

BUDGET IN BRIEF

THE CITY OF SPARKS, NEVADA

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The City of Sparks Vision

To be a city which embraces the changing needs and expectations of our citizens through respect for people, preserving the small town atmosphere and creating a progressive, prosperous and safe community.

The City of Sparks Budget Year 2009-2010



Shaun Carey City
Manager

The City of Sparks develops its annual budget through a process involving participation of each city department, the Finance Department, the City Manager's Office, the City Council, and our citizens. The city budget is prepared in accordance with the requirements and guidelines of the State of Nevada.

The tentative budget was submitted to the State Department of Taxation on April 15, 2009, and presented to the City Council on April 24 with the City Managers final budget recommendations.

Subsequently, per state law, a public hearing is held on the third Tuesday in May, and the tentative budget, with any adjustments made by the Council, is adopted as the Final Budget which is submitted to the State Department of Taxation on or before June 1st.

Should the State Legislature make changes in any revenues sources used by the City of Sparks, the State will allow the city to file an amended budget, due 30 days after the adjournment of the session. At this time the State Legislature is still in

session and working to resolve an estimated shortfall of over \$3 billion dollars in revenue for the next biennium budget as reported by the State Economic Forum in May 2009.

I am proud to say that we continue to provide a satisfactory level of service to the citizens of Sparks, considering the unprecedented financial conditions and extensive budget cuts made in Fiscal Year 2008-2009.

Thanks to all the employee groups for helping with our budget shortfalls. Employee concessions, department cuts and contributions to the General Fund helped to cover our \$1.7 million dollars in budget cuts for Fiscal Year 2010.

Our Elected Officials



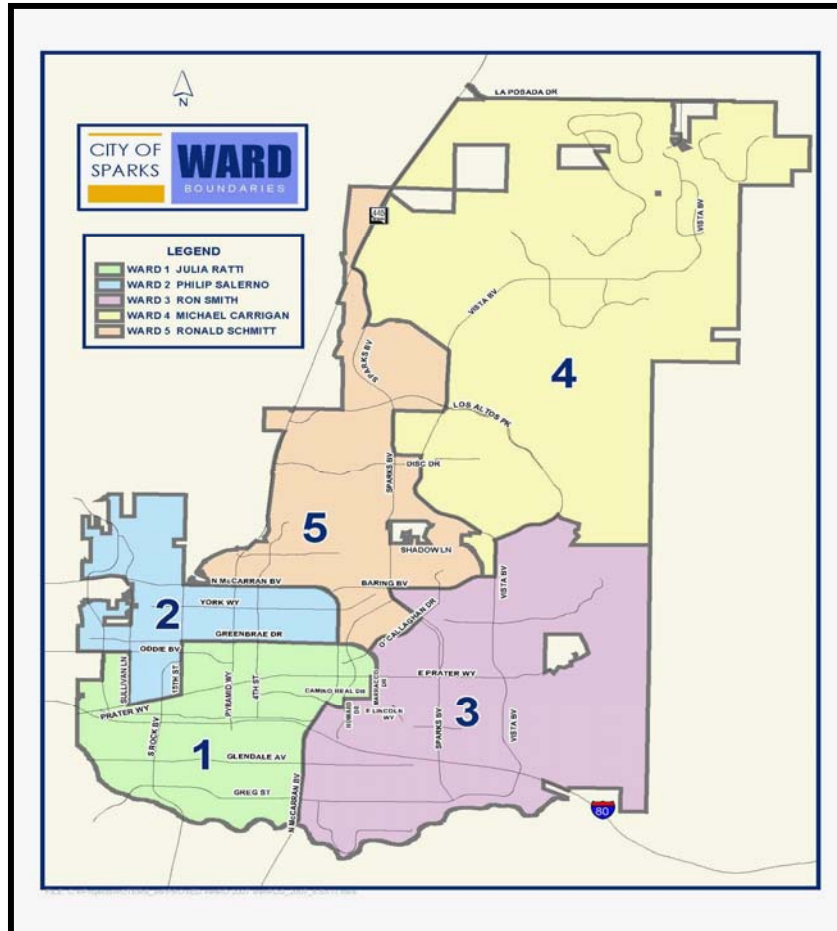
Mayor Geno Martini



Julia Ratti, Ward 1



Phil Salerno, Ward 2



Ron Smith, Ward 3



Mike Carrigan, Ward 4



Ron Schmitt, Ward 5



Chet Adams
City Attorney



Barbara McCarthy
Municipal Judge
Department 1

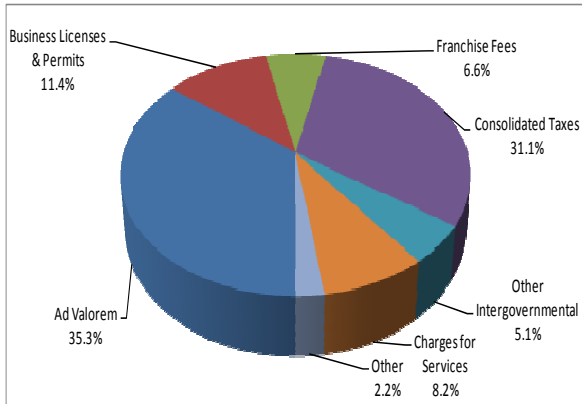


Jim Spoo
Municipal Judge
Department 2

The City of Sparks is located in Northwestern Nevada. Situated in the Truckee Meadows between the Carson and Virginia mountain ranges, the City encompasses 34.5 square miles. The current population is 91,596, making Sparks the fifth largest city in Nevada.

General Fund Sources of Revenue

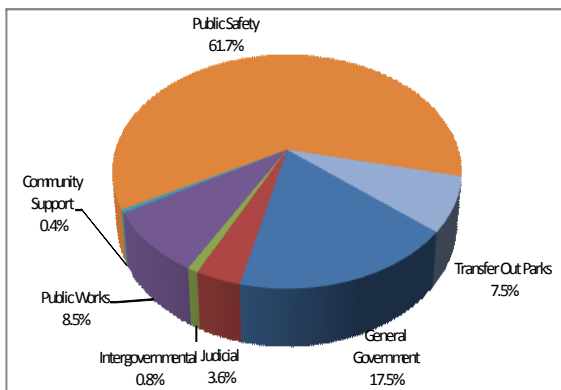
FY 2010 Revenues by Source



Revenues by Source	2009 Revenue	2010 Revenue	% Change
Ad Valorem	23,235,093	21,754,700	-6.37%
Business Licenses & Permits	7,023,917	7,028,917	0.07%
Franchise Fees	4,050,735	4,073,735	0.57%
Consolidated Taxes	18,464,652	19,175,000	3.85%
Other Intergovernmental	3,271,555	3,145,936	-3.84%
Charges for Services	5,400,994	5,063,629	-6.25%
Other	1,287,164	1,352,700	5.09%
Total Revenues	62,734,110	61,594,617	-1.82%

General Fund Expenses

FY 2010 Expenses by Function



Government Activity	2009 Expenses	2010 Expenses	% Change
General Government	12,725,361	10,589,620	-16.78%
Judicial	2,117,755	2,155,212	1.77%
Intergovernmental	537,492	502,577	-6.50%
Public Works	5,582,876	5,167,955	-7.43%
Community Support	280,773	266,802	-4.98%
Public Safety	38,457,159	37,341,785	-2.90%
Transfer Out Parks	4,578,000	4,533,000	-0.98%
Total Expenditures & Uses	64,279,416	60,556,951	-5.79%

(Note Bond Issuance Cost \$9.7 million removed for comparison purpose FY 2009)

Fund Accounting: The city uses funds to report its financial position as a result of its operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

General Fund: The General Fund is the largest fund and the general operating fund for the city. It accounts for all resources which are not required to be accounted for in another fund. The main sources of General Fund revenue are Sales Taxes 31%, Property Taxes or Ad Valorem 35%, and Business License & Permits 11%. The General Fund for the City of Sparks is primarily used to account for general government operations including, administration, public safety (police & fire) and public works.

Economic Challenges:

Northern Nevada has been hit hard by the economic downturn. Unemployment and housing foreclosures have out-pace the national averages. Consumer spending in Washoe County is down 18% from the same time in the prior year. The weak economy has had an impact on Consolidated Tax & Fair Share Tax distributions to the City of Sparks, currently projected to decline 18% from our budget in FY 2009. Property values have also declined in Washoe County 15%. With the after abatement adjustments, our projected property tax revenues are expected to decline 6.3%. Overall our fiscal 2010 revenue is projected to decrease 1.82%, but we do see signs of a slight recovery in fiscal 2011.

Due to declining revenues, the city has continued a hiring freeze and eliminated 35 position in January of 2009. Health insurance rates for city employees resulted in \$1 million dollar increase to the General Fund. Increase in retirement cost from (PERS) Public Employee Retirement System cost the city \$309 thousand dollars.

Currently the Nevada Legislature is in session and must tackle a \$3 billion dollar deficit. Several proposal are on the table including budget cuts, tax increases and shifts from current revenue distributions. Proposed changes to revenue distributions from the state could significantly reduce the City of Sparks sales and property tax revenues. Adjustments to the revenues will be budgeted by an amended budget when those changes are identified.

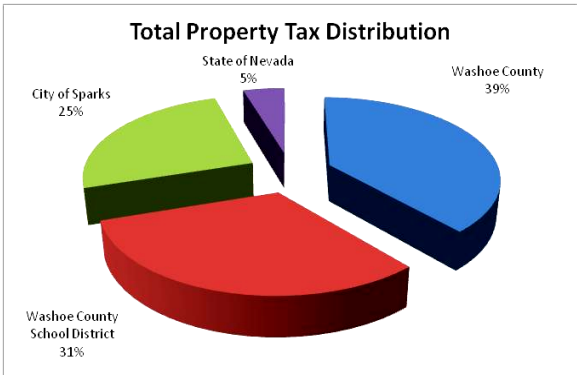
You & Your Property Taxes

One of the city's principle sources of revenue is property tax. The Washoe County Assessor's Office is responsible for discovery, listing, and valuation of all property, real and personal, subject to taxation with Washoe County, including property within the city's jurisdiction.

Property tax is assessed at 35% of the property's current taxable value. That value is derived from the appraised value of the land plus the current replacement cost of any improvements, less statutory depreciation. The total tax bill is then levied, per one-hundred dollars, against the assessed value of a property.

The City of Sparks receives only a portion of the total tax bill from the Washoe County Treasure. Other taxing jurisdictions also levy taxes on the residents of the City of Sparks. Of the total tax bill, City of Sparks receives only 25% as shown in the following chart.

Total Tax Rate		
	FY 2009	FY 2010
Washoe County	1.3917	1.3917
Washoe County School District	1.1385	1.1385
City of Sparks	0.9161	0.9161
State of Nevada	0.17	0.17
Tax Rate / \$100 of Assessed Value	3.6163	3.6163



Example of Tax Payable Calculation for 2010

	Overlapping Rate		City of Sparks Only	
Taxable Value of Property	\$	100,000	\$	100,000
Assessment Ratio		35 %		35 %
Assessed Valuation	\$	35,000	\$	35,000
Tax Rate/\$ 100 Assessed Value		3.6 163		0.91 61
Tax Payable	\$	1,266	\$	321