



CITY OF SPARKS
NEVADA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

CITY OF SPARKS, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

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

CITY OF SPARKS, NEVADA
JUNE 30, 2012

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December 6, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Sparks, Nevada, for the fiscal year ended June 30, 2012, is hereby submitted in accordance with Nevada Revised Statutes 354.624. This report represents the City's compliance with state law, which requires that local governments provide for an annual audit by independent certified accountants of its financial statements in accordance with generally accepted accounting principles (GAAP).

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

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

The CAFR is presented in four sections:

1. **Introductory Section** - the Introductory Section is unaudited and includes this letter of transmittal, the City's organizational chart, list of principal officials and the GFOA Certificate of Achievement for fiscal year 2010-2011.
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

The City of Sparks, incorporated in 1905, with an estimated population of 92,302, is the fifth largest city in Nevada and is located in the extreme western part of the state sharing a border with the City of Reno.

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

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

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

The original redevelopment district, Redevelopment Agency Area No. 1, in downtown Sparks, whose distinctive main street venue has been developed as Victorian Square, was created February 23, 1978. The state's first redevelopment district was set to expire after 30 years under existing statutory limits.

However, subsequent Legislative actions allowed for the extension of the district's term for fifteen additional years, an action taken by the Sparks Redevelopment Agency on May 8, 2000, thereby extending the duration of Sparks Redevelopment Area No. 1 until February 23, 2023.

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

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

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

Local Economy

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

Beginning in fiscal year 2006-2007, a significant softening in the local economy began, which we now know to be the beginning of what is commonly being referred to as the “Great Recession”. Residential construction which had displayed unprecedented growth during the preceding years, deteriorated dramatically, outpacing the national trend of a weakening real estate market. Also during fiscal year 2006-2007, the City of Sparks experienced a decline in consolidated tax revenue (over 80 percent of which is comprised of sales taxes), for the first year since the consolidated tax structure was initiated during fiscal year 1997-1998. The recession that began in fiscal year 2006-2007 has resulted in lower City revenues in every subsequent fiscal year, including the most current fiscal year 2011-2012. Looking forward to fiscal year 2012-2013, 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 contracted with RED Development to develop the Legends at Sparks Marina into one of the premier retail destinations in the region. As established by SB 306 from the 2005 legislative session, a Tourism Improvement District (TID) allows Sales Tax Anticipated Revenue (STAR) bonds to be issued that are supported by up to 75 percent of taxable sales generated within the District. Proceeds from these bonds are used for infrastructure and land improvements for the purpose of enhancing the area as a tourism, entertainment, and retail destination of choice. More information on the debt issued related to the Legends project can be found within the notes to the financial statements.

The City of Sparks continues to have an operating property tax rate of \$.9161 per \$100 of assessed value, which has not changed since fiscal year 2003-2004. Coupled with the rates in effect for jurisdictions which overlap with Sparks, the overall tax rate is within \$.0437 cents of the statutory cap of \$3.66. (This includes two cents that were added to the state tax rate for Capital projects and conservation of natural resources that are outside of the property tax rate cap of \$3.64.)

Long-Term Financial Planning

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

Relevant Financial Policies

Cash Management

The City is authorized by statute to invest in bonds or other obligations of the United States Treasury, its agencies and instrumentalities; bonds of the State of Nevada; obligations of other local governments of the State of Nevada; certificates of deposit and bankers acceptances; and obligations of other state and local governments if they are rated "A" or better by one of the nationally recognized bond credit rating

agencies. The City may also invest in repurchase agreements for securities if, in lieu of possession of the securities, it obtains sole, fully perfected, first-priority security interest in those securities. State law also allows investment in money market mutual funds invested solely in treasury/agency securities.

The City, in effect, pools its cash for investment purposes and had monies invested primarily in certificates of deposit, money market instruments and agency securities. Due to the fiscal policies of the Federal Reserve to keep interest rates low for an extended period of time, investment earnings have remained low. For fiscal year 2011-2012, the average interest rate earned on investments maturing during the year was 0.84 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 2011. Fiscal year 2010-2011 was the thirty-first 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 2011-2012 CAFR as well.

In addition, the City of Sparks also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for each fiscal year from 2009 through 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

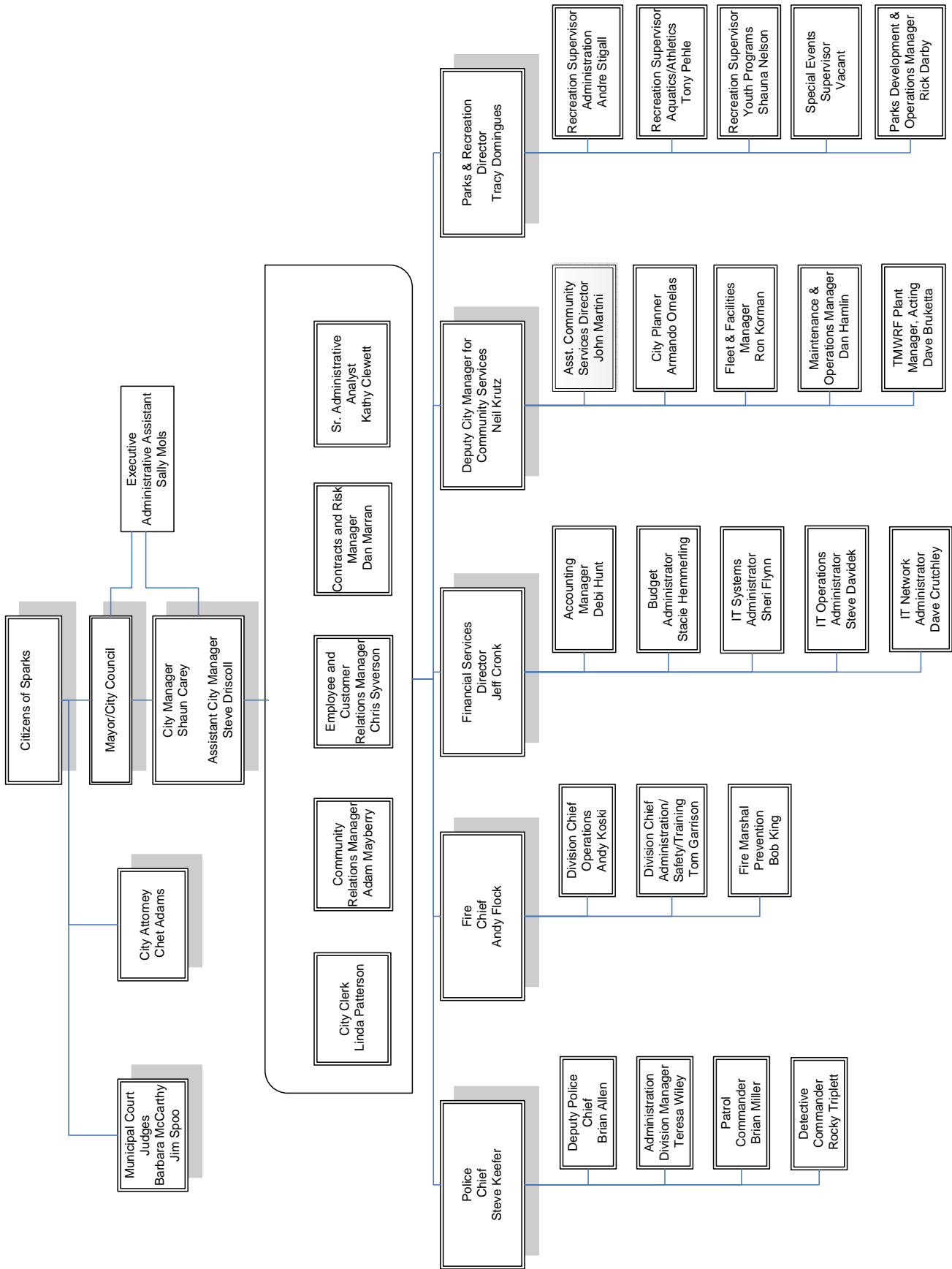
This report could not have been prepared without the diligent year-round efforts of the entire staff of the Financial Services Department and of the certified public accounting firm Kafoury, Armstrong & Company. We would like to acknowledge their expert support and guidance throughout the year not only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

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

Respectfully submitted,

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, 2012**

<u>Office</u>	<u>Name</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor	Geno R. Martini	Four Years	November, 2014
Council Member Ward 1	Julia Ratti	Four Years	November, 2016
Council Member Ward 2	Ed Lawson	Four Years	November, 2014
Council Member Ward 3	Ron Smith	Four Years	November, 2016
Council Member Ward 4	Mike Carrigan	Four Years	November, 2014
Council Member Ward 5	Ron Schmitt	Four Years	November, 2016
City Attorney	Chet Adams	Four Years	November, 2016
Municipal Judge, District 1	Barbara McCarthy	Six Years	November, 2014
Municipal Judge, District 2	Jim Spoo	Six Years	November, 2018
City Manager	Shaun D. Carey	Appointed	
Assistant City Manager	Stephen W. Driscoll	Appointed	
City Clerk	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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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

Independent Auditor's Report

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

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, 2012, 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.

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in 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 December 6, 2012, on our consideration of the City of Sparks, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 3O, and the Schedule of Funding Progress on page 56 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.

Kafoory, Armstrong & Co.

Reno, Nevada
December 6, 2012

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, 2012. 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, 2012 by \$374,340,682 (net assets), a decrease of 1.1 percent from the prior year. 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.
- The City found and corrected errors reported in prior years which resulted in a decrease in governmental activity beginning net assets of \$2,838,031 and a decrease of business-type activity beginning net assets of \$675,950. Governmental net assets were originally reported as \$196,631,905 at the end of fiscal 2010-2011 and are now restated as \$193,793,874. Enterprise net assets were originally reported as \$181,837,982 at the end of fiscal 2011-2011 and are now restated as \$181,162,032. More information can be found later in this discussion and in Note 17 of the financial statements.
- Sparks' governmental funds reported combined ending fund balances of \$47,243,733 as of June 30, 2012 which is an increase of \$599,297 from fiscal year 2010-2011 restated ending fund balance of \$46,644,436. The increase was primarily due to an increased in consolidated tax revenues.
- Governmental Accounting Standards Boards Statement No. 54 provides fund balance classifications for governmental funds. As of June 30, 2012 the unrestricted fund balance (which includes committed, assigned and unassigned balances) in the General Fund was \$6,477,452, which represents approximately 12.3 percent of General Fund revenues. Of that amount, \$273,705 is assigned for encumbrances and \$1,879,331 is assigned as a budgeted resource to be expended in fiscal year 2012-2013, leaving \$4,324,416 as an unassigned fund balance.
- The City's primary General Fund resources are consolidated taxes and ad valorem taxes. Combined, these resources accounted for 69.4 percent of total General Fund revenues, and have decreased by 1.7 percent over last year's results. While consolidated tax revenues increased, ad valorem taxes decreased by a greater amount.
- Cash and investments (unrestricted) of \$84,763,112 can cover current liabilities 4.9 times on a government-wide basis.

- Governmental activity expenses were \$87,333,911 as compared to \$89,271,901 for the year ended June 30, 2011. The decrease was primarily in the general government function related to a loss on disposal of approximately \$1.3 million in capital assets. Business-type activities posted overall expenses of \$21,867,526 as compared with \$23,334,353 in the prior year, primarily related to a reduction in maintenance management salaries and benefits.
- The City's long-term debt outstanding decreased by \$9,818,670 in fiscal year 2011-2012. 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 nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

Government-Wide Analysis

Over time, values reported as "net assets" can provide an indication of a government's financial position. As noted previously, the City's net assets decreased by 1.1 percent during fiscal year 2011-2012. The largest component of this decrease was related to changes in capital assets net of related debt, which decreased by \$3,001,379. Of the decrease in capital assets, net of related debt, \$1,881,816 relates to a restatement of the prior year governmental activity balances to correct the City's construction in progress amounts at June 30, 2011.

CITY OF SPARKS' STATEMENT OF NET ASSETS

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 98,829,227	\$ 101,651,657	\$ 77,110,832	\$ 78,676,844	\$ 175,940,059	\$ 180,328,501
Capital assets	317,309,424	322,748,371	161,242,423	163,053,283	478,551,847	485,801,654
Total assets	416,138,651	424,400,028	238,353,255	241,730,127	654,491,906	666,130,155
Long-term liabilities						
outstanding	209,259,261	214,625,258	53,532,275	57,470,446	262,791,536	272,095,704
Other liabilities	15,046,019	13,142,865	2,313,669	2,421,699	17,359,688	15,564,564
Total liabilities	224,305,280	227,768,123	55,845,944	59,892,145	280,151,224	287,660,268
Net assets:						
Invested in capital assets						
net of related debt	244,417,862	248,628,684	117,872,586	116,663,143	362,290,448	365,291,827
Restricted	51,091,604	54,408,668	-	-	51,091,604	54,408,668
Unrestricted	(103,676,095)	(106,405,447)	64,634,725	65,174,839	(39,041,370)	(41,230,608)
Total net assets	\$ 191,833,371	\$ 196,631,905	\$ 182,507,311	\$ 181,837,982	\$ 374,340,682	\$ 378,469,887

The largest portion of the City of Sparks' net assets (96.8 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, \$362,290,448, 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 (3.2 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 decrease in restricted net assets of \$2,835,067 is largely due to a decrease in funds that are restricted for debt service.

Unrestricted net assets are the amount of funds available to meet the City's on-going obligations. The negative unrestricted net asset value of \$39,523,367 in fiscal year 2011-2012 is comprised primarily of a deficit of \$104,158,092 related to governmental activities. This is primarily the result of the existing long-term debt issued for expenses related to the Legends at Sparks Marina development. The debt issued for expenses related to the Legends project did not increase assets of the City, but instead was issued to stimulate the economic development of the area. More information related to debt issued for the Legends project can be found in Note 9 of the financial statements.

CITY OF SPARKS CHANGES IN NET ASSETS

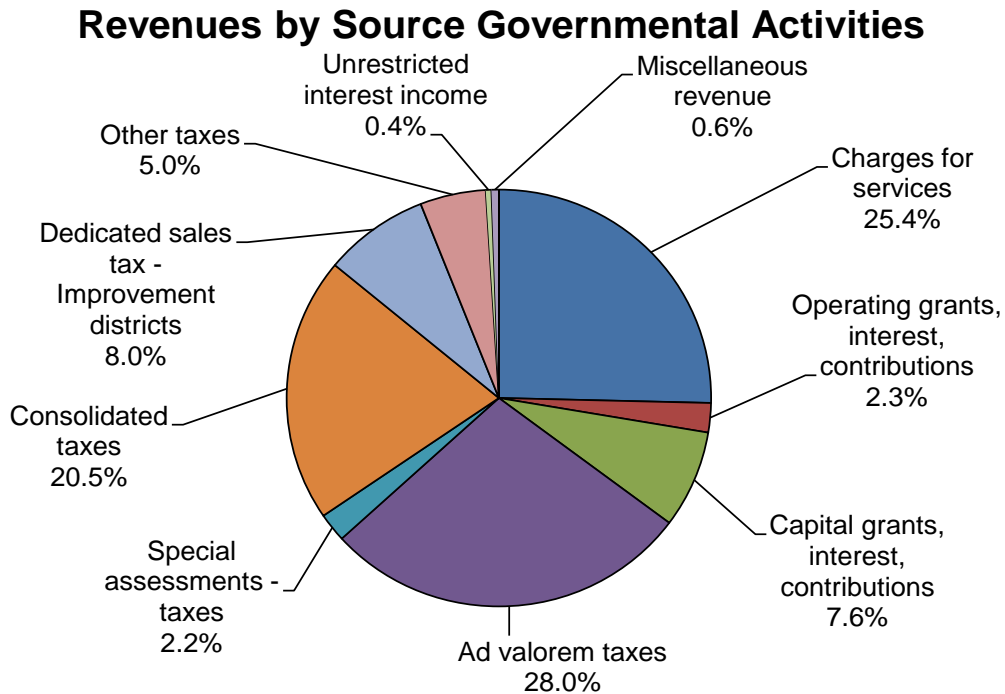
	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 21,666,665	\$ 21,781,294	\$ 21,865,466	\$ 20,237,915	\$ 43,532,131	\$ 42,019,209
Operating grants, interest and contributions	1,940,111	2,445,242	-	-	1,940,111	2,445,242
Capital grants, interest and contributions	6,441,089	16,900,744	589,860	797,086	7,030,949	17,697,830
	<u>30,047,865</u>	<u>41,127,280</u>	<u>22,455,326</u>	<u>21,035,001</u>	<u>52,503,191</u>	<u>62,162,281</u>
General revenues:						
Ad valorem taxes	23,935,797	25,692,651			23,935,797	25,692,651
Special Assessments - taxes	1,895,243	1,960,106			1,895,243	1,960,106
Consolidated tax	17,513,809	16,725,697			17,513,809	16,725,697
Dedicated sales tax - improvement districts	6,847,151	7,162,082			6,847,151	7,162,082
Other taxes	4,272,212	4,256,287			4,272,212	4,256,287
Unrestricted interest income	367,254	475,772	399,619	382,358	766,873	858,130
Gain (Loss) from sale of capital assets	-	-	-	-	-	-
Miscellaneous revenue	480,804	1,195,325	371,133	299,956	851,937	1,495,281
	<u>55,312,270</u>	<u>57,467,920</u>	<u>770,752</u>	<u>682,314</u>	<u>56,083,022</u>	<u>58,150,234</u>
Total revenues	85,360,135	98,595,200	23,226,078	21,717,315	108,586,213	120,312,515
Expenses:						
General Government	8,817,144	10,025,892			8,817,144	10,025,892
Judicial	2,054,034	2,158,409			2,054,034	2,158,409
Public safety:						
Police	21,878,230	21,692,176			21,878,230	21,692,176
Fire	15,053,308	14,808,883			15,053,308	14,808,883
Public Works	354,981	468,782			354,981	468,782
Public Works	14,071,989	14,151,854			14,071,989	14,151,854
Culture and recreation	9,149,895	9,899,309			9,149,895	9,899,309
Community support	2,473,833	3,206,527			2,473,833	3,206,527
Interest on long-term debt	13,480,497	12,860,069			13,480,497	12,860,069
Sewer			20,399,005	21,680,905	20,399,005	21,680,905
Development services			1,468,521	1,653,448	1,468,521	1,653,448
Total expenses	87,333,911	89,271,901	21,867,526	23,334,353	109,201,437	112,606,254
Increase (Decrease) in net assets						
before transfers & special items	(1,973,776)	9,323,299	1,358,552	(1,617,038)	(615,224)	7,706,261
Transfers	13,273	(183,529)	(13,273)	183,529	-	-
Special Items-Loss on sale of improvements to developer	-	(5,666,657)			-	(5,666,657)
Increase (Decrease) in net assets	(1,960,503)	3,473,113	1,345,279	(1,433,509)	(615,224)	2,039,604
Net assets, July 1, as restated	193,793,874	193,158,792	181,162,032	183,271,491	374,955,906	376,430,283
Net assets, June 30	<u>\$ 191,833,371</u>	<u>\$ 196,631,905</u>	<u>\$ 182,507,311</u>	<u>\$ 181,837,982</u>	<u>\$ 374,340,682</u>	<u>\$ 378,469,887</u>

Governmental Activities

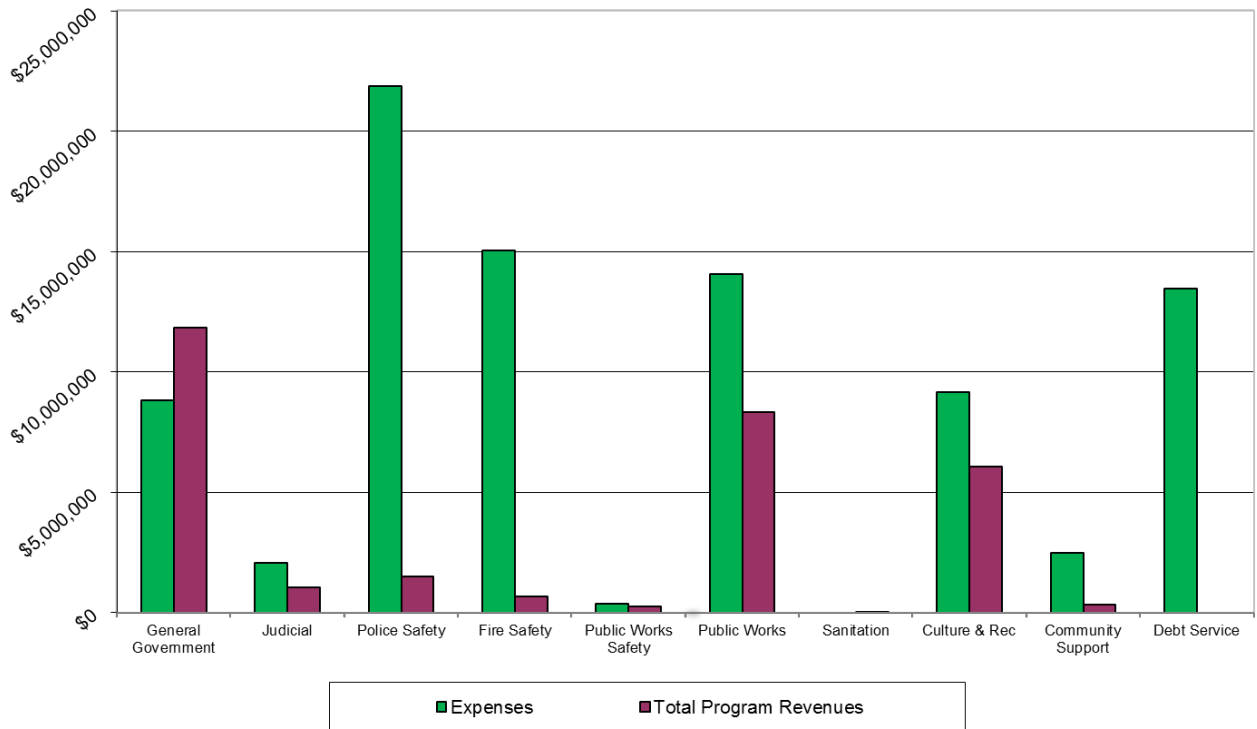
Governmental activities in fiscal year 2011-2012 decreased the City's net assets by \$1,960,503. Of the more significant results for governmental activities that contributed to this decrease the following was observed:

- Special ad valorem assessment revenues collected from within the area known as the Local Improvement District 3 were \$1,895,243, a decline of \$64,863 from the prior year. A receivable for principal amount outstanding remains in the amount of \$23,835,902. The receivable is reflected in the fund statements.
- Consolidated taxes (consisting primarily of sales taxes) increased by 4.7 percent or \$788,112 from fiscal year 2010-2011. This increase may indicate a small level of stabilization in the economy; however consolidated tax revenues are still 30 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 2011-2012.

- Ad valorem taxes revenues decreased by 6.8 percent, or \$1,756,854, from fiscal year 2010-2011. Since the housing decline, the City’s assessed values have decreased by 30 percent and are expected to decline an additional 3.8 percent in fiscal year 2013. Additionally, two bills passed during the 2005 Legislative Session – AB 489 and SB 509 – collectively known as the “property tax relief measure”, have significantly limited future property tax receipts, by placing caps on property tax bills ranging from 3 percent for residential properties to 8 percent for certain commercial properties;
- Capital grants, interest and contributions revenue decreased by a total of \$10,459,655 or 61.9 percent from the prior year, majorly due to a decrease in donated assets from the Regional Transportation Commission;
- Total expenses decreased 2.2 percent, or \$1,937,990, which was primarily due to loss on disposal of capital assets of approximately \$1.3 million reflected within the General Government function.



**Expenses and Program Revenues
Governmental Activities**



In addition, a reduction of \$2,838,031 was made to governmental activity beginning net assets in order to correct two errors reported in prior fiscal years. Prior period adjustments are not reflected in the graphs and charts above. Additional information can be found below and in Note 17 of the financial statements.

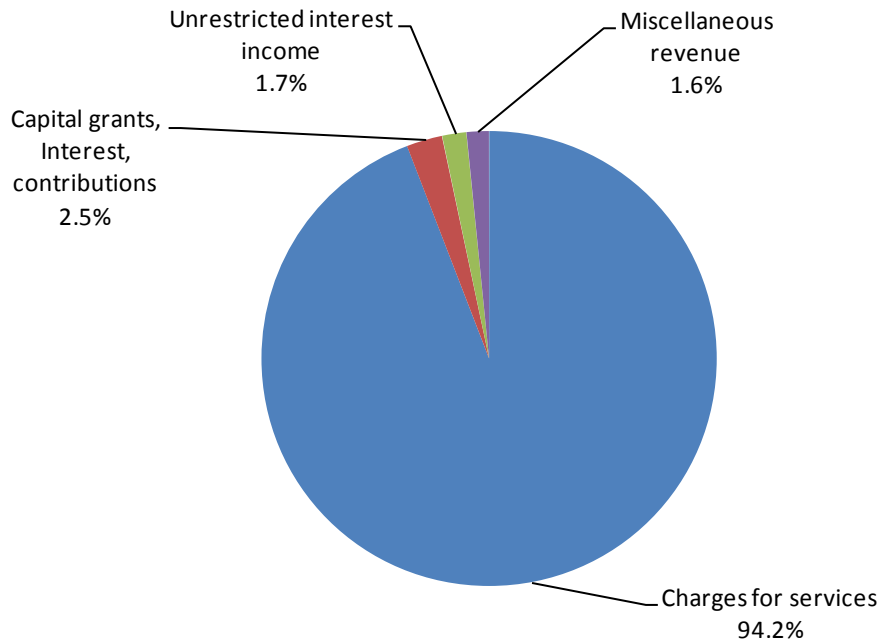
- The City determined that a change in accounting principle related to developer credits had not been fully implemented in fiscal year 2009-2010. An adjustment was made to reduce construction in progress assets by \$1,881,816.
- The City discovered that some maintenance employee’s had worked to provide a service to a fund, or funds, but that their salaries and benefits were not correctly charged to the benefitting fund, or funds. Corrections related to this error resulted in a decrease of governmental net assets of \$956,215.

Business-type Activities

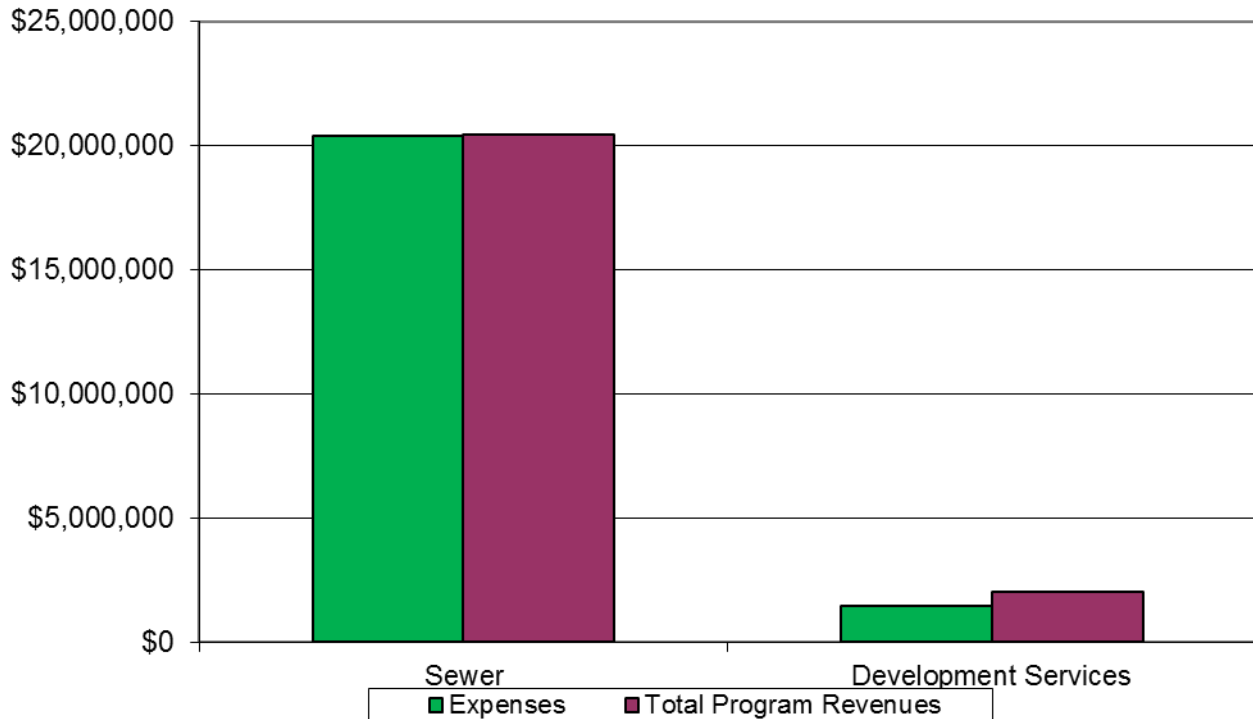
Business-type activities increased net assets by \$1,345,279 for fiscal year 2011-2012, compared to decreasing net assets by \$1,433,509 for fiscal year 2010-2011. Significant results include:

- Total program revenues increased by 6.8 percent, or \$1,420,325, which was driven by an increase of revenues related to charges for services;
- Total general revenues increased by 13.0 percent, or \$88,438, which was driven by an increase of unrestricted interest income. Interest revenues still remain low due to the continued weakening of the economy and the Federal Reserve's fiscal policies to keep interest rates low for an extended period of time;
- Total expenses decreased by 6.3 percent, or \$1,466,827 primarily driven by decreases in salary and benefits expenses within the Sanitary Sewer Operations Fund.

Revenues by Source Business Type Activities



Expenses and Program Revenues Business-type Activities



In addition, a reduction of \$675,950 was made to Business-Type beginning net assets in order to correct two errors reported in prior fiscal years. Prior period adjustments are not reflected in the graphs and charts above. Additional information can be found below and in Note 17 of the financial statements.

- The City determined costs associated with projects at the Truckee Meadow Water Reclamation Facility (TMWRF), a Facility owned jointly between the Cities of Reno and Sparks, were not capital in nature as previously reported. This change reduced the City’s investment in TMWRF by \$1,632,165.
- The City discovered that some maintenance employee’s had worked to provide a service to a fund, or funds, but that their salaries and benefits were not correctly charged to the benefitting fund, or funds. Corrections related to this error resulted in an increase of business type net assets of \$956,215.

Financial Analysis of the City’s Funds

Governmental Funds

The focus of the City of Sparks’ governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information may be useful in assessing the city’s financing requirements. Governmental Accounting Standards Boards

Statement 54 provides fund balance classifications for governmental funds. Unassigned fund balance, in particular, may be used as a measure of a government's net resources available for spending at the end of the fiscal year. Additional information on the City's fund balances can be found in Note 1 of the basic financial statements.

- As of June 30, 2012, Sparks' governmental funds reported combined ending fund balances of \$47,243,733 which is an increase of \$599,297 from fiscal year 2010-2011 restated ending fund balance of \$46,644,436. The increase was primarily due to an increased in consolidated tax revenues.
- The combined ending fund balance of \$47,243,733 is comprised of: \$36,404,048 which is restricted to specific purposes such as, but not limited to, capital projects, debt, and grants, \$10,838,417 which is unrestricted (includes committed, assigned and unassigned), and \$1,268 which is nonspendable.
- Approximately 22.9 percent of ending fund balances, or \$10,838,417, is unrestricted. Of the unrestricted balance, \$837,136 has been committed by Council action and \$5,676,865 has been assigned by the Financial Services Director, a designee of the Council. The remaining \$4,324,416 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, 2012, the unrestricted fund balance (includes committed, assigned and unassigned balances) was \$6,477,452, or 17.1 percent higher than the prior year's unrestricted balance of \$5,530,471 (as restated), and is indicative of a stabilization in the economy and City services. 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 2011-2012, the unrestricted ending balance represents 12.3 percent of General Fund revenues, up from 9.9 percent for the prior fiscal year (as restated).

Although the City's unrestricted fund balance was \$6,477,452 at June 30, 2012, it should be noted that \$2,153,036 is considered assigned for specific purposes, including \$273,705 for encumbrances and \$1,879,331 as budgeted resources to be expended in fiscal year 2012-2013.

The primary impacts upon the General Fund include a \$654,545 (15.9 percent) decrease in charges for services; a \$1,404,457 (6.9 percent) decrease in ad valorem taxes resulting from a decline in assessed property values; and a \$213,939 (23.2 percent) decrease in fines of the court. The overall decline of revenue was offset by a 0.2 percent reduction of departmental expenditures. Efforts included reductions in compensation and in the number of personnel. The result is that the restated beginning fund balance within the General Fund increased by \$614,974, or 10.4 percent, from the prior year. The General Fund's beginning fund balance was restated by (\$967,486) to correct an error in allocation of salaries and benefits to the General Fund that were for services provided by other City funds. For further information on the restatement, see Note 17 to the financial statements.

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 \$15,170,146 compared to \$14,874,105 for the prior year, an increase of 2.0 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 \$182,415,649 as of June 30, 2012, an increase of \$805,614, or 0.4 percent, over the prior year's restated balance of \$181,610,035. Net assets of the Development Services Enterprise Fund increased to \$760,313 from \$230,339 as restated in the prior year, reflecting an improvement in the local economy. Revenues from licenses and permits increased \$395,423, or 63.3 percent.

General Fund Budgetary Highlights

Under state statutes, budgetary control is maintained at the function level. The final budget expenditure appropriations decreased by \$521,121, approximately 1 percent below the original budget. This was primarily caused by the transfer of budgeted grant revenues and expenditures to the newly created Sparks Grants & Donations fund.

Actual revenues were \$23,374 more than budgeted.

Actual expenditures were 96.4 percent of the original budget and 97.4 percent of the final amended budget. Reductions of professional services contracts, in utilities and fuel usage, and in training costs, and a delay in software purchases all contributed to the savings achieved.

The following functions are highlighted:

- General government achieved \$275,778 in budgetary savings primarily from a reduction in professional services contracts;
- Public safety overspent the budget by \$160,311, primarily due to the salaries and benefits paid in the police department;
- Budgetary savings within the Public Works function totaled \$648,812 which was due to a reduction in salaries, benefits and a controlled purchase of necessary services and supplies.
- The Culture and Recreation function turned in a budgetary savings of \$223,223 which was primarily due to a controlled purchase of services and supplies.

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, 2012 amounted to \$478,551,847 compared to \$483,919,838 (both are net of depreciation), as restated 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 decrease from fiscal year 2011-2012 operations for governmental activities was \$3,557,131 (from \$320,866,555 as restated to \$317,309,424), while business-type activities decreased by \$1,810,860 (from \$163,053,283 to \$161,242,423).

Significant capital asset activities that occurred during fiscal year 2011-2012 included:

- Assets classified as Infrastructure decreased by \$8,138,131 during fiscal year 2011-2012, the primary result of which was due to depreciation;

The City found an overstatement of \$1,881,816 in the June 30, 2011 construction in progress balance of its governmental activities. The City corrected the error, resulting in a restatement of the governmental activity capital asset balance at June 30, 2011. More information can be found in on the restatement in Note 17 of the financial statements.

CITY OF SPARKS' CAPITAL ASSETS Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2012	2011 as restated	2012	2011 as restated	2012	2011 as restated
Land	\$ 31,009,581	\$ 29,853,413	\$ -	\$ -	\$ 31,009,581	\$ 29,853,413
Intangibles	2,984,867	2,827,428	2,648	2,648	2,987,515	2,830,076
Buildings	18,697,359	19,856,742	806,251	852,063	19,503,610	20,708,805
Improvements other than Buildings	45,783,784	48,139,471	952,491	1,022,591	46,736,275	49,162,062
Equipment, Furnishings & Vehicles	9,038,301	8,678,651	119,844	167,287	9,158,145	8,845,938
Infrastructure	204,713,249	209,531,036	149,686,527	153,006,871	354,399,776	362,537,907
Construction in progress	5,017,318	1,914,849	2,648,159	975,320	7,665,477	2,890,169
Water Rights	64,965	64,965	7,026,503	7,026,503	7,091,468	7,091,468
Total	\$ 317,309,424	\$ 320,866,555	\$ 161,242,423	\$ 163,053,283	\$ 478,551,847	\$ 483,919,838

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, 2012, the City of Sparks had a total of \$257,318,113 of long-term debt outstanding. Of this amount, Government-type activities accounted for \$204,278,725 and include; general obligation debt of \$4,770,000; revenue bonds of \$121,953,240; tax allocation bonds of \$61,675,488; capital lease obligations of \$1,891,690; credits payable to developers of \$337,246; accrued compensated absences and sick leave conversion totaling \$13,651,059. Business-type activities account for the remaining \$53,039,388 in total long-term debt outstanding. Of that amount, \$51,834,858 is made up of Sewer Utility general obligation bonds totaling \$42,785,394 and \$9,049,464 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 \$1,204,530 for compensated absences, and sick leave conversion. The City of Sparks' long-term debt outstanding, including debt of the Redevelopment Agency, decreased by \$9,818,671, or 3.7 percent during the fiscal year ended June 30, 2012.

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

Other Factors

- The unemployment rate in the Reno-Sparks area was 11.5 percent in June, 2012 compared to 13.0 percent in June, 2011;
- The housing market continues to be one of the worst in the nation, evidenced by high foreclosure rates and the fact that more than 50 percent of all mortgages in the Reno-Sparks area are "underwater", meaning the home is worth less than what is owed on the property;
- Fiscal year 2011-2012 is the second consecutive year, after 4 consecutive years of declines, in which taxable sales within Washoe County increased. Fiscal year 2011-2012 taxable sales were 4.5 percent higher than those reported in fiscal year 2010-2011. Sales of Autos and Auto Parts were up 13.5 percent, and was the primary reason for the positive results. Other sales categories showing improvement during the year included Professional, Scientific, and Technical Services (up 36.3%), and Computer and Electronic Manufacturing (up 256.0%), Merchant Wholesalers, Durable Goods (up 9.4%), and Food Services & Drinking Places (up 3.5%). There are still a few sales categories with significant declines that continue to struggle including Rental and Leasing Services (down 23.1%), and Support Activities for Mining (down 50.0%);
- As mentioned previously, the City's Ad Valorem tax revenues decreased by 6.8 percent in fiscal year 2011-2012. This was due to a decrease of 7.0 percent in the assessed valuation between fiscal year 2011-2012 and fiscal year 2010-2011. There has been a significant weakening in the local residential housing market and we the anticipate reductions that began in fiscal year 2009-2010 to residential and commercial assessed valuations will continue into fiscal year 2012-2013;

- The City of Sparks' estimated population decreased slightly during fiscal year 2011-2012 (1 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 2011-2012 totaled 2,463 representing an increase of 39.7 percent from 1,763 permits issued during fiscal year 2010-2011. This is the first year of increased permit activity after 5 years of steep declines. Permits issued in 2011-2012 are still 59.2 percent less than the number issued at the peak of the housing boom during fiscal year 2005-2006 in which 6,033 total permits were issued;
- City personnel costs decreased further 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 \$68.58 to \$72.50 per calendar quarter as of January 1, 2012. In addition, sewer connection fees increased from \$5,057 to \$5,178 per residence as of January 1, 2012. 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 2012-2013 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 Finance Services Department, 431 Prater Way, Sparks, Nevada, 89431.

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CITY OF SPARKS, NEVADA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 48,652,154	\$ 36,110,958	\$ 84,763,112
Accounts receivable	26,867,899	2,555,863	29,423,762
Internal balances	(712,686)	712,686	-
Due from other governments	6,757,030	225,337	6,982,367
Inventories	220,854	-	220,854
Deposits	16,673	-	16,673
Deferred charges	2,495,387	-	2,495,387
Notes receivable	36,012	7,886,287	7,922,299
Restricted assets:			
Cash and investments	14,495,904	-	14,495,904
Investment in the Truckee Meadows Water Reclamation Facility	-	29,619,701	29,619,701
Capital assets:			
Land, construction in progress, intangible assets, and water rights	38,845,052	9,677,310	48,522,362
Other capital assets, net of depreciation	278,464,372	151,565,113	430,029,485
TOTAL ASSETS	<u>416,138,651</u>	<u>238,353,255</u>	<u>654,491,906</u>
LIABILITIES			
Accounts payable and accrued expenses	7,141,286	234,444	7,375,730
Accrued interest payable	6,006,603	756,126	6,762,729
Contracts and retentions payable	623,555	584,448	1,208,003
Deposits	35,809	25,152	60,961
Due to other governments	803,906	591,431	1,395,337
Unearned revenue	434,860	122,068	556,928
Noncurrent liabilities:			
Due within one year	16,855,796	4,484,997	21,340,793
Due in more than one year	187,422,929	48,554,391	235,977,320
Net OPEB obligation	4,980,536	492,887	5,473,423
TOTAL LIABILITIES	<u>224,305,280</u>	<u>55,845,944</u>	<u>280,151,224</u>
NET ASSETS			
Invested in capital assets, net of related debt	244,417,862	117,872,586	362,290,448
Restricted for:			
Court improvements	940,617	-	940,617
Road and street projects	4,851,192	-	4,851,192
Grants	1,065,632	-	1,065,632
Claims	9,763,078	-	9,763,078
Debt service	23,585,259	-	23,585,259
Capital projects	10,217,560	-	10,217,560
Promotion of special events	259,339	-	259,339
Public safety	408,927	-	408,927
Unrestricted	(103,676,095)	64,634,725	(39,041,370)
TOTAL NET ASSETS	<u>\$ 191,833,371</u>	<u>\$ 182,507,311</u>	<u>\$ 374,340,682</u>

**CITY OF SPARKS, NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest, Contributions</u>	<u>Capital Grants, Interest, Contributions</u>
Governmental Activities:				
General government	\$ 8,817,144	\$ 11,607,851	\$ 88,169	\$ 147,935
Judicial	2,054,034	1,032,788	-	-
Public safety:				
Police	21,878,230	609,564	750,046	126,236
Fire	15,053,308	58,470	559,056	36,866
Public works	354,981	212,471	61,080	-
Public works	14,071,989	2,835,071	5,669	5,476,091
Sanitation	-	15,330	-	-
Culture and recreation	9,149,895	5,272,020	150,625	653,961
Community support	2,473,833	23,100	325,466	-
Debt Service:				
Interest and fiscal charges	13,480,497	-	-	-
Total Governmental Activities	<u>87,333,911</u>	<u>21,666,665</u>	<u>1,940,111</u>	<u>6,441,089</u>
Business-Type Activities:				
Sewer	20,399,005	19,851,753	-	589,860
Development Services	1,468,521	2,013,713	-	-
Total Business-Type Activities	<u>21,867,526</u>	<u>21,865,466</u>	<u>-</u>	<u>589,860</u>
Total	<u>\$ 109,201,437</u>	<u>\$ 43,532,131</u>	<u>\$ 1,940,111</u>	<u>\$ 7,030,949</u>

General Revenues:
 Ad valorem taxes
 Special assessments - taxes
 Consolidated taxes
 Dedicated sales tax - improvement districts
 Unrestricted fair share distribution, state shared
 Motor vehicle fuel taxes
 Unrestricted gaming licenses, state shared
 Room taxes
 Governmental services tax
 Unrestricted interest income
 Miscellaneous revenue
 Transfers
 Total General Revenues, Special Item and Transfers
 Change in Net Assets

NET ASSETS, BEGINNING OF YEAR, as originally reported

Prior Period Adjustment

NET ASSETS, BEGINNING OF YEAR, as restated

NET ASSETS, END OF YEAR

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

Governmental Activities	Business-Type Activities	Total
\$ 3,026,811	\$ -	\$ 3,026,811
(1,021,246)	-	(1,021,246)
(20,392,384)	-	(20,392,384)
(14,398,916)	-	(14,398,916)
(81,430)	-	(81,430)
(5,755,158)	-	(5,755,158)
15,330	-	15,330
(3,073,289)	-	(3,073,289)
(2,125,267)	-	(2,125,267)
<u>(13,480,497)</u>	<u>-</u>	<u>(13,480,497)</u>
<u>(57,286,046)</u>	<u>-</u>	<u>(57,286,046)</u>
-	42,608	42,608
-	545,192	545,192
-	587,800	587,800
<u>(57,286,046)</u>	<u>587,800</u>	<u>(56,698,246)</u>
23,935,797	-	23,935,797
1,895,243	-	1,895,243
17,513,809	-	17,513,809
6,847,151	-	6,847,151
1,336,914	-	1,336,914
1,719,836	-	1,719,836
345,941	-	345,941
691,949	-	691,949
177,572	-	177,572
367,254	399,619	766,873
480,804	371,133	851,937
13,273	(13,273)	-
<u>55,325,543</u>	<u>757,479</u>	<u>56,083,022</u>
<u>(1,960,503)</u>	<u>1,345,279</u>	<u>(615,224)</u>
196,631,905	181,837,982	378,469,887
<u>(2,838,031)</u>	<u>(675,950)</u>	<u>(3,513,981)</u>
<u>193,793,874</u>	<u>181,162,032</u>	<u>374,955,906</u>
<u>\$ 191,833,371</u>	<u>\$ 182,507,311</u>	<u>\$ 374,340,682</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,562,235	\$ 3,583,271	\$ 21,087,953	\$ 30,233,459
Accounts receivable, net	1,084,091	23,835,902	1,872,729	26,792,722
Notes receivable	-	-	36,012	36,012
Inventories	1,268	-	-	1,268
Due from other funds	270,513	-	46,278	316,791
Due from other governments	4,261,446	1,261,641	1,233,943	6,757,030
Restricted assets:				
Cash and investments	-	10,325,234	4,170,670	14,495,904
TOTAL ASSETS	\$ 11,179,553	\$ 39,006,048	\$ 28,447,585	\$ 78,633,186
LIABILITIES				
Accounts payable	\$ 996,579	\$ -	\$ 340,991	\$ 1,337,570
Accrued liabilities	1,070,923	-	158,686	1,229,609
Contracts payable	37,095	-	526,915	564,010
Contract retentions payable	-	-	44,045	44,045
Deferred revenue	447,809	23,835,902	1,455,741	25,739,452
Refundable deposits	19,317	-	16,492	35,809
Due to other funds	1,364,431	-	277,402	1,641,833
Due to other governments	751,108	-	46,017	797,125
TOTAL LIABILITIES	4,687,262	23,835,902	2,866,289	31,389,453
FUND BALANCES				
Nonspendable:				
Inventory	1,268	-	-	1,268
Restricted for:				
Grants and donations	-	-	97,141	97,141
Law enforcement	-	-	408,927	408,927
Promotion of special events	-	-	259,339	259,339
Various judicial uses	13,571	-	73,021	86,592
Municipal facilities construction	-	-	445,685	445,685
Court fee collection programs	-	-	408,340	408,340
Developer agreements	-	-	1,383,106	1,383,106
Bond proceeds defined projects	-	-	1,713,241	1,713,241
Debt service reserve	-	15,170,146	5,003,757	20,173,903
Parks and recreation	-	-	5,325,024	5,325,024
Street improvements and rehabilitation	-	-	4,567,731	4,567,731
Capital projects	-	-	370,995	370,995
Improvements to Victorian Square	-	-	1,164,024	1,164,024
Committed for:				
Capital projects	-	-	51,610	51,610
Economic development	-	-	297,339	297,339
Parks and recreation	-	-	55,062	55,062
Road surface repairs	-	-	204,485	204,485
Economic stabilization	-	-	228,640	228,640
Assigned for:				
Specific capital projects	-	-	619,547	619,547
Encumbrances	273,705	-	378,280	651,985
Next year's budget deficit	1,879,331	-	851,766	2,731,097
Other capital projects	-	-	1,674,236	1,674,236
Unassigned:	4,324,416	-	-	4,324,416
Total Fund Balances	6,492,291	15,170,146	25,581,296	47,243,733
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,179,553	\$ 39,006,048	\$ 28,447,585	\$ 78,633,186

See accompanying notes.

CITY OF SPARKS, NEVADA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund Balances - Total Governmental Funds (page 7)		\$ 47,243,733
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	430,495,716	
Less: accumulated depreciation	<u>(119,395,798)</u>	311,099,918
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>(547,953)</u>	2,495,387
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	(4,770,000)	
Revenue bonds payable	(121,953,240)	
Tax allocation bonds payable	(61,675,488)	
Compensated absences payable	(8,713,380)	
Net OPEB obligation	(4,913,636)	
Sick leave conversion payable	(4,846,285)	
Developer credits payable	<u>(337,248)</u>	(207,209,277)
Interest payable		(6,006,603)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		25,325,709
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.		18,215,853
Internal balances is a receivable from/(payable to) business-type activities		<u>668,651</u>
Net Assets - Governmental Activities (page 4)		<u><u>\$ 191,833,371</u></u>

**CITY OF SPARKS, NEVADA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 19,040,250	\$ 2,715,177	\$ 5,857,424	\$ 27,612,851
Licenses and permits	9,474,514	-	4,247,248	13,721,762
Intergovernmental revenues	19,848,932	6,847,151	4,909,298	31,605,381
Charges for services	3,459,703	-	2,843,624	6,303,327
Fines and forfeits	707,145	-	-	707,145
Miscellaneous	158,166	22,144	1,443,912	1,624,222
Total Revenues	<u>52,688,710</u>	<u>9,584,472</u>	<u>19,301,506</u>	<u>81,574,688</u>
EXPENDITURES				
Current:				
General government	8,559,915	-	978,852	9,538,767
Judicial	1,842,291	-	129,787	1,972,078
Public safety	34,052,228	-	1,816,994	35,869,222
Public works	1,991,113	-	4,283,701	6,274,814
Culture and recreation	2,522,154	-	3,978,910	6,501,064
Community support	122,350	-	1,496,972	1,619,322
Intergovernmental	259,051	-	-	259,051
Total Current	<u>49,349,102</u>	<u>-</u>	<u>12,685,216</u>	<u>62,034,318</u>
Capital outlay:				
General government	262,234	-	15,981	278,215
Judicial	-	-	43,925	43,925
Public safety	238,174	-	258,898	497,072
Public works	-	-	271,021	271,021
Culture and recreation	-	-	2,051,738	2,051,738
Community support	-	-	86,929	86,929
Total Capital Outlay	<u>500,408</u>	<u>-</u>	<u>2,728,492</u>	<u>3,228,900</u>
Debt service:				
Principal	-	3,610,000	2,055,000	5,665,000
Interest	-	7,808,304	2,260,499	10,068,803
Fiscal charges and other	-	-	95,907	95,907
Total Debt Service	<u>-</u>	<u>11,418,304</u>	<u>4,411,406</u>	<u>15,829,710</u>
Total Expenditures	<u>49,849,510</u>	<u>11,418,304</u>	<u>19,825,114</u>	<u>81,092,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,839,200</u>	<u>(1,833,832)</u>	<u>(523,608)</u>	<u>481,760</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	311,572	2,129,873	2,258,527	4,699,972
Transfers out	(2,535,798)	-	(2,046,637)	(4,582,435)
Total Other Financing Sources (Uses)	<u>(2,224,226)</u>	<u>2,129,873</u>	<u>211,890</u>	<u>117,537</u>
NET CHANGE IN FUND BALANCES	<u>614,974</u>	<u>296,041</u>	<u>(311,718)</u>	<u>599,297</u>
FUND BALANCES, JULY 1, as originally reported	6,844,803	14,874,105	25,930,048	47,648,956
Prior period adjustment	(967,486)	-	(37,034)	(1,004,520)
FUND BALANCES, JULY 1, as restated	<u>5,877,317</u>	<u>14,874,105</u>	<u>25,893,014</u>	<u>46,644,436</u>
FUND BALANCES, JUNE 30	<u>\$ 6,492,291</u>	<u>\$ 15,170,146</u>	<u>\$ 25,581,296</u>	<u>\$ 47,243,733</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds (page 9)		\$ 599,297
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	3,228,900	
Sale/disposition of assets	(233,387)	
Less: current year depreciation	<u>(12,502,044)</u>	(9,506,531)
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	(1,229,383)	
Donated capital assets	<u>5,872,676</u>	4,643,293
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.		
General obligation bonds issued	-	
Revenue bonds issued	-	
Bonds issued	-	
Refunding bonds issued	-	
Debt service - principal	-	
Issuance discounts	-	
Payments to refunded bonds escrow agent	-	
Tax allocation bonds issued	-	
Capital leases issued	-	
Bond issuance discounts	-	
Less: Amount representing interest prior to defeasance	-	
Bond issuance costs - deferred charges	-	
Principal payments	<u>5,665,000</u>	5,665,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of current year bond discounts and issuance costs	(402,559)	
Change in accrued interest	(2,797,668)	
Change in developer credits payable	18,511	
Change in long-term compensated absences payable	(454,273)	
Change in net OPEB liability	(461,882)	
Change in sick leave conversion payable	<u>271,374</u>	(3,826,497)
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.		
		<u>464,935</u>
Change in net assets of governmental activities (pages 5-6)		<u><u>\$ (1,960,503)</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Real property	\$ 18,257,265	\$ 18,257,265	\$ 18,057,192	\$ (200,073)
Personal property	860,290	860,290	983,058	122,768
	<u>19,117,555</u>	<u>19,117,555</u>	<u>19,040,250</u>	<u>(77,305)</u>
Licenses and permits:				
Business licenses and permits:				
Business licenses	2,883,516	2,883,516	3,594,100	710,584
Business license penalties	22,730	22,730	54,441	31,711
Liquor licenses	219,572	219,572	228,243	8,671
City gaming licenses	599,841	599,841	565,411	(34,430)
Telecommunication licenses	1,136,478	1,136,478	1,142,900	6,422
Franchise fees:				
Gas	594,106	594,106	527,893	(66,213)
Electric	1,712,424	1,712,424	1,451,424	(261,000)
Water	377,117	377,117	428,153	51,036
Sanitation	524,211	524,211	587,629	63,418
Other	664,001	664,001	727,179	63,178
Bicycle licenses	-	-	5	5
Other permits	122,064	122,064	167,136	45,072
	<u>8,856,060</u>	<u>8,856,060</u>	<u>9,474,514</u>	<u>618,454</u>
Intergovernmental revenues:				
Federal and state grants	642,433	-	61,801	61,801
State shared revenue:				
Consolidated taxes payment	17,000,000	17,000,000	17,513,809	513,809
Fair share distribution	1,350,000	1,350,000	1,336,914	(13,086)
Other local government shared revenues:				
County gaming licenses (City's share)	471,630	471,630	345,941	(125,689)
Other	567,278	587,530	590,467	2,937
	<u>20,031,341</u>	<u>19,409,160</u>	<u>19,848,932</u>	<u>439,772</u>
Charges for services:				
General government:				
Building and zoning fees	-	-	31,782	31,782
Other	3,871,421	3,871,421	3,427,921	(443,500)
	<u>3,871,421</u>	<u>3,871,421</u>	<u>3,459,703</u>	<u>(411,718)</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, 2012
(PAGE 2 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fines and forfeits:				
Fines - Court	\$ 958,500	\$ 958,500	\$ 705,356	\$ (253,144)
Forfeits - Bail	10,000	10,000	1,789	(8,211)
	<u>968,500</u>	<u>968,500</u>	<u>707,145</u>	<u>(261,355)</u>
Miscellaneous:				
Interest earnings	50,200	50,200	53,474	3,274
Rents and royalties	83,500	83,500	65,928	(17,572)
Other	308,940	308,940	38,764	(270,176)
	<u>442,640</u>	<u>442,640</u>	<u>158,166</u>	<u>(284,474)</u>
Total Revenues	<u>53,287,517</u>	<u>52,665,336</u>	<u>52,688,710</u>	<u>23,374</u>
EXPENDITURES				
Current:				
General government:				
Executive (Mayor):				
Salaries and wages	54,537	54,537	56,076	(1,539)
Employee benefits	38,588	38,588	41,594	(3,006)
Services and supplies	6,913	6,913	525	6,388
	<u>100,038</u>	<u>100,038</u>	<u>98,195</u>	<u>1,843</u>
Legislative (City Council):				
Salaries and wages	237,690	237,690	229,607	8,083
Employee benefits	142,933	142,933	137,205	5,728
Services and supplies	34,031	34,031	7,463	26,568
	<u>414,654</u>	<u>414,654</u>	<u>374,275</u>	<u>40,379</u>
Management Services:				
Salaries and wages	1,694,766	1,600,389	1,562,065	38,324
Employee benefits	1,151,211	1,174,570	1,511,411	(336,841)
Services and supplies	1,360,314	1,363,589	1,079,083	284,506
Capital outlay	-	-	6,665	(6,665)
	<u>4,206,291</u>	<u>4,138,548</u>	<u>4,159,224</u>	<u>(20,676)</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 3 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legal (City Attorney):				
Salaries and wages	\$ 875,386	\$ 875,386	\$ 862,357	\$ 13,029
Employee benefits	386,882	386,882	405,933	(19,051)
Services and supplies	171,699	171,699	147,586	24,113
	<u>1,433,967</u>	<u>1,433,967</u>	<u>1,415,876</u>	<u>18,091</u>
Finance:				
Salaries and wages	1,302,123	1,296,552	1,125,861	170,691
Employee benefits	561,945	558,231	501,338	56,893
Services and supplies	430,530	320,530	282,062	38,468
Capital outlay	-	110,000	255,569	(145,569)
	<u>2,294,598</u>	<u>2,285,313</u>	<u>2,164,830</u>	<u>120,483</u>
Community Services:				
Salaries and wages	405,701	405,701	417,316	(11,615)
Employee benefits	174,449	174,449	158,525	15,924
Services and supplies	145,257	145,257	33,908	111,349
	<u>725,407</u>	<u>725,407</u>	<u>609,749</u>	<u>115,658</u>
Total General Government	<u>9,174,955</u>	<u>9,097,927</u>	<u>8,822,149</u>	<u>275,778</u>
Judicial:				
Municipal Court:				
Salaries and wages	1,103,410	1,103,410	1,042,569	60,841
Employee benefits	589,072	589,072	578,366	10,706
Services and supplies	254,455	284,248	221,356	62,892
Total Judicial	<u>1,946,937</u>	<u>1,976,730</u>	<u>1,842,291</u>	<u>134,439</u>
Public safety:				
Police department:				
Salaries and wages	11,283,182	10,939,369	11,375,019	(435,650)
Employee benefits	6,443,121	6,213,911	6,338,199	(124,288)
Services and supplies	2,345,320	2,359,987	2,048,026	311,961
Capital outlay	-	-	140,900	(140,900)
	<u>20,071,623</u>	<u>19,513,267</u>	<u>19,902,144</u>	<u>(388,877)</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 4 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fire department:				
Salaries and wages	\$ 8,292,807	\$ 8,319,456	\$ 8,129,908	\$ 189,548
Employee benefits	4,149,444	4,087,185	4,195,686	(108,501)
Services and supplies	1,826,996	1,925,397	1,835,086	90,311
Capital outlay	-	121,083	97,274	23,809
	<u>14,269,247</u>	<u>14,453,121</u>	<u>14,257,954</u>	<u>195,167</u>
Community Services:				
Services and supplies	<u>163,704</u>	<u>163,703</u>	<u>130,304</u>	<u>33,399</u>
Total Public Safety	<u>34,504,574</u>	<u>34,130,091</u>	<u>34,290,402</u>	<u>(160,311)</u>
Public works:				
Community Services:				
Salaries and wages	487,847	482,366	248,853	233,513
Employee benefits	229,166	225,512	95,232	130,280
Services and supplies	<u>1,932,044</u>	<u>1,932,047</u>	<u>1,647,028</u>	<u>285,019</u>
Total Public Works	<u>2,649,057</u>	<u>2,639,925</u>	<u>1,991,113</u>	<u>648,812</u>
Culture and Recreation:				
Community Services:				
Salaries and wages	765,781	765,781	743,428	22,353
Employee benefits	432,070	432,070	441,982	(9,912)
Services and supplies	<u>1,547,527</u>	<u>1,547,526</u>	<u>1,336,744</u>	<u>210,782</u>
Total Culture and Recreation	<u>2,745,378</u>	<u>2,745,377</u>	<u>2,522,154</u>	<u>223,223</u>
Community support:				
Management Services:				
Services and supplies	<u>227,290</u>	<u>227,290</u>	<u>122,350</u>	<u>104,940</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, 2012
(PAGE 5 OF 5)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental expenditures:				
Management Services:				
Services and supplies	\$ 440,134	\$ 349,864	\$ 259,051	\$ 90,813
Total Expenditures	<u>51,688,325</u>	<u>51,167,204</u>	<u>49,849,510</u>	<u>1,317,694</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,599,192</u>	<u>1,498,132</u>	<u>2,839,200</u>	<u>1,341,068</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(550,000)	(550,000)	-	550,000
Transfers:				
Transfers in	202,000	202,000	311,572	109,572
Transfers out	<u>(2,731,803)</u>	<u>(2,628,100)</u>	<u>(2,535,798)</u>	<u>92,302</u>
Total Other Financing Sources (Uses)	<u>(3,079,803)</u>	<u>(2,976,100)</u>	<u>(2,224,226)</u>	<u>751,874</u>
NET CHANGE IN FUND BALANCES	<u>(1,480,611)</u>	<u>(1,477,968)</u>	<u>614,974</u>	<u>2,092,942</u>
FUND BALANCES, JULY 1, as originally reported	5,819,606	5,816,962	6,844,803	1,027,841
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(967,486)</u>	<u>(967,486)</u>
FUND BALANCES, JULY 1, as restated	<u>5,819,606</u>	<u>5,816,962</u>	<u>5,877,317</u>	<u>60,355</u>
FUND BALANCES, JUNE 30	<u>\$ 4,338,995</u>	<u>\$ 4,338,994</u>	<u>\$ 6,492,291</u>	<u>\$ 2,153,297</u>

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012**

	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	\$ 34,844,047	\$ 1,266,911	\$ 36,110,958	\$ 18,418,695
Accounts receivable	2,536,280	19,583	2,555,863	75,177
Notes receivable	492,204	-	492,204	-
Due from other funds	1,338,422	47,530	1,385,952	48,305
Due from other governments	225,337	-	225,337	-
Deposits	-	-	-	16,673
Inventory of supplies	-	-	-	219,586
Total Current Assets	39,436,290	1,334,024	40,770,314	18,778,436
NONCURRENT ASSETS				
CAPITAL ASSETS:				
Construction in progress	2,648,159	-	2,648,159	85,823
Intangible Assets	2,648	-	2,648	-
Buildings	1,075,383	-	1,075,383	359,444
Site improvements	3,578,728	-	3,578,728	245,445
Machinery and equipment	446,378	196,181	642,559	20,466,217
Water rights	7,026,503	-	7,026,503	-
Roads and streets	1,086,451	-	1,086,451	-
Storm drains	83,575,646	-	83,575,646	-
Sewer lines	138,999,981	-	138,999,981	-
Total Capital Assets, Net	238,439,877	196,181	238,636,058	21,156,929
Less: Accumulated depreciation	77,197,454	196,181	77,393,635	14,947,423
Total Capital Assets, Net	161,242,423	-	161,242,423	6,209,506
OTHER NONCURRENT ASSETS:				
Investment in Truckee Meadows Water Reclamation Facility	29,619,701	-	29,619,701	-
Notes receivable, net	7,394,083	-	7,394,083	-
Other Noncurrent Assets	37,013,784	-	37,013,784	-
Total Noncurrent Assets	198,256,207	-	198,256,207	6,209,506
Total Assets	237,692,497	1,334,024	239,026,521	24,987,942

(Continued)

See accompanying notes.

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer Operations	Nonmajor Development Services	Total Enterprise Funds	
LIABILITIES				
CURRENT LIABILITIES (payable from current assets):				
Accounts payable	\$ 87,693	\$ 14,680	\$ 102,373	\$ 104,584
Accrued liabilities	97,334	34,737	132,071	4,469,523
Contracts payable	546,371	-	546,371	15,500
Contract retentions payable	38,077	-	38,077	-
Unearned revenue	122,068	-	122,068	21,117
Refundable deposits	-	25,152	25,152	-
Due to other governments	574,291	17,140	591,431	6,781
Due to other funds	4,615	-	4,615	104,600
Interest payable	756,126	-	756,126	-
Current maturities of long-term liabilities	4,329,187	155,810	4,484,997	599,155
Total Current Liabilities	6,555,762	247,519	6,803,281	5,321,260
LONG-TERM LIABILITIES:				
Capital lease (net of current portion)	-	-	-	1,292,535
Compensated absences (net of current portion)	309,022	125,589	434,611	64,444
Net OPEB obligation	314,357	178,530	492,887	66,900
Sick leave conversion payable (net of current portion)	286,426	22,073	308,499	26,950
General obligation bonds and note (net of current portion)	47,811,281	-	47,811,281	-
Total Long-Term Liabilities	48,721,086	326,192	49,047,278	1,450,829
Total Liabilities	55,276,848	573,711	55,850,559	6,772,089
NET ASSETS				
Invested in capital assets, net of related debt	117,872,586	-	117,872,586	4,317,816
Restricted for:				
Claims	-	-	-	9,763,078
Unrestricted	64,543,063	760,313	65,303,376	4,134,959
Total Net Assets	\$ 182,415,649	\$ 760,313	\$ 183,175,962	\$ 18,215,853
			(668,651)	
			\$ 182,507,311	

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

Net Assets of Business-Type Activities

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**CITY OF SPARKS, NEVADA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
OPERATING REVENUES				
Licenses and permits	\$ 216,889	\$ 1,020,503	\$ 1,237,392	\$ -
Charges for services	19,634,864	993,210	20,628,074	12,298,091
Miscellaneous	-	-	-	79,398
Total Operating Revenues	<u>19,851,753</u>	<u>2,013,713</u>	<u>21,865,466</u>	<u>12,377,489</u>
OPERATING EXPENSES				
Salaries and wages	2,115,634	717,398	2,833,032	395,034
Employee benefits	1,069,549	315,227	1,384,776	214,971
Services and supplies	8,481,667	431,482	8,913,149	10,750,815
Depreciation	5,497,273	5,724	5,502,997	772,811
Total Operating Expenses	<u>17,164,123</u>	<u>1,469,831</u>	<u>18,633,954</u>	<u>12,133,631</u>
OPERATING INCOME (LOSS)	<u>2,687,630</u>	<u>543,882</u>	<u>3,231,512</u>	<u>243,858</u>
NONOPERATING REVENUES (EXPENSES)				
Grants	-	-	-	235,488
Interest revenue	391,375	8,244	399,619	165,710
Interest expense	(1,539,573)	-	(1,539,573)	(115,560)
Miscellaneous	368,755	2,378	371,133	3,494
Gain (loss) on disposition of assets	-	(5)	(5)	(112,035)
Net loss from Truckee Meadows Water Reclamation Facility	<u>(1,703,685)</u>	<u>-</u>	<u>(1,703,685)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(2,483,128)</u>	<u>10,617</u>	<u>(2,472,511)</u>	<u>177,097</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>204,502</u>	<u>554,499</u>	<u>759,001</u>	<u>420,955</u>
CAPITAL CONTRIBUTIONS				
Sewer connection fees	589,860	-	589,860	-
Vehicles	-	-	-	157,935
Total Capital Contributions	<u>589,860</u>	<u>-</u>	<u>589,860</u>	<u>157,935</u>
TRANSFERS				
Transfers in	15,339	-	15,339	-
Transfers out	<u>(4,087)</u>	<u>(24,525)</u>	<u>(28,612)</u>	<u>(104,264)</u>
Total Transfers	<u>11,252</u>	<u>(24,525)</u>	<u>(13,273)</u>	<u>(104,264)</u>
CHANGE IN NET ASSETS	<u>805,614</u>	<u>529,974</u>	<u>1,335,588</u>	<u>474,626</u>
NET ASSETS, JULY 1, as originally reported	182,333,515	182,809		17,692,922
Prior period adjustment	<u>(723,480)</u>	<u>47,530</u>		<u>48,305</u>
NET ASSETS, JULY 1, as restated	<u>181,610,035</u>	<u>230,339</u>		<u>17,741,227</u>
NET ASSETS, JUNE 30	<u>\$ 182,415,649</u>	<u>\$ 760,313</u>		<u>\$ 18,215,853</u>
			<u>9,691</u>	
			<u>\$ 1,345,279</u>	

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

Change in net assets of business-type activities

See accompanying notes.

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012
 (PAGE 1 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 20,625,037	\$ 1,986,802	\$ 22,611,839	\$ 12,253,251
Cash received from reimbursements of insurance claims	-	-	-	44,097
Cash paid to employees	(3,264,942)	(1,046,864)	(4,311,806)	(603,829)
Cash paid to suppliers	(9,146,712)	(933,422)	(10,080,134)	(11,100,638)
Miscellaneous cash receipts	368,755	2,378	371,133	38,795
Net Cash Provided by (Used for) Operating Activities	<u>8,582,138</u>	<u>8,894</u>	<u>8,591,032</u>	<u>631,676</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	15,339	-	15,339	-
Transfers out	(4,087)	(24,525)	(28,612)	(104,264)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>11,252</u>	<u>(24,525)</u>	<u>(13,273)</u>	<u>(104,264)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Bond and capital lease obligation principal payments	(3,905,899)	-	(3,905,899)	(572,695)
Bond interest expense paid	(1,599,675)	-	(1,599,675)	(115,560)
Proceeds from sale of capital assets	8,980	-	8,980	66,970
Acquisition of capital assets	(3,446,945)	-	(3,446,945)	(635,117)
Cash contributions - sewer connection fees	1,138,354	-	1,138,354	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,805,185)</u>	<u>-</u>	<u>(7,805,185)</u>	<u>(1,256,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Contributions to Truckee Meadows Water Reclamation Facility	(847,193)	-	(847,193)	-
Interest received on investments	391,375	8,244	399,619	165,710
Principal received on notes receivable	514,968	-	514,968	-
Net Cash Provided by (Used for) Investing Activities	<u>59,150</u>	<u>8,244</u>	<u>67,394</u>	<u>165,710</u>
Net Increase (Decrease) in Cash and Cash Equivalents	847,355	(7,387)	839,968	(563,280)
CASH AND CASH EQUIVALENTS, JULY 1	<u>33,996,692</u>	<u>1,274,298</u>	<u>35,270,990</u>	<u>18,981,975</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 34,844,047</u>	<u>\$ 1,266,911</u>	<u>\$ 36,110,958</u>	<u>\$ 18,418,695</u>

See accompanying notes.

**CITY OF SPARKS, NEVADA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012
 (PAGE 2 OF 2)**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer Operations</u>	<u>Nonmajor Development Services</u>	<u>Total Enterprise Funds</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,687,630	\$ 543,882	\$ 3,231,512	\$ 243,858
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:				
Depreciation	5,497,273	5,724	5,502,997	772,811
Miscellaneous cash receipts (expenses)	368,755	2,378	371,133	3,494
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(231,719)	(19,584)	(251,303)	(66,113)
Prepays	415,353	193	415,546	301
Due from other funds	(429,557)	-	(429,557)	-
Due from other governments	80,465	-	80,465	21,273
Inventory of supplies	-	-	-	9,469
Increase (decrease) in:				
Accounts payable	(12,038)	(492,918)	(504,956)	29,607
Accrued liabilities	(17,854)	(43,871)	(61,725)	(516,231)
Compensated absences	(52,244)	36,720	(15,524)	2,215
Contracts payable	-	-	-	15,500
Net OPEB obligation	29,550	16,782	46,332	6,289
Sick leave conversion payable	(39,211)	(23,869)	(63,080)	-
Unearned revenue	15,673	-	15,673	13,794
Refundable deposits	-	(7,328)	(7,328)	-
Due to other governments	265,447	(9,215)	256,232	95,073
Due to other funds	4,615	-	4,615	336
Total Adjustments	5,894,508	(534,988)	5,359,520	387,818
Net Cash Provided by (Used for) Operating Activities	<u>\$ 8,582,138</u>	<u>\$ 8,894</u>	<u>\$ 8,591,032</u>	<u>\$ 631,676</u>
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributions of capital assets from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Capital assets - federal grants and others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,423</u>
Book value of capital asset disposals	<u>\$ 8,980</u>	<u>\$ 5</u>	<u>\$ 8,985</u>	<u>\$ 31,830</u>

CITY OF SPARKS, NEVADA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	<u>AGENCY</u>
ASSETS	
Cash and investments	\$ 5,175,364
LIABILITIES	
Accounts payable	\$ 101,066
Group insurance premium payable	571,908
Due to special assessment bond holders	1,163,834
Due to other governments	<u>3,338,556</u>
Total Liabilities	<u>\$ 5,175,364</u>

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

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

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

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

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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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 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 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.

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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 2010-11 have been written off. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

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

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

Inventories and Prepaids:

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

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

CITY OF SPARKS, NEVADA
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Restricted Assets:

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

Capital Assets:

Capital assets, which include land, construction in progress, intangible assets, water rights property, plant, equipment and infrastructure, are capitalized and reported in the applicable governmental activities and business-type activities columns of the government-wide financial statements. For governmental fund types, outlays for capital assets are expensed during the current period. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 for non-infrastructure assets and \$15,000 for infrastructure assets and an estimated useful life in excess of two years.

Capital assets are recorded at cost for purchased or constructed assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation and amortization 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
Intangibles	10 years

Long-Term Liabilities:

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net 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.

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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.”

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.

CITY OF SPARKS, NEVADA
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- 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.

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

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

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.

CITY OF SPARKS, NEVADA
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- 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 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 General Fund by \$160,311, an apparent violation of NRS 354.626.

**CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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C. Compliance with Nevada Revised Statutes and Administrative Code

The City did not take an inventory of all its equipment and other personal property which constitute capital assets during the fiscal year ended June 30, 2012, 2011, 2010 or 2009, an apparent violation of NAC 354.750.

The City did not timely prepare and submit to the Director of the Legislative Counsel Bureau for submission to the legislature, the information and reports required for Tourism Improvements on or before September 1 of each year, an apparent violation of NRS 271A.105.

At June 30, 2012 the Community Development Entitlement Grant Special Revenue Fund owed the General Fund \$4,927. This balance is the result of carrying out grant activity on a reimbursement basis, and therefore at June 30, 2012 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, 2012, the City's carrying amount of deposits was \$3,796,296 and the bank balance was \$3,917,784. 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 \$121,488.

B. Investments:

At June 30, 2012, the City had the following investments and maturities:

	<u>Investment Maturities in Years</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investments:				
U.S. Agencies	\$ 56,147,887	\$ 3,009,000	\$50,140,447	\$2,998,440
U.S. Treasuries	6,033,390	3,035,970	2,997,420	-
Money Market Mutual Funds	<u>38,456,807</u>	<u>38,456,807</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$100,638,084</u>	<u>\$44,501,777</u>	<u>\$53,137,867</u>	<u>\$2,998,440</u>

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

CITY OF SPARKS, NEVADA
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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. The City's investments in U.S. Agency securities are rated AA+ by Standard and Poor's and Aaa by Moody's Investor Services.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the City or by the City's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2012, the following investments exceeded 5% of the City's total investments:

U.S. Treasury Notes	6.00%
U.S. Agency security – Federal Home Loan Bank	9.01%
U.S. Agency security – Federal National Mortgage Association	19.91%
U.S. Agency security – Federal Home Loan Mortgage Corporation	14.93%
U.S. Agency security – Federal Farm Credit Bank	11.94%

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.

C. Summary of Deposit and Investment Balances:

A reconciliation of the City's deposits and investment balances as of June 30, 2012 follows:

Deposits	\$ 3,796,296
Investments	100,638,084
	<u>\$ 104,434,380</u>
Governmental Activities:	
Cash and investments	\$ 48,652,154
Cash and investments – restricted	14,495,904
Business-Type Activities:	
Cash and investments	36,110,958
Fiduciary Funds	5,175,364
	<u>\$104,434,380</u>

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

	General Fund	General Obligation Debt Service	Other Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Receivable:						
Miscellaneous	\$1,084,091	\$ -	\$ 927,474	\$ 2,011,565	\$75,177	\$ 2,086,742
Special Assessments	-	23,835,902	-	23,835,902	-	23,835,902
Housing Rehabilitation Loans	<u>-</u>	<u>-</u>	<u>1,133,439</u>	<u>1,133,439</u>	<u>-</u>	<u>1,133,439</u>
	1,084,091	23,835,902	2,060,913	26,980,906	75,177	27,056,083
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>188,184</u>	<u>188,184</u>	<u>-</u>	<u>188,184</u>
Accounts Receivable, Net	<u>\$1,084,091</u>	<u>\$23,835,902</u>	<u>\$1,872,729</u>	<u>\$26,792,722</u>	<u>\$75,177</u>	<u>\$26,867,899</u>

The only accounts receivable not expected to be collected within one year are \$22,951,192 of special assessments reported in the General Obligation Debt Service Fund and the housing rehabilitation loans of \$1,133,439, less the allowance of \$188,184, reported in the Community Development Block Grant Special Revenue Fund.

	Sewer Operations Fund	Development Services	Total Business- Type Activities
Accounts Receivable:			
Effluent charges	\$ 3,152,274	\$ -	\$ 3,152,274
Miscellaneous	<u>-</u>	<u>19,583</u>	<u>19,583</u>
	3,152,274	19,583	3,171,857
Less: allowance for uncollectibles	<u>615,994</u>	<u>-</u>	<u>615,994</u>
Accounts Receivable, Net	<u>\$ 2,536,280</u>	<u>\$ 19,583</u>	<u>\$ 2,555,863</u>
Notes Receivable:			
Effluent connection fees	\$ 2,324,280		\$ 2,324,280
Sun Valley GID	<u>6,423,770</u>		<u>6,423,770</u>
	8,748,050		8,748,050
Less: allowance for uncollectibles	<u>861,763</u>		<u>861,763</u>
Notes Receivable, Net	<u>\$ 7,886,287</u>		<u>\$ 7,886,287</u>

The current portion of notes receivable was \$492,204 as of June 30, 2012.

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, 2012 is as follows:

Due From	Due To						
	General Fund	Nonmajor Governmental	Total Governmental	Internal Service	Sewer	Nonmajor Enterprise	Total
General	\$ -	\$ 46,278	\$ 46,278	\$ 47,430	\$ 1,223,784	\$ 46,939	\$ 1,364,431
Nonmajor Governmental	163,100	-	163,100	-	114,302	-	277,402
Total Governmental	163,100	46,278	209,378	47,430	1,338,086	46,939	1,641,833
Sewer Operations	3,149	-	3,149	875	-	591	4,615
Internal Service	104,264	-	104,264	-	336	-	104,600
Total	\$ 270,513	\$ 46,278	\$ 316,791	\$ 48,305	\$ 1,338,422	\$ 47,530	\$ 1,751,048

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

B. Transfers

Transfers reported on the fund financial statements at June 30, 2012 are as follows:

Transfers Out	Transfers In					
	General Fund	General Obligation Debt Service	Nonmajor Governmental	Total Governmental	Sewer	Total
General	\$ -	\$ 725,078	\$ 1,810,720	\$ 2,535,798	\$ -	\$ 2,535,798
Nonmajor Governmental	207,308	1,376,183	447,807	2,031,298	15,339	2,046,637
Total Governmental	207,308	2,101,261	2,258,527	4,567,096	15,339	4,582,435
Sewer	-	4,087	-	4,087	-	4,087
Nonmajor Enterprise	-	24,525	-	24,525	-	24,525
Internal Service Fund	104,264	-	-	104,264	-	104,264
Total Business-Type	104,264	28,612	-	132,876	-	132,876
Total	\$ 311,572	\$ 2,129,873	\$ 2,258,527	\$ 4,699,972	\$ 15,339	\$ 4,715,311

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

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – JOINT VENTURES

A. Truckee Meadows Water Reclamation Facility:

Pursuant to an agreement dated March 24, 1980, the cities of Reno and Sparks jointly own and operate the wastewater treatment facility commonly known as the Truckee Meadows Water Reclamation Facility (TMWRF). The approximate ownership percentages of the cities of Reno and Sparks are 72% and 28%, respectively.

The City of Sparks is responsible for administration and daily operation of TMWRF, and TMWRF's budget is included in the City of Sparks budget document. The costs of operating and maintaining TMWRF are divided in proportion to the volume of sewage entering TMWRF from each city. During the year ended June 30, 2012, the City of Sparks' share of TMWRF's net loss, recorded in the Sewer Operations Enterprise Fund, was \$1,703,685.

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, 2012, is \$29,619,701.

Summary June 30, 2012 financial information for TMWRF is as follows:

Assets:	
Current assets	\$ 4,965,173
Capital assets, net of accumulated depreciation	<u>102,000,808</u>
Total Assets	<u>106,965,981</u>
Liabilities:	
Current liabilities	1,863,703
Noncurrent liabilities	<u>973,927</u>
Total Liabilities	<u>2,837,630</u>
Net Assets:	
Invested in capital assets	102,000,808
Unrestricted	<u>2,127,543</u>
Total Net Assets	<u>\$104,128,351</u>
Operating revenues	\$ 16,510,970
Operating expenses before depreciation	(16,510,970)
Depreciation	(5,439,216)
Nonoperating revenues (expenses)	40,746
Capital contributions	<u>2,823,859</u>
Change in Net Assets	<u>\$ (2,574,611)</u>

CITY OF SPARKS, NEVADA
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Commitments outstanding for construction projects at TMWRF at June 30, 2012 totaled approximately \$4.6 million. These commitments will be shared by the City of Reno and the City of Sparks at approximately 72% and 28%, respectively.

In addition, as of June 30, 2012, TMWRF is in the process of analyzing the volume of sewage entering the facility from each city from the period of April 2009 through June 2011. This analysis is in response to a study, performed by a third-party, of the meter readings of the volume between the cities. TMWRF will be reviewing the results from the study and other historical data to determine the correct proportion for the period under review, and as a result, there are preliminary indications that the City of Sparks will owe an amount to the City of Reno.

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, 2012, the City of Sparks has recorded \$9,049,464 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, 2012 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, 2012, because no explicit and measurable equity interest is deemed to exist. Separate financial statements and information for this joint venture are available by contacting the Authority at P.O. Box 30013, Reno, NV 89520-3013.

CITY OF SPARKS, NEVADA
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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011 as Restated	Additions or Transfers In	Deletions or Transfers Out	Completed Construction	Balance June 30, 2012
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,853,413	\$ 97,182	\$ (31,560)	\$ 1,090,546	\$ 31,009,581
Construction in progress	1,914,849	4,479,525	-	(1,377,056)	5,017,318
Intangible assets	2,570,007	183,181	-	-	2,753,188
Water rights	64,965	-	-	-	64,965
Total capital assets, not being depreciated	34,403,234	4,759,888	(31,560)	(286,510)	38,845,052
Capital assets, being depreciated:					
Intangible assets	257,421	-	-	-	257,421
Buildings	36,691,499	102,116	(133,176)	7,269	36,667,708
Improvements other than buildings	83,882,149	1,817,245	(198,224)	132,646	85,633,816
Machinery and equipment	28,591,260	1,720,712	(816,392)	143,274	29,638,854
Infrastructure	258,947,508	1,720,913	(61,948)	3,321	260,609,794
Total capital assets, being depreciated	408,369,837	5,360,986	(1,209,740)	286,510	412,807,593
Less accumulated depreciation for:					
Intangible assets	-	(25,742)	-	-	(25,742)
Buildings	(16,834,757)	(1,181,804)	46,212	-	(17,970,349)
Improvements other than buildings	(35,742,678)	(4,290,775)	183,421	-	(39,850,032)
Machinery and equipment	(19,912,609)	(1,280,634)	592,690	-	(20,600,553)
Infrastructure	(49,416,472)	(6,495,900)	15,827	-	(55,896,545)
Total accumulated depreciation	(121,906,516)	(13,274,855)	838,150	-	(134,343,221)
Total capital assets, being depreciated, net	286,463,321	(7,913,869)	(371,590)	286,510	278,464,372
Governmental activities capital assets, net	\$ 320,866,555	\$ (3,153,981)	\$ (403,150)	\$ -	\$ 317,309,424
Business-Type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 975,320	\$ 2,410,121	\$ (8,981)	\$ (728,301)	\$ 2,648,159
Water rights	7,026,503	-	-	-	7,026,503
Intangible assets	2,648	-	-	-	2,648
Total capital assets, not being depreciated	8,004,471	2,410,121	(8,981)	(728,301)	9,677,310
Capital assets, being depreciated:					
Buildings	1,095,106	-	(19,723)	-	1,075,383
Improvements other than buildings	3,578,728	-	-	-	3,578,728
Machinery and equipment	930,262	-	(287,703)	-	642,559
Roads and streets	466,312	608,889	-	11,250	1,086,451
Storm drains	82,702,871	293,198	-	579,577	83,575,646
Sewer lines	138,473,592	388,915	-	137,474	138,999,981
Total capital assets, being depreciated	227,246,871	1,291,002	(307,426)	728,301	228,958,748
Less accumulated depreciation for:					
Buildings	(243,043)	(45,812)	19,723	-	(269,132)
Improvements other than buildings	(2,556,137)	(70,100)	-	-	(2,626,237)
Machinery and equipment	(762,975)	(47,438)	287,698	-	(522,715)
Roads and streets	(31,914)	(21,909)	-	-	(53,823)
Storm drains	(24,402,549)	(2,033,580)	-	-	(26,436,129)
Sewer lines	(44,201,441)	(3,284,158)	-	-	(47,485,599)
Total accumulated depreciation	(72,198,059)	(5,502,997)	307,421	-	(77,393,635)
Total capital assets, being depreciated, net	155,048,812	(4,211,995)	(5)	728,301	151,565,113
Business-type activities capital assets, net	\$ 163,053,283	\$ (1,801,874)	\$ (8,986)	\$ -	\$ 161,242,423

Note: July 1, 2011 balances have been restated to reflect corrections made to reclassifications between various categories of assets and the restatement described more fully in Note 17.

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

Governmental Activities:	
General government	\$ 189,421
Judicial	51,521
Public safety	934,848
Public works	7,837,787
Culture and recreation	2,636,268
Community support	852,199
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>772,811</u>
Total depreciation and amortization expense – governmental activities	<u>\$13,274,855</u>
Business-Type Activities:	
Sewer	\$5,497,273
Development Services	<u>5,724</u>
Total depreciation expense – business-type activities	<u>\$5,502,997</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 \$38,876 for the year ended June 30, 2012. 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:	
2013	\$ 40,040
2014	41,244
2015	42,476
2016	43,754
2017	45,068
2018	<u>38,490</u>
	<u>\$251,072</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>3,738,789</u>
Total	<u>\$ 645,920</u>

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 - LONG-TERM DEBT

A. Changes to Long-Term Debt

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

	Issue Date	Interest Rate	Final Maturity Date
Governmental Activities:			
General Obligation Bonds and Notes Payable:			
Supported by ad valorem taxes:			
2007 Various Purpose Refunding Bonds Series A	3/29/2007	3.78%	3/1/2017
2007 Various Purpose Refunding Bonds Series B	3/29/2007	5.65%	3/1/2017
Revenue Bonds Payable:			
Supported by consolidated tax revenues:			
Consolidated Tax Revenue Bonds, Series 2007	2/15/2007	4.09%	5/1/2026
Supported by Tourism Improvement District 1 sales tax revenue			
Senior Sales Tax Anticipation Revenue Bonds, Series A	6/19/2008	6.95-7.20%	6/15/2028
Supported by Tourism Improvement District 1 sales tax revenue			
Subordinate Sales Tax Anticipation Revenue Bonds, Series A	5/1/2008	5.75%	6/15/2028
Supported by consolidated tax revenues:			
Consolidated Tax Refunding Revenue Bonds, Series 2011	5/12/2011	3.05%	5/1/2018
Less: deferred amounts for issuance discounts			
Tax Allocation Bonds and Notes Payable:			
Supported by Special Assessments within the LID 3			
2008 Limited Obligation Improvement Bonds	7/2/2008	6.5-6.75%	9/1/2027
Supported by incremental property tax revenues:			
2008 Tax Increment Obligation Bonds (Redevelopment Agency)	7/21/2008	6.4-6.7%	6/1/2028
Supported by incremental property tax revenues within R/A2:			
2009 Subordinate Lien Tax Increment Revenue Bonds (Redevelopment Agency)	11/24/2009	5.0-7.75%	6/1/2029
Supported by incremental property tax revenues within R/A1:			
2010 Tax Increment Refunding Revenue Bonds (Redevelopment Agency)	5/11/2010	4.0-5.13%	1/15/2023
Less: deferred amounts for issuance discounts			
Capital Lease Obligations:			
DaimlerChrysler Services North America, LLC - Fire Equipment	1/1/2005	4.34%	8/18/2012
DaimlerChrysler Services North America, LLC - Fire Equipment III	7/28/2006	5.31%	8/18/2015
DaimlerChrysler Services North America, LLC - Fire Equipment	1/1/2005	4.41%	8/18/2014
Developer Credits Payable			
Compensated Absences Payable			
Sick Leave Conversion Payable			
Total Governmental Activities			

<u>Authorized</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due in 2012-2013</u>
\$ 7,090,000	\$ 4,570,000	\$ -	\$ 690,000	\$ 3,880,000	\$ 720,000
1,315,000	1,040,000	-	150,000	890,000	160,000
<u>8,405,000</u>	<u>5,610,000</u>	<u>-</u>	<u>840,000</u>	<u>4,770,000</u>	<u>880,000</u>
13,635,000	7,870,000	-	595,000	7,275,000	-
83,290,000	82,005,000	-	1,300,000	80,705,000	1,550,000
36,000,000	32,715,653	-	-	32,715,653	5,487,046
<u>4,180,000</u>	<u>4,180,000</u>	<u>-</u>	<u>20,000</u>	<u>4,160,000</u>	<u>645,000</u>
137,105,000	126,770,653	-	1,915,000	124,855,653	7,682,046
-	3,095,907	-	193,494	2,902,413	-
<u>137,105,000</u>	<u>123,674,746</u>	<u>-</u>	<u>1,721,506</u>	<u>121,953,240</u>	<u>7,682,046</u>
26,120,000	25,320,000	-	855,000	24,465,000	910,000
12,700,000	12,305,000	-	420,000	11,885,000	445,000
7,230,000	7,060,000	-	285,000	6,775,000	245,000
<u>22,165,000</u>	<u>20,560,000</u>	<u>-</u>	<u>1,350,000</u>	<u>19,210,000</u>	<u>1,405,000</u>
68,215,000	65,245,000	-	2,910,000	62,335,000	3,005,000
-	702,942	-	43,430	659,512	-
<u>68,215,000</u>	<u>64,542,058</u>	<u>-</u>	<u>2,866,570</u>	<u>61,675,488</u>	<u>3,005,000</u>
457,586	148,632	-	72,738	75,894	75,894
1,263,900	776,047	-	139,578	636,469	146,990
3,046,040	1,539,706	-	360,379	1,179,327	376,272
<u>4,767,526</u>	<u>2,464,385</u>	<u>-</u>	<u>572,695</u>	<u>1,891,690</u>	<u>599,156</u>
-	355,759	-	18,511	337,248	18,000
-	8,321,336	3,824,988	3,368,500	8,777,824	4,106,384
-	5,144,609	299,578	570,952	4,873,235	565,210
<u>218,492,526</u>	<u>210,112,893</u>	<u>4,124,566</u>	<u>9,958,734</u>	<u>204,278,725</u>	<u>16,855,796</u>

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

<u>Authorized</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due in 2012-2013</u>
\$ 4,700,000	\$ 1,518,876	\$ -	\$ 315,511	\$ 1,203,365	\$ 327,694
6,814,488	2,570,831	-	430,075	2,140,756	445,973
3,070,670	1,823,070	-	174,080	1,648,990	180,598
7,038,807	4,775,899	-	390,599	4,385,300	402,950
3,082,361	1,855,949	-	143,141	1,712,808	147,776
8,243,494	6,455,908	-	431,407	6,024,501	444,665
4,091,227	3,285,532	-	193,570	3,091,962	199,188
5,160,261	4,339,278	-	248,854	4,090,424	255,518
13,385,605	12,152,823	-	641,517	11,511,306	658,874
4,772,645	4,772,645	-	200,530	4,572,115	206,134
2,509,299	2,509,299	-	105,432	2,403,867	108,378
62,868,857	46,060,110	-	3,274,716	42,785,394	3,377,748
12,641,848	9,680,647	-	631,183	9,049,464	645,829
-	847,825	414,334	429,858	832,301	397,690
-	435,309	-	63,080	372,229	63,730
75,510,705	57,023,891	414,334	4,398,837	53,039,388	4,484,997
\$ 294,003,231	\$ 267,136,784	\$ 4,538,900	\$ 14,357,571	\$ 257,318,113	\$ 21,340,793

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, 2012 are as follows:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 880,000	\$ 196,905	\$ 7,682,046	\$ 12,155,304	\$ 3,005,000	\$ 3,759,413
2014	915,000	160,657	3,943,162	7,281,012	3,165,000	3,599,545
2015	950,000	122,899	4,306,104	7,056,947	3,335,000	3,429,982
2016	990,000	83,725	4,685,297	6,810,691	3,465,000	3,250,632
2017	1,035,000	42,853	5,085,779	6,540,773	3,640,000	3,061,292
2018-2022	-	-	32,703,895	27,665,974	21,560,000	11,900,441
2023-2027	-	-	47,472,098	15,725,265	19,025,000	5,205,700
2028-2032	-	-	18,977,272	1,260,725	5,140,000	363,744
Total	<u>\$ 4,770,000</u>	<u>\$ 607,039</u>	<u>\$ 124,855,653</u>	<u>\$ 84,496,691</u>	<u>\$ 62,335,000</u>	<u>\$ 34,570,749</u>

Year Ending June 30	Governmental Activities		Business-Type Activities			
	Capital Leases		General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 599,156	\$ 89,099	\$ 3,377,748	\$ 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	-	-	3,186,282	785,416	720,562	170,273
2018-2022	-	-	15,228,528	2,589,319	3,914,106	540,070
2023-2027	-	-	9,183,047	751,235	1,721,937	59,733
2028-2032	-	-	1,209,833	50,990	-	-
Total	<u>\$ 1,891,690</u>	<u>\$ 195,482</u>	<u>\$ 42,785,394</u>	<u>\$ 8,373,925</u>	<u>\$ 9,049,464</u>	<u>\$ 1,640,557</u>

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

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2012. 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, 2012.

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, 2012 was \$1,830,000.

E. Pledged Revenues:

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

Governmental activities

The City has pledged 15% of the Consolidated Tax revenues for the repayment of the Consolidated Tax Revenue Bonds, Series 2007, issued during fiscal year ended June 30, 2007 and the Consolidated Tax Revenue Refunding Bonds, Series 2011, issued during fiscal year ended June 30, 2011. Proceeds from the Consolidated Tax Revenue Bonds, Series 2007 were used to partially refund the Consolidated Tax Revenue Bonds, Series 2006. Proceeds from the Consolidated Tax Revenue Refunding Bonds, Series 2011 were used to reduce the principal owed on the Consolidated Tax Revenue Bonds, Series 2007 bonds. The total principal and interest remaining to be paid on the bonds is \$15,045,036, payable through fiscal year 2026. For the current year, principal and interest paid for the bonds totaled \$1,060,325, and pledged revenues totaled \$2,627,071.

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 \$194,307,307, payable through fiscal year 2028. The bonds are secured and payable solely from the pledged revenues and the City has no obligation to pay the debt from any other source. For the current year, principal and interest due on the bonds totaled \$15,268,566, and pledged revenues

CITY OF SPARKS, NEVADA
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totalled \$6,847,151 resulting in delinquent pledged revenues of \$8,421,415 at June 30, 2012. During fiscal year 2012, a draw from reserves in the amount of \$153,509 was made in order to pay the principal and interest due on the Senior Sales Tax Anticipation Revenue Bonds.

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 \$25,185,048, payable through fiscal year 2023. For the current year, principal and interest paid for the bond totaled \$2,289,281 and pledged revenues totaled \$2,487,259.

The City has pledged revenues comprised of the incremental property tax revenues and all income from the investment and reinvestment of any debt service and reserve accounts collected within the Redevelopment Area No. 2. The pledged property taxes are derived by applying applicable ad valorem tax rates to the portion of the assessed value of all taxable property that is in excess of a base value established in the year the area was created. These pledged revenues are for the repayment of the 2008 Tax Increment Obligations Bonds, issued during the fiscal year ended June 30, 2009, and the 2009 Subordinate Lien Tax Increment Revenue Bonds, issued during fiscal year ended June 30, 2010. The bonds are special, limited obligation of the Redevelopment Agency are payable solely from the pledged revenues described above. Proceeds from the bonds were used for certain redevelopment projects within the Marina District of the Redevelopment Area. The total principal and interest remaining to be paid on the bonds is \$31,969,467, payable through fiscal year 2029. For the current year, principal and interest paid for the two bonds totaled \$2,026,218 and pledged revenues totaled \$2,290,522.

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 \$51,159,319. For the current year, principal and interest paid for the bonds totaled \$4,563,295. Net pledged revenues totaled \$8,774,763.

CITY OF SPARKS, NEVADA
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E. Special Assessment Debt:

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

The City has pledged future assessment revenues levied on the Local Improvement District No. 3 (Legends at Sparks Marina) to repay \$26,120,000 in limited obligation improvement bonds issued during fiscal year ended June 30, 2009. Proceeds from the bonds provided financing for acquisition, construction and improvements benefiting the Legends at Sparks Marina. The bonds are intended to be paid solely from assessment revenues and payable through 2028. The total principal and interest remaining to be paid on the bonds is \$39,751,234. For the current year, principal and interest paid for the bond totaled \$2,507,475 and pledged revenues totaled \$2,715,177.

NOTE 10 –STABILIZATION ARRANGEMENTS

The City Council adopted a Financial Stabilization Fund Policy, under which a portion of the revenue received from business licenses is committed to be the primary source of revenue for the Stabilization Special Revenue Fund. At June 30, 2012, the Stabilization Special Revenue Fund has a committed fund balance of \$228,640.

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description: The City of Sparks contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

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

<u>Fiscal Year</u>	<u>Contribution Rate</u>		<u>Total Contribution</u>
	<u>Regular Member</u>	<u>Police/Fire</u>	
2011-12	23.75%	39.75%	\$ 9,354,379
2010-11	21.50%	37.00%	9,034,424
2009-10	21.50%	37.00%	10,010,922

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, 2012, 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, 2012 is \$7,651,648.

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, 2012 is \$337,248.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – COMMITMENTS

As of June 30, 2012, the City had the following significant commitments with respect to unfinished capital projects. Such amounts are included in the appropriate fund balance classification.

	Remaining Construction Commitment	Expected Date of Completion
Governmental Funds:		
Nonmajor Capital Projects Funds:		
Road Fund		
Prater Way Streetscape and Electric Undergrounding Project	\$ 451,091	2012-13
Pavement Management Program	408,242	2012-13
	\$ 859,333	

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	\$273,705
Non-major governmental funds	378,280
	\$651,985

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

NOTE 14 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports its material risk management activities in the Internal Service Funds in accordance with GASB Statements No. 10 and No. 30.

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.

At June 30, 2012, the amount of these liabilities was \$4,451,829 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, 2011 are as follows:

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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.

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,

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, the City paid \$642,358 in health insurance premiums on behalf of 87 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.

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, 2012, 110 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, 2012 was \$447,291. 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.

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

NPEBP Service	Subsidy Amount	NPEBP Service	Subsidy Amount
5	\$104.60	13	\$355.65
6	\$135.98	14	\$387.03
7	\$167.36	15	\$418.41
8	\$198.74	16	\$449.79
9	\$230.13	17	\$481.17
10	\$261.51	18	\$512.55
11	\$292.89	19	\$543.93
12	\$324.27	20	\$575.31

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. These subsidies range from \$30.00 to \$847.70 per month. In addition, under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the City. As of June 30, 2012, 157 retirees from the City were utilizing this benefit.

The premium rates in the Sparks Plan applicable to retirees not yet eligible for Medicare are the same as those for active employees; reduced rates apply to those retirees covered by Medicare. A summary of the monthly premium rates for the Sparks Plan, as of the June 30, 2012, 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

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

30, 2012, the City's Net Employer Contribution was \$403,300 to the Sparks Plan and \$447,291 to the NPEBP, for a total contribution of \$850,591. 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 2010 through 2012 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	2012	\$748,678	\$403,300	\$4,933,038	53.9%
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%
NPEBP	2012	\$616,416	\$447,291	\$540,385	72.6%
NPEBP	2011	\$615,893	\$534,022	\$371,260	86.7%
NPEBP	2010	\$705,763	\$517,755	\$289,389	73.4%
Totals	2012	\$1,365,094	\$850,591	\$5,473,423	62.3%
Totals	2011	\$1,364,096	\$971,335	\$4,958,920	71.2%
Totals	2010	\$3,509,453	\$968,716	\$4,566,159	27.6%

The net OPEB obligation (NOPEBO) as of June 30, 2012, 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	108,788	89,569	198,357
Amortization	(104,926)	(86,390)	(191,316)
Annual OPEB Cost	748,678	616,416	1,365,094
Total Contributions	(403,300)	(447,291)	(850,591)
Increase in Net OPEB obligation	345,378	169,125	514,503
Net OPEB obligation, 7/1/2011	4,587,660	371,260	4,958,920
Net OPEB obligation, 6/30/2012	\$4,933,038	\$540,385	\$5,473,423

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 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:		
Projected salary increases	4.0%	4.0%
Investment rate of return	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%.		

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 – CAPITAL FACILITIES FUND

Pursuant to NRS 354.598155, the Capital Facilities Fund, a nonmajor governmental fund, expended \$109,405 on the following:

Police Department Fire Alarm Replacement	\$ 18,505
Integration of Community Development and Public Works into City Hall	11,352
Police Department Data Re-cabling	27,054
Police Department HVAC Compressor Replacement	22,004
Richards Way Senior Center Stucco Rehab	15,079
Alf Sorensen Pool Chemical Feed System	2,448
Police Department Compressor Replacement	<u>12,963</u>
	<u>\$109,405</u>

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

Fund Financial Statements:

As a result of an internal review of City employees who record their time spent on park, street, and other maintenance activities in the City’s maintenance management system, it was determined certain salaries and related benefits were not charged to the proper governmental and proprietary funds. The error began in 2008 when the City began pooling its employee resources for maintenance activities. This correction of an error has been reflected in the General Fund, the Road Capital Projects Fund, a nonmajor governmental fund, the Sewer Operations Enterprise Fund, a major proprietary fund, the Development Services Enterprise Fund, a nonmajor proprietary fund and the Motor Vehicle Maintenance Internal Service Fund, a nonmajor proprietary fund.

During 2012, it was determined that costs associated with project-study work recorded by the Truckee Meadows Water Reclamation Facility (TMWRF), a joint venture described in Note 6, should have been reported as expenses in prior years and were incorrectly capitalized by TMWRF. This correction of an error by TMWRF results in a correction of the error by the City to reduce its investment in TMWRF and beginning net assets in the City’s Sewer Operations Enterprise Fund, a major proprietary fund.

The above corrections of errors had the following effect on the June 30, 2012 beginning fund balances/net assets in the fund financial statements:

	General Fund	Nonmajor Governmental	Total Governmental	Internal Service	Sewer Operations	Nonmajor Enterprise	Total Enterprise
Beginning Fund Balance/Net Assets, as originally reported	\$6,844,803	\$ 25,930,048	\$ 32,774,851	\$17,692,922	\$182,333,515	\$ 182,809	\$182,516,324
Adjustment to reflect salaries/benefits in proper fund	(967,486)	(37,034)	(1,004,520)	48,305	908,685	47,530	956,215
Adjustment to correct Investment in TMWRF	-	-	-	-	(1,632,165)	-	(1,632,165)
Beginning Fund Balance/Net Assets, as restated	<u>\$5,877,317</u>	<u>\$ 25,893,014</u>	<u>\$ 31,770,331</u>	<u>\$17,741,227</u>	<u>\$181,610,035</u>	<u>\$ 230,339</u>	<u>\$181,840,374</u>

CITY OF SPARKS, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Government-Wide Financial Statements:

In 2012, the City determined that it had not fully implemented a 2010 change in accounting principle regarding its accounting for its developer credits, resulting in an overstatement of governmental activity capital assets (construction in progress). The correction has been made in 2012 to restate governmental activity capital assets and beginning net assets.

In addition, the error corrections discussed under the fund financial statements above, also impact the City's government-wide financial statements.

These changes had the following effect on the June 30, 2012 beginning net assets in the government-wide financial statements:

	Governmental Activities	Business-Type Activities	Total
Beginning Net Assets, as originally reported	\$ 196,631,905	\$ 181,837,982	\$ 378,469,887
Adjustment to remove capital assets not owned by the City	(1,881,816)	-	(1,881,816)
Adjustment to reflect salaries/ benefits in proper activity	(956,215)	956,215	-
Adjustment to correct Investment in TMWRF	-	(1,632,165)	(1,632,165)
Beginning Net Assets, as restated	<u>\$ 193,793,874</u>	<u>\$ 181,162,032</u>	<u>\$ 374,955,906</u>

**CITY OF SPARKS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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	\$ 8,215,640	0%	\$ 28,300,000	29.0%
NPEBP	7/1/2010	\$ -	\$ 15,895,093	\$ 15,895,093	\$ 15,895,093	0%	N/A	N/A
Total	7/1/2010	\$ -	\$ 24,110,733	\$ 24,110,733	\$ 24,110,733	0%		
Sparks' Plan	7/1/2008	\$ -	\$ 31,119,261	\$ 31,119,261	\$ 31,119,261	0%	\$ 35,500,000	87.7%
NPEBP	7/1/2008	\$ -	\$ 17,754,626	\$ 17,754,626	\$ 17,754,626	0%	N/A	N/A
Total	7/1/2008	\$ -	\$ 48,873,887	\$ 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.

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**CITY OF SPARKS, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 3,179,751	\$ 788,692	\$ 17,119,510	\$ 21,087,953
Accounts receivable, net	1,029,482	-	843,247	1,872,729
Notes receivable	-	-	36,012	36,012
Due from other funds	-	-	46,278	46,278
Due from other governments	346,621	44,395	842,927	1,233,943
Restricted assets:				
Cash and investments	-	4,170,670	-	4,170,670
TOTAL ASSETS	\$ 4,555,854	\$ 5,003,757	\$ 18,887,974	\$ 28,447,585
LIABILITIES				
Accounts payable	\$ 200,910	\$ -	\$ 140,081	\$ 340,991
Accrued liabilities	112,243	-	46,443	158,686
Contracts payable	17,256	-	509,659	526,915
Contract retentions payable	5,980	-	38,065	44,045
Deferred revenue	1,234,975	-	220,766	1,455,741
Refundable deposits	14,492	-	2,000	16,492
Due to other funds	79,788	-	197,614	277,402
Due to other governments	27,528	-	18,489	46,017
Total Liabilities	1,693,172	-	1,173,117	2,866,289
FUND BALANCES				
Restricted for:				
Grants and donations	97,141	-	-	97,141
Law enforcement	408,927	-	-	408,927
Promotion of special events	259,339	-	-	259,339
Various judicial uses	73,021	-	-	73,021
Municipal facilities construction	445,685	-	-	445,685
Court fee collection programs	408,340	-	-	408,340
Developer agreements	259,190	-	1,123,916	1,383,106
Bond proceeds defined projects	73,903	-	1,639,338	1,713,241
Debt service reserve	-	5,003,757	-	5,003,757
Parks and recreation	-	-	5,325,024	5,325,024
Street improvements and rehabilitation	-	-	4,567,731	4,567,731
Capital projects	-	-	370,995	370,995
Improvements to Victorian Square	-	-	1,164,024	1,164,024
Committed for:				
Capital projects	51,610	-	-	51,610
Economic development	297,339	-	-	297,339
Parks and recreation	55,062	-	-	55,062
Road surface repairs	204,485	-	-	204,485
Economic stabilization	228,640	-	-	228,640
Assigned for:				
Specific capital projects	-	-	619,547	619,547
Encumbrances	-	-	378,280	378,280
Next year's budget deficit	-	-	851,766	851,766
Other capital projects	-	-	1,674,236	1,674,236
Total Fund Balances	2,862,682	5,003,757	17,714,857	25,581,296
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,555,854	\$ 5,003,757	\$ 18,887,974	\$ 28,447,585

CITY OF SPARKS, NEVADA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
REVENUES				
Taxes	\$ 105,640	\$ 4,090,000	\$ 1,661,784	\$ 5,857,424
Licenses and permits	496,743	-	3,750,505	4,247,248
Intergovernmental revenues	2,874,153	177,572	1,857,573	4,909,298
Charges for services	2,564,947	-	278,677	2,843,624
Miscellaneous	296,594	2,554	1,144,764	1,443,912
Total Revenues	<u>6,338,077</u>	<u>4,270,126</u>	<u>8,693,303</u>	<u>19,301,506</u>
EXPENDITURES				
Current:				
General government	92,723	-	886,129	978,852
Judicial	129,787	-	-	129,787
Public safety	1,610,473	-	206,521	1,816,994
Public works	156,372	-	4,127,329	4,283,701
Culture and recreation	3,123,900	-	855,010	3,978,910
Community support	746,939	-	750,033	1,496,972
Total Current	<u>5,860,194</u>	<u>-</u>	<u>6,825,022</u>	<u>12,685,216</u>
Capital outlay:				
General government	-	-	15,981	15,981
Judicial	43,925	-	-	43,925
Public safety	150,846	-	108,052	258,898
Public works	-	-	271,021	271,021
Culture and recreation	59,503	-	1,992,235	2,051,738
Community support	-	-	86,929	86,929
Total Capital Outlay	<u>254,274</u>	<u>-</u>	<u>2,474,218</u>	<u>2,728,492</u>
Debt service:				
Principal	-	2,055,000	-	2,055,000
Interest	-	2,260,499	-	2,260,499
Fiscal charges and other	-	2,983	92,924	95,907
Total Debt Service	<u>-</u>	<u>4,318,482</u>	<u>92,924</u>	<u>4,411,406</u>
Total Expenditures	<u>6,114,468</u>	<u>4,318,482</u>	<u>9,392,164</u>	<u>19,825,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>223,609</u>	<u>(48,356)</u>	<u>(698,861)</u>	<u>(523,608)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	639,150	-	1,619,377	2,258,527
Transfers out	(261,077)	-	(1,785,560)	(2,046,637)
Total Other Financing Sources (Uses)	<u>378,073</u>	<u>-</u>	<u>(166,183)</u>	<u>211,890</u>
NET CHANGE IN FUND BALANCES	<u>601,682</u>	<u>(48,356)</u>	<u>(865,044)</u>	<u>(311,718)</u>
FUND BALANCES, JULY 1, as originally reported	2,261,000	5,052,113	18,616,935	25,930,048
Prior period adjustment	-	-	(37,034)	(37,034)
FUND BALANCES, JULY 1, as restated	<u>2,261,000</u>	<u>5,052,113</u>	<u>18,579,901</u>	<u>25,893,014</u>
FUND BALANCES, JUNE 30	<u>\$ 2,862,682</u>	<u>\$ 5,003,757</u>	<u>\$ 17,714,857</u>	<u>\$ 25,581,296</u>

NONMAJOR SPECIAL REVENUE FUNDS

Community Development Block Grant Fund

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

Community Development Entitlement Grant Fund

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

Sparks Grants and Donations Fund

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

Tourism and Marketing Fund

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

Parks and Recreation Program Fund

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

Court Administrative Assessment Fund

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

Street Cut Fund

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

Impact Fee Service Area No. 1 Fund

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

Tourism Improvement District 1 Fund

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

Stabilization Fund

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

CITY OF SPARKS, NEVADA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Community Development Block Grant</u>	<u>Community Development Entitlement Grant</u>	<u>Sparks Grants and Donations</u>	<u>Tourism and Marketing</u>	<u>Parks and Recreation Program</u>
ASSETS					
Cash and investments	\$ 74,861	\$ -	\$ 285,354	\$ 367,068	\$ 777,700
Accounts receivable, net	945,255	29,688	-	-	21,072
Due from other governments	-	-	346,621	-	-
TOTAL ASSETS	<u>\$ 1,020,116</u>	<u>\$ 29,688</u>	<u>\$ 631,975</u>	<u>\$ 367,068</u>	<u>\$ 798,772</u>
LIABILITIES					
Accounts payable	\$ -	\$ 1,685	\$ 100,257	\$ 6,453	\$ 81,352
Accrued liabilities	-	-	24,390	-	85,161
Contracts payable	-	17,096	160	-	-
Contract retentions payable	-	5,980	-	-	-
Deferred revenue	945,255	-	-	101,276	188,444
Refundable deposits	-	-	-	-	14,492
Due to other funds	74,861	4,927	-	-	-
Due to other governments	-	-	1,100	-	25,312
Total Liabilities	<u>1,020,116</u>	<u>29,688</u>	<u>125,907</u>	<u>107,729</u>	<u>394,761</u>
FUND BALANCES					
Restricted for:					
Grants and donations	-	-	97,141	-	-
Law enforcement	-	-	408,927	-	-
Promotion of special events	-	-	-	259,339	-
Various judicial uses	-	-	-	-	-
Municipal facilities construction	-	-	-	-	-
Court fee collection programs	-	-	-	-	-
Developer agreements	-	-	-	-	-
Bond proceeds defined projects	-	-	-	-	-
Committed for:					
Capital projects	-	-	-	-	51,610
Economic development	-	-	-	-	297,339
Parks and recreation	-	-	-	-	55,062
Road surface repairs	-	-	-	-	-
Economic stabilization	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>506,068</u>	<u>259,339</u>	<u>404,011</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,020,116</u>	<u>\$ 29,688</u>	<u>\$ 631,975</u>	<u>\$ 367,068</u>	<u>\$ 798,772</u>

Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Total
\$ 930,568	\$ 175,454	\$ 266,203	\$ 73,903	\$ 228,640	\$ 3,179,751
57	33,410	-	-	-	1,029,482
-	-	-	-	-	346,621
<u>\$ 930,625</u>	<u>\$ 208,864</u>	<u>\$ 266,203</u>	<u>\$ 73,903</u>	<u>\$ 228,640</u>	<u>\$ 4,555,854</u>
\$ 3,579	\$ 571	\$ 7,013	\$ -	\$ -	\$ 200,910
-	2,692	-	-	-	112,243
-	-	-	-	-	17,256
-	-	-	-	-	5,980
-	-	-	-	-	1,234,975
-	-	-	-	-	14,492
-	-	-	-	-	79,788
-	1,116	-	-	-	27,528
<u>3,579</u>	<u>4,379</u>	<u>7,013</u>	<u>-</u>	<u>-</u>	<u>1,693,172</u>
-	-	-	-	-	97,141
-	-	-	-	-	408,927
-	-	-	-	-	259,339
73,021	-	-	-	-	73,021
445,685	-	-	-	-	445,685
408,340	-	-	-	-	408,340
-	-	259,190	-	-	259,190
-	-	-	73,903	-	73,903
-	-	-	-	-	51,610
-	-	-	-	-	297,339
-	-	-	-	-	55,062
-	204,485	-	-	-	204,485
-	-	-	-	228,640	228,640
<u>927,046</u>	<u>204,485</u>	<u>259,190</u>	<u>73,903</u>	<u>228,640</u>	<u>2,862,682</u>
<u>\$ 930,625</u>	<u>\$ 208,864</u>	<u>\$ 266,203</u>	<u>\$ 73,903</u>	<u>\$ 228,640</u>	<u>\$ 4,555,854</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, 2012**

	<u>Community Development Block Grant</u>	<u>Community Development Entitlement Grant</u>	<u>Sparks Grants and Donations</u>	<u>Tourism and Marketing</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 105,640
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	550,159	2,033,523	-
Charges for services	6,000	-	68,596	-
Miscellaneous	-	-	255,725	507
Total Revenues	<u>6,000</u>	<u>550,159</u>	<u>2,357,844</u>	<u>106,147</u>
EXPENDITURES				
Current:				
General government	-	-	92,723	-
Judicial	-	-	-	-
Public safety	-	-	1,591,955	-
Public works	-	-	-	-
Culture and recreation	-	-	177,034	-
Community support	6,000	550,159	-	188,655
Total Current	<u>6,000</u>	<u>550,159</u>	<u>1,861,712</u>	<u>188,655</u>
Capital outlay:				
Judicial	-	-	-	-
Public safety	-	-	150,846	-
Culture and recreation	-	-	59,503	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>210,349</u>	<u>-</u>
Total Expenditures	<u>6,000</u>	<u>550,159</u>	<u>2,072,061</u>	<u>188,655</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>285,783</u>	<u>(82,508)</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
Transfers in	-	-	225,593	100,000
Transfers out	-	-	(5,308)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>220,285</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>506,068</u>	<u>17,492</u>
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,847</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,068</u>	<u>\$ 259,339</u>

Parks and Recreation Program	Court Administrative Assessment	Street Cut	Impact Fee Service Area No. 1	Tourism Improvement District 1	Stabilization	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,640
25,359	-	177,931	93,453	-	200,000	496,743
-	290,471	-	-	-	-	2,874,153
2,489,871	450	30	-	-	-	2,564,947
44,553	-	87	(4,756)	118	360	296,594
<u>2,559,783</u>	<u>290,921</u>	<u>178,048</u>	<u>88,697</u>	<u>118</u>	<u>200,360</u>	<u>6,338,077</u>
-	-	-	-	-	-	92,723
-	129,787	-	-	-	-	129,787
-	-	-	18,518	-	-	1,610,473
-	-	156,362	10	-	-	156,372
2,946,866	-	-	-	-	-	3,123,900
-	-	-	-	2,125	-	746,939
<u>2,946,866</u>	<u>129,787</u>	<u>156,362</u>	<u>18,528</u>	<u>2,125</u>	<u>-</u>	<u>5,860,194</u>
-	43,925	-	-	-	-	43,925
-	-	-	-	-	-	150,846
-	-	-	-	-	-	59,503
<u>-</u>	<u>43,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,274</u>
<u>2,946,866</u>	<u>173,712</u>	<u>156,362</u>	<u>18,528</u>	<u>2,125</u>	<u>-</u>	<u>6,114,468</u>
<u>(387,083)</u>	<u>117,209</u>	<u>21,686</u>	<u>70,169</u>	<u>(2,007)</u>	<u>200,360</u>	<u>223,609</u>
313,557	-	-	-	-	-	639,150
(38,430)	(202,000)	-	(15,339)	-	-	(261,077)
<u>275,127</u>	<u>(202,000)</u>	<u>-</u>	<u>(15,339)</u>	<u>-</u>	<u>-</u>	<u>378,073</u>
(111,956)	(84,791)	21,686	54,830	(2,007)	200,360	601,682
<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>
<u>\$ 404,011</u>	<u>\$ 927,046</u>	<u>\$ 204,485</u>	<u>\$ 259,190</u>	<u>\$ 73,903</u>	<u>\$ 228,640</u>	<u>\$ 2,862,682</u>

**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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues:			
Home program grant	\$ 205,000	\$ -	\$ (205,000)
Charges for services:			
Federal grant-loan reimbursements:			
Housing rehabilitation	-	6,000	6,000
Total Revenues	<u>205,000</u>	<u>6,000</u>	<u>(199,000)</u>
EXPENDITURES			
Community support:			
Services and supplies	<u>206,978</u>	<u>6,000</u>	<u>200,978</u>
NET CHANGE IN FUND BALANCES	(1,978)	-	1,978
FUND BALANCES, JULY 1	<u>1,978</u>	<u>-</u>	<u>(1,978)</u>
FUND BALANCES, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SPARKS, NEVADA
COMMUNITY DEVELOPMENT ENTITLEMENT GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues:			
Community Development Block and Entitlement grants	\$ 938,744	\$ 550,159	\$ (388,585)
EXPENDITURES			
Community support:			
Salaries and wages	96,778	76,797	19,981
Employee benefits	36,020	26,456	9,564
Services and supplies	825,826	446,906	378,920
Total Expenditures	958,624	550,159	408,465
NET CHANGE IN FUND BALANCES	(19,880)	-	19,880
FUND BALANCES, JULY 1	19,880	-	(19,880)
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -

CITY OF SPARKS, NEVADA
SPARKS GRANTS AND DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 1 OF 2)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues:			
Federal grants:			
Department of Energy grants	\$ -	\$ 3,362	\$ 3,362
Department of Justice grants	816,076	622,792	(193,284)
Department of Transportation, Traffic Safety grants	228,742	165,194	(63,548)
Department of Transportation, Federal Highway grants	-	21,888	21,888
Federal Emergency Management grants	460,902	427,728	(33,174)
Local Emergency Planning Committee grants	341,349	135,526	(205,823)
Housing and Urban Development grants	198,000	35,857	(162,143)
State grants:			
Family Services	10,000	10,000	-
Local Emergency Planning Committee grants	4,344	4,294	(50)
Nevada Office of the Attorney General grants	68,143	46,618	(21,525)
Other local government shared revenues:			
Crime forfeitures	660,586	560,264	(100,322)
	<u>2,788,142</u>	<u>2,033,523</u>	<u>(754,619)</u>
Charges for services:			
Other	42,863	68,596	25,733
Miscellaneous:			
Interest earnings	-	451	451
Other	354,218	255,274	(98,944)
	<u>354,218</u>	<u>255,725</u>	<u>(98,493)</u>
Total Revenues	<u>3,185,223</u>	<u>2,357,844</u>	<u>(827,379)</u>
EXPENDITURES			
General government			
Services and supplies	273,553	92,723	180,830
Public safety			
Salaries and wages	704,181	508,806	195,375
Employee benefits	315,886	250,122	65,764
Services and supplies	717,723	833,027	(115,304)
Capital outlay	770,488	150,846	619,642
Total Public Safety	<u>2,508,278</u>	<u>1,742,801</u>	<u>765,477</u>

CITY OF SPARKS, NEVADA
SPARKS GRANTS AND DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 2 OF 2)

	Final Budget	Actual	Variance
Culture and recreation:			
Salaries and wages	\$ 107,553	\$ 97,451	\$ 10,102
Employee benefits	6,641	1,436	5,205
Services and supplies	94,345	78,147	16,198
Capital outlay	194,853	59,503	135,350
Total Culture and Recreation	403,392	236,537	166,855
Total Expenditures	3,185,223	2,072,061	1,113,162
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	285,783	285,783
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	-	225,593	225,593
Transfers out	-	(5,308)	(5,308)
Total Other Financing Sources (Uses)	-	220,285	220,285
NET CHANGE IN FUND BALANCES	-	506,068	506,068
FUND BALANCES, JULY 1	-	-	-
FUND BALANCES, JUNE 30	\$ -	\$ 506,068	\$ 506,068

**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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Room taxes	\$ 150,000	\$ 105,640	\$ (44,360)
Miscellaneous:			
Interest earnings	<u>1,200</u>	<u>507</u>	<u>(693)</u>
Total Revenues	<u>151,200</u>	<u>106,147</u>	<u>(45,053)</u>
EXPENDITURES			
Community support:			
Services and supplies	<u>219,721</u>	<u>188,655</u>	<u>31,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(68,521)	(82,508)	(13,987)
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES	(68,521)	17,492	86,013
FUND BALANCES, JULY 1	<u>279,904</u>	<u>241,847</u>	<u>(38,057)</u>
FUND BALANCES, JUNE 30	<u>\$ 211,383</u>	<u>\$ 259,339</u>	<u>\$ 47,956</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Concession franchise fees	\$ 19,104	\$ 25,359	\$ 6,255
Charges for services:			
Recreation program fees	2,324,660	2,418,604	93,944
Administrative service charges	5,000	4,984	(16)
Other	190,686	66,283	(124,403)
	<u>2,520,346</u>	<u>2,489,871</u>	<u>(30,475)</u>
Miscellaneous:			
Interest earnings	1,000	121	(879)
Gifts and bequests	-	3,632	3,632
Rental and event insurance	4,176	4,693	517
Other	-	36,107	36,107
	<u>5,176</u>	<u>44,553</u>	<u>39,377</u>
Total Revenues	<u>2,544,626</u>	<u>2,559,783</u>	<u>15,157</u>
EXPENDITURES			
Culture and recreation:			
Salaries and wages	1,854,217	1,899,616	(45,399)
Employee benefits	642,920	474,642	168,278
Services and supplies	789,405	572,608	216,797
Total Expenditures	<u>3,286,542</u>	<u>2,946,866</u>	<u>339,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(741,916)</u>	<u>(387,083)</u>	<u>354,833</u>
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	313,557	313,557	-
Transfers out	-	(38,430)	(38,430)
Total Other Financing Sources (Uses)	<u>313,557</u>	<u>275,127</u>	<u>(38,430)</u>
NET CHANGE IN FUND BALANCES	(428,359)	(111,956)	316,403
FUND BALANCES, JULY 1	<u>436,008</u>	<u>515,967</u>	<u>79,959</u>
FUND BALANCES, JUNE 30	<u>\$ 7,649</u>	<u>\$ 404,011</u>	<u>\$ 396,362</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues:			
Municipal court administrative assessments	\$ 55,000	\$ 40,277	\$ (14,723)
Court collection fees	195,000	192,346	(2,654)
Court facility administrative assessments	80,000	57,848	(22,152)
	<u>330,000</u>	<u>290,471</u>	<u>(39,529)</u>
Charges for services:			
Other	<u>-</u>	<u>450</u>	<u>450</u>
Total Revenues	<u>330,000</u>	<u>290,921</u>	<u>(39,079)</u>
EXPENDITURES			
Judicial:			
Services and supplies	23,686	129,787	(106,101)
Capital outlay	301,751	43,925	257,826
Total Expenditures	<u>325,437</u>	<u>173,712</u>	<u>151,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,563	117,209	112,646
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers out	<u>(202,000)</u>	<u>(202,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(197,437)	(84,791)	112,646
FUND BALANCES, JULY 1	<u>773,946</u>	<u>1,011,837</u>	<u>237,891</u>
FUND BALANCES, JUNE 30	<u>\$ 576,509</u>	<u>\$ 927,046</u>	<u>\$ 350,537</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Street cut permits	\$ 200,000	\$ 177,931	\$ (22,069)
Charges for services:			
Other	55,870	30	(55,840)
Miscellaneous:			
Interest earnings	200	87	(113)
Total Revenues	<u>256,070</u>	<u>178,048</u>	<u>(78,022)</u>
EXPENDITURES			
Public works:			
Salaries and wages	73,993	21,252	52,741
Employee benefits	36,029	15,491	20,538
Services and supplies	253,305	119,619	133,686
Total Expenditures	<u>363,327</u>	<u>156,362</u>	<u>206,965</u>
NET CHANGE IN FUND BALANCES	(107,257)	21,686	128,943
FUND BALANCES, JULY 1	<u>154,300</u>	<u>182,799</u>	<u>28,499</u>
FUND BALANCES, JUNE 30	<u>\$ 47,043</u>	<u>\$ 204,485</u>	<u>\$ 157,442</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Flood control fees	\$ 50,000	\$ 34,745	\$ (15,255)
Public facility fees	12,000	18,502	6,502
Park fees	25,000	24,876	(124)
Sanitary sewer fee	12,000	15,330	3,330
	<u>99,000</u>	<u>93,453</u>	<u>(5,547)</u>
Miscellaneous:			
Interest earnings	6,000	(4,756)	(10,756)
	<u>105,000</u>	<u>88,697</u>	<u>(16,303)</u>
EXPENDITURES			
Public safety:			
Services and supplies	23,990	18,518	5,472
Public works:			
Services and supplies	10	10	-
	<u>24,000</u>	<u>18,528</u>	<u>5,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	81,000	70,169	(10,831)
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers out	-	(15,339)	(15,339)
NET CHANGE IN FUND BALANCES	81,000	54,830	(26,170)
FUND BALANCES, JULY 1	<u>217,419</u>	<u>204,360</u>	<u>(13,059)</u>
FUND BALANCES, JUNE 30	<u>\$ 298,419</u>	<u>\$ 259,190</u>	<u>\$ (39,229)</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Miscellaneous:			
Interest earnings	\$ -	\$ 118	\$ 118
EXPENDITURES			
Current:			
Community support:			
Services and supplies	75,000	2,125	72,875
NET CHANGE IN FUND BALANCES	(75,000)	(2,007)	72,993
FUND BALANCES, JULY 1	75,000	75,910	910
FUND BALANCES, JUNE 30	\$ -	\$ 73,903	\$ 73,903

**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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Other	\$ 200,000	\$ 200,000	\$ -
Miscellaneous:			
Interest earnings	500	360	(140)
NET CHANGE IN FUND BALANCES	200,500	200,360	(140)
FUND BALANCES, JULY 1	28,626	28,280	(346)
FUND BALANCES, JUNE 30	<u>\$ 229,126</u>	<u>\$ 228,640</u>	<u>\$ (486)</u>

MAJOR DEBT SERVICE FUND

General Obligation Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

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

Consolidated taxes are used to service the debt.

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

Sales taxes are used to service the debt.

- 2008 Limited Obligation Improvement Bonds

Special assessments are used to service the debt.

NONMAJOR DEBT SERVICE FUNDS

Redevelopment Agency Tax Revenue Fund

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

- Tax Increment Refunding Revenue Bonds – Series 2010

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

Redevelopment Agency 2 Debt Service Fund

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

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

Ad valorem taxes are used to service the debt.

**CITY OF SPARKS, NEVADA
GENERAL OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Special assessments	\$ 2,600,000	\$ 2,715,177	\$ 115,177
Intergovernmental revenues:			
Dedicated sales tax - improvement districts	7,379,285	6,847,151	(532,134)
Miscellaneous:			
Interest earnings	105,000	22,144	(82,856)
Total Revenues	<u>10,084,285</u>	<u>9,584,472</u>	<u>(499,813)</u>
EXPENDITURES			
Debt service:			
Principal	3,610,000	3,610,000	-
Interest	7,808,304	7,808,304	-
Fiscal charges and other	12,000	-	12,000
Total Expenditures	<u>11,430,304</u>	<u>11,418,304</u>	<u>12,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,346,019)	(1,833,832)	(487,813)
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	765,596	2,129,873	1,364,277
NET CHANGE IN FUND BALANCES	(580,423)	296,041	876,464
FUND BALANCES, JULY 1	<u>13,920,950</u>	<u>14,874,105</u>	<u>953,155</u>
FUND BALANCES, JUNE 30	<u>\$ 13,340,527</u>	<u>\$ 15,170,146</u>	<u>\$ 1,829,619</u>

**CITY OF SPARKS, NEVADA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Redevelopment Agency Tax Revenue	Redevelopment Agency 2 Debt Service	Total
ASSETS			
Cash and investments	\$ 426,361	\$ 362,331	\$ 788,692
Due from other governments	44,395	-	44,395
Restricted assets:			
Cash and investments	2,216,868	1,953,802	4,170,670
TOTAL ASSETS	\$ 2,687,624	\$ 2,316,133	\$ 5,003,757
FUND BALANCES			
Restricted for:			
Debt service reserve	2,687,624	2,316,133	5,003,757
Total Fund Balances	2,687,624	2,316,133	5,003,757
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,687,624	\$ 2,316,133	\$ 5,003,757

**CITY OF SPARKS, NEVADA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	Redevelopment Agency Tax Revenue	Redevelopment Agency 2 Debt Service	Totals
REVENUES			
Taxes	\$ 2,060,000	\$ 2,030,000	\$ 4,090,000
Intergovernmental revenues	177,572	-	177,572
Miscellaneous	2,336	218	2,554
	<u>2,239,908</u>	<u>2,030,218</u>	<u>4,270,126</u>
Total Revenues			
	<u>2,239,908</u>	<u>2,030,218</u>	<u>4,270,126</u>
EXPENDITURES			
Debt service:			
Principal	1,350,000	705,000	2,055,000
Interest	939,281	1,321,218	2,260,499
Fiscal charges and other	915	2,068	2,983
	<u>2,290,196</u>	<u>2,028,286</u>	<u>4,318,482</u>
Total Expenditures			
	<u>2,290,196</u>	<u>2,028,286</u>	<u>4,318,482</u>
NET CHANGE IN FUND BALANCES	(50,288)	1,932	(48,356)
FUND BALANCE, JULY 1	<u>2,737,912</u>	<u>2,314,201</u>	<u>5,052,113</u>
FUND BALANCE, JUNE 30	<u><u>\$ 2,687,624</u></u>	<u><u>\$ 2,316,133</u></u>	<u><u>\$ 5,003,757</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 2,060,000	\$ 2,060,000	\$ -
Intergovernmental revenues:			
Motor vehicle privilege tax	177,572	177,572	-
Miscellaneous:			
Interest earnings	25,000	2,336	(22,664)
Total Revenues	<u>2,262,572</u>	<u>2,239,908</u>	<u>(22,664)</u>
EXPENDITURES			
Debt service:			
Principal	1,350,000	1,350,000	-
Interest	939,281	939,281	-
Fiscal charges and other	2,500	915	1,585
Total Expenditures	<u>2,291,781</u>	<u>2,290,196</u>	<u>1,585</u>
NET CHANGE IN FUND BALANCES	(29,209)	(50,288)	(21,079)
FUND BALANCES, JULY 1	<u>2,734,879</u>	<u>2,737,912</u>	<u>3,033</u>
FUND BALANCES, JUNE 30	<u>\$ 2,705,670</u>	<u>\$ 2,687,624</u>	<u>\$ (18,046)</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 2,030,000	\$ 2,030,000	\$ -
Miscellaneous:			
Interest earnings	7,000	218	(6,782)
Total Revenues	<u>2,037,000</u>	<u>2,030,218</u>	<u>(6,782)</u>
EXPENDITURES			
Debt service:			
Principal	705,000	705,000	-
Interest	1,321,218	1,321,218	-
Fiscal charges and other	2,500	2,068	432
Total Expenditures	<u>2,028,718</u>	<u>2,028,286</u>	<u>432</u>
NET CHANGE IN FUND BALANCES	8,282	1,932	(6,350)
FUND BALANCES, JULY 1	<u>2,058,681</u>	<u>2,314,201</u>	<u>255,520</u>
FUND BALANCES, JUNE 30	<u>\$ 2,066,963</u>	<u>\$ 2,316,133</u>	<u>\$ 249,170</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

Road Fund

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

Capital Projects Fund

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

Capital Facilities Fund

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

Parks and Recreation Project Fund

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

Local Improvement District 3 Fund

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

Redevelopment Agency Revolving Fund

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

Redevelopment Agency 2 Revolving Fund

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

Victorian Square Room Tax Fund

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

CITY OF SPARKS, NEVADA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012
(PAGE 1 OF 2)

	<u>Recreation and Parks District 1</u>	<u>Recreation and Parks District 2</u>	<u>Recreation and Parks District 3</u>
ASSETS			
Cash and investments	\$ 317,180	\$ 1,857,638	\$ 2,443,942
Notes receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
TOTAL ASSETS	<u>\$ 317,180</u>	<u>\$ 1,857,638</u>	<u>\$ 2,443,942</u>
LIABILITIES			
Accounts payable	\$ 38,800	\$ 2,530	\$ 5,063
Accrued liabilities	-	-	-
Contracts payable	11,403	-	-
Contract retentions payable	3,837	-	-
Deferred revenue	-	-	-
Refundable deposits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Total Liabilities	<u>54,040</u>	<u>2,530</u>	<u>5,063</u>
FUND BALANCES			
Restricted for:			
Parks and recreation	263,140	1,855,108	2,438,879
Street improvements and rehabilitation	-	-	-
Bond proceeds defined projects	-	-	-
Capital projects	-	-	-
Developer agreements	-	-	-
Improvements to Victorian Square	-	-	-
Assigned for:			
Specific capital projects	-	-	-
Encumbrances	-	-	-
Next year's budget deficit	-	-	-
Other capital projects	-	-	-
Total Fund Balances	<u>263,140</u>	<u>1,855,108</u>	<u>2,438,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 317,180</u>	<u>\$ 1,857,638</u>	<u>\$ 2,443,942</u>

<u>Road</u>	<u>Capital Projects</u>	<u>Capital Facilities</u>	<u>Parks and Recreation Project</u>
\$ 4,222,471	\$ 3,181,621	\$ 378,193	\$ 1,289,518
-	-	-	-
46,278	-	-	-
288,471	-	1,023	-
<u>\$ 5,162,964</u>	<u>\$ 3,181,621</u>	<u>\$ 379,216</u>	<u>\$ 1,514,454</u>
\$ 66,382	\$ 9,698	\$ 8,221	\$ 4,275
33,859	-	-	10,476
270,631	5	-	224,527
12,830	2,372	-	19,026
-	-	-	1,201
-	-	-	2,000
197,614	-	-	-
13,917	-	-	4,256
<u>595,233</u>	<u>12,075</u>	<u>8,221</u>	<u>265,761</u>
-	-	-	767,897
4,567,731	-	-	-
-	1,606,745	-	-
-	-	370,995	-
-	-	-	-
-	-	-	-
-	138,751	-	480,796
-	239,428	-	-
-	-	-	-
-	1,184,622	-	-
<u>4,567,731</u>	<u>3,169,546</u>	<u>370,995</u>	<u>1,248,693</u>
<u>\$ 5,162,964</u>	<u>\$ 3,181,621</u>	<u>\$ 379,216</u>	<u>\$ 1,514,454</u>

CITY OF SPARKS, NEVADA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012
(PAGE 2 OF 2)

	<u>Local Improvement District 3</u>	<u>Redevelopment Agency Revolving</u>
ASSETS		
Cash and investments	\$ 1,156,562	\$ 799,924
Accounts receivable	-	4,467
Notes receivable	-	36,012
Due from other funds	-	-
Due from other governments	-	282,449
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,156,562</u>	<u>\$ 1,122,852</u>
LIABILITIES		
Accounts payable	\$ 53	\$ 3,511
Accrued liabilities	-	2,108
Contracts payable	-	-
Contract retentions payable	-	-
Deferred revenue	-	133,563
Refundable deposits	-	-
Due to other funds	-	-
Due to other governments	-	316
	<hr/>	<hr/>
Total Liabilities	<u>53</u>	<u>139,498</u>
FUND BALANCES		
Restricted for:		
Parks and recreation	-	-
Street improvements and rehabilitation	-	-
Bond proceeds defined projects	32,593	-
Capital projects	-	-
Developer agreements	1,123,916	-
Improvements to Victorian Square	-	-
Assigned for:		
Specific capital projects	-	-
Encumbrances	-	17,974
Next year's budget deficit	-	475,766
Other capital projects	-	489,614
	<hr/>	<hr/>
Total Fund Balances	<u>1,156,509</u>	<u>983,354</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,156,562</u>	<u>\$ 1,122,852</u>

Redevelopment Agency 2 Revolving	Victorian Square Room Tax	Totals
\$ 357,315	\$ 1,115,146	\$ 17,119,510
8,100	-	843,247
-	-	36,012
-	-	46,278
222,070	48,914	842,927
<u>\$ 587,485</u>	<u>\$ 1,164,060</u>	<u>\$ 18,887,974</u>
\$ 1,512	\$ 36	\$ 140,081
-	-	46,443
3,093	-	509,659
-	-	38,065
86,002	-	220,766
-	-	2,000
-	-	197,614
-	-	18,489
<u>90,607</u>	<u>36</u>	<u>1,173,117</u>
-	-	5,325,024
-	-	4,567,731
-	-	1,639,338
-	-	370,995
-	-	1,123,916
-	1,164,024	1,164,024
-	-	619,547
120,878	-	378,280
376,000	-	851,766
-	-	1,674,236
<u>496,878</u>	<u>1,164,024</u>	<u>17,714,857</u>
<u>\$ 587,485</u>	<u>\$ 1,164,060</u>	<u>\$ 18,887,974</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, 2012
(PAGE 1 OF 2)

	Recreation and Parks District 1	Recreation and Parks District 2	Recreation and Parks District 3
REVENUES			
Taxes	\$ 11,100	\$ 77,000	\$ 74,000
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	390	220	-
Miscellaneous	2,048	17,670	31,480
Total Revenues	<u>13,538</u>	<u>94,890</u>	<u>105,480</u>
EXPENDITURES			
Current:			
General government	41	334	448
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	26,148	1,460	-
Community support	-	-	-
Total Current	<u>26,189</u>	<u>1,794</u>	<u>448</u>
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	147,688	114,359	90,896
Community support	-	-	-
Total Capital Outlay	<u>147,688</u>	<u>114,359</u>	<u>90,896</u>
Debt service:			
Fiscal charges and other	-	-	-
Total Expenditures	<u>173,877</u>	<u>116,153</u>	<u>91,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(160,339)</u>	<u>(21,263)</u>	<u>14,136</u>
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	-	-	-
Transfer out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(160,339)</u>	<u>(21,263)</u>	<u>14,136</u>
FUND BALANCES, JULY 1, as originally reported	423,479	1,876,371	2,424,743
Prior period adjustment	-	-	-
FUND BALANCES, JULY 1, as restated	<u>423,479</u>	<u>1,876,371</u>	<u>2,424,743</u>
FUND BALANCES, JUNE 30	<u>\$ 263,140</u>	<u>\$ 1,855,108</u>	<u>\$ 2,438,879</u>

Road	Capital Projects	Capital Facilities	Parks and Recreation Project
\$ -	\$ -	\$ 225,594	\$ -
2,621,547	-	-	1,128,958
1,853,413	4,160	-	-
918	975	180	43,420
38,102	1,005,605	801	6,306
<u>4,513,980</u>	<u>1,010,740</u>	<u>226,575</u>	<u>1,178,684</u>
660	870,545	11,368	97
172,788	11,733	22,000	-
4,062,551	64,778	-	-
-	16,331	14,846	548,087
-	-	-	-
<u>4,235,999</u>	<u>963,387</u>	<u>48,214</u>	<u>548,184</u>
-	15,981	-	-
43,112	6,428	58,512	-
271,021	-	-	-
-	1,187,357	2,679	449,256
-	-	-	-
<u>314,133</u>	<u>1,209,766</u>	<u>61,191</u>	<u>449,256</u>
-	-	-	-
<u>4,550,132</u>	<u>2,173,153</u>	<u>109,405</u>	<u>997,440</u>
<u>(36,152)</u>	<u>(1,162,413)</u>	<u>117,170</u>	<u>181,244</u>
-	1,310,000	-	309,377
-	(309,377)	-	-
-	1,000,623	-	309,377
<u>(36,152)</u>	<u>(161,790)</u>	<u>117,170</u>	<u>490,621</u>
4,640,917	3,331,336	253,825	758,072
(37,034)	-	-	-
<u>4,603,883</u>	<u>3,331,336</u>	<u>253,825</u>	<u>758,072</u>
<u>\$ 4,567,731</u>	<u>\$ 3,169,546</u>	<u>\$ 370,995</u>	<u>\$ 1,248,693</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, 2012
(PAGE 2 OF 2)**

	Local Improvement District 3	Redevelopment Agency Revolving
	<u> </u>	<u> </u>
REVENUES		
Taxes	\$ -	\$ 427,259
Licenses and permits	-	-
Intergovernmental revenues	-	-
Charges for services	-	224,474
Miscellaneous	1,827	25,215
	<u>1,827</u>	<u>25,215</u>
Total Revenues	<u>1,827</u>	<u>676,948</u>
EXPENDITURES		
Current:		
General government	-	2,338
Public safety	-	-
Public works	-	-
Culture and recreation	-	248,138
Community support	4,231	460,508
	<u>4,231</u>	<u>460,508</u>
Total Current	<u>4,231</u>	<u>710,984</u>
Capital outlay:		
General government	-	-
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community support	-	-
	<u>-</u>	<u>-</u>
Total Capital Outlay	<u>-</u>	<u>-</u>
Debt service:		
Fiscal charges and other	-	-
	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,231</u>	<u>710,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,404)</u>	<u>(34,036)</u>
OTHER FINANCING SOURCES (USES)		
Transfers:		
Transfers in	-	-
Transfer out	-	(404,729)
	<u>-</u>	<u>(404,729)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(404,729)</u>
NET CHANGE IN FUND BALANCES	<u>(2,404)</u>	<u>(438,765)</u>
FUND BALANCES, JULY 1, as originally reported	1,158,913	1,422,119
Prior period adjustment	-	-
	<u>-</u>	<u>-</u>
FUND BALANCES, JULY 1, as restated	<u>1,158,913</u>	<u>1,422,119</u>
FUND BALANCES, JUNE 30	<u>\$ 1,156,509</u>	<u>\$ 983,354</u>

Redevelopment Agency 2 Revolving	Victorian Square Room Tax	Totals
\$ 260,522	\$ 586,309	\$ 1,661,784
-	-	3,750,505
-	-	1,857,573
8,100	-	278,677
7,869	7,841	1,144,764
<u>276,491</u>	<u>594,150</u>	<u>8,693,303</u>
182	116	886,129
-	-	206,521
-	-	4,127,329
-	-	855,010
285,294	-	750,033
<u>285,476</u>	<u>116</u>	<u>6,825,022</u>
-	-	15,981
-	-	108,052
-	-	271,021
-	-	1,992,235
-	86,929	86,929
<u>-</u>	<u>86,929</u>	<u>2,474,218</u>
92,924	-	92,924
<u>378,400</u>	<u>87,045</u>	<u>9,392,164</u>
<u>(101,909)</u>	<u>507,105</u>	<u>(698,861)</u>
-	-	1,619,377
(1,071,454)	-	(1,785,560)
<u>(1,071,454)</u>	<u>-</u>	<u>(166,183)</u>
<u>(1,173,363)</u>	<u>507,105</u>	<u>(865,044)</u>
1,670,241	656,919	18,616,935
-	-	(37,034)
<u>1,670,241</u>	<u>656,919</u>	<u>18,579,901</u>
<u>\$ 496,878</u>	<u>\$ 1,164,024</u>	<u>\$ 17,714,857</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Residential park construction tax	\$ 5,000	\$ 11,100	\$ 6,100
Charges for services:			
Other	-	390	390
Miscellaneous:			
Interest earnings	200	2,048	1,848
Total Revenues	<u>5,200</u>	<u>13,538</u>	<u>8,338</u>
EXPENDITURES			
General government:			
Services and supplies	50	41	9
Culture and recreation:			
Services and supplies	10,000	26,148	(16,148)
Capital outlay	415,630	147,688	267,942
Total Culture and Recreation	<u>425,630</u>	<u>173,836</u>	<u>251,794</u>
Total Expenditures	<u>425,680</u>	<u>173,877</u>	<u>251,803</u>
NET CHANGE IN FUND BALANCES	(420,480)	(160,339)	260,141
FUND BALANCES, JULY 1	<u>626,317</u>	<u>423,479</u>	<u>(202,838)</u>
FUND BALANCES, JUNE 30	<u>\$ 205,837</u>	<u>\$ 263,140</u>	<u>\$ 57,303</u>

**CITY OF SPARKS, NEVADA
RECREATION AND PARKS DISTRICT 2 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Residential park construction tax	\$ 5,000	\$ 77,000	\$ 72,000
Charges for services:			
Other	-	220	220
Miscellaneous:			
Interest earnings	2,000	17,670	15,670
Total Revenues	<u>7,000</u>	<u>94,890</u>	<u>87,890</u>
EXPENDITURES			
General government:			
Services and supplies	500	334	166
Culture and recreation:			
Services and supplies	151,460	1,460	150,000
Capital outlay	848,040	114,359	733,681
Total Culture and Recreation	<u>999,500</u>	<u>115,819</u>	<u>883,681</u>
Total Expenditures	<u>1,000,000</u>	<u>116,153</u>	<u>883,847</u>
NET CHANGE IN FUND BALANCES	(993,000)	(21,263)	971,737
FUND BALANCES, JULY 1	<u>1,714,884</u>	<u>1,876,371</u>	<u>161,487</u>
FUND BALANCES, JUNE 30	<u>\$ 721,884</u>	<u>\$ 1,855,108</u>	<u>\$ 1,133,224</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Residential park construction tax	\$ 10,000	\$ 74,000	\$ 64,000
Miscellaneous:			
Recoveries and reimbursements	-	7,870	7,870
Interest earnings	1,000	23,610	22,610
	<u>1,000</u>	<u>31,480</u>	<u>30,480</u>
Total Revenues	<u>11,000</u>	<u>105,480</u>	<u>94,480</u>
EXPENDITURES			
General government:			
Services and supplies	500	448	52
Culture and recreation:			
Services and supplies	5,000	-	5,000
Capital outlay	1,299,500	90,896	1,208,604
	<u>1,304,500</u>	<u>90,896</u>	<u>1,213,604</u>
Total Culture and Recreation	<u>1,304,500</u>	<u>90,896</u>	<u>1,213,604</u>
Total Expenditures	<u>1,305,000</u>	<u>91,344</u>	<u>1,213,656</u>
NET CHANGE IN FUND BALANCES	(1,294,000)	14,136	1,308,136
FUND BALANCES, JULY 1	<u>2,118,532</u>	<u>2,424,743</u>	<u>306,211</u>
FUND BALANCES, JUNE 30	<u>\$ 824,532</u>	<u>\$ 2,438,879</u>	<u>\$ 1,614,347</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Right of way toll fees	\$ 600,000	\$ 642,230	\$ 42,230
Electric franchise fees	1,737,000	1,451,424	(285,576)
Gas franchise fees	806,000	527,893	(278,107)
	<u>3,143,000</u>	<u>2,621,547</u>	<u>(521,453)</u>
Intergovernmental revenues:			
Federal grants:			
Department of Energy grant	1,509	1,509	-
State shared revenues:			
County Road Fund distributions	16,644	16,644	-
Motor vehicle fuel tax	1,623,000	1,835,260	212,260
	<u>1,641,153</u>	<u>1,853,413</u>	<u>212,260</u>
Charges for services:			
Other	1,000	918	(82)
Miscellaneous:			
Interest earnings	15,000	38,102	23,102
Total Revenues	<u>4,800,153</u>	<u>4,513,980</u>	<u>(286,173)</u>
EXPENDITURES			
General government:			
Services and supplies	1,000	660	340
Public safety:			
Services and supplies	337,340	172,788	164,552
Capital outlay	168,790	43,112	125,678
Total Public Safety	<u>506,130</u>	<u>215,900</u>	<u>290,230</u>
Public works:			
Salaries and wages	825,328	1,119,980	(294,652)
Employee benefits	418,337	575,654	(157,317)
Services and supplies	4,162,978	2,366,917	1,796,061
Capital outlay	150,235	271,021	(120,786)
Total Public Works	<u>5,556,878</u>	<u>4,333,572</u>	<u>1,223,306</u>
Total Expenditures	<u>6,064,008</u>	<u>4,550,132</u>	<u>1,513,876</u>
NET CHANGE IN FUND BALANCES	<u>(1,263,855)</u>	<u>(36,152)</u>	<u>1,227,703</u>
FUND BALANCES, JULY 1, as originally reported	2,893,641	4,640,917	1,747,276
Prior period adjustment	<u>-</u>	<u>(37,034)</u>	<u>(37,034)</u>
FUND BALANCES, JULY 1	<u>2,893,641</u>	<u>4,603,883</u>	<u>1,710,242</u>
FUND BALANCES, JUNE 30	<u>\$ 1,629,786</u>	<u>\$ 4,567,731</u>	<u>\$ 2,937,945</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues:			
Federal grants:			
Department of Energy grant	\$ -	\$ 4,160	\$ 4,160
Charges for services:			
Other	1,000	975	(25)
Miscellaneous:			
Interest earnings	1,620	10,195	8,575
Rebates	-	995,410	995,410
	<u>1,620</u>	<u>1,005,605</u>	<u>1,003,985</u>
Total Revenues	<u>2,620</u>	<u>1,010,740</u>	<u>1,008,120</u>
EXPENDITURES			
General government:			
Services and supplies	1,172,216	870,545	301,671
Capital outlay	46,364	15,981	30,383
Total General Government	<u>1,218,580</u>	<u>886,526</u>	<u>332,054</u>
Public safety:			
Services and supplies	21,042	11,733	9,309
Capital outlay	23,039	6,428	16,611
Total Public Safety	<u>44,081</u>	<u>18,161</u>	<u>25,920</u>
Public works:			
Services and supplies	74,027	64,778	9,249
Capital outlay	50,000	-	50,000
Total Public Works	<u>124,027</u>	<u>64,778</u>	<u>59,249</u>
Culture and recreation:			
Services and supplies	299,380	16,331	283,049
Capital outlay	1,396,107	1,187,357	208,750
Total Culture and Recreation	<u>1,695,487</u>	<u>1,203,688</u>	<u>491,799</u>
Total Expenditures	<u>3,082,175</u>	<u>2,173,153</u>	<u>909,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,079,555)</u>	<u>(1,162,413)</u>	<u>1,917,142</u>
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	1,310,000	1,310,000	-
Transfers out	-	(309,377)	(309,377)
Total Other Financing Sources (Uses)	<u>1,310,000</u>	<u>1,000,623</u>	<u>(309,377)</u>
NET CHANGE IN FUND BALANCES	(1,769,555)	(161,790)	1,607,765
FUND BALANCES, JULY 1	<u>3,383,160</u>	<u>3,331,336</u>	<u>(51,824)</u>
FUND BALANCES, JUNE 30	<u>\$ 1,613,605</u>	<u>\$ 3,169,546</u>	<u>\$ 1,555,941</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ -	\$ 225,594	\$ 225,594
Charges for services:			
Other	-	180	180
Miscellaneous:			
Interest earnings	-	801	801
Total Revenues	<u>-</u>	<u>226,575</u>	<u>226,575</u>
EXPENDITURES			
General government:			
Services and supplies	<u>11,395</u>	<u>11,368</u>	<u>27</u>
Public safety:			
Services and supplies	22,000	22,000	-
Capital outlay	<u>59,733</u>	<u>58,512</u>	<u>1,221</u>
Total Public Safety	<u>81,733</u>	<u>80,512</u>	<u>1,221</u>
Culture and recreation:			
Services and supplies	74,949	14,846	60,103
Capital outlay	<u>17,208</u>	<u>2,679</u>	<u>14,529</u>
Total Culture and Recreation	<u>92,157</u>	<u>17,525</u>	<u>74,632</u>
Total Expenditures	<u>185,285</u>	<u>109,405</u>	<u>75,880</u>
NET CHANGE IN FUND BALANCES	(185,285)	117,170	302,455
FUND BALANCES, JULY 1	<u>185,285</u>	<u>253,825</u>	<u>68,540</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 370,995</u>	<u>\$ 370,995</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and permits:			
Concession franchise fees	\$ 51,000	\$ 94,663	\$ 43,663
Electric franchise fees	862,000	725,712	(136,288)
Gas franchise fees	400,000	263,947	(136,053)
Park fees	-	44,636	44,636
	<u>1,313,000</u>	<u>1,128,958</u>	<u>(184,042)</u>
Charges for services:			
Other	10,500	43,420	32,920
Miscellaneous:			
Interest earnings	1,800	6,306	4,506
Total Revenues	<u>1,325,300</u>	<u>1,178,684</u>	<u>(146,616)</u>
EXPENDITURES			
General government:			
Services and supplies	100	97	3
Culture and recreation:			
Salaries and wages	324,096	287,146	36,950
Employee benefits	154,924	137,872	17,052
Services and supplies	338,742	123,069	215,673
Capital outlay	751,203	449,256	301,947
Total Culture and Recreation	<u>1,568,965</u>	<u>997,343</u>	<u>571,622</u>
Total Expenditures	<u>1,569,065</u>	<u>997,440</u>	<u>571,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(243,765)	181,244	425,009
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers in	-	309,377	309,377
NET CHANGE IN FUND BALANCES	(243,765)	490,621	734,386
FUND BALANCE, JULY 1	<u>880,153</u>	<u>758,072</u>	<u>(122,081)</u>
FUND BALANCES, JUNE 30	<u>\$ 636,388</u>	<u>\$ 1,248,693</u>	<u>\$ 612,305</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Miscellaneous:			
Interest earnings	\$ 1,050	\$ 1,827	\$ 777
EXPENDITURES			
Community support:			
Services and supplies	1,101,314	4,231	1,097,083
NET CHANGE IN FUND BALANCES	(1,100,264)	(2,404)	1,097,860
FUND BALANCES, JULY 1	1,129,044	1,158,913	29,869
FUND BALANCES, JUNE 30	<u>\$ 28,780</u>	<u>\$ 1,156,509</u>	<u>\$ 1,127,729</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 629,648	\$ 427,259	\$ (202,389)
Charges for services:			
Other	254,625	224,474	(30,151)
Miscellaneous:			
Interest earnings	10,000	10,215	215
Property rentals	15,000	15,000	-
	<u>25,000</u>	<u>25,215</u>	<u>215</u>
Total Revenues	<u>909,273</u>	<u>676,948</u>	<u>(232,325)</u>
EXPENDITURES			
General government:			
Services and supplies	6,400	2,338	4,062
Culture and recreation:			
Salaries and wages	206,389	187,620	18,769
Employee benefits	6,545	5,150	1,395
Services and supplies	108,038	55,368	52,670
Total Culture and Recreation	<u>320,972</u>	<u>248,138</u>	<u>72,834</u>
Community support:			
Salaries and wages	-	36,859	(36,859)
Employee benefits	-	17,785	(17,785)
Services and supplies	548,363	405,864	142,499
Capital outlay	26,603	-	26,603
Total Community Support	<u>574,966</u>	<u>460,508</u>	<u>114,458</u>
Intergovernmental:			
Services and supplies	311,933	-	311,933
Total Expenditures	<u>1,214,271</u>	<u>710,984</u>	<u>503,287</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(304,998)	(34,036)	270,962
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers out	-	(404,729)	(404,729)
NET CHANGE IN FUND BALANCES	(304,998)	(438,765)	(133,767)
FUND BALANCES, JULY 1	<u>1,036,519</u>	<u>1,422,119</u>	<u>385,600</u>
FUND BALANCES, JUNE 30	<u>\$ 731,521</u>	<u>\$ 983,354</u>	<u>\$ 251,833</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 414,089	\$ 260,522	\$ (153,567)
Charges for services:			
Other	-	8,100	8,100
Fines and forfeits	-	-	-
Miscellaneous:			
Interest earnings	45,000	7,869	(37,131)
Total Revenues	<u>459,089</u>	<u>276,491</u>	<u>(182,598)</u>
EXPENDITURES			
General government:			
Services and supplies	1,300	182	1,118
Community support:			
Salaries and wages	-	25,848	(25,848)
Employee benefits	-	12,471	(12,471)
Services and supplies	1,510,726	246,975	1,263,751
Total Community Support	<u>1,510,726</u>	<u>285,294</u>	<u>1,225,432</u>
Debt service:			
Fiscal charges and other	92,924	92,924	-
Total Expenditures	<u>1,604,950</u>	<u>378,400</u>	<u>1,226,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,145,861)	(101,909)	1,043,952
OTHER FINANCING SOURCES (USES)			
Transfers:			
Transfers out	-	(1,071,454)	(1,071,454)
NET CHANGE IN FUND BALANCES	(1,145,861)	(1,173,363)	(27,502)
FUND BALANCES, JULY 1	<u>1,947,684</u>	<u>1,670,241</u>	<u>(277,443)</u>
FUND BALANCES, JUNE 30	<u>\$ 801,823</u>	<u>\$ 496,878</u>	<u>\$ (304,945)</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Room tax	\$ 548,713	\$ 586,309	\$ 37,596
Miscellaneous:			
Interest earnings	8,000	7,841	(159)
Total Revenues	<u>556,713</u>	<u>594,150</u>	<u>37,437</u>
EXPENDITURES			
General government:			
Services and supplies	<u>500</u>	<u>116</u>	<u>384</u>
Community support:			
Services and supplies	89,849	-	89,849
Capital outlay	<u>590,000</u>	<u>86,929</u>	<u>503,071</u>
Total Community Support	<u>679,849</u>	<u>86,929</u>	<u>592,920</u>
Total Expenditures	<u>680,349</u>	<u>87,045</u>	<u>593,688</u>
NET CHANGE IN FUND BALANCES	(123,636)	507,105	631,125
FUND BALANCES, JULY 1	<u>532,217</u>	<u>656,919</u>	<u>124,702</u>
FUND BALANCES, JUNE 30	<u>\$ 408,581</u>	<u>\$ 1,164,024</u>	<u>\$ 755,827</u>

MAJOR ENTERPRISE FUND

Sewer Operations Fund

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

NONMAJOR ENTERPRISE FUND

Development Services Fund

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

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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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Licenses and permits:			
Miscellaneous	\$ 219,843	\$ 216,889	\$ (2,954)
Charges for services:			
Sewer charges	19,731,763	19,634,864	(96,899)
Total Operating Revenues	<u>19,951,606</u>	<u>19,851,753</u>	<u>(99,853)</u>
OPERATING EXPENSES			
Salaries and wages	2,565,764	2,115,634	450,130
Employee benefits	1,230,965	1,069,549	161,416
Services and supplies	9,963,117	8,481,667	1,481,450
Depreciation	4,810,000	5,497,273	(687,273)
Total Operating Expenses	<u>18,569,846</u>	<u>17,164,123</u>	<u>1,405,723</u>
OPERATING INCOME (LOSS)	<u>1,381,760</u>	<u>2,687,630</u>	<u>1,305,870</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	486,618	391,375	(95,243)
Interest expense	(1,602,238)	(1,539,573)	62,665
Miscellaneous	154,762	368,755	213,993
Net loss from Truckee Meadows Water Reclamation Facility	(799,035)	(1,703,685)	(904,650)
Total Nonoperating Revenue (Expenses)	<u>(1,759,893)</u>	<u>(2,483,128)</u>	<u>(723,235)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(378,133)</u>	<u>204,502</u>	<u>582,635</u>
CAPITAL CONTRIBUTIONS			
Sewer connection fees	291,069	589,860	298,791
TRANSFERS			
Transfers in	-	15,339	15,339
Transfers out	(4,087)	(4,087)	-
Total Transfers	<u>(4,087)</u>	<u>11,252</u>	<u>15,339</u>
CHANGE IN NET ASSETS	<u>\$ (91,151)</u>	<u>805,614</u>	<u>\$ 896,765</u>
NET ASSETS, JULY 1, as originally reported		182,333,515	
Prior Period Adjustment		(723,480)	
NET ASSETS, JULY 1, as restated		<u>181,610,035</u>	
NET ASSETS, JUNE 30		<u>\$ 182,415,649</u>	

**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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Licenses and permits:			
Building permits	\$ 539,479	\$ 1,007,658	\$ 468,179
Other	4,469	12,845	8,376
Charges for services:			
Building and zoning fees	835,900	824,105	(11,795)
Other	79,235	169,105	89,870
Total Operating Revenues	<u>1,459,083</u>	<u>2,013,713</u>	<u>554,630</u>
OPERATING EXPENSES			
Salaries and wages	891,249	717,398	173,851
Employee benefits	490,358	315,227	175,131
Services and supplies	636,859	431,482	205,377
Depreciation	19,000	5,724	13,276
Total Operating Expenses	<u>2,037,466</u>	<u>1,469,831</u>	<u>567,635</u>
OPERATING INCOME (LOSS)	<u>(578,383)</u>	<u>543,882</u>	<u>1,122,265</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	7,000	8,244	1,244
Miscellaneous	4,668	2,378	(2,290)
Gain (loss) on disposition of assets	-	(5)	(5)
Total Nonoperating Revenues (Expenses)	<u>11,668</u>	<u>10,617</u>	<u>(1,051)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(566,715)</u>	<u>554,499</u>	<u>1,121,214</u>
TRANSFERS			
Transfers in	267,559	-	(267,559)
Transfers out	(24,525)	(24,525)	-
Total Transfers	<u>243,034</u>	<u>(24,525)</u>	<u>(267,559)</u>
CHANGE IN NET ASSETS	<u>\$ (323,681)</u>	<u>529,974</u>	<u>\$ 853,655</u>
NET ASSETS, JULY 1, as originally reported		182,809	
Prior Period Adjustment		<u>47,530</u>	
NET ASSETS, JULY 1, as restated		<u>230,339</u>	
NET ASSETS, JUNE 30		<u>\$ 760,313</u>	

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, 2012**

	Motor Vehicle Maintenance	Office Service and Supply	Group Insurance Self-Insurance
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 4,138,414	\$ 105,317	\$ 4,597,785
Accounts receivable	3,165	-	57,739
Due from other funds	48,305	-	-
Deposits	-	-	6,673
Inventory of supplies	219,586	-	-
Total Current Assets	4,409,470	105,317	4,662,197
NONCURRENT ASSETS			
CAPITAL ASSETS:			
Construction in progress	85,823	-	-
Buildings	359,444	-	-
Site improvements	245,445	-	-
Machinery and equipment	20,314,387	151,830	-
	21,005,099	151,830	-
Less: Accumulated depreciation	14,806,917	140,506	-
Total Noncurrent Assets	6,198,182	11,324	-
Total Assets	10,607,652	116,641	4,662,197
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	91,409	1,050	6,668
Accrued liabilities	17,694	-	834,899
Contracts payable	-	-	-
Unearned revenue	-	-	21,117
Due to other governments	6,781	-	-
Due to other funds	336	104,264	-
Current portion of long-term liabilities	599,155	-	-
Total Current Liabilities	715,375	105,314	862,684
LONG-TERM LIABILITIES:			
Capital lease (net of current portion)	1,292,535	-	-
Compensated absences (net of current portion)	64,444	-	-
Net OPEB obligation	66,900	-	-
Sick leave conversion payable (net of current portion)	26,950	-	-
Total Long-Term Liabilities	1,450,829	-	-
Total Liabilities	2,166,204	105,314	862,684
NET ASSETS			
Invested in capital assets, net of related debt	4,306,492	11,324	-
Restricted for claims	-	-	3,799,513
Unrestricted	4,134,956	3	-
Total Net Assets	\$ 8,441,448	\$ 11,327	\$ 3,799,513

Workers' Compensation Insurance	Municipal Self-Insurance	Totals
\$ 7,027,591	\$ 2,549,588	\$ 18,418,695
14,273	-	75,177
-	-	48,305
10,000	-	16,673
-	-	219,586
<u>7,051,864</u>	<u>2,549,588</u>	<u>18,778,436</u>
-	-	85,823
-	-	359,444
-	-	245,445
-	-	20,466,217
-	-	21,156,929
-	-	14,947,423
-	-	6,209,506
<u>7,051,864</u>	<u>2,549,588</u>	<u>24,987,942</u>
4,805	652	104,584
3,616,930	-	4,469,523
-	15,500	15,500
-	-	21,117
-	-	6,781
-	-	104,600
-	-	599,155
<u>3,621,735</u>	<u>16,152</u>	<u>5,321,260</u>
-	-	1,292,535
-	-	64,444
-	-	66,900
-	-	26,950
-	-	1,450,829
<u>3,621,735</u>	<u>16,152</u>	<u>6,772,089</u>
-	-	4,317,816
3,430,129	2,533,436	9,763,078
-	-	4,134,959
<u>\$ 3,430,129</u>	<u>\$ 2,533,436</u>	<u>\$ 18,215,853</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, 2012**

	<u>Motor Vehicle Maintenance</u>	<u>Office Service and Supply</u>	<u>Group Insurance Self-Insurance</u>
OPERATING REVENUES			
Charges for services	\$ 3,578,884	\$ 5,148	\$ 7,799,310
Miscellaneous	35,301	-	3,819
Total Operating Revenues	<u>3,614,185</u>	<u>5,148</u>	<u>7,803,129</u>
OPERATING EXPENSES			
Salaries and wages	395,034	-	-
Employee benefits	214,971	-	-
Services and supplies	1,496,920	32,638	7,878,253
Depreciation	771,496	1,315	-
Total Operating Expenses	<u>2,878,421</u>	<u>33,953</u>	<u>7,878,253</u>
OPERATING INCOME (LOSS)	<u>735,764</u>	<u>(28,805)</u>	<u>(75,124)</u>
NONOPERATING REVENUES (EXPENSES)			
Grants	235,488	-	-
Interest revenue	36,997	116	37,386
Interest expense	(115,560)	-	-
Miscellaneous	3,494	-	-
Gain (loss) on disposition of assets	(112,035)	-	-
Total Nonoperating Revenues (Expenses)	<u>48,384</u>	<u>116</u>	<u>37,386</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>784,148</u>	<u>(28,689)</u>	<u>(37,738)</u>
CAPITAL CONTRIBUTIONS			
Vehicles	157,935	-	-
TRANSFERS			
Transfers out	-	(104,264)	-
CHANGE IN NET ASSETS	<u>942,083</u>	<u>(132,953)</u>	<u>(37,738)</u>
NET ASSETS, JULY 1, as originally reported	7,451,060	144,280	3,837,251
Prior Period Adjustment	48,305	-	-
NET ASSETS, JULY 1, as restated	<u>7,499,365</u>	<u>144,280</u>	<u>3,837,251</u>
NET ASSETS, JUNE 30	<u>\$ 8,441,448</u>	<u>\$ 11,327</u>	<u>\$ 3,799,513</u>

Workers' Compensation Insurance	Municipal Self-Insurance	Totals
\$ 514,587	\$ 400,162	\$ 12,298,091
-	40,278	79,398
<u>514,587</u>	<u>440,440</u>	<u>12,377,489</u>
-	-	395,034
-	-	214,971
664,701	678,303	10,750,815
-	-	772,811
<u>664,701</u>	<u>678,303</u>	<u>12,133,631</u>
<u>(150,114)</u>	<u>(237,863)</u>	<u>243,858</u>
-	-	235,488
67,415	23,796	165,710
-	-	(115,560)
-	-	3,494
-	-	(112,035)
<u>67,415</u>	<u>23,796</u>	<u>177,097</u>
<u>(82,699)</u>	<u>(214,067)</u>	<u>420,955</u>
-	-	157,935
-	-	(104,264)
<u>(82,699)</u>	<u>(214,067)</u>	<u>474,626</u>
3,512,828	2,747,503	17,692,922
-	-	48,305
<u>3,512,828</u>	<u>2,747,503</u>	<u>17,741,227</u>
<u>\$ 3,430,129</u>	<u>\$ 2,533,436</u>	<u>\$ 18,215,853</u>

**CITY OF SPARKS, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 1 OF 2)**

	<u>Motor Vehicle Maintenance</u>	<u>Office Service and Supply</u>	<u>Group Insurance Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,575,719	\$ 5,148	\$ 7,771,908
Cash received from reimbursements of insurance claims	-	-	3,819
Cash paid to employees	(603,829)	-	-
Cash paid to suppliers	(1,461,043)	73,415	(7,988,249)
Miscellaneous cash receipts	38,795	-	-
	<u>1,549,642</u>	<u>78,563</u>	<u>(212,522)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(104,264)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital lease obligations	(572,695)	-	-
Interest expense on capital lease obligations	(115,560)	-	-
Proceeds from sale of capital assets	66,970	-	-
Acquisition of capital assets	(626,373)	(8,744)	-
	<u>(1,247,658)</u>	<u>(8,744)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	36,997	116	37,386
	<u>338,981</u>	<u>(34,329)</u>	<u>(175,136)</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,799,433</u>	<u>139,646</u>	<u>4,772,921</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 4,138,414</u>	<u>\$ 105,317</u>	<u>\$ 4,597,785</u>
Comprised of:			
Unrestricted	<u>\$ 4,138,414</u>	<u>\$ 105,317</u>	<u>\$ 4,597,785</u>

Workers' Compensation Insurance	Municipal Self-Insurance	Totals
\$ 500,314	\$ 400,162	\$ 12,253,251
-	40,278	44,097
-	-	(603,829)
(1,049,801)	(674,960)	(11,100,638)
-	-	38,795
<u>(549,487)</u>	<u>(234,520)</u>	<u>631,676</u>
-	-	(104,264)
-	-	(572,695)
-	-	(115,560)
-	-	66,970
-	-	(635,117)
-	-	(1,256,402)
<u>67,415</u>	<u>23,796</u>	<u>165,710</u>
(482,072)	(210,724)	(563,280)
<u>7,509,663</u>	<u>2,760,312</u>	<u>18,981,975</u>
<u>\$ 7,027,591</u>	<u>\$ 2,549,588</u>	<u>\$ 18,418,695</u>
<u>\$ 7,027,591</u>	<u>\$ 2,549,588</u>	<u>\$ 18,418,695</u>

**CITY OF SPARKS, NEVADA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 2 OF 2)**

	Motor Vehicle Maintenance	Office Service and Supply	Group Insurance Self-Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 735,764	\$ (28,805)	\$ (75,124)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:			
Depreciation	771,496	1,315	-
Miscellaneous cash receipts	3,494	-	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(3,165)	-	(48,675)
Prepays	-	301	-
Due from other governments	-	-	21,273
Inventory of supplies	9,022	447	-
Increase (decrease) in:			
Accounts payable	34,842	1,041	511
Accrued liabilities	(2,328)	-	(124,301)
Compensated absences	2,215	-	-
Net OPEB obligation	6,289	-	-
Contracts payable	-	-	-
Unearned revenue	-	-	13,794
Due to other governments	(8,323)	104,264	-
Due to other funds	336	-	-
	813,878	107,368	(137,398)
Net Cash Provided by (Used for) Operating Activities	\$ 1,549,642	\$ 78,563	\$ (212,522)
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions of capital assets from other funds	\$ 10,000	\$ -	\$ -
Capital asset contributions - federal grant and other	\$ 383,423	\$ -	\$ -
Book value of capital asset disposals	\$ 31,830	\$ -	\$ -

Workers' Compensation Insurance	Municipal Self-Insurance	Totals
\$ (150,114)	\$ (237,863)	\$ 243,858
-	-	772,811
-	-	3,494
(14,273)	-	(66,113)
-	-	301
-	-	21,273
-	-	9,469
4,502	(11,289)	29,607
(389,602)	-	(516,231)
-	-	2,215
-	-	6,289
-	15,500	15,500
-	-	13,794
-	(868)	95,073
-	-	336
<u>(399,373)</u>	<u>3,343</u>	<u>387,818</u>
<u>\$ (549,487)</u>	<u>\$ (234,520)</u>	<u>\$ 631,676</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,423</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,830</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services:			
Equipment rent	\$ 3,679,573	\$ 3,578,884	\$ (100,689)
Miscellaneous	<u>60,000</u>	<u>35,301</u>	<u>(24,699)</u>
Total Operating Revenues	<u>3,739,573</u>	<u>3,614,185</u>	<u>(125,388)</u>
OPERATING EXPENSES			
Salaries and wages	450,372	395,034	55,338
Employee benefits	231,023	214,971	16,052
Services and supplies	1,795,969	1,496,920	299,049
Depreciation	<u>1,085,000</u>	<u>771,496</u>	<u>313,504</u>
Total Operating Expenses	<u>3,562,364</u>	<u>2,878,421</u>	<u>683,943</u>
OPERATING INCOME (LOSS)	<u>177,209</u>	<u>735,764</u>	<u>558,555</u>
NONOPERATING REVENUES (EXPENSES)			
Grants	972,343	235,488	(736,855)
Interest revenue	30,000	36,997	6,997
Interest expense	(115,560)	(115,560)	-
Miscellaneous	-	3,494	3,494
Gain (loss) on disposition of assets	<u>-</u>	<u>(112,035)</u>	<u>(112,035)</u>
Total Nonoperating Revenues (Expenses)	<u>886,783</u>	<u>48,384</u>	<u>(838,399)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,063,992	784,148	(279,844)
CAPITAL CONTRIBUTIONS			
Vehicles	<u>-</u>	<u>157,935</u>	<u>157,935</u>
CHANGE IN NET ASSETS	<u>\$ 1,063,992</u>	<u>942,083</u>	<u>\$ (121,909)</u>
NET ASSETS, JULY 1		7,451,060	
Prior Period Adjustment		<u>48,305</u>	
NET ASSETS, JULY 1, as restated		<u>7,499,365</u>	
NET ASSETS, JUNE 30		<u>\$ 8,441,448</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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services:			
Reproduction sales	\$ 21,000	\$ 5,148	\$ (15,852)
OPERATING EXPENSES			
Services and supplies	85,672	32,638	53,034
Depreciation	1,000	1,315	(315)
Total Operating Expenses	86,672	33,953	52,719
OPERATING INCOME (LOSS)	(65,672)	(28,805)	36,867
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	300	116	(184)
INCOME (LOSS) BEFORE TRANSFERS	(65,372)	(28,689)	36,683
TRANSFERS:			
Transfers out	-	(104,264)	(104,264)
CHANGE IN NET ASSETS	\$ (65,372)	(132,953)	\$ (67,581)
NET ASSETS, JULY 1		144,280	
NET ASSETS, JUNE 30		\$ 11,327	

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, 2012

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services:			
Other	\$ 7,728,335	\$ 7,799,310	\$ 70,975
Miscellaneous:			
Reimbursement from insurance claims	100,000	3,819	(96,181)
Total Operating Revenues	7,828,335	7,803,129	(25,206)
OPERATING EXPENSES			
Employee benefits	1,580,100	-	1,580,100
Services and supplies	7,529,135	7,878,253	(349,118)
OPERATING INCOME (LOSS)	(1,280,900)	(75,124)	1,205,776
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	30,000	37,386	7,386
CHANGE IN NET ASSETS	\$ (1,250,900)	(37,738)	\$ 1,213,162
NET ASSETS, JULY 1		3,837,251	
NET ASSETS, JUNE 30		\$ 3,799,513	

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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services:			
Contributions and reimbursements	\$ 400,020	\$ 514,587	\$ 114,567
OPERATING EXPENSES			
Services and supplies	<u>1,906,873</u>	<u>664,701</u>	<u>1,242,172</u>
OPERATING INCOME (LOSS)	(1,506,853)	(150,114)	1,356,739
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	<u>50,000</u>	<u>67,415</u>	<u>17,415</u>
CHANGE IN NET ASSETS	<u>\$ (1,456,853)</u>	(82,699)	<u>\$ 1,374,154</u>
NET ASSETS, JULY 1		<u>3,512,828</u>	
NET ASSETS, JUNE 30		<u>\$ 3,430,129</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, 2012**

	Final Budget	Actual	Variance
OPERATING REVENUES			
Charges for services:			
Interfund services provided	\$ -	\$ 400,162	\$ 400,162
Miscellaneous:			
Reimbursement from insurance claims	400,157	40,278	(359,879)
Total Operating Revenues	400,157	440,440	40,283
OPERATING EXPENSES			
Services and supplies	1,373,675	678,303	695,372
OPERATING INCOME (LOSS)	(973,518)	(237,863)	735,655
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	20,000	23,796	3,796
CHANGE IN NET ASSETS	\$ (953,518)	(214,067)	\$ 739,451
NET ASSETS, JULY 1		2,747,503	
NET ASSETS, JUNE 30		\$ 2,533,436	

AGENCY FUNDS

Sick Leave Retirement Trust Fund

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

Post Employment Medical Benefits Trust Fund

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

Truckee Meadows Water Reclamation Facility

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

Regional Transportation Commission Road Impact Fund

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

Marina Special Assessment District 2 (Refunding)

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

Others

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

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

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CITY OF SPARKS, NEVADA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 1 OF 2)

	<u>BALANCE JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2012</u>
Sick Leave Retirement Trust Fund				
Assets:				
Cash and investments	\$ 77,954	\$ 572,880	\$ 581,205	\$ 69,629
Liabilities:				
Group insurance premiums payable	\$ 77,954	\$ 572,880	\$ 581,205	\$ 69,629
Post Employment Medical Benefits Trust Fund				
Assets:				
Cash and investments	\$ 445,041	\$ 176,418	\$ 119,180	\$ 502,279
Liabilities:				
Group insurance premiums payable	\$ 445,041	\$ 176,418	\$ 119,180	\$ 502,279
Truckee Meadows Water Reclamation Facility				
Assets:				
Cash and investments	\$ 3,691,813	\$ 16,259,480	\$ 16,641,118	\$ 3,310,175
Liabilities:				
Due to other governments	\$ 3,691,813	\$ 16,259,480	\$ 16,641,118	\$ 3,310,175
Regional Transportation Commission Road Impact Fund				
Assets:				
Cash and investments	\$ 64,965	\$ 149,858	\$ 186,442	\$ 28,381
Liabilities:				
Due to other governments	\$ 64,965	\$ 149,858	\$ 186,442	\$ 28,381
Marina Special Assessment District 2 (Refunding)				
Assets:				
Cash and investments	\$ 600,723	\$ 831,594	\$ 268,483	\$ 1,163,834
Liabilities:				
Due to special assessment bond holders	\$ 600,723	\$ 831,594	\$ 268,483	\$ 1,163,834

CITY OF SPARKS, NEVADA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(PAGE 2 OF 2)

	<u>BALANCE JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2012</u>
Mesa Meadows Landscape Maintenance Fund				
Assets:				
Cash and investments	\$ 6,672	\$ 54,544	\$ 52,455	\$ 8,761
Liabilities:				
Accounts payable	\$ 6,672	\$ 54,544	\$ 52,455	\$ 8,761
Promontory Landscape Maintenance Fund				
Assets:				
Cash and investments	\$ 7,619	\$ 16,209	\$ 14,126	\$ 9,702
Liabilities:				
Accounts payable	\$ 7,619	\$ 16,209	\$ 14,126	\$ 9,702
Triple Crown Landscape Maintenance Fund				
Assets:				
Cash and investments	\$ 64,081	\$ 47,874	\$ 29,352	\$ 82,603
Liabilities:				
Accounts payable	\$ 64,081	\$ 47,874	\$ 29,352	\$ 82,603
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 4,958,868	\$ 18,108,857	\$ 17,892,361	\$ 5,175,364
Liabilities:				
Accounts payable	\$ 78,372	\$ 118,627	\$ 95,933	\$ 101,066
Group insurance premiums payable	522,995	749,298	700,385	571,908
Due to special assessment bond holders	600,723	831,594	268,483	1,163,834
Due to other governments	3,756,778	16,409,338	16,827,560	3,338,556
Total Liabilities	\$ 4,958,868	\$ 18,108,857	\$ 17,892,361	\$ 5,175,364

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

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

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

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

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

FISCAL YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
GOVERNMENTAL ACTIVITIES				
Invested in capital assets, net of related debt	\$ 244,417,862	\$ 248,628,684	\$ 240,120,081	\$ 231,945,948
Restricted	51,091,604	54,408,668	52,436,068	29,215,548
Unrestricted	(103,676,095)	(106,405,447)	(99,397,357)	(92,013,116)
Total	<u>\$ 191,833,371</u>	<u>\$ 196,631,905</u>	<u>\$ 193,158,792</u>	<u>\$ 169,148,380</u>
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets, net of related debt	\$ 117,872,586	\$ 116,663,143	\$ 114,408,011	\$ 110,657,125
Restricted	-	-	-	-
Unrestricted	64,634,725	65,174,839	66,681,450	70,313,937
Total	<u>\$ 182,507,311</u>	<u>\$ 181,837,982</u>	<u>\$ 181,089,461</u>	<u>\$ 180,971,062</u>
PRIMARY GOVERNMENT				
Invested in capital assets, net of related debt	\$ 362,290,448	\$ 365,291,827	\$ 354,528,092	\$ 342,603,073
Restricted	51,091,604	54,408,668	52,436,068	29,215,548
Unrestricted	(39,041,370)	(41,230,608)	(32,715,907)	(21,699,179)
Total	<u>\$ 374,340,682</u>	<u>\$ 378,469,887</u>	<u>\$ 374,248,253</u>	<u>\$ 350,119,442</u>

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
11,302,280	30,290,646	6,973,294	9,919,552	10,494,184	11,664,759
<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
45,149,581	40,062,574	39,325,348	36,564,776	38,401,261	36,954,864
<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
56,451,861	70,353,220	46,298,642	46,484,328	48,895,445	48,619,623
<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 TEN FISCAL YEARS
(UNAUDITED)
(PAGE 1 OF 2)**

FISCAL YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
EXPENSES			
Governmental Activities:			
General government	\$ 8,817,144	\$ 10,025,892	\$ 9,446,502
Judicial	2,054,034	2,158,409	2,304,226
Public safety	37,286,519	36,969,841	41,712,851
Public works	14,071,989	14,151,854	14,700,661
Culture and recreation	9,149,895	9,899,309	11,237,024
Community support	2,473,833	3,206,527	6,101,231
Intergovernmental	-	-	-
Interest on long-term debt	13,480,497	12,860,069	12,398,040
	<u>87,333,911</u>	<u>89,271,901</u>	<u>97,900,535</u>
Total Governmental Activities Expenses			
Business-type Activities:			
Sewer	20,399,005	21,680,905	22,979,230
Development services	1,468,521	1,653,448	2,636,060
Special events	-	-	-
	<u>21,867,526</u>	<u>23,334,353</u>	<u>25,615,290</u>
Total Business-type Activities Expenses			
Total Primary Government Expenses			
	<u>\$ 109,201,437</u>	<u>\$ 112,606,254</u>	<u>\$ 123,515,825</u>
PROGRAM REVENUES			
Governmental Activities:			
Charges for services			
General government	\$ 11,607,851	\$ 11,639,553	\$ 12,791,944
Judicial	1,032,788	1,317,073	1,327,287
Public safety	880,505	2,014,994	801,870
Public works	2,835,071	2,695,408	2,622,887
Sanitation	15,330	-	30,852
Culture, recreation, and community support	5,295,120	4,114,266	4,217,444
Operating grants, interest, and contributions	1,940,111	2,445,242	2,095,270
Capital grants, interest, and contributions	6,441,089	16,900,744	20,097,164
	<u>30,047,865</u>	<u>41,127,280</u>	<u>43,984,718</u>
Total Governmental Activities Program Revenues			
Business-type Activities:			
Charges for services			
Sewer	19,851,753	18,827,593	18,523,097
Development services	2,013,713	1,410,322	1,463,498
Special events	-	-	-
Operating grants, interest, and contributions	-	-	-
Capital grants, interest, and contributions	589,860	797,086	1,993,711
	<u>22,455,326</u>	<u>21,035,001</u>	<u>21,980,306</u>
Total Business-type Activities Program Revenues			
Total Primary Government Program Revenues			
	<u>52,503,191</u>	<u>62,162,281</u>	<u>65,965,024</u>
NET (EXPENSE) / REVENUE			
Governmental activities	(57,286,046)	(48,144,621)	(53,915,817)
Business-type activities	587,800	(2,299,352)	(3,634,984)
	<u>(56,698,246)</u>	<u>(50,443,973)</u>	<u>(57,550,801)</u>
Total Primary Government Net (Expense) / Revenue			

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

	2009	2008	2007	2006	2005	2004	2003
\$	14,777,036	\$ 12,403,133	\$ 11,661,238	\$ 12,156,255	\$ 9,625,324	\$ 9,153,412	\$ 8,379,716
	2,260,022	2,206,087	2,128,779	2,013,727	1,814,240	1,720,763	1,811,743
	41,632,067	41,422,094	39,316,933	34,084,232	31,373,930	26,938,058	26,712,617
	11,447,145	10,871,899	10,870,053	7,309,418	8,757,905	6,263,297	6,803,781
	11,814,474	11,339,107	9,170,899	9,095,585	7,825,036	7,810,429	7,791,320
	96,486,490	3,260,995	2,864,022	3,311,641	3,011,600	2,595,730	2,550,303
	-	-	-	-	416,923	422,947	443,658
	11,611,485	3,014,307	3,445,090	2,480,467	2,699,667	2,691,635	2,763,810
	<u>190,028,719</u>	<u>84,517,622</u>	<u>79,457,014</u>	<u>70,451,325</u>	<u>65,524,625</u>	<u>57,596,271</u>	<u>57,256,948</u>
	22,541,333	22,943,578	18,588,132	18,931,299	14,694,015	13,590,809	11,733,196
	4,356,655	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>26,897,988</u>	<u>30,358,906</u>	<u>27,389,252</u>	<u>27,965,824</u>	<u>23,158,626</u>	<u>20,192,600</u>	<u>16,876,121</u>
\$	<u>216,926,707</u>	<u>\$ 114,876,528</u>	<u>\$ 106,846,266</u>	<u>\$ 98,417,149</u>	<u>\$ 88,683,251</u>	<u>\$ 77,788,871</u>	<u>\$ 74,133,069</u>
\$	13,540,898	\$ 13,082,445	\$ 14,245,717	\$ 12,063,050	\$ 11,716,921	\$ 10,597,587	\$ 10,070,963
	1,162,867	1,212,838	1,255,761	1,252,547	1,083,290	1,064,400	1,134,150
	674,869	714,749	909,204	643,101	604,971	481,780	428,796
	2,675,642	2,433,410	2,546,119	3,318,461	2,117,045	982,914	729,376
	93,775	141,100	250,063	500,839	331,357	191,367	77,415
	4,459,484	4,197,229	4,530,880	6,131,004	4,326,339	4,357,605	4,062,919
	1,395,463	1,652,886	3,246,249	2,572,872	2,344,694	940,472	713,485
	12,625,105	9,299,281	13,285,210	19,748,867	26,582,066	15,544,228	2,399,411
	<u>36,628,103</u>	<u>32,733,938</u>	<u>40,269,203</u>	<u>46,230,741</u>	<u>49,106,683</u>	<u>34,160,353</u>	<u>19,616,515</u>
	18,101,886	15,905,011	13,933,305	14,120,743	11,258,773	10,628,393	9,399,465
	3,545,235	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
	3,508,720	12,836,482	7,163,970	19,080,067	16,299,322	11,993,176	8,611,626
	<u>25,155,841</u>	<u>34,467,959</u>	<u>28,234,233</u>	<u>43,300,887</u>	<u>34,255,391</u>	<u>29,534,669</u>	<u>23,626,958</u>
	61,783,944	67,201,897	68,503,436	89,531,628	83,362,074	63,695,022	43,243,473
	(153,400,616)	(51,783,684)	(39,187,811)	(24,220,584)	(16,417,942)	(23,435,918)	(37,640,433)
	(1,742,147)	4,109,053	844,981	15,335,063	11,096,765	9,342,069	6,750,837
\$	<u>(155,142,763)</u>	<u>\$ (47,674,631)</u>	<u>\$ (38,342,830)</u>	<u>\$ (8,885,521)</u>	<u>\$ (5,321,177)</u>	<u>\$ (14,093,849)</u>	<u>\$ (30,889,596)</u>

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

FISCAL YEAR ENDED JUNE 30,

	2012	2011	2010
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental Activities:			
Taxes:			
Ad valorem	\$ 23,935,797	\$ 25,692,651	\$ 29,194,703
Special assessments - taxes	1,895,243	1,960,106	28,130,914
Consolidated	17,513,809	16,725,697	16,582,397
Other	11,119,363	11,418,369	9,518,119
Unrestricted interest income	367,254	475,772	1,575,591
Other	480,804	(4,471,332)	(7,462,151)
Transfers	13,273	(183,529)	(2,403,664)
	<u>55,325,543</u>	<u>51,617,734</u>	<u>75,135,909</u>
Business-type Activities:			
Unrestricted investment income	399,619	382,358	1,114,003
Other	371,133	299,956	235,716
Transfers	(13,273)	183,529	2,403,664
	<u>757,479</u>	<u>865,843</u>	<u>3,753,383</u>
Total Primary Government Activities	<u>\$ 56,083,022</u>	<u>\$ 52,483,577</u>	<u>\$ 78,889,292</u>
CHANGE IN NET ASSETS			
Governmental activities	\$ (1,960,503)	\$ (5,668,312)	\$ 26,991,288
Business-type activities	1,345,279	1,453,643	1,454,031
Total Primary Government Change in Net Assets	<u>\$ (615,224)</u>	<u>\$ (4,214,669)</u>	<u>\$ 28,445,319</u>

* Initial year of implementation of GASB 34.

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
\$ 30,028,590	\$ 27,817,931	\$ 25,508,556	\$ 21,998,015	\$ 20,077,848	\$ 19,303,817	\$ 19,652,713
-	-	-	-	-	-	-
18,521,203	22,526,073	25,167,648	25,719,825	23,021,373	20,287,910	18,257,975
6,413,406	4,801,416	4,793,754	4,447,060	4,148,903	3,953,980	3,281,885
3,667,677	3,426,124	3,639,015	1,564,429	1,221,372	460,924	590,669
3,972,094	4,649,354	18,574,607	973,423	852,325	894,738	1,159,339
(9,423,035)	(1,188,211)	210,965	57,351	(1,184,293)	(752,917)	(3,237,769)
<u>53,179,935</u>	<u>62,032,687</u>	<u>77,894,545</u>	<u>54,760,103</u>	<u>48,137,528</u>	<u>44,148,452</u>	<u>39,704,812</u>
1,399,026	2,358,845	2,016,700	956,483	853,287	238,203	524,448
335,532	1,760,475	918,415	492,111	409,131	184,368	52,488
9,423,035	1,188,211	(210,965)	(57,351)	1,184,293	752,917	3,237,769
<u>11,157,593</u>	<u>5,307,531</u>	<u>2,724,150</u>	<u>1,391,243</u>	<u>2,446,711</u>	<u>1,175,488</u>	<u>3,814,705</u>
<u>\$ 64,337,528</u>	<u>\$ 67,340,218</u>	<u>\$ 80,618,695</u>	<u>\$ 56,151,346</u>	<u>\$ 50,584,239</u>	<u>\$ 45,323,940</u>	<u>\$ 43,519,517</u>
\$ (735,882)	\$ (91,367,929)	\$ 26,110,861	\$ 15,572,292	\$ 23,916,944	\$ 27,730,510	\$ 16,268,894
7,522,609	3,565,384	6,833,203	2,236,224	17,781,774	12,272,253	13,156,774
<u>\$ 6,786,727</u>	<u>\$ (87,802,545)</u>	<u>\$ 32,944,064</u>	<u>\$ 17,808,516</u>	<u>\$ 41,698,718</u>	<u>\$ 40,002,763</u>	<u>\$ 29,425,668</u>

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

	<u>2012</u>	<u>2011⁽²⁾</u>	<u>2010</u>	<u>2009</u>
GENERAL FUND				
Reserved	\$ -	\$ -	\$ 103,542	\$ 145,056
Unreserved				
Designated	-	-	3,569,096	4,787,612
Undesignated	-	-	1,180,678	1,428,367
Nonspendable	1,268	788	-	-
Restricted	13,571	346,058	-	-
Assigned	2,153,036	1,336,536	-	-
Unassigned	4,324,416	5,161,421	-	-
Total General Fund (1)	<u>\$ 6,492,291</u>	<u>\$ 6,844,803</u>	<u>\$ 6,361,035</u>	<u>\$ 6,361,035</u>
 ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Designated in:				
Special Revenue Funds	-	-	3,042,768	1,817,197
Debt Service Funds	-	-	17,203,646	20,778,418
Capital Projects Funds	-	-	10,689,211	17,217,241
Undesignated in:				
Special Revenue Funds	-	-	2,020,507	99,033
Debt Service Funds	-	-	2,777,260	1,107,955
Capital Projects Funds	-	-	7,885,152	6,166,558
Restricted	36,390,477	35,551,672	-	-
Committed	837,136	692,616	-	-
Assigned	3,523,829	4,559,865	-	-
Total All Other Governmental Funds(1)	<u>\$ 40,751,442</u>	<u>\$ 40,804,153</u>	<u>\$ 43,618,544</u>	<u>\$ 47,186,402</u>

Notes:

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

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

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

2008	2007	2006	2005	2004	2003
\$ 2,339,619	\$ 3,251,155	\$ 3,434,378	\$ 5,203,587	\$ 1,450,673	\$ 498,685
2,946,258	4,653,106	8,443,190	6,959,190	-	-
-	1,671,937	-	1,803,775	7,994,961	6,022,154
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,285,877</u>	<u>\$ 9,576,198</u>	<u>\$ 11,877,568</u>	<u>\$ 13,966,552</u>	<u>\$ 9,445,634</u>	<u>\$ 6,520,839</u>

\$ -	\$ -	\$ -	\$ 34	\$ 360	\$ 35,641
2,745,928	3,371,213	6,181,326	2,215,820	155,921	80,639
5,846,639	5,335,046	5,431,376	5,205,804	5,684,406	5,535,995
14,734,728	13,062,564	24,848,717	8,614,637	1,567,567	1,329,045
6,445	3,273,881	143,770	(54,181)	2,162,883	1,188,106
190,173	403,389	1,807	9,831	9,804	90,699
4,284,574	27,587,271	1,321,426	1,710,006	8,416,384	10,837,827
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,808,487</u>	<u>\$ 53,033,364</u>	<u>\$ 37,928,422</u>	<u>\$ 17,701,951</u>	<u>\$ 17,997,325</u>	<u>\$ 19,097,952</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES				
Taxes	\$ 27,612,851	\$ 29,467,590	\$ 32,410,994	\$ 31,274,738
Licenses and permits	13,721,762	13,238,303	13,669,551	14,689,530
Intergovernmental revenues	31,605,381	31,505,744	29,576,686	27,967,425
Charges for services	6,303,327	7,168,837	8,147,497	8,506,396
Fines and forfeits	707,145	923,884	965,408	994,119
Miscellaneous	1,624,222	2,187,918	2,240,126	6,238,845
	<u>81,574,688</u>	<u>84,492,276</u>	<u>87,010,262</u>	<u>89,671,053</u>
Total Revenues				
EXPENDITURES				
General government*	9,538,767	9,303,631	9,766,563	15,469,427
Judicial	1,972,078	2,060,499	2,087,748	2,106,624
Public safety	35,869,222	35,178,504	37,207,229	37,831,695
Public works	6,274,814	7,983,441	9,028,720	8,401,507
Culture and recreation	6,501,064	6,990,564	7,952,673	9,048,897
Community support	1,619,322	2,011,557	5,188,476	95,685,899
Intergovernmental	259,051	295,331	378,557	522,230
Capital outlay	3,228,900	5,672,383	14,080,842	31,682,011
Debt service:				
Principal	5,665,000	5,120,000	5,375,177	3,022,679
Interest	10,068,803	10,427,468	11,808,027	10,115,441
Other	95,907	148,273	517,375	2,543,061
	<u>81,092,928</u>	<u>85,191,651</u>	<u>103,391,387</u>	<u>216,429,471</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>481,760</u>	<u>(699,375)</u>	<u>(16,381,125)</u>	<u>(126,758,418)</u>
OTHER FINANCING SOURCES (USES)				
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	4,699,972	4,911,833	7,109,022	10,650,405
Transfers out	(4,582,435)	(5,095,362)	(8,562,739)	(11,220,378)
Prior period adjustment	(1,004,520)	-	3,160,503	-
	<u>(886,983)</u>	<u>(123,529)</u>	<u>11,305,548</u>	<u>147,211,490</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>\$ (405,223)</u>	<u>\$ (822,904)</u>	<u>\$ (5,075,577)</u>	<u>\$ 20,453,072</u>
Debt service as a percentage of noncapital expenditures	<u>20.2%</u>	<u>19.6%</u>	<u>19.2%</u>	<u>7.1%</u>

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

2008	2007	2006	2005	2004	2003
\$ 28,978,465	\$ 27,628,757	\$ 24,741,997	\$ 22,019,098	\$ 21,198,341	\$ 21,218,737
14,683,887	15,862,116	15,390,351	12,856,436	10,656,286	9,644,559
28,457,097	34,112,864	32,048,098	29,552,798	25,409,324	23,185,205
10,038,096	7,691,212	6,678,271	5,978,656	5,443,839	4,715,075
1,030,249	1,072,402	1,056,471	921,692	894,260	952,456
3,222,787	3,632,831	3,914,795	2,893,545	2,723,992	2,862,722
<u>86,410,581</u>	<u>90,000,182</u>	<u>83,829,983</u>	<u>74,222,225</u>	<u>66,326,042</u>	<u>62,578,754</u>
12,925,180	12,417,105	11,932,956	9,763,943	9,005,519	8,009,616
2,102,867	2,100,592	2,026,228	1,810,052	1,715,984	1,714,866
38,668,242	37,993,570	34,273,230	29,927,321	26,834,340	24,995,326
8,347,228	9,190,042	7,149,800	6,778,104	5,562,863	6,484,145
9,379,399	8,399,860	8,007,456	7,143,175	7,163,624	6,893,527
2,376,365	2,001,009	2,449,286	2,315,369	2,053,403	1,843,223
555,090	602,197	558,961	416,923	422,947	443,658
35,791,802	16,863,538	6,624,529	8,281,367	7,560,902	8,013,900
3,022,746	3,497,151	4,451,982	6,035,419	4,148,879	5,846,579
2,674,877	3,169,166	2,399,181	2,531,367	2,676,377	2,841,737
219,354	240,970	97,155	101,604	82,043	2,007
<u>116,063,150</u>	<u>96,475,200</u>	<u>79,970,764</u>	<u>75,104,644</u>	<u>67,226,881</u>	<u>67,088,584</u>
<u>(29,652,569)</u>	<u>(6,475,018)</u>	<u>3,859,219</u>	<u>(882,419)</u>	<u>(900,839)</u>	<u>(4,509,830)</u>
-	18,192,789	-	-	2,123	1,152
-	1,527,600	375,400	3,749,413	202,380	192,941
-	22,040,000	14,475,000	1,790,177	-	-
-	-	-	-	8,010,000	1,762,000
-	(20,611,718)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,875,000)	-
10,469,999	15,351,278	6,122,455	8,313,548	4,678,542	5,676,377
(10,332,628)	(17,221,359)	(6,694,587)	(9,428,044)	(5,293,038)	(6,830,168)
-	-	-	682,869	-	-
<u>137,371</u>	<u>19,278,590</u>	<u>14,278,268</u>	<u>5,107,963</u>	<u>2,725,007</u>	<u>802,302</u>
<u>\$ (29,515,198)</u>	<u>\$ 12,803,572</u>	<u>\$ 18,137,487</u>	<u>\$ 4,225,544</u>	<u>\$ 1,824,168</u>	<u>\$ (3,707,528)</u>
<u>7.1%</u>	<u>8.4%</u>	<u>9.3%</u>	<u>12.8%</u>	<u>11.4%</u>	<u>14.7%</u>

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

FISCAL YEAR ENDED JUNE 30,	REAL PROPERTY ASSESSED VALUE				PERSONAL PROPERTY ASSESSED VALUE
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	
2012	\$ 1,297,586,987	\$ 485,223,299	\$ 335,130,418	\$ 134,354,569	\$ 4,905,887
2011	1,438,907,544	466,143,248	326,211,878	128,602,963	4,809,693
2010	1,631,892,071	492,034,961	336,335,074	141,731,139	4,715,385
2009	2,064,362,454	518,466,654	331,729,137	154,562,665	4,622,926
2008	1,952,803,244	401,235,400	344,528,709	141,011,115	4,511,962
2007	1,637,749,459	395,203,852	317,640,029	136,903,955	4,297,107
2006	1,314,892,808	336,266,276	293,993,232	117,474,546	9,951,907
2005	1,073,744,711	314,293,924	289,049,407	112,590,201	11,930,179
2004	950,408,335	316,365,059	287,195,375	105,877,098	13,071,442
2003	888,464,133	318,529,025	292,541,246	102,794,494	13,963,433

Source: Washoe County Assessor

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

LESS: TAX EXEMPT PROPERTY	TAXABLE ASSESSED VALUE	ESTIMATED ACTUAL VALUE	PERCENTAGE OF TAXABLE VALUE TO ACTUAL VALUE	TOTAL DIRECT TAX RATE
\$ 153,036,305	\$ 2,104,164,855	\$ 6,011,899,585	35.00%	0.9161
142,328,445	2,222,443,075	6,349,837,357	35.00%	0.9161
134,931,327	2,471,871,611	7,062,490,316	35.00%	0.9161
127,744,539	2,945,999,297	8,417,140,849	35.00%	0.9161
134,654,704	2,709,435,726	7,741,244,931	35.00%	0.9161
132,477,745	2,359,316,657	6,740,904,734	35.00%	0.9161
120,227,640	1,952,351,129	5,578,146,083	35.00%	0.9161
112,510,777	1,689,097,645	4,825,993,271	35.00%	0.9161
107,078,725	1,565,838,584	4,473,824,526	35.00%	0.9361
109,597,505	1,506,694,826	4,304,842,360	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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
CITY OF SPARKS DIRECT RATE				
Operating Rate	0.6672	0.6672	0.6672	0.6372
Voter Approved	0.1105	0.1105	0.1105	0.1105
Legislative Overrides	0.1384	0.1384	0.1384	0.1284
Debt Service	-	-	-	0.0400
Total City of Sparks Direct Rate	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>
OVERLAPPING RATES				
Washoe County	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385
Washoe Regional Water Planning Board/Special Districts	0.0000	0.0005	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>2.7002</u>	<u>2.7007</u>	<u>2.7006</u>	<u>2.7006</u>
Total City of Sparks Property Tax Rate	<u><u>3.6163</u></u>	<u><u>3.6168</u></u>	<u><u>3.6167</u></u>	<u><u>3.6167</u></u>
REDEVELOPMENT AGENCY OF THE CITY OF SPARKS	<u><u>3.1336</u></u>	<u><u>3.2075</u></u>	<u><u>3.2294</u></u>	<u><u>3.2525</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.

2008	2007	2006	2005	2004	2003
0.6372	0.6372	0.6272	0.6172	0.6372	0.5916
0.1105	0.1105	0.1105	0.1105	0.1105	0.1105
0.1284	0.1284	0.1284	0.1284	0.1284	0.1003
0.0400	0.0400	0.0500	0.0600	0.0600	0.0629
<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9161</u>	<u>0.9361</u>	<u>0.8653</u>
1.3917	1.3917	1.3917	1.3817	1.3453	1.2705
1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
0.0004	0.0005	0.0005	0.0004	0.0005	0.0005
0.1700	0.1700	0.1700	0.1700	0.1500	0.1500
<u>2.7006</u>	<u>2.7007</u>	<u>2.7007</u>	<u>2.6906</u>	<u>2.6343</u>	<u>2.5595</u>
<u><u>3.6167</u></u>	<u><u>3.6168</u></u>	<u><u>3.6168</u></u>	<u><u>3.6067</u></u>	<u><u>3.5704</u></u>	<u><u>3.4248</u></u>
<u><u>3.6167</u></u>	<u><u>3.6168</u></u>	<u><u>3.6168</u></u>	<u><u>3.6067</u></u>	<u><u>3.5704</u></u>	<u><u>3.4248</u></u>

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

TAXPAYER	2012			2003		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	RANK	PERCENT OF TOTAL ASSESSED VALUATION
Sparks Legends Development	\$ 41,670,787	1	1.98%	\$ -	-	-
Prologois NA3 LLC	34,373,297	2	1.63%	-	-	0.00%
Northwestern Mutual Life Insurance Co.	15,216,384	3	0.72%	15,132,570	3	1.00%
Prime Park Vista LLC	13,783,552	4	0.66%	-	-	-
Inland American Sparks Crossing	13,003,244	5	0.62%	-	-	-
Sparks Galleria Investors LLC	12,060,599	6	0.57%	-	-	-
Sparks Family Hospital	11,995,455	7	0.57%	-	-	-
US INST Real Est Equities LP	10,168,138	8	0.48%	-	-	-
Prologois NA3 NV LLC	9,929,937	9	0.47%	-	-	-
Sparks Nugget Inc.	9,802,063	10	0.47%	33,416,166	1	2.22%
Dermody Industrial Group	-	-	-	24,214,595	2	1.61%
Security Capital Industrial Trust	-	-	-	11,836,397	4	0.79%
Lincoln Parkview LP	-	-	-	11,233,020	5	0.75%
Prologis Trust	-	-	-	10,903,006	6	0.72%
Utah State Retirement Investment Fund	-	-	-	10,072,901	7	0.67%
Marshall Mall Associates	-	-	-	9,147,331	8	0.61%
DP Industrial,LLC	-	-	-	7,344,349	9	0.49%
Sparks Reno Partnership Limited	-	-	-	6,282,313	10	0.42%
Total, Ten Largest Taxpayers	172,003,456		8.17%	139,582,648		9.26%
Total, Other Taxpayers	1,932,161,399		91.83%	1,367,112,178		90.74%
Total Assessed Valuations	\$2,104,164,855		100.00%	\$1,506,694,826		100.00%

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	
2012	\$ 21,867,752	\$ 21,720,508	99.33%	\$ -	\$ 21,720,508	99.33%	
2011	23,635,725	23,309,474	98.62%	235,921	23,545,395	99.62%	
2010	26,557,900	26,036,651	98.04%	473,492	26,510,143	99.82%	
2009	27,308,204	26,605,426	97.43%	663,886	27,269,312	99.86%	
2008	25,041,290	24,353,835	97.25%	677,496	22,791,530	91.02%	
2007	22,887,429	22,692,847	99.15%	155,186	22,848,033	99.83%	
2006	19,944,392	19,825,891	99.41%	118,501	19,944,392	100.00%	
2005	20,147,175	20,077,848	99.66%	69,229	20,147,077	100.00%	
2004	19,273,159	18,923,232	98.18%	349,827	19,273,059	100.00%	
2003	19,115,128	19,077,393	99.80%	37,632	19,115,025	100.00%	

Note: Property taxes are collected by the City and remitted periodically throughout the fiscal year. Delinquent tax collections paid to the City in the current year are allocated to the year levied for this presentation.

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

GENERAL BONDED DEBT

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION		REDEVELOPMENT		TOTAL GENERAL BONDED DEBT	PERCENTAGE OF ACTUAL PROPERTY VALUE (a)	PER CAPITA (b)
	BONDS	NOTES	BONDS	NOTES			
2012	\$ 4,770,000	\$ -	\$61,675,488	\$ -	\$ 66,445,488	1.11%	\$ 719.87
2011	5,610,000	-	64,542,058	-	70,152,058	1.05%	759.41
2010	6,415,000	-	67,468,628	-	73,883,628	0.82%	734.59
2009	7,725,000	-	60,972,256	-	68,697,256	0.42%	357.31
2008	8,855,000	-	23,905,000	-	32,760,000	0.52%	390.78
2007	9,955,000	-	25,000,000	-	34,955,000	0.64%	418.37
2006	2,390,000	-	26,395,000	7,035,000	35,820,000	0.82%	484.55
2005	3,190,000	1,625,000	27,725,000	7,035,000	39,575,000	1.01%	573.49
2004	3,945,000	3,250,000	28,990,000	8,797,000	44,982,000	1.05%	603.18
2003	4,655,000	4,875,000	30,200,000	5,662,000	45,392,000	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.

OTHER GOVERNMENTAL ACTIVITIES DEBT		BUSINESS TYPE ACTIVITIES				
REVENUE BONDS	CAPITAL LEASES	SEWER UTILITY BONDS	SEWER UTILITY NOTES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME (b)	PER CAPITA (b)
\$ 121,953,240	\$ 1,891,690	\$42,785,394	\$ 9,049,464	\$ 242,125,276	1.34%	\$ 2,623.19
123,674,746	2,464,385	46,060,110	9,680,647	252,031,946	1.41%	2,728.29
124,766,252	3,011,794	47,391,756	10,292,425	259,345,855	1.26%	2,828.41
124,684,114	3,576,062	44,443,986	10,607,736	252,009,154	1.11%	2,694.78
15,425,177	4,332,661	45,485,848	11,606,160	109,609,846	0.51%	1,195.52
15,885,178	5,542,427	40,170,551	12,089,873	108,643,029	0.54%	1,214.58
16,265,177	4,836,973	35,251,877	10,311,302	102,485,329	0.53%	1,197.01
1,790,177	6,341,629	30,907,062	4,563,076	83,176,944	0.47%	1,018.41
-	3,220,590	29,157,908	-	77,360,498	0.46%	986.30
-	3,622,092	22,007,510	-	71,021,602	0.48%	943.75

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**CITY OF SPARKS, NEVADA
GENERAL OBLIGATION DIRECT
AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

NAME OF GOVERNMENT UNIT	GENERAL OBLIGATION DEBT OUTSTANDING	PRESENTLY SELF-SUPPORTING GENERAL OBLIGATION DEBT	PERCENT APPLICABLE (a)	APPLICABLE NET DEBT
Direct:				
City of Sparks:				
Governmental Activity Bonds	\$ 4,770,000	\$ -	100.00%	\$ 4,770,000
Sewer Utility Bonds	42,785,394	42,785,394	100.00%	-
Total Direct Debt	47,555,394	42,785,394		4,770,000
Overlapping:				
Washoe County School District	499,990,000	-	100.00%	499,990,000
Reno-Sparks Convention & Visitors Authority	124,675,000	-	100.00%	124,675,000
State of Nevada	2,015,945,000	-	12.62%	254,412,259
Total Overlapping Debt	2,640,610,000	-		879,077,259
Total General Obligation Direct and Overlapping Debt	\$ 2,688,165,394	\$ 42,785,394		\$ 883,847,259

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, 2012

Assessed value of taxable property	<u>\$ 2,104,164,855</u>
Debt limit (20% of assessed value)	\$ 420,832,971
Debt applicable to limit:	
Governmental activities	188,398,728
Business-type activities	<u>42,785,394</u>
Total net debt applicable to limitation	<u>231,184,122</u>
Legal debt margin	<u>\$ 189,648,849</u>

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 420,832,971	\$ 444,469,376	\$ 494,355,461	\$ 589,199,859
Total net debt subject to limitation	<u>231,184,122</u>	<u>239,866,914</u>	<u>246,041,636</u>	<u>237,825,357</u>
Legal Debt Margin	<u>\$ 189,648,849</u>	<u>\$ 204,602,462</u>	<u>\$ 248,313,825</u>	<u>\$ 448,216,120</u>
Total net debt subject to limitation as a percentage of debt limit	<u>54.9%</u>	<u>54.0%</u>	<u>49.8%</u>	<u>40.4%</u>

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

2008	2007	2006	2005	2004	2003
\$ 541,887,145	\$ 471,863,339	\$ 416,381,898	\$ 369,215,796	\$ 344,207,008	\$ 330,067,193
93,671,025	91,010,728	78,491,102	76,729,028	77,590,881	64,195,941
<u>\$ 448,216,120</u>	<u>\$ 380,852,611</u>	<u>\$ 337,890,796</u>	<u>\$ 292,486,768</u>	<u>\$ 266,616,127</u>	<u>\$ 265,871,252</u>
<u>17.3%</u>	<u>19.3%</u>	<u>18.9%</u>	<u>20.8%</u>	<u>22.5%</u>	<u>19.4%</u>

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

FISCAL YEAR ENDED JUNE 30,	PLEDGED REVENUE (1)	LESS: OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE RATIOS
				PRINCIPAL	INTEREST	TOTAL	
SEWER UTILITY BONDS (3):							
2012	\$ 20,441,613	\$ 11,666,850	\$ 8,774,763	\$ 3,274,716	\$ 1,288,578	\$ 4,563,294	1.9
2011	19,542,426	12,398,442	7,143,984	2,877,236	1,380,953	4,258,189	1.7
2010	20,072,724	14,026,357	6,046,367	3,383,726	1,642,782	5,026,508	1.2
2009	21,035,781	14,014,230	7,021,551	3,980,586	1,781,264	5,761,850	1.2
2008	19,381,936	14,204,851	5,177,085	2,808,756	1,385,377	4,194,133	1.2
2007	18,141,126	11,944,393	6,196,733	1,766,263	1,121,948	2,888,211	2.1
2006	18,847,935	12,649,964	6,197,971	1,815,915	1,006,181	2,822,096	2.2
2005	24,168,685	9,022,286	15,146,399	1,174,758	939,626	2,114,384	7.2
2004	14,312,838	7,977,590	6,335,248	914,421	756,275	1,670,696	3.8
2003	12,864,439	7,211,630	5,652,809	817,661	561,234	1,378,895	4.1

Notes:

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

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

FISCAL YEAR ENDED JUNE 30,	POPULATION (1)	CITY AREA SQUARE MILES (6)	TOTAL PERSONAL INCOME (3)	PER CAPITA PERSONAL INCOME (3)	UNEMPLOYMENT RATE (4)
2012	92,302	35.81	\$ 18,007,804,626	\$ 42,490	11.8%
2011	90,264	35.81*	17,936,060,385	42,011	13.0%
2010	91,237	37.26	17,933,729,000	42,006	13.6%
2009	91,684	36.44	17,772,571,000	42,390	11.7%
2008	89,449	35.41	18,724,280,000	44,936	6.5%
2007	87,846	34.11	18,660,662,000	45,446	4.4%
2006	85,618	33.50	17,557,946,000	44,089	4.0%
2005	81,673	31.90	17,863,759,000	42,219	3.9%
2004	78,435	28.15	16,698,039,000	40,646	4.3%
2003	75,255	26.94	14,947,328,000	37,370	4.7%

* Copper Canyon Annexation detached to Washoe County FY 11

Sources:

- (1) State of Nevada, Demographer's Office estimate for 2012. Population for 2011 was adjusted for US Census data.
- (2) City of Sparks, Revenue Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, 2003-2010, for Reno/Sparks Metropolitan Area; Estimated for 2011 & 2012 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

PUBLIC SCHOOL ENROLLMENT (5)	BUSINESS LICENSES ISSUED (2)	TOTAL CONSTRUCTION PERMITS (6)		TOTAL CONSTRUCTION VALUE (6)
18,401	6,084	2,463	\$	110,712,242
17,862	4,956	1,763		60,711,375
17,197	6,592	2,007		56,625,109
18,168	6,850	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

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

EMPLOYER	March, 2012			March, 2003		
	(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)

FUNCTION:	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government	69.5	69.5	77	62
Judicial	15	15	17	17
Public safety	235	235	249	322
Public works	22	22	42	50
Culture and recreation	140	140.5	172.5	156.3
Community support	0	0	0	0
Utilities	82	82	86	118
Development Services	15.5	15.5	5	10
	<u>579</u>	<u>579.5</u>	<u>648.5</u>	<u>735.3</u>
Total	<u><u>579</u></u>	<u><u>579.5</u></u>	<u><u>648.5</u></u>	<u><u>735.3</u></u>

Source: City of Sparks Financial Services Department

2008	2007	2006	2005	2004	2003
73	78.7	102.0	77.0	73.5	72.0
17	18.5	18.0	17.0	18.0	18.0
322	351.7	305.0	289.0	298.0	286.5
50	61.0	42.0	53.0	48.0	49.5
156	207.8	67.0	63.0	71.2	79.6
0	0.0	1.0	1.0	1.5	1.5
118	109.8	145.0	107.0	93.5	92.5
10	11.0	11.0	9.0	10.0	10.0
746.0	838.5	691.0	616.0	613.7	609.6

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

FUNCTION / PROGRAM:	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government				
Business licenses issued (3)	6,084	4,956	6,592	6,850
Judicial: (1)				
Municipal Court Cases Filed:				
Misdemeanor, non-traffic	1,999	2,320	2,575	2,404
Traffic and parking violations	4,945	7,618	8,297	8,079
Public Safety				
Police: (5)				
Number of sworn personnel	105	105	116	116
Number of cases	11,598	12,400	14,422	17,177
Calls for service	79,568	77,554	81,531	86,066
Fire: (6)				
Number of firefighters	87	89	89	91
Emergency responses	8,831	8,198	7,698	7,610
Average response time (minutes)	5.4	4.9	5.0	4.9
Public Works (7)				
Labor hours for graffiti removal	1,369	1,854	2,025	2,060
Pounds of material used for filling potholes	154,592	N/R	N/R	N/R
Tons of sand used during snow removal	187	452	1,098	964
Pounds of material used for pavement				
crack sealing	152,445	168,147	171,817	168,448
Street sweeper operator miles	1,372	700	698	690
Culture and Recreation (8)				
Adult softball league number of participants	69,436	65,839	69,942	73,647
Before and after school program enrollment	14,302	12,010	12,087	12,844
Community "Fun Run" number of participants	1,885	1,739	1,820	1,994
Utilities				
Sewer residential accounts (3)	28,975	28,794	28,669	28,477
Sewer commercial accounts (3)	1,723	1,709	1,701	1,687
Annual sewage treatment (millions of gallons) (4)	9,626	8,406	9,716	10,237
Development Services (2)				
Building permits issued	2,463	1,763	2,007	2,579

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

2008	2007	2006	2005	2004	2003
6,999	6,714	6,474	6,276	6,335	6,100
1,949	2,291	2,045	2,354	5,724	5,859
8,426	9,115	7,267	11,305	10,265	11,205
118	111	108	107	100	95
18,049	18,672	17,815	17,519	18,007	18,018
89,978	92,001	88,821	80,322	78,431	83,396
108	114	114	112	96	95
7,829	7,834	7,241	6,600	6,016	5,772
5.0	4.6	5.3	5.1	5.1	5.1
2,456	2,111	1,690	1,475	998	674
70,319	41,835	106,525	169,663	58,515	39,237
1,263	626	919	2,863	570	293
202,304	209,458	227,451	350,768	231,159	198,268
670	662.0	587.0	577.6	556.4	544.5
73,239	83,118	78,840	72,776	92,626	88,376
16,108	15,707	13,588	13,828	12,970	11,186
2,062	2,351	2,005	1,744	1,519	1,061
28,342	27,243	26,092	25,142	24,124	22,786
1,656	1,627	1,549	1,526	1,503	1,489
10,744	10,292.3	10,502.8	10,578.8	10,457.4	10,784.0
3,636	4,544	6,067	4,959	5,263	6,107

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

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

FUNCTION / PROGRAM:	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government				
City owned facilities (1)	48	48	48	48
Number of networked computers (5)	352	400	463	463
Public Safety				
Police: (2)				
Marked police vehicles	29	29	29	29
Police motorcycles	5	5	6	6
Fire: (3)				
Fire stations	5	5	5	5
Fire engines	17	17	17	15
Public Works (1)				
Paved streets (miles)	656.0	656.0	656.0	652.0
Culture and Recreation (4)				
Parks	56	55	55	55
Acreage of parks - developed	697.7	697.0	583.0	577.9
Acreage of parks - undeveloped	591.0	587.0	697.7	699.7
Swimming pools - outdoors	1	2	2	2
Swimming pools - indoors	2	1	1	1
Athletic Fields - lighted	24	24	24	24
Athletic Fields - unlighted	28	28	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	34	21	21
Community centers	4	3	3	3
Rodeo arenas	1	1	1	1
Sand volleyball courts	10	10	10	10
Utilities (1)				
Sewer lines (miles)	346.8	344.8	345.8	337.1
Storm drains (miles)	248.6	247.3	246.0	231.6

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

2008	2007	2006	2005	2004	2003
48	45	38	35	32	32
463	484	434	414	411	392
29	29	27	31	32	33
5	5	5	5	5	5
5	5	5	5	4	4
15	15	15	15	15	15
665.0	662.0	612.0	600.0	587.0	556.4
55	53	53	52	52	51
576.0	434.5	434.8	431.6	431.6	430.4
419.0	561.4	564.3	564.3	564.3	115.0
2	2	2	2	2	2
1	1	1	1	1	1
24	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	21	22	20	20	20
3	3	2	2	2	2
1	1	1	1	1	1
10	6	6	6	6	6
327.4	309.3	294.0	244.1	235.7	230.0
211.3	179.3	118.0	112.1	105.2	102.3

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

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

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

We have audited 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, 2012, which collectively comprise the City of Sparks, Nevada's basic financial statements, and have issued our report thereon dated December 6, 2012. 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

Management of the City of Sparks, Nevada, is responsible for establishing and maintaining effective 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 deficiencies, 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 other deficiencies that we consider to be a significant deficiencies.

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 12-1 and 12-2 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 deficiencies described in findings 12-3 and 12-4 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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
December 6, 2012



**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, 2012. 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, 2012. 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 12-5 through 12-11.

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 12-5 through 12-11. *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 response 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
December 6, 2012

CITY OF SPARKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(Page 1 of 2)

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<u>U.S. Department of Housing and Urban Development</u>				
Direct Award				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants	14.218	B09MC320004	\$ 39,245	\$ -
Community Development Block Grants / Entitlement Grants	14.218	B10MC32004	510,914	15,000
Community Development Block Grants / Program Income	14.218	--	6,000	-
Total CDBG - Entitlement Grants Cluster			<u>556,159</u>	<u>15,000</u>
Economic Development Initiative - Special Project Grants	14.251	B-06-SP-NV-0701	<u>35,857</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>592,016</u>	<u>15,000</u>
<u>U.S. Department of Agriculture Forest Service</u>				
Pass-through from State of Nevada				
Nevada Division of Forestry				
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	WFM-0460-21HFE	<u>48,211</u>	<u>-</u>
Total U.S. Department of Agriculture Forest Service			<u>48,211</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Award				
Office of Justice Programs / Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	10BVP	<u>4,063</u>	<u>-</u>
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0646	<u>545,409</u>	<u>-</u>
Organized Crime Drug Enforcement Task Force				
State and Local Overtime and Authorized Expense Program	16.Unknown	PA-NV-0230	<u>549</u>	<u>-</u>
U.S. Marshals Service				
Operation Burning Man	16.Unknown	42012954008	<u>1,760</u>	<u>-</u>
Sex Offender Compliance Sweep	16.Unknown	FWB3000F	<u>4,699</u>	<u>-</u>
Joint Law Enforcement Operations Task Force	16.Unknown	JLEO-12-0378	<u>3,784</u>	<u>-</u>
Pass-through from State of Nevada				
Department of Human Resources, Division of Child & Family Services				
Enforcing Underage Drinking Laws Program	16.727	JUVDRINK	<u>10,279</u>	<u>-</u>
ARRA - Stop Violence Against Women	16.588	2010-STOP-04	23,975	-
ARRA - Stop Violence Against Women	16.588	2011-STOP-04	<u>25,799</u>	<u>-</u>
			49,774	-
Pass-through from City of Reno				
Edward Byrne Memorial Justice Assistance Grant Program Cluster	16.738	2010-DJ-BX-1058	<u>30,952</u>	<u>-</u>
ARRA - Edward Byrne Memorial Justice Competitive Grant Program	16.808	2009-SB-B9-2006	<u>36,188</u>	<u>-</u>
Project Safe Neighborhoods	16.609	10-PSN-04	<u>2,508</u>	<u>-</u>
Protecting Inmantes and Safeguarding Communities Discretionary Grant	16.735	L208004-02011	3,134	-
Protecting Inmantes and Safeguarding Communities Discretionary Grant	16.735	L200016-02011	<u>6,331</u>	<u>-</u>
			9,465	-
Total U.S. Department of Justice			<u>699,430</u>	<u>-</u>

CITY OF SPARKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(Page 2 of 2)

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	PAYMENTS TO SUBRECIPIENTS
<u>U.S. Department of Transportation</u>				
Pass-through from State of Nevada				
Department of Public Safety, Office of Traffic Safety				
Highway Safety Cluster:				
State & Community Highway Safety	20.600	21-JF-1.21	\$ 12,397	\$ -
State & Community Highway Safety	20.600	21-JF-1.22	7,098	-
State & Community Highway Safety	20.602	21-JF-1.22	6,475	-
State & Community Highway Safety	20.609	21-JF-1.22	9,695	-
State & Community Highway Safety	20.601	21-JF-1.22	25,365	-
State & Community Highway Safety	20.600	29-EM-7	36,866	-
State & Community Highway Safety	20.600	22-408TR-5	14,005	-
Safety Belt Performance Grants	20.609	22-406PT-1.3	9,997	-
Total Highway Safety Cluster			<u>121,898</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Division of State Parks				
Recreational Trails Program	20.219	2010-13	30,119	-
Department of Transportation				
Highway Planning and Construction	20.205	P292-10-063	431,508	-
Department of Public Safety, Office of Traffic Safety				
State & Community Highway Safety	20.205	21-JF-1.22	6,167	-
Total Highway Planning and Construction Cluster			<u>467,794</u>	<u>-</u>
Pass-through from City of Reno				
National Motor Carrier Safety	20.218	FM-MHP-11-001-011837	36,272	-
Total U.S. Department of Transportation			<u>625,964</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>				
Direct Award				
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T29201-0	82,812	-
Total U.S. Environmental Protection Agency			<u>82,812</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Direct Award				
Assistance to Firefighters Grant	97.044	EMW-2010-FP-01001	56,819	-
Assistance to Firefighters Grant	97.044	EMW-2011-FO-03571	351,737	-
			<u>408,556</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>408,556</u>	<u>-</u>
<u>U.S. Department of Energy</u>				
Direct Award				
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0002933	5,669	-
Pass-through from State of Nevada				
Nevada State Office of Energy				
State Energy Program	81.041	13040	3,362	-
Total U.S. Department of Energy			<u>9,031</u>	<u>-</u>
<u>Executive Office of the President</u>				
Pass-through from Las Vegas Metropolitan Police Department				
High Intensity Drug Trafficking Areas Program	95.001	G11NV0001A	13,192	-
Total Executive Office of the President			<u>13,192</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,479,212</u>	<u>\$ 15,000</u>

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

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012.
- Significant deficiencies and material weaknesses 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 CircularA-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, 2012 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, 2012, as follows:
 - CDBG – Entitlement Grants Cluster:
 - Community Development Block Grants – CFDA 14.218
 - ARRA - Public Safety Partnership and Community Policing Grants – CFDA 16.710
 - Highway Planning and Construction Cluster:
 - Highway Planning and Construction Grants – CFDA 20.205
 - Recreational Trails Program Grants – CFDA 20.219
 - Assistance to Firefighters Grants – CFDA 97.044
- The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2012, was \$300,000.
- The City of Sparks, Nevada did not qualify as a low risk auditee for the year ended June 30, 2012 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, 2012**

Section II – Financial Statement Findings:

Significant Deficiency Considered a Material Weakness:

Finding 12-1: Capital Assets

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is reconciliation of accounts and supporting documentation to ensure proper reporting in the financial statements.
<i>Condition:</i>	The City of Sparks determined that certain construction in progress projects that have been accumulating over many years were projects with which the City did not have ownership of the assets.
<i>Effect:</i>	The City of Sparks' general ledger and supporting construction in progress disclosures required a material adjustment to the beginning of year construction in progress and net asset balances.
<i>Cause:</i>	Adequate communication between the Financial Services Department and the Community Services Department did not occur to identify the accuracy of construction in progress projects, specifically related to donated capital assets.
<i>Recommendation:</i>	We recommend the City's Financial Services Department and the Community Services Department establish a formal line of communication to discuss capital asset activity throughout the year. Specific communication should include discussion of the City of Sparks' construction in progress as well as donated capital assets.
<i>Management's Response:</i>	The City discovered and corrected the errors in the fixed assets system and has established regular meetings with the Community Services Department to discuss project status, including construction in progress and donated capital assets.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Significant Deficiency Considered a Material Weakness:

Finding 12-2: Employee Time Recording in the Accounting System

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is assurance and reconciliation of salaries and benefits to the proper fund.
<i>Condition:</i>	The City of Sparks determined that beginning with 2008, employees who performed maintenance duties for one fund began performing maintenance duties for multiple funds. This was not properly captured in the general ledger.
<i>Effect:</i>	The City of Sparks' general ledger required a material adjustment to the beginning of year fund balances and net assets for the cumulative effect of improper classification of salaries and benefits for the years ended June 30, 2008, 2009, 2010 and 2011.
<i>Cause:</i>	The payroll accounting system did not have the capability to record worked hours into multiple funds, and the City did not perform a review to identify and reclassify the salaries and benefits of employees who worked in multiple funds.
<i>Recommendation:</i>	We recommend the City's Financial Services Department either upgrade their payroll accounting system to provide the ability for employees to record their hours worked in multiple funds, or, as a part of the financial reporting process, reclassify the salaries and benefits of employees who worked in multiple funds to the proper fund.
<i>Management's Response:</i>	In cooperation with the Community Services Department, the Financial Services Department has corrected this error resulting from the discrepancy of duties being funded by incorrect Funds, and has implemented new time-keeping procedures. Specifically, a new payroll system was implemented on 07/02/2012 and employees have been instructed to note time and location worked in order to capture the information in the general ledger through the payroll process.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Significant Deficiency:

Finding 12-3: 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:

- Access to the Parks and Recreation RecTrac software properly provides for separate logins for each employee. However, the original logins, that were shared in prior years, have not been 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.
- City Works' Permits Plus software allows employees who processed cash receipts access rights to change the valuation of a permit in the system. The valuation adjustments are reviewed for reasonableness, however the person charged with the review of the permit adjustments also has the ability to change permit valuations.

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

- The Accounts Receivable and Accounts Payable models in Agresso that are not considered Batch Interface entries require secondary approval before posting. However, the entries can be altered after secondary approval and prior to posting.
- Batch Interface entries do not require secondary approval of batch postings.
- Journal entries posted by key City of Sparks Finance Department management personnel are posted without secondary review of those entries.
- Customer service counter employees have the access to adjust sewer billing amounts, and there is no secondary review of these adjustments.
- 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.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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 through which approvals are routed 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. The City believes that senior management personnel are capable of posting entries without the need for secondary review.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Significant Deficiency:

Finding 12-4: 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 identified variances from the City's general ledger for amounts that were not processed and/or posted in accordance with GAAP. These variances affected the year-end balances of the loss on sale/disposal of capital assets, capital outlay, current portion of note receivables, allowance for doubtful accounts, negative cash amounts, final budget figures, and grant match revenues. Our audit testing also resulted in reclassification adjustments to the City's general ledger to correctly report interest payable in the enterprise funds, receivables versus due from other governments. Kafoury, Armstrong & Co. assisted with the proper reporting of the capital asset disclosures, the current portion of notes receivable, and the conversion of the fund financial statements to the government-wide financial statements.

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 Financial Services Department personnel and must perform additional procedures to capture significant commitments and other information to determine complete financial statement disclosures.

Effect: The City's financial records required audit adjustments in order for the financial statements to be in accordance with GAAP.

Cause: Financial Services 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 completely and accurately in accordance with GAAP.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Recommendation:

We recommend the City's Financial Services 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 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 Financial Services 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, 2012**

Section III – Federal Award Findings and Questioned Costs:

U.S. Department of Housing and Urban Development:

Finding 12-5:

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

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

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

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

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Questioned Costs: Undeterminable. Inquiry performed of the two employees, and testing of requirements that those employees were responsible for, supports that both employees performed work related to the CDBG program.

Effect: Unallowable costs could be charged to the Federal program.

Cause: The City of Sparks did not have adequate procedures in place to ensure costs charged to the Federal program were supported by documentation that meets the standards to serve as certification by the employee or supervisory official.

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

Management's Response: The Financial Services Department has informed grant personnel assigned to work on Federal awards of this requirement, and will monitor future compliance.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

U.S. Department of Housing and Urban Development:

Finding 12-6:

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

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

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

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

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

Questioned Costs: None.

Effect: The Federal granting agency did not receive the information required to be reported.

Cause: The City of Sparks did not have adequate procedures in place to ensure that all reporting requirements were identified and adhered to.

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

Management's Response: The individual responsible for filing the HUD report contacted HUD, applied for an extension, and filed the required report by the extended deadline.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

U.S. Department of Housing and Urban Development:

Finding 12-7:

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

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

Criteria: Reports submitted to the Federal awarding agency should include all activity of the reporting period, should be supported by the underlying data records in the City’s accounting system, and should be fairly presented in accordance with program requirements.

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

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

Questioned Costs: None.

Effect: The Federal granting agency did not receive information that was supported by the underlying data records.

Cause: The City of Sparks did not have adequate procedures in place to ensure that all information submitted to the awarding agency was supported by the City’s accounting records.

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

Management’s Response: All reports from IDIS are reconciled to the general ledger annually and are documented. The Financial Services Department will complete a reconciliation of the IDIS system to the general ledger before the Community Services Department pulls informational reports from the IDIS system.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Finding 12-8:

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

Grant Award Number: Affects project number 2010-13 included under CFDA 20.219 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. To be allowable under Federal awards, costs must be adequately documented and be allocable to the Federal award.

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

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

Questioned Costs: None.

Effect: Unallowable costs may have been charged to the Federal program.

Cause: Review procedures at the City of Sparks were not sufficient to identify costs that were ineligible for reimbursement.

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

Management's Response: Staff turnover has resulted in untrained grant managers. Additional training will be obtained to prevent this from occurring in the future.

CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Finding 12-9:

Highway Planning and Construction Cluster:

Highway Planning and Construction, CFDA 20.205

Recreation Trails Program, CFDA 20.219

Grant Award Number: Affects grant award number P292-10-063 included under CFDA 20.205 on the Schedule of Expenditures of Federal Awards.

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

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

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

Questioned Costs: None.

Effect: Equipment purchased with Federal funds, but not identified as such, would be more likely to be misused or inappropriately disposed of.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Cause: Existing policies related to asset safeguarding and recording were not adhered to and assets were not identified to ensure that they were used for the program for which they were acquired.

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

Management's Response: The Financial Services Department is in the process of developing and implementing a regular inventory program. Included in this program will be the ability to identify assets acquired with grant funds and all associated activity.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Finding 12-10:

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

Grant Award Number: Affects grant award number P292-10-063 included under CFDA 20.205 on the Schedule of Expenditures of Federal Awards.

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

Condition and Context: We tested the City's procedures for entering into procurement contracts greater than \$25,000 for this program. The Fleet Management Department, who administers the grant identified above, relies on the City's Purchasing Department procedures for equipment contracts greater than \$25,000. Those procedures include obtaining a suspension and debarment certification. Procurement procedures for the equipment purchase tested were performed by a separate governmental entity. The Fleet Management Department personnel and the Purchasing Department personnel could not provide support that they had verified the contracted vendor was not a suspended or debarred party.

Questioned Costs: None.

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

Cause: Adequate procedures are not in place to ensure that the required suspension and debarment certifications are obtained for all covered vendor contracts and subawards, unless the contract is the result of a Request for Bid or Proposal solicited by the City.

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

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Management's Response: Staff turnover has resulted in untrained grant managers. Additional training will be obtained to prevent this from occurring in the future.

**CITY OF SPARKS, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

U.S. Department of Homeland Security:

Finding 12-11:

Assistance to Firefighters, CFDA 97.044

Grant Award Number: Affects award number EMW-2010-FP-01001 included under CFDA 97.044 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, are supported by the underlying accounting or performance records, and are presented in accordance with program requirements.

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

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

Questioned Costs: None.

Effect: Inaccurate information was reported to the Federal granting agency.

Cause: The City of Sparks did not have adequate reconciliation procedures in place to ensure that amounts included in the SF-425 Federal Financial Report were supported by the underlying accounting records.

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

Management's Response: Fire Department staff will coordinate with the Financial Services Department to assure that any financial reporting is reconciled to the general ledger.

**CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Prior Audit Findings for Federal Award Programs:

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

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.

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

Current Status: Corrective action was implemented for filing of the SF-425 for fiscal year 2012.

**CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

U.S. Department of Justice:

Finding 11-5:

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

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

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

The Section 1512 report for the quarter ended March 31, 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.

Auditor’s 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.

Current Status: Corrective action was implemented during fiscal year 2012.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

U.S. Department of Justice:

Finding 11-6:

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

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.

Auditor's 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.

Current Status: Corrective action was implemented during fiscal year 2012.

**CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

U.S. Department of Justice:

Finding 11-7:

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

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.

Auditor’s 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.

Current Status: Corrective action was implemented during fiscal year 2012.

CITY OF SPARKS, NEVADA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

U.S. Department of Justice:

Finding 11-8:

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

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.

Auditor's Recommendation: 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.

Current Status: Corrective action was implemented during fiscal year 2012.

**CITY OF SPARKS, NEVADA
AUDITOR'S COMMENTS
JUNE 30, 2012**

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 169-173.

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, 2012**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2011 (Base Year)	<u>\$ 759,553</u>
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Adjustment to Base:

Base year	
1. Percentage increase in population of the local government	(1.00)
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>3.20 2.20</u>

16,710

Adjusted Base at June 30, 2012	<u>776,263</u>
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Actual Revenue	<u>509,673</u>
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Amount over (under) allowable amount	<u><u>\$ (266,590)</u></u>
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Fee Calculated on a Percentage of Gross Revenue:

Adjusted base at June 30, 2011	\$ 2,840,821
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Percentage change in CPI	<u>1.032</u>
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Adjusted base at June 30, 2012	2,931,727
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Actual revenue	<u>3,084,427</u>
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Actual amount over (under) allowable amount	<u><u>\$ 152,700</u></u>
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