912,982</u>	<u>2,445,281</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 423,479</u>	<u>\$ 1,876,371</u>	<u>\$ 2,424,743</u>

<u>Road</u>	<u>Capital Projects</u>	<u>Capital Facilities</u>	<u>Parks and Recreation Project</u>
\$ -	\$ -	\$ 101	\$ -
2,467,928	145,359	-	929,882
1,741,654	707,510	-	-
1,360	37,326	340	-
-	-	-	-
46,496	1,496,965	10,610	5,411
<u>4,257,438</u>	<u>2,387,160</u>	<u>11,051</u>	<u>935,293</u>
1,199	51,604	85,516	185
89,807	35,683	52,151	-
4,313,165	64,818	11,500	-
-	37,366	18	659,448
-	-	-	-
<u>4,404,171</u>	<u>189,471</u>	<u>149,185</u>	<u>659,633</u>
-	149,177	-	-
-	1,167,955	6,855	-
307,723	677,403	54	-
-	9,022	29	48,115
-	-	-	-
<u>307,723</u>	<u>2,003,557</u>	<u>6,938</u>	<u>48,115</u>
-	-	-	-
<u>4,711,894</u>	<u>2,193,028</u>	<u>156,123</u>	<u>707,748</u>
<u>(454,456)</u>	<u>194,132</u>	<u>(145,072)</u>	<u>227,545</u>
-	140,000	-	-
-	-	-	-
-	140,000	-	-
(454,456)	334,132	(145,072)	227,545
<u>5,095,373</u>	<u>2,997,204</u>	<u>398,897</u>	<u>530,527</u>
<u>\$ 4,640,917</u>	<u>\$ 3,331,336</u>	<u>\$ 253,825</u>	<u>\$ 758,072</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, 2011**

(PAGE 2 OF 2)

	<b>Local Improvement District 3</b>	<b>Redevelopment Agency Revolving</b>
<b>REVENUES</b>		
Taxes	\$ -	\$ 1,340,576
Licenses and permits	-	-
Intergovernmental revenues	-	78,366
Charges for services	-	244,461
Fines and forfeits	-	-
Miscellaneous	1,543	24,308
Total Revenues	1,543	1,687,711
<b>EXPENDITURES</b>		
Current:		
General government	-	2,767
Public safety	-	-
Public works	-	-
Culture and recreation	-	338,451
Community support	1,741	542,580
Total Current	1,741	883,798
Capital outlay:		
General government	-	-
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community support	-	324,224
Total Capital Outlay	-	324,224
Debt service:		
Fiscal charges and other	-	-
Total Expenditures	1,741	1,208,022
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(198)</b>	<b>479,689</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers:		
Transfers in	-	-
Transfer out	-	(311,448)
Total Other Financing Sources (Uses)	-	(311,448)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(198)</b>	<b>168,241</b>
<b>FUND BALANCES, JULY 1</b>	<b>1,159,111</b>	<b>1,253,878</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,158,913</b>	<b>\$ 1,422,119</b>

<b>Redevelopment Agency 2 Revolving</b>	<b>Redevelopment Agency 2 Bond Proceeds</b>	<b>Victorian Square Room Tax</b>	<b>Totals</b>
\$ 1,061,453	\$ -	\$ 565,747	\$ 3,018,877
-	-	-	3,543,169
61,714	-	-	2,589,244
-	-	-	283,487
2,800	-	-	2,800
18,431	943	(2,059)	1,657,524
<u>1,144,398</u>	<u>943</u>	<u>563,688</u>	<u>11,095,101</u>
507	-	-	142,651
-	-	-	177,641
-	-	-	4,389,483
-	-	-	1,054,978
466,257	-	19,465	1,030,043
<u>466,764</u>	<u>-</u>	<u>19,465</u>	<u>6,794,796</u>
-	-	-	149,177
-	-	-	1,174,810
-	-	-	985,180
-	-	-	189,054
-	-	101,422	425,646
<u>-</u>	<u>-</u>	<u>101,422</u>	<u>2,923,867</u>
92,924	-	-	92,924
559,688	-	120,887	9,811,587
<u>584,710</u>	<u>943</u>	<u>442,801</u>	<u>1,283,514</u>
-	-	-	140,000
(80,032)	(989,462)	-	(1,380,942)
<u>(80,032)</u>	<u>(989,462)</u>	<u>-</u>	<u>(1,240,942)</u>
504,678	(988,519)	442,801	42,572
1,165,563	988,519	214,118	18,574,363
<u>\$ 1,670,241</u>	<u>\$ -</u>	<u>\$ 656,919</u>	<u>\$ 18,616,935</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Residential park construction tax	\$ 5,000	\$ 7,000	\$ 2,000	\$ 3,000
Miscellaneous:				
Interest earnings	4,000	3,624	(376)	8,584
<b>Total Revenues</b>	<b>9,000</b>	<b>10,624</b>	<b>1,624</b>	<b>11,584</b>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	100	55	45	56
Culture and recreation:				
Capital outlay	357,374	-	357,374	56,519
<b>Total Expenditures</b>	<b>357,474</b>	<b>55</b>	<b>357,419</b>	<b>56,575</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(348,474)</b>	<b>10,569</b>	<b>359,043</b>	<b>(44,991)</b>
<b>FUND BALANCES, JULY 1</b>	<b>348,774</b>	<b>412,910</b>	<b>64,136</b>	<b>457,901</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 300</b>	<b>\$ 423,479</b>	<b>\$ 423,179</b>	<b>\$ 412,910</b>

**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, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
REVENUES				
Taxes:				
Residential park construction tax	\$ 2,000	\$ 21,000	\$ 19,000	\$ 8,000
Miscellaneous:				
Interest earnings	20,000	22,440	2,440	50,259
Total Revenues	<u>22,000</u>	<u>43,440</u>	<u>21,440</u>	<u>58,259</u>
EXPENDITURES				
General government:				
Services and supplies	600	356	244	316
Culture and recreation:				
Services and supplies	20,000	19,695	305	2,500
Capital outlay	1,064,039	60,000	1,004,039	-
Total Culture and Recreation	<u>1,084,039</u>	<u>79,695</u>	<u>1,004,344</u>	<u>2,500</u>
Total Expenditures	<u>1,084,639</u>	<u>80,051</u>	<u>1,004,588</u>	<u>2,816</u>
NET CHANGE IN FUND BALANCES	(1,062,639)	(36,611)	1,026,028	55,443
FUND BALANCES, JULY 1	<u>1,647,438</u>	<u>1,912,982</u>	<u>265,544</u>	<u>1,857,539</u>
FUND BALANCES, JUNE 30	<u>\$ 584,799</u>	<u>\$ 1,876,371</u>	<u>\$ 1,291,572</u>	<u>\$ 1,912,982</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>REVENUES</b>				
Taxes:				
Residential park construction tax	\$ 290,000	\$ 23,000	\$ (267,000)	\$ 100,295
Charges for services	-	-	-	851
Miscellaneous:				
Interest earnings	30,000	28,812	(1,188)	74,874
Total Revenues	<u>320,000</u>	<u>51,812</u>	<u>(268,188)</u>	<u>176,020</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	850	462	388	471
Culture and recreation:				
Services and supplies	-	-	-	2,864
Capital outlay	2,037,620	71,888	1,965,732	325,125
Total Culture and Recreation	<u>2,037,620</u>	<u>71,888</u>	<u>1,965,732</u>	<u>327,989</u>
Total Expenditures	<u>2,038,470</u>	<u>72,350</u>	<u>1,966,120</u>	<u>328,460</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,718,470)	(20,538)	1,697,932	(152,440)
<b>FUND BALANCES, JULY 1</b>	<u>1,718,470</u>	<u>2,445,281</u>	<u>726,811</u>	<u>2,597,721</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ -</u>	<u>\$ 2,424,743</u>	<u>\$ 2,424,743</u>	<u>\$ 2,445,281</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	2011			2010
	Final Budget	Actual	Variance	
<b>REVENUES</b>				
Licenses and permits:				
Right of way toll fees	\$ 590,000	\$ 608,163	\$ 18,163	\$ 586,155
Electric franchise fees	1,569,737	1,272,013	(297,724)	1,155,496
Gas franchise fees	668,956	587,752	(81,204)	575,060
	<u>2,828,693</u>	<u>2,467,928</u>	<u>(360,765)</u>	<u>2,316,711</u>
Intergovernmental revenues:				
Federal grants:				
Department of Energy grant	46,906	22,657	(24,249)	47,982
State shared revenues:				
County Road Fund distributions	16,644	16,644	-	16,644
Motor vehicle fuel tax	2,465,000	1,702,353	(762,647)	2,286,865
	<u>2,528,550</u>	<u>1,741,654</u>	<u>(786,896)</u>	<u>2,351,491</u>
Charges for services:				
Other	1,000	1,360	360	1,810
Miscellaneous:				
Interest earnings	50,000	46,496	(3,504)	104,992
Other	17,548	-	(17,548)	41
	<u>67,548</u>	<u>46,496</u>	<u>(21,052)</u>	<u>105,033</u>
Total Revenues	<u>5,425,791</u>	<u>4,257,438</u>	<u>(1,168,353)</u>	<u>4,775,045</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	1,513,466	1,199	1,512,267	1,047
Public safety:				
Salaries and wages	-	13,066	(13,066)	475,661
Employee benefits	-	4,211	(4,211)	174,810
Services and supplies	308,530	72,530	236,000	53,393
Capital outlay	5,391	-	5,391	176,566
Total Public Safety	<u>313,921</u>	<u>89,807</u>	<u>224,114</u>	<u>880,430</u>
Public works:				
Salaries and wages	713,757	787,652	(73,895)	169,043
Employee benefits	367,398	401,580	(34,182)	109,948
Services and supplies	4,862,422	3,123,933	1,738,489	2,472,301
Capital outlay	381,299	307,723	73,576	141,036
Total Public Works	<u>6,324,876</u>	<u>4,620,888</u>	<u>1,703,988</u>	<u>2,892,328</u>
Total Expenditures	<u>8,152,263</u>	<u>4,711,894</u>	<u>3,440,369</u>	<u>3,773,805</u>
NET CHANGE IN FUND BALANCES	(2,726,472)	(454,456)	2,272,016	1,001,240
FUND BALANCES, JULY 1	<u>2,733,511</u>	<u>5,095,373</u>	<u>2,361,862</u>	<u>4,094,133</u>
FUND BALANCES, JUNE 30	<u>\$ 7,039</u>	<u>\$ 4,640,917</u>	<u>\$ 4,633,878</u>	<u>\$ 5,095,373</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits	\$ 5,000	\$ 145,359	\$ 140,359	\$ 50,980
Intergovernmental revenues:				
Federal grants:				
Department of Energy grant	688,601	707,180	18,579	56,512
Housing and Urban Development grant	-	330	330	210,212
	<u>688,601</u>	<u>707,510</u>	<u>18,909</u>	<u>266,724</u>
Charges for services:				
Other	6,000	37,326	31,326	19,321
Miscellaneous:				
Interest earnings	13,350	3,855	(9,495)	16,290
Recoveries and reimbursements	2,467,900	-	(2,467,900)	44,051
Rebates	-	1,493,110	1,493,110	428,290
Other	-	-	-	625
	<u>2,481,250</u>	<u>1,496,965</u>	<u>(984,285)</u>	<u>489,256</u>
Total Revenues	<u>3,180,851</u>	<u>2,387,160</u>	<u>(793,691)</u>	<u>826,281</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	146,268	51,604	94,664	128
Capital outlay	168,860	149,177	19,683	149,489
Total General Government	<u>315,128</u>	<u>200,781</u>	<u>114,347</u>	<u>149,617</u>
Public safety:				
Services and supplies	61,990	35,683	26,307	28,397
Capital outlay	1,185,224	1,167,955	17,269	355,305
Total Public Safety	<u>1,247,214</u>	<u>1,203,638</u>	<u>43,576</u>	<u>383,702</u>
Public works:				
Services and supplies	41,854	64,818	(22,964)	51,735
Capital outlay	719,494	677,403	42,091	50,656
Total Public Works	<u>761,348</u>	<u>742,221</u>	<u>19,127</u>	<u>102,391</u>
Culture and recreation:				
Services and supplies	3,511	37,366	(33,855)	4,249
Capital outlay	1,265,985	9,022	1,256,963	393,670
Total Culture and Recreation	<u>1,269,496</u>	<u>46,388</u>	<u>1,223,108</u>	<u>397,919</u>
Total Expenditures	<u>3,593,186</u>	<u>2,193,028</u>	<u>1,400,158</u>	<u>1,033,629</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(412,335)	194,132	606,467	(207,348)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	40,000	140,000	100,000	-
<b>NET CHANGE IN FUND BALANCES</b>	(372,335)	334,132	706,467	(207,348)
<b>FUND BALANCES, JULY 1</b>	413,064	2,997,204	2,584,140	3,204,552
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 40,729</u>	<u>\$ 3,331,336</u>	<u>\$ 3,290,607</u>	<u>\$ 2,997,204</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, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ -	\$ 101	\$ 101	\$ -
Charges for services:				
Other	-	340	340	-
Miscellaneous:				
Interest earnings	3,000	1,650	(1,350)	13,523
Recoveries and reimbursements	-	8,960	8,960	-
	<u>3,000</u>	<u>10,610</u>	<u>7,610</u>	<u>13,523</u>
Total Revenues	<u>3,000</u>	<u>11,051</u>	<u>8,051</u>	<u>13,523</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	113,100	85,516	27,584	2,501
Capital outlay	459	-	459	10,547
Total General Government	<u>113,559</u>	<u>85,516</u>	<u>28,043</u>	<u>13,048</u>
Public safety:				
Services and supplies	57,983	52,151	5,832	13,823
Capital outlay	45,000	6,855	38,145	229,818
Total Public Safety	<u>102,983</u>	<u>59,006</u>	<u>43,977</u>	<u>243,641</u>
Public works:				
Services and supplies	27,000	11,500	15,500	-
Capital outlay	54	54	-	-
Total Public Works	<u>27,054</u>	<u>11,554</u>	<u>15,500</u>	<u>-</u>
Culture and recreation:				
Services and supplies	2,132	18	2,114	16
Capital outlay	-	29	(29)	209,202
Total Culture and Recreation	<u>2,132</u>	<u>47</u>	<u>2,085</u>	<u>209,218</u>
Total Expenditures	<u>245,728</u>	<u>156,123</u>	<u>89,605</u>	<u>465,907</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(242,728)</u>	<u>(145,072)</u>	<u>97,656</u>	<u>(452,384)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers in	100,000	-	(100,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>(142,728)</u>	<u>(145,072)</u>	<u>(2,344)</u>	<u>(452,384)</u>
<b>FUND BALANCES, JULY 1</b>	<u>291,597</u>	<u>398,897</u>	<u>107,300</u>	<u>851,281</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 148,869</u>	<u>\$ 253,825</u>	<u>\$ 104,956</u>	<u>\$ 398,897</u>

**CITY OF SPARKS, NEVADA**  
**PARKS AND RECREATION PROJECT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Licenses and permits:				
Concession franchise fees	\$ 12,000	\$ -	\$ (12,000)	\$ 8,840
Electric franchise fees	784,868	636,006	(148,862)	577,748
Gas franchise fees	334,478	293,876	(40,602)	287,530
	<u>1,131,346</u>	<u>929,882</u>	<u>(201,464)</u>	<u>874,118</u>
Charges for services:				
Other	500	-	(500)	-
Miscellaneous:				
Interest earnings	5,000	5,411	411	6,927
Other	-	-	-	386
	<u>5,000</u>	<u>5,411</u>	<u>411</u>	<u>7,313</u>
Total Revenues	<u>1,136,846</u>	<u>935,293</u>	<u>(201,553)</u>	<u>881,431</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	200	185	15	172
Culture and recreation:				
Salaries and wages	323,228	349,467	(26,239)	319,015
Employee benefits	148,318	161,021	(12,703)	156,950
Services and supplies	310,195	148,960	161,235	168,897
Capital outlay	64,244	48,115	16,129	354,557
Total Culture and Recreation	<u>845,985</u>	<u>707,563</u>	<u>138,422</u>	<u>999,419</u>
Total Expenditures	<u>846,185</u>	<u>707,748</u>	<u>138,437</u>	<u>999,591</u>
NET CHANGE IN FUND BALANCES	290,661	227,545	(63,116)	(118,160)
FUND BALANCE, JULY 1	<u>44,546</u>	<u>530,527</u>	<u>485,981</u>	<u>648,687</u>
FUND BALANCES, JUNE 30	<u>\$ 335,207</u>	<u>\$ 758,072</u>	<u>\$ 422,865</u>	<u>\$ 530,527</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Miscellaneous:				
Interest earnings	\$ -	\$ 1,543	\$ 1,543	\$ 212
EXPENDITURES				
Community support:				
Services and supplies	31,118	1,741	29,377	11,618
Capital outlay	-	-	-	3,151,489
Total Expenditures	<u>31,118</u>	<u>1,741</u>	<u>29,377</u>	<u>3,163,107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,118)</u>	<u>(198)</u>	<u>30,920</u>	<u>(3,162,895)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	-	-	-	31,118
NET CHANGE IN FUND BALANCES	(31,118)	(198)	30,920	(3,131,777)
FUND BALANCES, JULY 1	<u>31,118</u>	<u>1,159,111</u>	<u>1,127,993</u>	<u>4,290,888</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 1,158,913</u>	<u>\$ 1,158,913</u>	<u>\$ 1,159,111</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 1,547,619	\$ 1,340,576	\$ (207,043)	\$ 1,713,284
Intergovernmental revenues:				
Federal grants:				
Department of Energy grant	203,717	78,366	(125,351)	11,283
Charges for services:				
Other	396,663	244,461	(152,202)	295,972
Miscellaneous:				
Interest earnings	20,000	9,308	(10,692)	26,192
Property rentals	15,000	15,000	-	15,000
Other	15,000	-	(15,000)	25,150
	<u>50,000</u>	<u>24,308</u>	<u>(25,692)</u>	<u>66,342</u>
Total Revenues	<u>2,197,999</u>	<u>1,687,711</u>	<u>(510,288)</u>	<u>2,086,881</u>
<b>EXPENDITURES</b>				
General government:				
Services and supplies	130,000	2,767	127,233	2,996
Culture and recreation:				
Salaries and wages	345,231	189,723	155,508	274,226
Employee benefits	-	5,630	(5,630)	6,919
Services and supplies	233,605	143,098	90,507	149,000
Total Culture and Recreation	<u>578,836</u>	<u>338,451</u>	<u>240,385</u>	<u>430,145</u>
Community support:				
Services and supplies	888,907	542,580	346,327	875,253
Capital outlay	635,409	324,224	311,185	805,824
Total Community Support	<u>1,524,316</u>	<u>866,804</u>	<u>657,512</u>	<u>1,681,077</u>
Intergovernmental:				
Services and supplies	311,448	-	311,448	-
Total Expenditures	<u>2,544,600</u>	<u>1,208,022</u>	<u>1,336,578</u>	<u>2,114,218</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(346,601)	479,689	826,290	(27,337)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers:				
Transfers out	-	(311,448)	(311,448)	(596,936)
<b>NET CHANGE IN FUND BALANCES</b>	(346,601)	168,241	514,842	(624,273)
<b>FUND BALANCES, JULY 1</b>	<u>1,187,600</u>	<u>1,253,878</u>	<u>66,278</u>	<u>1,878,151</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 840,999</u>	<u>\$ 1,422,119</u>	<u>\$ 581,120</u>	<u>\$ 1,253,878</u>

**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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Taxes:				
Ad valorem	\$ 1,642,603	\$ 1,061,453	\$ (581,150)	\$ 2,553,368
Intergovernmental revenues:				
Federal Grants:				
Environmental Protection Agency grant	200,000	61,714	(138,286)	-
Fines and forfeits	-	2,800	2,800	-
Miscellaneous:				
Interest earnings	15,000	18,431	3,431	67,400
Total Revenues	<u>1,857,603</u>	<u>1,144,398</u>	<u>(713,205)</u>	<u>2,620,768</u>
EXPENDITURES				
General government:				
Services and supplies	1,300	507	793	445
Community support:				
Services and supplies	1,975,742	466,257	1,509,485	615,271
Debt service:				
Fiscal charges and other	92,924	92,924	-	92,924
Total Expenditures	<u>2,069,966</u>	<u>559,688</u>	<u>1,510,278</u>	<u>708,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(212,363)	584,710	797,073	1,912,128
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers out	-	(80,032)	(80,032)	(1,071,307)
NET CHANGE IN FUND BALANCES	(212,363)	504,678	717,041	840,821
FUND BALANCES, JULY 1	<u>996,267</u>	<u>1,165,563</u>	<u>169,296</u>	<u>324,742</u>
FUND BALANCES, JUNE 30	<u>\$ 783,904</u>	<u>\$ 1,670,241</u>	<u>\$ 886,337</u>	<u>\$ 1,165,563</u>

**CITY OF SPARKS, NEVADA**  
**REDEVELOPMENT AGENCY 2 BOND PROCEEDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Miscellaneous:				
Interest earnings	\$ 20,000	\$ 943	\$ (19,057)	\$ (19,493)
Other	-	-	-	62,684
Total Revenues	<u>20,000</u>	<u>943</u>	<u>(19,057)</u>	<u>43,191</u>
<b>EXPENDITURES</b>				
Community support:				
Services and supplies	100	-	100	350,854
Capital outlay	-	-	-	6,000,000
Total Expenditures	<u>100</u>	<u>-</u>	<u>100</u>	<u>6,350,854</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>19,900</u>	<u>943</u>	<u>(18,957)</u>	<u>(6,307,663)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	-	6,507,000
Discount on bonds issued	-	-	-	(159,459)
Transfers:				
Transfers out	-	(989,462)	(989,462)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(989,462)</u>	<u>(989,462)</u>	<u>6,347,541</u>
<b>NET CHANGE IN FUND BALANCES</b>	19,900	(988,519)	(1,008,419)	39,878
<b>FUND BALANCES, JULY 1</b>	<u>979,723</u>	<u>988,519</u>	<u>8,796</u>	<u>948,641</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 999,623</u>	<u>\$ -</u>	<u>\$ (999,623)</u>	<u>\$ 988,519</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, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>REVENUES</b>				
Taxes:				
Room tax	\$ 482,287	\$ 565,747	\$ 83,460	\$ 612,505
Miscellaneous:				
Interest earnings	12,000	(2,059)	(14,059)	32,597
Recoveries and reimbursements	-	-	-	21,564
Other	-	-	-	220
	<u>12,000</u>	<u>(2,059)</u>	<u>(14,059)</u>	<u>54,381</u>
<b>Total Revenues</b>	<u>494,287</u>	<u>563,688</u>	<u>69,401</u>	<u>666,886</u>
<b>EXPENDITURES</b>				
Community support:				
Salaries and wages	50,000	-	50,000	-
Services and supplies	59,466	19,465	40,001	4,285
Capital outlay	661,876	101,422	560,454	859,037
<b>Total Community Support</b>	<u>771,342</u>	<u>120,887</u>	<u>650,455</u>	<u>863,322</u>
Debt service:				
Principal	-	-	-	1,790,177
Interest	-	-	-	28,832
<b>Total Debt Service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,819,009</u>
<b>Total Expenditures</b>	<u>771,342</u>	<u>120,887</u>	<u>650,455</u>	<u>2,682,331</u>
<b>NET CHANGE IN FUND BALANCES</b>	(277,055)	442,801	719,856	(2,015,445)
<b>FUND BALANCES, JULY 1</b>	<u>282,401</u>	<u>214,118</u>	<u>(68,283)</u>	<u>2,229,563</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 5,346</u>	<u>\$ 656,919</u>	<u>\$ 651,573</u>	<u>\$ 214,118</u>

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## **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 ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<b>2011</b>			<b>2010</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	
<b>OPERATING REVENUES</b>				
Licenses and permits:				
Miscellaneous	\$ 219,843	\$ 198,701	\$ (21,142)	\$ 186,074
Charges for services:				
Sewer charges	20,381,115	18,689,215	(1,691,900)	18,392,939
<b>Total Operating Revenues</b>	<b>20,600,958</b>	<b>18,887,916</b>	<b>(1,713,042)</b>	<b>18,579,013</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	2,636,264	2,709,310	(73,046)	3,787,838
Employee benefits	1,239,400	1,267,099	(27,699)	1,461,756
Services and supplies	11,360,316	8,422,033	2,938,283	8,776,763
Depreciation	4,810,000	5,595,060	(785,060)	5,400,484
<b>Total Operating Expenses</b>	<b>20,045,980</b>	<b>17,993,502</b>	<b>2,052,478</b>	<b>19,426,841</b>
<b>OPERATING INCOME (LOSS)</b>	<b>554,978</b>	<b>894,414</b>	<b>339,436</b>	<b>(847,828)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants	-	-	-	500,000
Interest revenue	824,571	373,212	(451,359)	1,094,954
Interest expense	(1,624,809)	(1,636,013)	(11,204)	(1,642,783)
Miscellaneous	1,529	296,464	294,935	102,864
Net loss from Truckee Meadows Water Reclamation Facility	(799,035)	(1,831,153)	(1,032,118)	(1,768,966)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(1,597,744)</b>	<b>(2,797,490)</b>	<b>(1,199,746)</b>	<b>(1,713,931)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,042,766)</b>	<b>(1,903,076)</b>	<b>(860,310)</b>	<b>(2,561,759)</b>
<b>CAPITAL CONTRIBUTIONS</b>				
Sewer connection fees	1,914,022	654,510	(1,259,512)	1,493,711
Sewer lines and storm drains	-	142,576	142,576	949,947
<b>Total Capital Contributions</b>	<b>1,914,022</b>	<b>797,086</b>	<b>(1,116,936)</b>	<b>2,443,658</b>
<b>TRANSFERS</b>				
Transfers in	-	12,773	12,773	567,027
Transfers out	(4,178)	(4,178)	-	(4,187)
<b>Total Transfers</b>	<b>(4,178)</b>	<b>8,595</b>	<b>12,773</b>	<b>562,840</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 867,078</b>	<b>(1,097,395)</b>	<b>\$ (1,964,473)</b>	<b>\$ 444,739</b>
<b>NET ASSETS, JULY 1, as originally reported</b>		<b>181,248,880</b>		
Prior Period Adjustment		2,182,030		
<b>NET ASSETS, JULY 1, as restated</b>		<b>183,430,910</b>		
<b>NET ASSETS, JUNE 30</b>		<b>\$ 182,333,515</b>		

**CITY OF SPARKS, NEVADA  
DEVELOPMENT SERVICES ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>OPERATING REVENUES</b>				
Licenses and permits:				
Building permits	\$ 589,558	\$ 623,208	\$ 33,650	\$ 643,328
Other	4,469	1,870	(2,599)	8,253
Charges for services:				
Building and zoning fees	898,066	904,302	6,236	930,040
Other	79,449	144,287	64,838	109,687
Total Operating Revenues	<u>1,571,542</u>	<u>1,673,667</u>	<u>102,125</u>	<u>1,691,308</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,006,042	1,009,491	(3,449)	1,748,041
Employee benefits	537,748	497,571	40,177	712,517
Services and supplies	614,841	356,308	258,533	341,366
Depreciation	15,000	12,716	2,284	18,200
Total Operating Expenses	<u>2,173,631</u>	<u>1,876,086</u>	<u>297,545</u>	<u>2,820,124</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(602,089)</u>	<u>(202,419)</u>	<u>399,670</u>	<u>#####</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	18,374	9,146	(9,228)	19,049
Miscellaneous	4,681	3,492	(1,189)	132,852
Total Nonoperating Revenues (Expenses)	<u>23,055</u>	<u>12,638</u>	<u>(10,417)</u>	<u>151,901</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(579,034)</u>	<u>(189,781)</u>	<u>389,253</u>	<u>(976,915)</u>
<b>TRANSFERS</b>				
Transfers in	444,000	200,000	(244,000)	916,000
Transfers out	(25,066)	(25,066)	-	(25,123)
Total Transfers	<u>418,934</u>	<u>174,934</u>	<u>(244,000)</u>	<u>890,877</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (160,100)</u>	<u>(14,847)</u>	<u>\$ 145,253</u>	<u>\$ (86,038)</u>
<b>NET ASSETS, JULY 1</b>		<u>197,656</u>		
<b>NET ASSETS, JUNE 30</b>		<u>\$ 182,809</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 ASSETS  
JUNE 30, 2011**

	<b>Motor Vehicle Maintenance</b>	<b>Office Service and Supply</b>	<b>Group Insurance Self-Insurance</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 3,799,433	\$ 139,646	\$ 4,772,921
Accounts receivable	-	-	9,064
Prepays	-	301	-
Due from other governments	-	-	21,273
Deposits	-	-	6,673
Inventory of supplies	228,608	447	-
Total Current Assets	<u>4,028,041</u>	<u>140,394</u>	<u>4,809,931</u>
<b>NONCURRENT ASSETS</b>			
<b>CAPITAL ASSETS:</b>			
Construction in progress	219,097	-	-
Buildings	359,444	-	-
Site improvements	245,445	-	-
Machinery and equipment	19,802,632	143,086	-
	<u>20,626,618</u>	<u>143,086</u>	<u>-</u>
Less: Accumulated depreciation	14,497,731	139,191	-
Total Noncurrent Assets	<u>6,128,887</u>	<u>3,895</u>	<u>-</u>
Total Assets	<u>10,156,928</u>	<u>144,289</u>	<u>4,809,931</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	56,567	9	6,157
Accrued liabilities	20,022	-	959,200
Unearned revenue	-	-	7,323
Due to other governments	15,104	-	-
Current portion of long-term liabilities	642,232	-	-
Total Current Liabilities	<u>733,925</u>	<u>9</u>	<u>972,680</u>
<b>LONG-TERM LIABILITIES:</b>			
Capital lease (net of current portion)	1,891,690	-	-
Net OPEB obligation	60,611	-	-
Sick leave conversion payable (net of current portion)	19,642	-	-
Total Long-Term Liabilities	<u>1,971,943</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,705,868</u>	<u>9</u>	<u>972,680</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,664,502	3,895	-
Restricted for claims	-	-	3,837,251
Unrestricted	3,786,558	140,385	-
Total Net Assets	<u>\$ 7,451,060</u>	<u>\$ 144,280</u>	<u>\$ 3,837,251</u>

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 7,509,663	\$ 2,760,312	\$ 18,981,975
-	-	9,064
-	-	301
-	-	21,273
10,000	-	16,673
-	-	229,055
<u>7,519,663</u>	<u>2,760,312</u>	<u>19,258,341</u>
-	-	219,097
-	-	359,444
-	-	245,445
-	-	19,945,718
<u>-</u>	<u>-</u>	<u>20,769,704</u>
<u>-</u>	<u>-</u>	<u>14,636,922</u>
<u>-</u>	<u>-</u>	<u>6,132,782</u>
<u>7,519,663</u>	<u>2,760,312</u>	<u>25,391,123</u>
303	11,941	74,977
4,006,532	-	4,985,754
-	-	7,323
-	868	15,972
-	-	642,232
<u>4,006,835</u>	<u>12,809</u>	<u>5,726,258</u>
-	-	1,891,690
-	-	60,611
-	-	19,642
<u>-</u>	<u>-</u>	<u>1,971,943</u>
<u>4,006,835</u>	<u>12,809</u>	<u>7,698,201</u>
-	-	3,668,397
3,512,828	2,747,503	10,097,582
-	-	3,926,943
<u>\$ 3,512,828</u>	<u>\$ 2,747,503</u>	<u>\$ 17,692,922</u>

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Motor Vehicle Maintenance</b>	<b>Office Service and Supply</b>	<b>Group Insurance Self-Insurance</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,791,037	\$ 22,312	\$ 8,050,968
Miscellaneous	2,405	-	97,860
Total Operating Revenues	<u>3,793,442</u>	<u>22,312</u>	<u>8,148,828</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	491,926	-	-
Employee benefits	244,487	-	-
Services and supplies	1,515,520	31,057	7,377,894
Depreciation	1,909,560	899	-
Total Operating Expenses	<u>4,161,493</u>	<u>31,956</u>	<u>7,377,894</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(368,051)</u>	<u>(9,644)</u>	<u>770,934</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grants	25,000	-	-
Interest revenue	35,632	166	50,706
Interest expense	(140,845)	-	-
Miscellaneous	1,459	-	2,331
Gain (loss) on disposition of assets	52,572	-	-
Total Nonoperating Revenues (Expenses)	<u>(26,182)</u>	<u>166</u>	<u>53,037</u>
<b>CHANGE IN NET ASSETS</b>	<u>(394,233)</u>	<u>(9,478)</u>	<u>823,971</u>
<b>NET ASSETS, JULY 1</b>	<u>7,845,293</u>	<u>153,758</u>	<u>3,013,280</u>
<b>NET ASSETS, JUNE 30</b>	<u>\$ 7,451,060</u>	<u>\$ 144,280</u>	<u>\$ 3,837,251</u>

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 929,329	\$ -	\$ 12,793,646
-	537,482	637,747
<u>929,329</u>	<u>537,482</u>	<u>13,431,393</u>
-	-	491,926
-	-	244,487
2,694,268	725,653	12,344,392
-	-	1,910,459
<u>2,694,268</u>	<u>725,653</u>	<u>14,991,264</u>
<u>(1,764,939)</u>	<u>(188,171)</u>	<u>(1,559,871)</u>
-	-	25,000
80,449	29,064	196,017
-	-	(140,845)
874	-	4,664
-	-	52,572
<u>81,323</u>	<u>29,064</u>	<u>137,408</u>
(1,683,616)	(159,107)	(1,422,463)
<u>5,196,444</u>	<u>2,906,610</u>	<u>19,115,385</u>
<u>\$ 3,512,828</u>	<u>\$ 2,747,503</u>	<u>\$ 17,692,922</u>

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

(PAGE 1 OF 2)

	<u>Motor Vehicle Maintenance</u>	<u>Office Service and Supply</u>	<u>Group Insurance Self-Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 3,791,037	\$ 22,327	\$ 8,055,156
Cash received from reimbursements of insurance claims	-	-	97,860
Cash paid to employees	(714,451)	-	-
Cash paid to suppliers	(1,585,801)	(28,008)	(7,575,178)
Miscellaneous cash receipts	3,864	-	2,331
Net Cash Provided by (Used for) Operating Activities	<u>1,494,649</u>	<u>(5,681)</u>	<u>580,169</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Subsidy from federal grant	<u>25,000</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on capital lease obligations	(547,409)	-	-
Interest expense on capital lease obligations	(140,845)	-	-
Proceeds from sale of capital assets	112,167	-	-
Acquisition of capital assets	<u>(634,761)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,210,848)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	<u>35,632</u>	<u>166</u>	<u>50,706</u>
Net Increase (Decrease) in Cash and Cash Equivalents	344,433	(5,515)	630,875
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,455,000</u>	<u>145,161</u>	<u>4,142,046</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 3,799,433</u>	<u>\$ 139,646</u>	<u>\$ 4,772,921</u>
Comprised of:			
Unrestricted	<u>\$ 3,799,433</u>	<u>\$ 139,646</u>	<u>\$ 4,772,921</u>

<b>Workers' Compensation Insurance</b>	<b>Municipal Self-Insurance</b>	<b>Totals</b>
\$ 929,329	\$ -	\$ 12,797,849
-	538,350	636,210
-	-	(714,451)
(1,009,177)	(734,191)	(10,932,355)
874	-	7,069
<u>(78,974)</u>	<u>(195,841)</u>	<u>1,794,322</u>
-	-	<u>25,000</u>
-	-	(547,409)
-	-	(140,845)
-	-	112,167
<u>-</u>	<u>-</u>	<u>(634,761)</u>
-	-	<u>(1,210,848)</u>
80,449	29,064	196,017
1,475	(166,777)	804,491
<u>7,508,188</u>	<u>2,927,089</u>	<u>18,177,484</u>
<u>\$ 7,509,663</u>	<u>\$ 2,760,312</u>	<u>\$ 18,981,975</u>
<u>\$ 7,509,663</u>	<u>\$ 2,760,312</u>	<u>\$ 18,981,975</u>

**CITY OF SPARKS, NEVADA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

(PAGE 2 OF 2)

	<u>Motor Vehicle Maintenance</u>	<u>Office Service and Supply</u>	<u>Group Insurance Self-Insurance</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (368,051)	\$ (9,644)	\$ 770,934
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:			
Depreciation	1,909,560	899	-
Miscellaneous cash receipts	1,459	-	2,331
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	-	15	4,188
Prepays	-	1,760	-
Inventory of supplies	(41,526)	1,280	-
Increase (decrease) in:			
Accounts payable	(32,038)	9	1,553
Accrued liabilities	3,835	-	(206,160)
Compensated absences	9,144	-	-
Net OPEB obligation	8,983	-	-
Unearned revenue	-	-	7,323
Due to other governments	3,283	-	-
Total Adjustments	<u>1,862,700</u>	<u>3,963</u>	<u>(190,765)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,494,649</u>	<u>\$ (5,681)</u>	<u>\$ 580,169</u>
<b>NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Book value of capital asset disposals	<u>\$ 59,595</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Workers' Compensation Insurance</u>	<u>Municipal Self-Insurance</u>	<u>Totals</u>
\$ (1,764,939)	\$ (188,171)	\$ (1,559,871)
-	-	1,910,459
874	-	4,664
-	-	4,203
-	-	1,760
-	-	(40,246)
(441)	(8,538)	(39,455)
1,685,532	-	1,483,207
-	-	9,144
-	-	8,983
-	-	7,323
-	868	4,151
<u>1,685,965</u>	<u>(7,670)</u>	<u>3,354,193</u>
<u>\$ (78,974)</u>	<u>\$ (195,841)</u>	<u>\$ 1,794,322</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,595</u>

**CITY OF SPARKS, NEVADA**  
**MOTOR VEHICLE MAINTENANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b>OPERATING REVENUES</b>				
Charges for services:				
Equipment rent	\$ 3,766,444	\$ 3,791,037	\$ 24,593	\$ 4,153,978
Miscellaneous	340,600	2,405	(338,195)	14,404
Total Operating Revenues	<u>4,107,044</u>	<u>3,793,442</u>	<u>(313,602)</u>	<u>4,168,382</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	442,694	491,926	(49,232)	610,675
Employee benefits	212,968	244,487	(31,519)	264,043
Services and supplies	1,664,170	1,515,520	148,650	1,541,746
Depreciation	563,418	1,909,560	(1,346,142)	2,438,623
Total Operating Expenses	<u>2,883,250</u>	<u>4,161,493</u>	<u>(1,278,243)</u>	<u>4,855,087</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,223,794</u>	<u>(368,051)</u>	<u>(1,591,845)</u>	<u>(686,705)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants	-	25,000	25,000	-
Interest revenue	50,000	35,632	(14,368)	101,978
Interest expense	(140,845)	(140,845)	-	(167,397)
Miscellaneous	-	1,459	1,459	145
Gain (loss) on disposition of assets	-	52,572	52,572	(203,188)
Total Nonoperating Revenues (Expenses)	<u>(90,845)</u>	<u>(26,182)</u>	<u>64,663</u>	<u>(268,462)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	1,132,949	(394,233)	(1,527,182)	(955,167)
<b>CAPITAL CONTRIBUTIONS</b>				
Vehicles	-	-	-	26,191
<b>TRANSFERS</b>				
Transfers out	<u>(1,070,001)</u>	<u>-</u>	<u>1,070,001</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 62,948</u>	<u>(394,233)</u>	<u>\$ (457,181)</u>	<u>\$ (928,976)</u>
<b>NET ASSETS, JULY 1</b>		<u>7,845,293</u>		
<b>NET ASSETS, JUNE 30</b>		<u>\$ 7,451,060</u>		

**CITY OF SPARKS, NEVADA**  
**OFFICE SERVICE AND SUPPLY INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010</u>
OPERATING REVENUES				
Charges for services:				
Reproduction sales	\$ 21,000	\$ 22,312	\$ 1,312	\$ 24,311
OPERATING EXPENSES				
Services and supplies	138,817	31,057	107,760	35,774
Depreciation	4,000	899	3,101	899
Total Operating Expenses	<u>142,817</u>	<u>31,956</u>	<u>110,861</u>	<u>36,673</u>
OPERATING INCOME (LOSS)	<u>(121,817)</u>	<u>(9,644)</u>	<u>112,173</u>	<u>(12,362)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	2,000	166	(1,834)	157
Miscellaneous	50,000	-	(50,000)	-
Total Nonoperating Revenues (Expenses)	<u>52,000</u>	<u>166</u>	<u>(51,834)</u>	<u>157</u>
CHANGE IN NET ASSETS	<u>\$ (69,817)</u>	<u>(9,478)</u>	<u>\$ 60,339</u>	<u>\$ (12,205)</u>
NET ASSETS, JULY 1		<u>153,758</u>		
NET ASSETS, JUNE 30		<u>\$ 144,280</u>		

**CITY OF SPARKS, NEVADA**  
**GROUP INSURANCE SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010</u>
OPERATING REVENUES				
Charges for services:				
Other	\$ 8,173,067	\$ 8,050,968	\$ (122,099)	\$ 8,789,511
Miscellaneous:				
Reimbursement from insurance claims	15,000	97,860	82,860	17,691
Total Operating Revenues	8,188,067	8,148,828	(39,239)	8,807,202
OPERATING EXPENSES				
Services and supplies	8,985,751	7,377,894	1,607,857	8,781,398
OPERATING INCOME (LOSS)	(797,684)	770,934	1,568,618	25,804
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	82,000	50,706	(31,294)	140,425
Miscellaneous	-	2,331	2,331	129
Total Nonoperating Revenues (Expenses)	82,000	53,037	(28,963)	140,554
CHANGE IN NET ASSETS	<u>\$ (715,684)</u>	823,971	<u>\$ 1,539,655</u>	<u>\$ 166,358</u>
NET ASSETS, JULY 1		<u>3,013,280</u>		
NET ASSETS, JUNE 30		<u>\$ 3,837,251</u>		

**CITY OF SPARKS, NEVADA**  
**WORKERS' COMPENSATION INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			<u>2010</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	
OPERATING REVENUES				
Charges for services:				
Contributions and reimbursements	\$ 339,307	\$ 929,329	\$ 590,022	\$ 964,746
OPERATING EXPENSES				
Services and supplies	<u>2,473,030</u>	<u>2,694,268</u>	<u>(221,238)</u>	<u>1,191,314</u>
OPERATING INCOME (LOSS)	<u>(2,133,723)</u>	<u>(1,764,939)</u>	<u>368,784</u>	<u>(226,568)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	75,000	80,449	5,449	187,062
Miscellaneous	<u>-</u>	<u>874</u>	<u>874</u>	<u>46</u>
Total Nonoperating Revenues (Expenses)	<u>75,000</u>	<u>81,323</u>	<u>6,323</u>	<u>187,108</u>
CHANGE IN NET ASSETS	<u><u>\$ (2,058,723)</u></u>	<u>(1,683,616)</u>	<u><u>\$ 375,107</u></u>	<u><u>\$ (39,460)</u></u>
NET ASSETS, JULY 1		<u>5,196,444</u>		
NET ASSETS, JUNE 30		<u><u>\$ 3,512,828</u></u>		

**CITY OF SPARKS, NEVADA**  
**MUNICIPAL SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>2011</u>			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010</u>
OPERATING REVENUES				
Miscellaneous:				
Reimbursement from insurance claims	\$ 503,754	\$ 537,482	\$ 33,728	\$ 702,369
OPERATING EXPENSES				
Services and supplies	1,443,943	725,653	718,290	719,550
Depreciation	2,644	-	2,644	-
Total Operating Expenses	<u>1,446,587</u>	<u>725,653</u>	<u>720,934</u>	<u>719,550</u>
OPERATING INCOME (LOSS)	<u>(942,833)</u>	<u>(188,171)</u>	<u>754,662</u>	<u>(17,181)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	20,000	29,064	9,064	64,774
Gain (loss) on disposition of assets	-	-	-	(22,802)
Total Nonoperating Revenues (Expenses)	<u>20,000</u>	<u>29,064</u>	<u>9,064</u>	<u>41,972</u>
CHANGE IN NET ASSETS	<u>\$ (922,833)</u>	(159,107)	<u>\$ 763,726</u>	<u>\$ 24,791</u>
NET ASSETS, JULY 1		<u>2,906,610</u>		
NET ASSETS, JUNE 30		<u>\$ 2,747,503</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.

### Truckee Meadows Regional Planning Agency

To account for assets held for the Truckee Meadows Regional Planning Agency.

### 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, 2011**  
**(PAGE 1 OF 2)**

	<u>BALANCE JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2011</u>
<b>Sick Leave Retirement Trust Fund</b>				
Assets:				
Cash and investments	\$ 86,368	\$ 516,761	\$ 525,175	\$ 77,954
Liabilities:				
Group insurance premiums payable	\$ 86,368	\$ 516,761	\$ 525,175	\$ 77,954
<b>Post Employment Medical Benefits Trust Fund</b>				
Assets:				
Cash and investments	\$ 357,096	\$ 177,759	\$ 89,814	\$ 445,041
Liabilities:				
Group insurance premiums payable	\$ 357,096	\$ 177,759	\$ 89,814	\$ 445,041
<b>Truckee Meadows Water Reclamation Facility</b>				
Assets:				
Cash and investments	\$ 1,882,707	\$ 16,627,295	\$ 14,818,189	\$ 3,691,813
Liabilities:				
Due to other governments	\$ 1,882,707	\$ 16,627,295	\$ 14,818,189	\$ 3,691,813
<b>Truckee Meadows Regional Planning Agency</b>				
Assets:				
Cash and investments	\$ 200,908	\$ -	\$ 200,908	\$ -
Liabilities:				
Due to other governments	\$ 200,908	\$ -	\$ 200,908	\$ -
<b>Regional Transportation Commission Road Impact Fund</b>				
Assets:				
Cash and investments	\$ 51,941	\$ 102,916	\$ 89,892	\$ 64,965
Liabilities:				
Due to other governments	\$ 51,941	\$ 102,916	\$ 89,892	\$ 64,965
<b>Marina Special Assessment District 2 (Refunding)</b>				
Assets:				
Cash and investments	\$ 485,969	\$ 718,427	\$ 603,673	\$ 600,723
Liabilities:				
Due to special assessment bond holders	\$ 485,969	\$ 718,427	\$ 603,673	\$ 600,723

**CITY OF SPARKS, NEVADA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(PAGE 2 OF 2)**

	<u>BALANCE</u> <u>JULY 1,</u> <u>2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2011</u>
<b>Mesa Meadows Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 2,517	\$ 57,862	\$ 53,707	\$ 6,672
Liabilities:				
Accounts payable	\$ 2,517	\$ 57,862	\$ 53,707	\$ 6,672
<b>Promontory Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 1,897	\$ 16,415	\$ 10,693	\$ 7,619
Liabilities:				
Accounts payable	\$ 1,897	\$ 16,415	\$ 10,693	\$ 7,619
<b>Triple Crown Landscape Maintenance Fund</b>				
Assets:				
Cash and investments	\$ 45,834	\$ 46,918	\$ 28,671	\$ 64,081
Liabilities:				
Accounts payable	\$ 45,834	\$ 46,918	\$ 28,671	\$ 64,081
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and investments	\$ 3,115,237	\$ 18,264,353	\$ 16,420,722	\$ 4,958,868
Liabilities:				
Accounts payable	\$ 50,248	\$ 121,195	\$ 93,071	\$ 78,372
Group insurance premiums payable	443,464	694,520	614,989	522,995
Due to special assessment bond holders	485,969	718,427	603,673	600,723
Due to other governments	2,135,556	16,730,211	15,108,989	3,756,778
Total Liabilities	\$ 3,115,237	\$ 18,264,353	\$ 16,420,722	\$ 4,958,868

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

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

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003, and schedules presenting government-wide information include information beginning in that year.*

**CITY OF SPARKS, NEVADA  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(UNAUDITED)**

**FISCAL YEAR ENDED JUNE 30,**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
Invested in capital assets, net of related debt	\$ 248,628,684	\$ 240,120,081	\$ 231,945,948
Restricted	54,408,668	52,436,068	29,215,548
Unrestricted	<u>(106,405,447)</u>	<u>(99,397,357)</u>	<u>(92,013,116)</u>
Total	<u>\$ 196,631,905</u>	<u>\$ 193,158,792</u>	<u>\$ 169,148,380</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>			
Invested in capital assets, net of related debt	\$ 116,663,143	\$ 114,408,011	\$ 110,657,125
Restricted	-	-	-
Unrestricted	<u>65,174,839</u>	<u>66,681,450</u>	<u>70,313,937</u>
Total	<u>\$ 181,837,982</u>	<u>\$ 181,089,461</u>	<u>\$ 180,971,062</u>
 <b>PRIMARY GOVERNMENT</b>			
Invested in capital assets, net of related debt	\$ 365,291,827	\$ 354,528,092	\$ 342,603,073
Restricted	54,408,668	52,436,068	29,215,548
Unrestricted	<u>(41,230,608)</u>	<u>(32,715,907)</u>	<u>(21,699,179)</u>
Total	<u>\$ 378,469,887</u>	<u>\$ 374,248,253</u>	<u>\$ 350,119,442</u>

\* Initial year of implementation of GASB 34.

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
\$ 232,225,145	\$ 197,548,146	\$ 182,374,433	\$ 160,048,222	\$ 131,899,288	\$ 111,650,411
25,841,636	31,281,266	31,065,597	19,906,031	15,760,747	14,126,515
<u>11,302,280</u>	<u>30,290,646</u>	<u>6,973,294</u>	<u>9,919,552</u>	<u>10,494,184</u>	<u>11,664,759</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>	<u>\$ 137,441,685</u>
\$ 97,014,066	\$ 93,760,468	\$ 103,297,062	\$ 79,335,296	\$ 75,437,936	\$ 70,650,074
29,391,969	28,315,990	15,947,491	25,943,523	14,460,922	10,177,624
<u>45,149,581</u>	<u>40,062,574</u>	<u>39,325,348</u>	<u>36,564,776</u>	<u>38,401,261</u>	<u>36,954,864</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>	<u>\$ 117,782,562</u>
\$ 329,239,211	\$ 291,308,614	\$ 285,671,495	\$ 239,383,518	\$ 207,337,224	\$ 182,300,485
55,233,605	59,597,256	47,013,088	45,849,554	30,221,669	24,304,139
<u>56,451,861</u>	<u>70,353,220</u>	<u>46,298,642</u>	<u>46,484,328</u>	<u>48,895,445</u>	<u>48,619,623</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>	<u>\$ 255,224,247</u>

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

**FISCAL YEAR ENDED JUNE 30,**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>EXPENSES</b>			
<b>Governmental Activities:</b>			
General government	\$ 10,025,892	\$ 9,446,502	\$ 14,777,036
Judicial	2,158,409	2,304,226	2,260,022
Public safety	36,969,841	41,712,851	41,632,067
Public works	14,151,854	14,700,661	11,447,145
Culture and recreation	9,899,309	11,237,024	11,814,474
Community support	3,206,527	6,101,231	96,486,490
Intergovernmental	-	-	-
Interest on long-term debt	12,860,069	12,398,040	11,611,485
	<u>89,271,901</u>	<u>97,900,535</u>	<u>190,028,719</u>
Total Governmental Activities Expenses			
<b>Business-type Activities:</b>			
Sewer	21,680,905	22,979,230	22,541,333
Development services	1,653,448	2,636,060	4,356,655
Special events	-	-	-
	<u>23,334,353</u>	<u>25,615,290</u>	<u>26,897,988</u>
Total Business-type Activities Expenses			
Total Primary Government Expenses			
	<u>\$ 112,606,254</u>	<u>\$ 123,515,825</u>	<u>\$ 216,926,707</u>
<b>PROGRAM REVENUES</b>			
<b>Governmental Activities:</b>			
Charges for services			
General government	\$ 11,639,553	\$ 12,791,944	\$ 13,540,898
Judicial	1,317,073	1,327,287	1,162,867
Public safety	2,014,994	801,870	674,869
Public works	2,695,408	2,622,887	2,675,642
Sanitation	-	30,852	93,775
Culture, recreation, and community support	4,114,266	4,217,444	4,459,484
Operating grants, interest, and contributions	2,445,242	2,095,270	1,395,463
Capital grants, interest, and contributions	16,900,744	20,097,164	12,625,105
Total Governmental Activities Program Revenues	<u>41,127,280</u>	<u>43,984,718</u>	<u>36,628,103</u>
<b>Business-type Activities:</b>			
Charges for services			
Sewer	18,827,593	18,523,097	18,101,886
Development services	1,410,322	1,463,498	3,545,235
Special events	-	-	-
Operating grants, interest, and contributions	-	-	-
Capital grants, interest, and contributions	797,086	1,993,711	3,508,720
Total Business-type Activities Program Revenues	<u>21,035,001</u>	<u>21,980,306</u>	<u>25,155,841</u>
Total Primary Government Program Revenues			
	<u>62,162,281</u>	<u>65,965,024</u>	<u>61,783,944</u>
<b>NET (EXPENSE) / REVENUE</b>			
Governmental activities	(48,144,621)	(53,915,817)	(153,400,616)
Business-type activities	<u>(2,299,352)</u>	<u>(3,634,984)</u>	<u>(1,742,147)</u>
Total Primary Government Net (Expense) / Revenue	<u>\$ (50,443,973)</u>	<u>\$ (57,550,801)</u>	<u>\$ (155,142,763)</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
\$	12,403,133	\$ 11,661,238	\$ 12,156,255	\$ 9,625,324	\$ 9,153,412	\$ 8,379,716
	2,206,087	2,128,779	2,013,727	1,814,240	1,720,763	1,811,743
	41,422,094	39,316,933	34,084,232	31,373,930	26,938,058	26,712,617
	10,871,899	10,870,053	7,309,418	8,757,905	6,263,297	6,803,781
	11,339,107	9,170,899	9,095,585	7,825,036	7,810,429	7,791,320
	3,260,995	2,864,022	3,311,641	3,011,600	2,595,730	2,550,303
	-	-	-	416,923	422,947	443,658
	3,014,307	3,445,090	2,480,467	2,699,667	2,691,635	2,763,810
	<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>	<u>57,256,948</u>
	22,943,578	18,588,132	18,931,299	14,694,015	13,590,809	11,733,196
	7,415,328	8,134,105	8,384,606	7,912,119	6,038,268	4,744,322
	-	667,015	649,919	552,492	563,523	398,603
	<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>16,876,121</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>	<u>74,133,069</u>
\$	13,082,445	\$ 14,245,717	\$ 12,063,050	\$ 11,716,921	\$ 10,597,587	\$ 10,070,963
	1,212,838	1,255,761	1,252,547	1,083,290	1,064,400	1,134,150
	714,749	909,204	643,101	604,971	481,780	428,796
	2,433,410	2,546,119	3,318,461	2,117,045	982,914	729,376
	141,100	250,063	500,839	331,357	191,367	77,415
	4,197,229	4,530,880	6,131,004	4,326,339	4,357,605	4,062,919
	1,652,886	3,246,249	2,572,872	2,344,694	940,472	713,485
	9,299,281	13,285,210	19,748,867	26,582,066	15,544,228	2,399,411
	<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>	<u>19,616,515</u>
	15,905,011	13,933,305	14,120,743	11,258,773	10,628,393	9,399,465
	5,696,054	6,670,574	9,398,373	6,229,394	6,557,715	5,399,522
	(835)	466,384	389,902	398,559	336,894	215,820
	31,247	-	311,802	69,343	18,491	525
	12,836,482	7,163,970	19,080,067	16,299,322	11,993,176	8,611,626
	<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>23,626,958</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>	<u>43,243,473</u>
	(51,783,684)	(39,187,811)	(24,220,584)	(16,417,942)	(23,435,918)	(37,640,433)
	4,109,053	844,981	15,335,063	11,096,765	9,342,069	6,750,837
\$	<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>	<u>(30,889,596)</u>

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

**FISCAL YEAR ENDED JUNE 30,**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>			
<b>Governmental Activities:</b>			
Taxes:			
Ad valorem	\$ 25,692,651	\$ 29,194,703	\$ 30,028,590
Special assessments - taxes	1,960,106	28,130,914	-
Consolidated	16,725,697	16,582,397	18,521,203
Other	11,418,369	9,518,119	6,413,406
Unrestricted interest income	475,772	1,575,591	3,667,677
Other	(4,471,332)	(7,462,151)	3,972,094
Transfers	(183,529)	(2,403,664)	(9,423,035)
Total Governmental Activities	51,617,734	75,135,909	53,179,935
<b>Business-type Activities:</b>			
Unrestricted investment income	382,358	1,114,003	1,399,026
Other	299,956	235,716	335,532
Transfers	183,529	2,403,664	9,423,035
Total Business-type Activities	865,843	3,753,383	11,157,593
Total Primary Government Activities	\$ 52,483,577	\$ 78,889,292	\$ 64,337,528
<b>CHANGE IN NET ASSETS</b>			
Governmental activities	\$ 3,473,113	\$ 21,220,092	\$ (100,220,681)
Business-type activities	(1,433,509)	118,399	9,415,446
Total Primary Government Change in Net Assets	\$ 2,039,604	\$ 21,338,491	\$ (90,805,235)

\* Initial year of implementation of GASB 34.

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
\$ 27,817,931	\$ 25,508,556	\$ 21,998,015	\$ 20,077,848	\$ 19,303,817	\$ 19,652,713
-	-	-	-	-	-
22,526,073	25,167,648	25,719,825	23,021,373	20,287,910	18,257,975
4,801,416	4,793,754	4,447,060	4,148,903	3,953,980	3,281,885
3,426,124	3,639,015	1,564,429	1,221,372	460,924	590,669
4,649,354	18,574,607	973,423	852,325	894,738	1,159,339
(1,188,211)	210,965	57,351	(1,184,293)	(752,917)	(3,237,769)
<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>	<u>39,704,812</u>
2,358,845	2,016,700	956,483	853,287	238,203	524,448
1,760,475	918,415	492,111	409,131	184,368	52,488
1,188,211	(210,965)	(57,351)	1,184,293	752,917	3,237,769
<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>3,814,705</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>	<u>\$ 43,519,517</u>
\$ 10,249,003	\$ 38,706,734	\$ 30,539,519	\$ 31,719,586	\$ 20,712,534	\$ 2,064,379
9,416,584	3,569,131	16,726,306	13,543,476	10,517,557	10,565,542
<u>\$ 19,665,587</u>	<u>\$ 42,275,865</u>	<u>\$ 47,265,825</u>	<u>\$ 45,263,062</u>	<u>\$ 31,230,091</u>	<u>\$ 12,629,921</u>

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

	<u>2011<sup>(2)</sup></u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>GENERAL FUND</b>				
Reserved	\$ -	\$ 103,542	\$ 145,056	\$ 2,339,619
Unreserved				
Designated	-	3,569,096	4,787,612	2,946,258
Undesignated	-	1,180,678	1,428,367	-
Nonspendable	788	-	-	-
Restricted	346,058	-	-	-
Assigned	1,336,536	-	-	-
Unassigned	5,161,421	-	-	-
Total General Fund (1)	<u>\$ 6,844,803</u>	<u>\$ 4,853,316</u>	<u>\$ 6,361,035</u>	<u>\$ 5,285,877</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated in:				
Special Revenue Funds	-	3,042,768	1,817,197	2,745,928
Debt Service Funds	-	17,203,646	20,778,418	5,846,639
Capital Projects Funds	-	10,689,211	17,217,241	14,734,728
Undesignated in:				
Special Revenue Funds	-	2,020,507	99,033	6,445
Debt Service Funds	-	2,777,260	1,107,955	190,173
Capital Projects Funds	-	7,885,152	6,166,558	4,284,574
Restricted	35,551,672	-	-	-
Committed	692,616	-	-	-
Assigned	4,559,865	-	-	-
Total All Other Governmental Funds(1)	<u>\$ 40,804,153</u>	<u>\$ 43,618,544</u>	<u>\$ 47,186,402</u>	<u>\$ 27,808,487</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 for 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.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 3,251,155	\$ 3,434,378	\$ 5,203,587	\$ 1,450,673	\$ 498,685	\$ 867,750
4,653,106	8,443,190	6,959,190	-	-	3,498,039
1,671,937	-	1,803,775	7,994,961	6,022,154	1,054,459
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,576,198</u>	<u>\$ 11,877,568</u>	<u>\$ 13,966,552</u>	<u>\$ 9,445,634</u>	<u>\$ 6,520,839</u>	<u>\$ 5,420,248</u>
\$ -	\$ -	\$ 34	\$ 360	\$ 35,641	\$ 1,822,293
3,371,213	6,181,326	2,215,820	155,921	80,639	1,649,652
5,335,046	5,431,376	5,205,804	5,684,406	5,535,995	5,494,142
13,062,564	24,848,717	8,614,637	1,567,567	1,329,045	14,576,869
3,273,881	143,770	(54,181)	2,162,883	1,188,106	487,721
403,389	1,807	9,831	9,804	90,699	-
27,587,271	1,321,426	1,710,006	8,416,384	10,837,827	1,658,486
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 53,033,364</u>	<u>\$ 37,928,422</u>	<u>\$ 17,701,951</u>	<u>\$ 17,997,325</u>	<u>\$ 19,097,952</u>	<u>\$ 25,689,163</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>				
Taxes	\$ 29,467,590	\$ 32,410,994	\$ 31,274,738	\$ 28,978,465
Licenses and permits	13,238,303	13,669,551	14,689,530	14,683,887
Intergovernmental revenues	31,505,744	29,576,686	27,967,425	28,457,097
Charges for services	7,168,837	8,147,497	8,506,396	10,038,096
Fines and forfeits	923,884	965,408	994,119	1,030,249
Miscellaneous	2,187,918	2,240,126	6,238,845	3,222,787
	<u>84,492,276</u>	<u>87,010,262</u>	<u>89,671,053</u>	<u>86,410,581</u>
<b>EXPENDITURES</b>				
General government*	9,303,631	9,766,563	15,469,427	12,925,180
Judicial	2,060,499	2,087,748	2,106,624	2,102,867
Public safety	35,178,504	37,207,229	37,831,695	38,668,242
Public works	7,983,441	9,028,720	8,401,507	8,347,228
Culture and recreation	6,990,564	7,952,673	9,048,897	9,379,399
Community support	2,011,557	5,188,476	95,685,899	2,376,365
Intergovernmental	295,331	378,557	522,230	555,090
Capital outlay	5,672,383	14,080,842	31,682,011	35,791,802
Debt service:				
Principal	5,120,000	5,375,177	3,022,679	3,022,746
Interest	10,427,468	11,808,027	10,115,441	2,674,877
Other	148,273	517,375	2,543,061	219,354
	<u>85,191,651</u>	<u>103,391,387</u>	<u>216,429,471</u>	<u>116,063,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(699,375)</u>	<u>(16,381,125)</u>	<u>(126,758,418)</u>	<u>(29,652,569)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital asset sales	-	(173,812)	7,250	-
Capital leases	-	-	-	-
Bonds issued	4,180,000	31,948,734	147,774,213	-
Notes issued	-	-	-	-
Payment to refunded bond escrow agent	-	(22,176,160)	-	-
Refunded bonds redeemed	(4,120,000)	-	-	-
Payoff of refinanced notes	-	-	-	-
Transfers in	4,911,833	7,109,022	10,650,405	10,469,999
Transfers out	(5,095,362)	(8,562,739)	(11,220,378)	(10,332,628)
Prior period adjustment	-	3,160,503	-	-
	<u>(123,529)</u>	<u>11,305,548</u>	<u>147,211,490</u>	<u>137,371</u>
Net Change in Fund Balances	<u>\$ (822,904)</u>	<u>\$ (5,075,577)</u>	<u>\$ 20,453,072</u>	<u>\$ (29,515,198)</u>
Debt service as a percentage of noncapital expenditures	<u>19.6%</u>	<u>19.2%</u>	<u>7.1%</u>	<u>7.1%</u>

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

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 27,628,757	\$ 24,741,997	\$ 22,019,098	\$ 21,198,341	\$ 21,218,737	\$ 18,469,556
15,862,116	15,390,351	12,856,436	10,656,286	9,644,559	8,625,956
34,112,864	32,048,098	29,552,798	25,409,324	23,185,205	23,989,351
7,691,212	6,678,271	5,978,656	5,443,839	4,715,075	4,455,931
1,072,402	1,056,471	921,692	894,260	952,456	1,006,845
3,632,831	3,914,795	2,893,545	2,723,992	2,862,722	13,507,280
<b>90,000,182</b>	<b>83,829,983</b>	<b>74,222,225</b>	<b>66,326,042</b>	<b>62,578,754</b>	<b>70,054,919</b>
12,417,105	11,932,956	9,763,943	9,005,519	8,009,616	8,716,460
2,100,592	2,026,228	1,810,052	1,715,984	1,714,866	1,708,017
37,993,570	34,273,230	29,927,321	26,834,340	24,995,326	23,712,076
9,190,042	7,149,800	6,778,104	5,562,863	6,484,145	6,376,348
8,399,860	8,007,456	7,143,175	7,163,624	6,893,527	6,301,018
2,001,009	2,449,286	2,315,369	2,053,403	1,843,223	1,625,047
602,197	558,961	416,923	422,947	443,658	412,526
16,863,538	6,624,529	8,281,367	7,560,902	8,013,900	9,673,672
3,497,151	4,451,982	6,035,419	4,148,879	5,846,579	2,212,898
3,169,166	2,399,181	2,531,367	2,676,377	2,841,737	2,867,401
240,970	97,155	101,604	82,043	2,007	42,336
<b>96,475,200</b>	<b>79,970,764</b>	<b>75,104,644</b>	<b>67,226,881</b>	<b>67,088,584</b>	<b>63,647,799</b>
<b>(6,475,018)</b>	<b>3,859,219</b>	<b>(882,419)</b>	<b>(900,839)</b>	<b>(4,509,830)</b>	<b>6,407,120</b>
18,192,789	-	-	2,123	1,152	134,887
1,527,600	375,400	3,749,413	202,380	192,941	573,905
22,040,000	14,475,000	1,790,177	-	-	-
-	-	-	8,010,000	1,762,000	3,879,330
(20,611,718)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(4,875,000)	-	-
15,351,278	6,122,455	8,313,548	4,678,542	5,676,377	3,989,594
(17,221,359)	(6,694,587)	(9,428,044)	(5,293,038)	(6,830,168)	(5,762,930)
-	-	682,869	-	-	-
<b>19,278,590</b>	<b>14,278,268</b>	<b>5,107,963</b>	<b>2,725,007</b>	<b>802,302</b>	<b>2,814,786</b>
<b>\$ 12,803,572</b>	<b>\$ 18,137,487</b>	<b>\$ 4,225,544</b>	<b>\$ 1,824,168</b>	<b>\$ (3,707,528)</b>	<b>\$ 9,221,906</b>
<b>8.4%</b>	<b>9.3%</b>	<b>12.8%</b>	<b>11.4%</b>	<b>14.7%</b>	<b>9.4%</b>

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

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>REAL PROPERTY ASSESSED VALUE</b>				<b>PERSONAL PROPERTY ASSESSED VALUE</b>
	<b>RESIDENTIAL</b>	<b>COMMERCIAL</b>	<b>INDUSTRIAL</b>	<b>OTHER</b>	
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
2003	888,464,133	318,529,025	292,541,246	102,794,494	13,963,433
2002	773,576,409	319,320,567	258,544,997	81,309,691	17,242,056

Source: Washoe County Assessor

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

		<b>TOTAL</b>			
<b>LESS: TAX EXEMPT PROPERTY</b>	<b>TAXABLE ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>PERCENTAGE OF TAXABLE VALUE TO ACTUAL VALUE</b>	<b>TOTAL DIRECT TAX RATE</b>	
\$ 142,328,445	\$ 2,222,346,881	\$ 6,349,562,516	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%	0.9161	
109,597,505	1,506,694,826	4,304,842,360	35.00%	0.9361	
83,331,432	1,366,662,288	3,904,749,394	35.00%	0.8653	

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>CITY OF SPARKS DIRECT RATE</b>				
Operating Rate	0.6672	0.6672	0.6372	0.6372
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1284	0.1284
Debt Service	-	-	0.0400	0.0400
Total City of Sparks Direct Rate	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>
<b>OVERLAPPING RATES</b>				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	0.0005	0.0004	0.0004	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>2.7007</u>	<u>2.7006</u>	<u>2.7006</u>	<u>2.7006</u>
Total City of Sparks Property Tax Rate	<u><u>3.6168</u></u>	<u><u>3.6167</u></u>	<u><u>3.6167</u></u>	<u><u>3.6167</u></u>
<b>REDEVELOPMENT AGENCY OF THE CITY OF SPARKS</b>	<u><u>3.2075</u></u>	<u><u>3.2294</u></u>	<u><u>3.2525</u></u>	<u><u>3.6167</u></u>

Source: Nevada Department of Taxation

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

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
0.6372	0.6272	0.6172	0.6372	0.5916	0.5231
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1284	0.1284	0.1284	0.1284	0.1003	0.0670
0.0400	0.0500	0.0600	0.0600	0.0629	0.1100
<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9361</u>	<u>0.8653</u>	<u>0.8106</u>
1.3917	1.3917	1.3817	1.3453	1.2705	1.2495
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0005	0.0005	0.0004	0.0005	0.0005	0.0005
0.1700	0.1700	0.1700	0.1500	0.1500	0.1500
<u>2.7007</u>	<u>2.7007</u>	<u>2.6906</u>	<u>2.6343</u>	<u>2.5595</u>	<u>2.5385</u>
<u>3.6168</u>	<u>3.6168</u>	<u>3.6067</u>	<u>3.5704</u>	<u>3.4248</u>	<u>3.3491</u>
<u>3.6168</u>	<u>3.6168</u>	<u>3.6067</u>	<u>3.5704</u>	<u>3.4248</u>	<u>3.3491</u>

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

TAXPAYER	2011			2002		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION
Prologois NA3 LLC	\$ 33,910,191	1	1.53%	\$ 11,101,207	7	0.81%
Northwestern Mutual Life Insurance Co.	16,216,011	2	0.73%	\$ 19,045,098	3	1.39%
Sparks Nugget Inc	15,416,310	3	0.69%	43,381,914	1	3.17%
Inland American Sparks Crossing	14,618,203	4	0.66%	-	-	-
Prime Park Vista LLC	13,219,600	5	0.59%	-	-	-
Sparks Galleria Investors LLC	12,621,048	6	0.57%	-	-	-
Sparks Family Hospital	12,317,137	7	0.55%	-	-	-
Prologois NA3 NV LLC	10,528,880	8	0.47%	-	-	-
US INST Real Est Equities LP	10,074,825	9	0.45%	-	-	-
Pioneer Meadows Apartments LLC	8,079,750	10	0.36%	-	-	-
Dermody Industrial Group	-	-	-	24,949,157	2	1.83%
Security Capital Industrial Trust	-	-	-	12,170,755	4	0.89%
Dermody Properties Partnership	-	-	-	12,063,800	5	0.88%
Lincoln Parkview LP	-	-	-	11,462,191	6	0.84%
Utah State Retirement Investment Fund	-	-	-	11,094,563	8	0.81%
Marshall Mall Associates	-	-	-	9,338,328	9	0.68%
Reno Industrial Investments	-	-	-	7,555,608	10	0.55%
Total, Ten Largest Taxpayers	147,001,955		6.61%	162,162,621		11.86%
Total, Other Taxpayers	2,075,344,926		93.39%	1,204,499,667		89.04%
Total Assessed Valuations	\$ 2,222,346,881		100.00%	\$ 1,366,662,288		100.90%

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
2011	\$ 23,635,725	\$ 23,309,474	98.62%	\$ 619,021	\$ 23,928,495	101.24%
2010	26,557,900	26,036,651	98.04%	510,477	26,547,128	99.96%
2009	27,308,204	26,605,426	97.43%	-	26,605,426	97.43%
2008	25,041,290	24,353,835	97.25%	92,683	24,446,518	97.62%
2007	22,887,429	22,692,847	99.15%	155,186	22,791,530	99.58%
2006	19,944,392	19,825,891	99.41%	83,584	19,909,475	99.82%
2005	20,147,175	20,077,848	99.66%	75,841	20,153,689	100.03%
2004	19,273,159	18,923,232	98.18%	441	18,923,673	98.19%
2003	19,115,128	19,077,393	99.80%	401	19,077,794	99.80%
2002	18,085,765	17,365,127	96.02%	-	17,365,127	96.02%

Note: Property taxes are collected by the City and remitted periodically throughout the fiscal year. Delinquent tax collections are reported by the City as total collections for all prior years and as such, total taxes collected may exceed tax levied.

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

<b>GENERAL BONDED DEBT</b>							
<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>GENERAL OBLIGATION</b>		<b>REDEVELOPMENT</b>		<b>TOTAL GENERAL BONDED DEBT</b>	<b>PERCENTAGE OF ACTUAL PROPERTY VALUE (a)</b>	<b>PER CAPITA (b)</b>
	<b>BONDS</b>	<b>NOTES</b>	<b>BONDS</b>	<b>NOTES</b>			
2011	\$ 5,610,000	\$ -	\$ 64,542,058	\$ -	\$ 70,152,058	1.10%	\$ 759.41
2010	6,415,000	-	67,468,628	-	73,883,628	1.05%	805.77
2009	7,725,000	-	60,972,256	-	68,697,256	0.82%	734.59
2008	8,855,000	-	23,905,000	-	32,760,000	0.42%	357.31
2007	9,955,000	-	25,000,000	-	34,955,000	0.52%	390.78
2006	2,390,000	-	26,395,000	7,035,000	35,820,000	0.64%	418.37
2005	3,190,000	1,625,000	27,725,000	7,035,000	39,575,000	0.82%	484.55
2004	3,945,000	3,250,000	28,990,000	8,797,000	44,982,000	1.01%	573.49
2003	4,655,000	4,875,000	30,200,000	5,662,000	45,392,000	1.05%	603.18
2002	5,330,000	6,500,000	31,355,000	5,662,803	48,847,803	1.25%	680.78

**Notes:**

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

<b>OTHER GOVERNMENTAL ACTIVITIES DEBT</b>		<b>BUSINESS TYPE ACTIVITIES</b>					
<b>REVENUE BONDS</b>	<b>CAPITAL LEASES</b>	<b>SEWER UTILITY BONDS</b>	<b>SEWER UTILITY NOTES</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>PERCENTAGE OF PERSONAL INCOME (b)</b>	<b>PER CAPITA (b)</b>	
\$ 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	
-	3,622,092	22,007,510	-	71,021,602	0.48%	943.75	
-	4,057,259	15,282,364	-	68,187,426	0.42%	950.31	

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**CITY OF SPARKS, NEVADA  
GENERAL OBLIGATION DIRECT  
AND OVERLAPPING DEBT  
FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

NAME OF GOVERNMENT UNIT	<u>GENERAL OBLIGATION DEBT OUTSTANDING</u>	<u>PRESENTLY SELF-SUPPORTING GENERAL OBLIGATION DEBT</u>	<u>PERCENT APPLICABLE (a)</u>	<u>APPLICABLE NET DEBT</u>
Direct:				
City of Sparks:				
Governmental Activity Bonds	\$ 5,610,000	\$ -	100.00%	\$ 5,610,000
Sewer Utility Bonds	46,060,110	46,060,110	100.00%	-
Total Direct Debt	<u>51,670,110</u>	<u>46,060,110</u>		<u>5,610,000</u>
Overlapping:				
Washoe County School District	524,700,000	-	100.00%	524,700,000
Reno-Sparks Convention & Visitors Authority	126,716,000	126,716,000	100.00%	126,716,000
State of Nevada	2,279,505,000	684,975,000	12.62%	201,229,686
Total Overlapping Debt	<u>2,930,921,000</u>	<u>811,691,000</u>		<u>852,645,686</u>
Total General Obligation Direct and Overlapping Debt	<u>\$ 2,982,591,110</u>	<u>\$ 857,751,110</u>		<u>\$ 858,255,686</u>

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

**Notes:**

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

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

**Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2011**

Assessed value of taxable property	<u>\$ 2,222,346,881</u>
Debt limit (20% of assessed value)	\$ 444,469,376
Debt applicable to limit:	
Governmental activities	193,826,804
Business-type activities	<u>46,060,110</u>
Total net debt applicable to limitation	<u>239,886,914</u>
Legal debt margin	<u>\$ 204,582,462</u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limit	\$ 444,469,376	\$ 494,355,461	\$ 589,199,859	\$ 541,887,145
Total net debt subject to limitation	<u>239,886,914</u>	<u>246,041,636</u>	<u>237,825,357</u>	<u>93,671,025</u>
Legal Debt Margin	<u>\$ 204,582,462</u>	<u>\$ 248,313,825</u>	<u>\$ 448,216,120</u>	<u>\$ 448,216,120</u>
Total net debt subject to limitation as a percentage of debt limit	<u>54.0%</u>	<u>49.8%</u>	<u>40.4%</u>	<u>17.3%</u>

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 471,863,339	\$ 416,381,898	\$ 369,215,796	\$ 344,207,008	\$ 330,067,193	\$ 324,624,000
91,010,728	78,491,102	76,729,028	77,590,881	64,195,941	74,730,167
<u>\$ 380,852,611</u>	<u>\$ 337,890,796</u>	<u>\$ 292,486,768</u>	<u>\$ 266,616,127</u>	<u>\$ 265,871,252</u>	<u>\$ 249,893,833</u>
<u>19.3%</u>	<u>18.9%</u>	<u>20.8%</u>	<u>22.5%</u>	<u>19.4%</u>	<u>23.0%</u>

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

FISCAL YEAR ENDED JUNE 30,	PLEDGED REVENUE (1)	LESS: OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE RATIOS
				PRINCIPAL	INTEREST	TOTAL	
<b>SEWER UTILITY BONDS (3):</b>							
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
2003	12,864,439	7,211,630	5,652,809	817,661	561,234	1,378,895	4.1
2002	11,690,261	6,656,972	5,033,289	720,164	543,453	1,263,617	4.0

**Notes:**

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

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

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>POPULATION (1)</b>	<b>CITY AREA SQUARE MILES (6)</b>	<b>TOTAL PERSONAL INCOME (3)</b>	<b>PER CAPITA PERSONAL INCOME (3)</b>	<b>UNEMPLOYMENT RATE (4)</b>
2011	92,377	35.81*	\$ 17,915,035,929	\$ 43,362	13.0%
2010	92,331	37.26	17,843,661,284	42,873	13.6%
2009	91,237	36.44	17,772,571,000	42,390	11.7%
2008	91,684	35.41	18,724,280,000	44,936	6.5%
2007	89,449	34.11	18,660,662,000	45,446	4.4%
2006	87,846	33.50	17,557,946,000	44,089	4.0%
2005	85,618	31.90	17,863,759,000	42,219	3.9%
2004	81,673	28.15	16,698,039,000	40,646	4.3%
2003	78,435	26.94	14,947,328,000	37,370	4.7%
2002	75,255	25.74	16,238,989,000	36,603	5.1%

\* Copper Caynon Anexation detached to Washoe County FY 11

Sources:

- (1) State of Nevada, Demographer's Office 2010 as data was available at time of publication. 2011 Estimate
- (2) City of Sparks, Revenue Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, 1997-2008, for Reno/Sparks Metropolitan Area; Estimated for 2010 & 2011 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

<b>PUBLIC SCHOOL ENROLLMENT (5)</b>	<b>BUSINESS LICENSES ISSUED (2)</b>	<b>TOTAL CONSTRUCTION PERMITS (6)</b>	<b>TOTAL CONSTRUCTION VALUE (6)</b>
17,862	4,956	1,763	\$ 60,711,375
17,197	6,592	2,007	56,625,109
18,168	6,850	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
16,419	6,100	6,107	256,225,126
15,844	5,817	4,429	193,979,752

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

EMPLOYER	March, 2011			March, 2002		
	(1) EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT	(1) EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY(2) EMPLOYMENT
Sparks Nugget, Inc.	1000-1499	1	0.59%	2000-2499	1	1.16%
United Parcel Service	900-990	2	0.44%	600-699	3	0.34%
City of Sparks	600-699	3	0.30%	500-599	4	0.28%
Northern Nevada Medical Center	400-499	4	0.21%	200-299	10	0.13%
Henry Shein, Inc.	400-499	4	0.21%	-	-	-
Western Village Inn & Casino	400-499	5	0.21%	-	-	-
Wal-mart Supercenter	400-499	6	0.21%	-	-	-
Department of Transportation	300-399	7	0.16%	-	-	-
Rail City Casino	300-399	8	0.16%	-	-	-
Scheels	200-299	9	0.12%	-	-	-
Sanmar Corporation	200-299	10	0.12%	-	-	-
Washoe County School District	-	-	-	1000-1499	2	0.65%
Baldini's Sports Casino	-	-	-	400-499	5	0.23%
Internation Fibercom - AST	-	-	-	400-499	6	0.23%
K-Mart Distribution Center	-	-	-	300-399	7	0.18%
Q&D Consturction	-	-	-	300-399	8	0.18%
Plantation Investments	-	-	-	200-299	9	0.13%
Total Reno/Sparks Metropolitan Area Covered Employment (2)	213,505			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)**

<b>FUNCTION:</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
General government	74	77	62	73	78.7
Judicial	17	17	17	17	18.5
Public safety	249	249	322	322	351.7
Public works	42	42	50	50	61.0
Culture and recreation	172.5	172.5	156.3	156	207.8
Community support	0	0	0	0	0.0
Utilities	85	86	118	118	109.8
Development Services	5	5	10	10	11.0
Total	<u>644.5</u>	<u>648.5</u>	<u>735.3</u>	<u>746</u>	<u>838.5</u>

Source: City of Sparks Financial Services Department

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
102.0	77.0	73.5	72.0	77.1
18.0	17.0	18.0	18.0	18.0
305.0	289.0	298.0	286.5	275.9
42.0	53.0	48.0	49.5	53.9
67.0	63.0	71.2	79.6	78.4
1.0	1.0	1.5	1.5	1.6
145.0	107.0	93.5	92.5	93.7
11.0	9.0	10.0	10.0	11.0
<b>691.0</b>	<b>616.0</b>	<b>613.7</b>	<b>609.6</b>	<b>609.6</b>

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

<b>FUNCTION / PROGRAM:</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>General Government</b>				
Business licenses issued (3)	4,956	6,592	6,850	6,999
<b>Judicial: (1)</b>				
Municipal Court Cases Filed:				
Misdemeanor, non-traffic	2,320	2,575	2,404	1,949
Traffic and parking violations	7,618	8,297	8,079	8,426
<b>Public Safety</b>				
Police: (5)				
Number of sworn personnel	105	116	116	118
Number of cases	12,400	14,422	17,177	18,049
Calls for service	77,554	81,531	86,066	89,978
Fire: (6)				
Number of firefighters	89	89	91	108
Emergency responses	8,198	7,698	7,610	7,829
Average response time (minutes)	4.9	5.0	4.9	5.0
<b>Public Works (7)</b>				
Labor hours for graffiti removal	1,854	2,025	2,060	2,456
Pounds of material used for filling potholes	N/R	N/R	N/R	70,319
Tons of sand used during snow removal	452	1,098	964	1,263
Pounds of material used for pavement				
crack sealing	168,147	171,817	168,448	202,304
Street sweeper operator miles	700	698	690	670
<b>Culture and Recreation (8)</b>				
Adult softball league number of participants	65,839	69,942	73,647	73,239
Before and after school program enrollment	12,010	12,087	12,844	16,108
Community "Fun Run" number of participants	1,739	1,820	1,994	2,062
<b>Utilities</b>				
Sewer residential accounts (3)	28,794	28,669	28,477	28,342
Sewer commercial accounts (3)	1,709	1,701	1,687	1,656
Annual sewage treatment (millions of gallons) (4)	8,406	9,716	10,237	10,744
<b>Development Services (2)</b>				
Building permits issued	1,763	2,007	2,579	3,636

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, 2007
- (2) City of Sparks Community Development Department
- (3) City of Sparks Revenue Division
- (4) Truckee Meadows Water Reclamation Facility

2007	2006	2005	2004	2003	2002
6,714	6,474	6,276	6,335	6,100	5,817
2,291	2,045	2,354	5,724	5,859	6,554
9,115	7,267	11,305	10,265	11,205	13,700
111	108	107	100	95	93
18,672	17,815	17,519	18,007	18,018	18,143
92,001	88,821	80,322	78,431	83,396	89,592
114	114	112	96	95	93
7,834	7,241	6,600	6,016	5,772	5,606
4.6	5.3	5.1	5.1	5.1	5.0
2,111	1,690	1,475	998	674	625
41,835	106,525	169,663	58,515	39,237	47,941
626	919	2,863	570	293	783
209,458	227,451	350,768	231,159	198,268	132,925
662.0	587.0	577.6	556.4	544.5	537.1
83,118	78,840	72,776	92,626	88,376	82,392
15,707	13,588	13,828	12,970	11,186	10,776
2,351	2,005	1,744	1,519	1,061	902
27,243	26,092	25,142	24,124	22,786	21,734
1,627	1,549	1,526	1,503	1,489	1,470
10,292.3	10,502.8	10,578.8	10,457.4	10,784.0	10,957.7
4,544	6,067	4,959	5,263	6,107	4,429

(5) City of Sparks Police Department

(6) City of Sparks Fire Department

(7) City of Sparks Public Works Department

(8) City of Sparks Parks and Rec Department

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

<b>FUNCTION / PROGRAM:</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>General Government</b>				
City owned facilities (1)	51	48	48	48
Number of networked computers (5)	400	463	463	463
<b>Public Safety</b>				
Police: (2)				
Marked police vehicles	29	29	29	29
Police motorcycles	5	6	6	5
Fire: (3)				
Fire stations	5	5	5	5
Fire engines	17	17	15	15
<b>Public Works (1)</b>				
Paved streets (miles)	665.0	665.0	652.0	665.0
<b>Culture and Recreation (4)</b>				
Parks	55	55	55	55
Acreage of parks - developed	697.0	583.0	577.9	576.0
Acreage of parks - undeveloped	587.0	697.7	699.7	419.0
Swimming pools - outdoors	2	2	2	2
Swimming pools - indoors	1	1	1	1
Athletic Fields - lighted	24	24	24	24
Athletic Fields - unlighted	28	14	14	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	21	21	21
Community centers	3	3	3	3
Rodeo arenas	1	1	1	1
Sand volleyball courts	10	10	10	10
<b>Utilities (1)</b>				
Sewer lines (miles)	344.8	345.8	337.1	327.4
Storm drains (miles)	247.3	246.0	231.6	211.3

NR = Not reported

Sources:

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

2007	2006	2005	2004	2003	2002
45	38	35	32	32	32
484	434	414	411	392	356
29	27	31	32	33	33
5	5	5	5	5	5
5	5	5	4	4	4
15	15	15	15	15	15
662.0	612.0	600.0	587.0	556.4	544.5
53	53	52	52	51	50
434.5	434.8	431.6	431.6	430.4	429.3
561.4	564.3	564.3	564.3	115.0	115.0
2	2	2	2	2	2
1	1	1	1	1	1
17	17	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	22	20	20	20	20
3	2	2	2	2	2
1	1	1	1	1	1
6	6	6	6	6	6
309.3	294.0	244.1	235.7	230.0	220.2
179.3	118.0	112.1	105.2	102.3	96.1

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

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

We have audited 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, 2011, which collectively comprise the City of Sparks, Nevada's basic financial statements, and have issued our report thereon dated November 29, 2011. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Sparks, Nevada's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sparks, Nevada's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sparks, Nevada's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-2 and 11-3 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

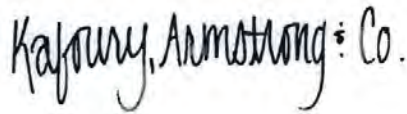
*A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 11-1 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

## Compliance and Other Matters

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

The City of Sparks, Nevada's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Sparks, Nevada's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information of the Mayor, Council members, management, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada  
November 29, 2011



**Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

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, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Sparks, Nevada's management. Our responsibility is to express an opinion on the City of Sparks, Nevada's compliance based on our audit.

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. Our audit does not provide a legal determination on the City of Sparks, Nevada's compliance with those requirements.

In our opinion, the City of Sparks, Nevada complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 11-4 through 11-8.

**Internal Control Over Compliance**

Management of the City of Sparks, Nevada is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Sparks, Nevada's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

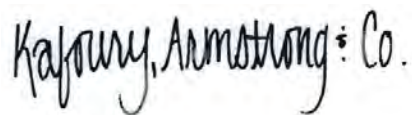
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as findings 11-4 through 11-8. 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.

The City of Sparks, Nevada's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Sparks, Nevada's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Mayor, Council members, management, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada  
November 29, 2011

**CITY OF SPARKS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011  
(Page 1 of 2)**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Award				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants	14.218	B09MC320004	540,926	109,585
Total CDBG - Entitlement Grants Cluster			<u>540,926</u>	<u>109,585</u>
Economic Development Initiative - Special Project Grants	14.251	B-03-SP-NV-0502	241,375	-
Pass-through from Washoe County HOME Consortium				
HOME Investment Partnerships Program	14.239	--	78,359	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>860,660</u></b>	<b><u>109,585</u></b>
<b><u>U.S. Department of the Interior</u></b>				
Pass-through from State of Nevada				
Nevada State Historic Preservation Office				
Historic Preservation Fund Grants-In-Aid	15.904	32-09-21734(8)	2,075	-
<b>Total U.S. Department of the Interior</b>			<b><u>2,075</u></b>	<b>-</b>
<b><u>U.S. Department of Agriculture Forest Service</u></b>				
Pass-through from State of Nevada				
Nevada Division of Forestry				
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	WFM-0460-21HFE	7,900	-
<b>Total U.S. Department of Agriculture Forest Service</b>			<b><u>7,900</u></b>	<b>-</b>
<b><u>U.S. Department of Justice</u></b>				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	07BVP	9,375	-
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0646	470,306	-
Organized Crime Drug Enforcement Task Force				
State and Local Overtime and Authorized Expense Program	16.Unknown	PA-NV-06	1,444	-
U.S. Drug Enforcement Administration				
El Paso Intelligence Center (EPIC)	16.Unknown	DA1121401	352	-
Pass-through from State of Nevada				
Department of Human Resources, Division of Child & Family Services				
Enforcing Underage Drinking Laws Program	16.727	JUVDRINK	14,034	-
Stop Violence Against Women	16.588	2009-STOP-04	25,341	-
Stop Violence Against Women	16.588	2010-STOP-04	24,118	-
			<u>49,459</u>	<u>-</u>
Pass-through from State of Nevada				
Department of Public Safety, Office of Criminal Justice Assistance				
Justice Assistance Grant	16.738	07-JAG-37	25,000	-
Pass-through from City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0829	53,211	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1058	9,618	-
			<u>62,829</u>	<u>-</u>
ARRA - Edward Byrne Memorial Justice Competitive Grant Program	16.808	2009-SB-B9-2006	33,450	-
<b>Total U.S. Department of Justice</b>			<b><u>666,249</u></b>	<b>-</b>

**CITY OF SPARKS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(Page 2 of 2)**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<b><u>U.S. Department of Transportation</u></b>				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
State & Community Highway Safety	20.600	29-JF-1.17	\$ 38,810	\$ -
State & Community Highway Safety	20.600	210-JF-1.22	65,511	-
State & Community Highway Safety	20.600	29-EM-7	45,009	-
Total Highway Safety Cluster			<u>149,330</u>	<u>-</u>
Department of Transportation				
ARRA - Highway Planning and Construction Cluster	20.205	PR025-09-063	126,738	-
<b>Total U.S. Department of Transportation</b>			<u><b>276,068</b></u>	<u><b>-</b></u>
<b><u>U.S. Environmental Protection Agency</u></b>				
Direct Award				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T29201-0	74,907	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T29201-0	61,714	-
			<u>136,621</u>	<u>-</u>
Pass-through from State of Nevada				
Department of Conservation & Natural Resources				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS32-0908	187,399	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS32-0909	181,543	-
			<u>368,942</u>	<u>-</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><b>505,563</b></u>	<u><b>-</b></u>
<b><u>U.S. Department of Homeland Security</u></b>				
Direct Award				
Emergency Management Performance Grants	97.042	9704209	22,868	*
Assistance to Firefighters Grant	97.044	EMW-2009-FP-00652	14,776	-
<b>Total U.S. Department of Homeland Security</b>			<u><b>37,644</b></u>	<u><b>-</b></u>
<b><u>U.S. Department of Energy</u></b>				
Direct Award				
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0002933	729,837	-
<b>Total U.S. Department of Energy</b>			<u><b>729,837</b></u>	<u><b>-</b></u>
<b><u>Executive Office of the President</u></b>				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G10NV0001A	9,002	-
<b>Total Executive Office of the President</b>			<u><b>9,002</b></u>	<u><b>-</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 3,094,998</b></u>	<u><b>\$ 109,585</b></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.

\*The \$22,868.00 reported for the Emergency Management Performance Grant (EMPG) reflects Fiscal Year 2011 spending of the 2009 EMPG award. The City of Sparks anticipated a 2010 Emergency Management Performance Grant award in the amount of \$160,450 to be directly awarded by the U.S. Department of Homeland Security. The grant period for the 2010 EMPG award is from October 1, 2010 to March 31, 2012. In Fiscal Year 2011, the City of Sparks incurred \$61,080 in expenditures that were paid for with local funds, which are expected to be reimbursed from the 2010 EMPG award. The 2010 EMPG award was approved by the City of Sparks Council members on October 10, 2011, which is subsequent to the period presented.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

- Kafoury, Armstrong & Co. issued an unqualified opinion on the basic financial statements of the City of Sparks, Nevada for the year ended June 30, 2011.
- Significant deficiencies and a material weakness were 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 with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*.
- Kafoury, Armstrong & Co. issued an unqualified 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, 2011 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 four major programs for the year ended June 30, 2011, as follows:
  - CDBG – Entitlement Grants Cluster:
    - Community Development Block Grants – CFDA 14.218
    - ARRA – Public Safety Partnership and Community Policing Grants – CFDA 16.710
    - Capitalization Grants for Clean Water State Revolving Funds – CFDA 66.458
    - ARRA – Energy Efficiency and Conservation Block Grant Program – CFDA 81.128
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2011, was \$300,000.
- The City of Sparks, Nevada did not qualify as a low risk auditee for the year ended June 30, 2011 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, 2011**

***Section II – Financial Statement Findings:***

Significant Deficiency:

Finding 11-1: 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:

- In the prior year, access to the Parks and Recreation RecTrac software allowed for two personnel to edit the rates for programs, however these logins were shared with multiple personnel when assisting on the cash register. In the current year, separate logins were created, however, the original shared logins were not revised to prevent continued unauthorized access. In addition certain accounting personnel who reconcile and record parks and recreation revenues in the general ledger were granted full administrative rights to the RecTrac software.
- In the prior year, access to the City Works™ Permits Plus software allowed employees who processed cash receipts access rights to change the valuation of a permit in the system. In the current year, these valuation adjustments were reviewed for reasonableness, however the person charged with the review of the permit adjustments also had 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:

- In the prior year, the Accounts Receivable and Accounts Payable modules in Agresso did not require secondary approval of batch postings. In the current year, batch interface entries are now set up to be reviewed and approved, however the basic Accounts Receivable and Accounts Payable modules still do not require secondary approval of postings.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

- Journal entries posted by key City of Sparks Finance 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.

*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 Financial Services department has identified the weaknesses in internal controls within Agresso, and is working with the software manufacturer to determine how to strengthen the system. Improvements to the „workflow“ system that approvals are routed through are expected with the next version upgrade. The Financial Services department will review the RecTrac, Permits Plus, and the dismissal of Court fines procedures and system controls, and recommend appropriate actions for improvement.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

Significant Deficiency Considered a Material Weakness:

Finding 11-2: Wire Transfers

*Criteria:* System access controls should be in place to provide safeguards over misappropriation of assets.

*Condition:* Two individuals in the City of Sparks' Finance Department have wire transfer authority. Initiation of wire transfers by these individuals does not require secondary approval before they transmit the wire transfers. For these two individuals, wire transfers can be transmitted to any desired recipient and one of the individuals is also charged with bank reconciliations review and approval.

*Effect:* Misappropriation of City of Sparks' assets could occur.

*Cause:* Inadequate design of controls to prevent unauthorized wire transfers.

*Recommendation:* Management should establish adequate controls to prevent unauthorized wire transfers, specifically secondary approval of wire transfers or utilization of approved templates for transmission of wire transfers performed by all Finance Department personnel with wire transfer authority. In addition, management should establish an individual outside of the Finance Department, such as the City Manager, to be the only individual charged with the ability to contact the bank and change wire transfer rights for Finance Department personnel.

*Management's Response:* The Financial Services department has implemented procedures whereby all wire transfers require template approval.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

Significant Deficiency Considered a Material Weakness:

Finding 11-3: Financial Statement Preparation and Application of Generally Accepted Accounting Principles

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control. One of the key components of an effective system of internal control is a sufficiently trained finance staff able to prepare full disclosure financial statements in accordance with generally accepted accounting principles (GAAP).

*Condition:* Our audit testing resulted in material adjustments to the City's general ledger to correct transactions that were not processed and/or posted in accordance with GAAP. These adjustments affected the year-end balances of capital assets, loss on sale of capital assets, debt service principal payments, and capital outlay. Our audit testing also resulted in immaterial adjustments to the City's general ledger to correct transactions that were not processed and/or posted in accordance with GAAP. These adjustments affected the year-end balances of contributed capital, reimbursement revenues, deferred revenues, and franchise fee revenues. Our audit testing resulted in material reclassification adjustments to the City's general ledger to correctly report refunding bonds redeemed, rebate revenues, and cash with fiscal agent.

We noted that there is no formal process in place to capture significant commitments and other information to present complete financial statement disclosures in accordance with GAAP. Kafoury, Armstrong & Co. prepares the City's audited financial statements and related note disclosures for the City from the general ledger provided by the City's Finance Department personnel and must perform additional procedures to capture significant commitments and other information to determine complete financial statement disclosures. In addition, Kafoury, Armstrong & Co. assists with the implementation of new accounting standards and pronouncements that impact the City's financial statements.

*Effect:* The City's financial records were materially misstated given errors in reporting various transactions, and required audit adjustments in order for the financial statements to be in accordance with GAAP.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

*Cause:* Finance Department management have not implemented sufficient procedures to ensure personnel responsible for the City's financial reporting possess the skills and knowledge necessary to prepare the City's financial statements and footnote disclosures in accordance with GAAP.

*Recommendation:* We recommend the City's Finance Department management implement procedures to provide training to Finance Department personnel in the unique aspects of governmental accounting, including the preparation of governmental financial statements in accordance with GAAP. We recommend enhancing secondary review of postings to the City's general ledger. We also recommend formal procedures be implemented to capture significant commitments and other information required to support the City's financial statement disclosures.

*Management's Response:* The Financial Services department does not have enough personnel trained in financial statement preparation for governmental agencies necessary to prepare the year-end financial statement for the Comprehensive Annual Financial Report (CAFR). This has resulted in the City contracting with the external audit firm to prepare the City's year-end financial statements as part of their engagement agreement with the City. The Finance department will review the need for the external audit firm to prepare the year-end financial statements on an annual basis, and will actively seek training on financial statement preparation for department personnel in anticipation of preparing these statements internally in the future.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

Finding 11-4:

Community Development Block Grant – Entitlement Grants Cluster:

Community Development Block Grants/Entitlement Grants, CFDA 14.218

*Grant Award Number:* Affects the grant awards under CFDA 14.218 on the Schedule of Expenditures of Federal Awards.

*Criteria:* The 2010 OMB Circular A-133 Compliance Supplement provided that grantees were required to submit SF (Standard Form) -272 Federal Cash Transactions Reports. As noted in the 2011 OMB Circular A-133 Compliance Supplement the SF-272 Federal Cash Transactions Reports have been replaced by SF-425 Federal Financial Reports (cash status only). The quarterly reports shall be submitted no later than 30 days after the end of the reporting period.

*Condition and Context:* The City of Sparks was required to submit quarterly Standard Form reports of cash status no later than 30 days after the end of the reporting period.

As part of our testing over reporting we reviewed the quarterly Standard Form reports related to the Community Development Block Grant awards submitted for the four quarters of the year ended June 30, 2011. We noted that all were submitted using the SF-272 templates, and all were submitted August 11, 2011. The four quarterly reports were submitted using outdated report templates, and were not filed timely.

*Questioned Costs:* None.

*Effect:* The Federal granting agency did not receive the reports with cash status information timely.

*Cause:* The City of Sparks did not have adequate procedures in place to ensure reporting deadlines were met.

*Recommendation:* We recommend the City of Sparks implement procedures to ensure timely filing of all reports.

*Management's Response:* The Financial Services department has implemented procedures to review current grant reporting requirements and assure compliance.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Finding 11-5:

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, 2011 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 \$135,437.

*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 included accurate information. The expenditure and revenue amounts reported were not reconciled to the accounting system.

*Recommendation:* We recommend the City of Sparks implement controls to ensure that the Section 1512 reports include accurate information, and that the amounts reported are reconciled to the accounting system.

*Management's Response:* The Financial Services department reviewed the Section 1512 reports and has implemented procedures to assure amounts are reconciled to the accounting system.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Finding 11-6:

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:* OMB Circular A-133 requires that reports submitted to the Federal awarding agency include all activity of the reporting period, and are presented in accordance with program requirements.

*Condition and Context:* The City of Sparks is required to submit quarterly SF (Standard Form) -425 reports. Entities are required to report the current quarter and cumulative expenditure amounts.

During testing of the December 31, 2010 and March 31, 2011 SF-425 reports for ARRA Federal grant award number 2009-RK-WX-0646, we noted that the current quarter and cumulative amounts reported were for the quarters ended September 30, 2010 and December 31, 2010, respectively.

*Questioned Costs:* None.

*Effect:* The Federal granting agency received inaccurate information related to current quarter and cumulative grant expenditures.

*Cause:* The City of Sparks did not have adequate controls in place to ensure the SF-425 reports included accurate information. The expenditure amounts reported were not reconciled to the accounting system.

*Recommendation:* We recommend the City of Sparks implement controls to ensure that the SF-425 reports include accurate information, and that the amounts reported are reconciled to the accounting system.

*Management's Response:* The Financial Services department has implemented procedures to review grant reports to assure amounts are reconciled to the accounting system.

**CITY OF SPARKS, NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Finding 11-7:

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:* OMB Circular A-133 requires that reports submitted to the Federal awarding agency include all activity of the reporting period, and are presented in accordance with program requirements.

*Condition and Context:* The City of Sparks is required to submit quarterly Hiring Progress Reports to report how many active COPS grant positions were filled, how many of the unfilled COPS grant positions they intend to fill and how many of the unfilled grant positions are not going to be filled.

During testing of the March 31, 2011 Hiring Progress Report for ARRA Federal grant award number 2009-RK-WX-0646, we noted that the “number of active COPS grant positions filled” was reported as zero, although all six funded positions had been filled. Additionally, we noted that the “number of unfilled grant positions that are not going to be filled” was reported as six, although all funded positions had been filled.

*Questioned Costs:* None.

*Effect:* The Federal granting agency received inaccurate information related to the hiring progress for grant funded positions.

*Cause:* The City of Sparks did not have adequate controls in place to ensure the Hiring Progress Reports included accurate information. The hiring status for funded positions was not reviewed by someone other than the preparer.

*Recommendation:* We recommend the City of Sparks implement controls to ensure that the Hiring Progress Reports include accurate information and that someone other than the preparer review the reports.

*Management's Response:* The Financial Services department and the Police department have reviewed the necessary reporting requirements to assure compliance.

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

Finding 11-8:

ARRA - Public Safety Partnership and Community Policing (COPS) 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:* 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. The Grant Acceptance Terms and Conditions included in the *2009 COPS Hiring Recovery Program Grant Owner's Manual* issued by the U.S. Department of Justice provides that agencies may only be reimbursed for the approved cost categories that are documented within the Final Funding Memorandum, up to the amounts specified in the Financial Clearance Memorandum.

*Condition and Context:* As part of our testing over allowable costs/cost principles, we tested a sample of wage and benefits transactions for conformance with the above criteria. We reviewed the final grant document for the maximum allowable reimbursement for each of the approved cost categories and compared actual costs to the amounts charged to the grant.

During our testing of the payroll charges for the quarter ended December 31, 2010 we noted that, although the total amount claimed for the six officers for each of the benefit categories generally appeared to be within the approved amounts, the per-officer costs exceeded the per-officer approved amounts for certain categories, including retirement and health insurance, for some of the officers. Conversely, we noted that allowable costs for certain approved benefit categories, such as shift differential and holiday pay, were not charged to the grant for any of the positions.

Additionally, based on our review of the final grant document overtime is not an allowable cost. However, at the City of Sparks, overtime may be converted to compensatory time to be used as a later date, and we noted that compensatory time appears to have been charged to the grant.

<i>Questioned Costs:</i>	Undetermined.
<i>Effect:</i>	Unallowable costs may have been charged to the Federal grant and allowed costs were not charged to the grant.
<i>Cause:</i>	Procedures were not sufficient to ensure that supporting worksheets were designed to accurately capture allowable costs, and review procedures were not sufficient to identify unallowable costs.
<i>Recommendation:</i>	We recommend the City of Sparks review and modify the design of the supporting worksheets to capture all allowable costs, and enhance the review process to ensure only allowable costs are charge to the Federal grant.
<i>Management's Response:</i>	The Financial Services department has developed a program to assure that only allowable expenditures are charged to the grant. A modification to the City's grant claim for fiscal 2011 was made which resulted in an additional reimbursement of \$14,066.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

***Prior Audit Findings for Federal Award Programs:***

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

Finding 10-4:

Community Development Block Grant – Entitlement Grants Cluster:

Community Development Block Grants/Entitlement Grants, CFDA 14.218

ARRA Community Development Block Grant Entitlement Grants, CFDA 14.253

*Criteria and Condition:* As noted in the *OMB Circular A-133 Compliance Supplement*, certain special provisions apply to all programs with expenditures of ARRA awards, including the provision to provide separate identification of ARRA expenditures on the Schedule of Expenditures of Federal Awards (SEFA). The separate identification shall be accomplished by identifying expenditures for Federal awards made under ARRA using the prefix "ARRA-".

During our review of the City's draft SEFA for the year ended June 30, 2010, provided by the City in August 2010, we noted that although the total expenditures reported for the Community Development Block Grant – Entitlement Grants Cluster appeared to be complete; the amount related to expenditures reimbursed with ARRA funds was not separately identified.

*Auditor's Recommendation:* We recommend the Finance Department develop additional procedures for the identification of ARRA Federal awards and the related expenditures to ensure that ARRA Federal expenditures are completely and accurately reported to comply with the requirements of the Recovery Act.

*Current Status:* Corrective action was implemented for the schedule prepared for fiscal year 2011.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

Finding 10-5:

Community Development Block Grant – Entitlement Grants Cluster:

Community Development Block Grants/Entitlement Grants, CFDA 14.218

ARRA Community Development Block Grant Entitlement Grants, CFDA 14.253

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

The City could not provide documentation to reconcile the amounts reported to the accounting records.

*Auditor’s Recommendation:* We recommend the City establish procedures to ensure that a reconciliation of amounts reported on Federal financial reports to the City’s underlying accounting records is performed.

*Current Status:* Corrective action was implemented for the report submitted during fiscal year 2011.

Finding 10-6:

Community Development Block Grant – Entitlement Grants Cluster:

Community Development Block Grants/Entitlement Grants, CFDA 14.218

ARRA Community Development Block Grant Entitlement Grants, CFDA 14.253

*Criteria and Condition:* As noted in the *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient’s audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient’s audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

The City of Sparks does not actively monitor its subrecipients’ audit reports to identify findings, issue management decisions, and ensure corrective actions are taken on audit findings.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

*Auditor's Recommendation:* We recommend the City of Sparks implement procedures to ensure subrecipient audits are completed timely, audit findings related to subrecipients are identified, and appropriate action is taken within the designated timeframe.

*Current Status:* Corrective action for subrecipient monitoring was implemented during the fiscal year ended June 30, 2011.

**U.S. Environmental Protection Agency, passed through from the Nevada Department of Conservation and Natural Resources:**

Finding 10-7:

Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458

*Criteria and Condition:* OMB Circular A-133 requires the City to prepare a Schedule of Expenditures of Federal Awards (Schedule) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the City is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. That Schedule should include the name of the Federal agency or pass-through entity and the identifying number assigned by the entity.

The Schedule did not include the expenditures for the Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458.

*Auditor's Recommendation:* We recommend the Finance Department develop additional procedures for the identification of Federal awards and the related expenditures to ensure that Federal expenditures are completely and accurately reported to comply with the requirements of OMB Circular A-133.

*Current Status:* Corrective action was implemented for the schedule prepared for fiscal year 2011.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Finding 09-6:

HOME Investment Partnership Program, CFDA 14.239

*Criteria and Condition:*      *OMB Circular A-133* requires the City to prepare a Schedule of Expenditures of Federal Awards (Schedule) showing total Federal expenditures for the year and to maintain internal control over Federal programs that provides reasonable assurance that the City is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. That Schedule should include the name of the Federal agency or pass-through entity and the identifying number assigned by the entity.

The City of Sparks has assigned the responsibility for preparing the Schedule to the Finance Department. To identify the Federal grants in the accounting system that should be included on the Schedule, a prefix of "FG" is included for the revenue account of each grant. A prefix of "SG" is included for State grant revenue accounts. During our testing and reconciliation of the Schedule, it was noted that certain Federal grants were identified with "SG" rather than "FG" in the accounting system. Additionally, the City omitted the HOME Investment Partnership Program, CFDA 14.239, from the Schedule although it was coded with "FG".

*Auditor's Recommendation:* We recommend the Finance Department develop additional procedures for the identification of Federal awards and the related expenditures to ensure that Federal expenditures are completely and accurately reported to comply with the requirements of OMB Circular A-133.

*Current Status:*                      Corrective action was implemented for the schedule prepared for fiscal year 2011.

**CITY OF SPARKS, NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

Finding 09-7:

Community Development Block Grants, CFDA 14.218

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

The City could not provide documentation to reconcile the amounts reported to the accounting records.

*Auditor's Recommendation:* We recommend the City establish procedures to ensure that a reconciliation of amounts reported on Federal financial reports to the City's underlying accounting records is performed.

*Current Status:* Corrective action was implemented for the report submitted during fiscal year 2011.

Finding 09-8:

Community Development Block Grants, CFDA 14.218

*Criteria and Condition:* As noted in the *OMB Circular A-133*, a pass-through entity is responsible for ensuring required audits are completed within nine months of the end of the subrecipient's audit period, issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

The City of Sparks does not actively monitor its subrecipients' audit reports to identify findings, issue management decisions, and ensure corrective actions are taken on audit findings.

*Auditor's Recommendation:* We recommend the City of Sparks implement procedures to ensure subrecipient audits are completed timely, audit findings related to subrecipients are identified, and appropriate action is taken within the designated timeframe.

*Current Status:* Corrective action for subrecipient monitoring was implemented during the fiscal year ended June 30, 2011.

**Independent Accountant's Report on  
Nevada Revised Statute 354.6241**

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2011 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conformed to significant statutory and regulatory constraints on their financial administration during the year ended June 30, 2011 (except as previously noted in Note 2 to the financial statements),
- The balance and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the City of Sparks, Nevada.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
November 29, 2011

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

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**CITY OF SPARKS, NEVADA  
AUDITOR'S COMMENTS  
JUNE 30, 2011**

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 170-175.

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, 2011**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2010 (Base Year)	<u>\$ 719,677</u>
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Adjustment to Base:

Base year	
1. Percentage increase in population of the local government	0.70
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          2.40</u>

17,272

Adjusted Base at June 30, 2011	<u>736,949</u>
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Actual Revenue	<u>503,392</u>
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Amount over (under) allowable amount	<u><u>\$ (233,557)</u></u>
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Fee Calculated on a Percentage of Gross Revenue:

Adjusted base at June 30, 2010	\$ 2,046,478
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Percentage change in CPI	<u>1.017</u>
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Adjusted base at June 30, 2011	2,081,268
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Actual revenue	<u>2,840,821</u>
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Actual amount over (under) allowable amount	<u><u>\$ 759,553</u></u>
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