



Carson City, Nevada

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

YEAR ENDED JUNE 30, 2010

CARSON CITY, NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

Prepared by: Finance Department
Nick Providenti, Finance Director

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CARSON CITY, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION



CARSON CITY, NEVADA CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

December 21, 2010

Honorable Mayor,
Members of the Board of Supervisors
and the Citizens of Carson City:

The comprehensive annual financial report of Carson City for the fiscal year ended June 30, 2010, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that Carson City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kafoury, Armstrong & Co., Certified Public Accountants, have issued an unqualified opinion on Carson City's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Carson City is required to undergo an annual single audit in conformity with the provisions of Government Auditing Standards and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance, the schedule of findings and questioned costs and the summary schedule of prior audit findings are included in the compliance section.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Carson City's MD&A can be found immediately following the report of the independent auditors.

DEPARTMENT OF FINANCE

201 North Carson Street, Suite #3, Carson City, NV 89701 - (775) 887-2133 (775) 887-2107 fax

The financial reporting entity, Carson City, includes all the funds of the primary government (i.e., the Consolidated Municipality of Carson City as legally defined), as well as, all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Redevelopment Authority is reported as special revenue, debt service and capital project funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Carson City Convention and Visitors' Bureau and Airport Authority are reported as discretely presented component units.

THE CITY AND ITS GOVERNING BODY

Carson City is the capital city of the State of Nevada. Carson City was founded as a trading post in 1858 and incorporated February 25, 1875. Carson City is a combined City and County governmental entity formed by the consolidation of the City of Carson City and Ormsby County on July 19, 1969.

Carson City has a land area of 147 square miles and an estimated population of 56,506 as of July 1, 2010. The City is empowered to levy a property tax on both real and personal property located within its boundaries. Real and personal taxable property located within the City has an estimated market value of \$5,220,207,520 and an assessed value of \$1,827,072,632.

The City operates under what is commonly known as a "council-manager" form of government which was established by charter and adopted by the State Legislature. Under this form of government, Carson City is governed by a mayor and four supervisors who are elected at large, on a non-partisan basis, for overlapping four year terms. The Board of Supervisors is a policy-making board, appointing a city manager to oversee daily operations.

Carson City provides a full range of services including police and fire protection; sewer and water services; the construction and maintenance of highways, streets and infrastructure; and culture and recreational activities.

The City maintains several budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body in accordance with Nevada Revised Statutes Chapter 354, the Local Government Budget and Finance Act. Activities of the general fund, special revenue funds, capital projects funds, debt service funds, enterprise funds and internal service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level of which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund for governmental funds and the sum of operating and non-operating expenses in the proprietary funds.

LOCAL ECONOMY

Carson City is located in the Northwestern part of the State. Nevada's rate of growth in population had been one of the highest in the nation, but with the current economic downturn, this number is expected to moderate to remain flat for the next several years. Carson City has not experienced this same type of growth as the population actually decreased 2% when comparing July 1, 2009 to July 1, 2010. Looking at the past 5 years, Carson City's growth rate has averaged .3% per year. During the past year, Carson City experienced a general slow down in the real estate market, not unlike the region, the state and the nation. According to the Assessor's office, the average sales price of a home this year has fallen to around \$241,000. The average price in Carson City hit its peak this decade in 2006 with the average sales price around \$346,000.

The real estate slow down as well as the downturn in the auto industry has impacted sales tax revenues in Carson City as well as the region. As a result, actual general fund intergovernmental revenues, a significant portion of which are made up of sales tax revenues, were \$2.9 million less than the final budget. Planned expenditures were reduced during the fiscal year in response to this reduction in revenue. At the end of the current fiscal year, total fund balance of the general fund exceeded the final budget by \$1,460,779. This is the result of expenditure reductions in response to the reduction in revenues and an increased operating transfer in from the Stabilization Fund. Continued reductions in sales taxes are anticipated and continued reductions in expenditures are being evaluated. During FY 2002/2003, Carson City established the Stabilization Fund which may be used to offset reductions in tax revenues such as sales tax. In years in which growth in sales taxes was experienced, funds were transferred into the Stabilization Fund in order to build a reserve to buffer normal economic cycles. A transfer of \$3.5 million from the Stabilization Fund to the General Fund was recorded during FY 2009/2010 in order to maintain public service levels.

The assessed valuation of Carson City decreased slightly in FY 2009/2010, and because of the continued decline in real estate, the values decreased another 7.6 percent in FY 2010/2011. Due to a cap on the growth in property tax for existing property and improvements approved by the 2005 Nevada State Legislature, the real growth in tax revenues is limited. The growth in the tax bill for residential property is limited to 3% annual growth and commercial property can grow by a maximum of 8% per year. Only new construction is outside of this cap for the first year it is on the tax rolls. The difference between the actual tax calculation (assessed valuation (x) tax rate) and the capped tax calculation is termed the "abatement". In the general fund, this abatement amount was approximately \$8.6 million in FY 2010/2011. Because of this large abatement amount, Carson City's property tax revenues should continue to grow by the 3% and 8% caps in the future.

LONG-TERM FINANCIAL PLANNING

During FY 2009/2010, fees charged at the Carson City Landfill were set based upon regional market rates rather than actual costs. The resultant change in rates has produced revenues in excess of expenditures at the Landfill. These excess revenues will be used to help offset overall General Fund ongoing expenditures.

Carson City remains very active in recruiting retail development in order to enhance the sales tax base. Two major automotive retailers have built dealerships in more desirable locations within the City. The City has continued to negotiate with various retailers to fill vacant big box locations and as a result, Kohl's and Big Lots have opened locations in former vacant buildings. Carson City is currently in negotiations with Olive Garden and anticipate their opening in the spring of 2011.

RELEVANT FINANCIAL POLICIES

It is Carson City's policy that "one-shot" revenues not be used for future operations. These funds are reserved for capital expenditure only. Each year, any unreserved, undesignated fund balance in the General Fund is transferred to the Capital Acquisition and Development Fund or the Stabilization Fund.

MAJOR INITIATIVES

Improvements to the Wastewater Treatment Plant are being implemented and new federal standards for drinking water have necessitated an agreement with Douglas County establishing a Water Line Intertie Project. The establishment of this Interlocal Agreement will allow Carson City access to water from Douglas County that will forgo the need to build a Uranium Treatment Plant. Rates and charges for the Sewer and Water Funds are reviewed each January and rates are recommended to the Board of Supervisors to cover all operations and capital costs.

The Carson Freeway, Phase 2 A was completed in September 2009. This extended the Carson Freeway from Highway 50 to Fairview Drive and required the relocation of Carson City utilities. These improvements were funded through their respective enterprise funds. Construction has begun on a portion of Carson Freeway, Phase 2 B (Fairview Drive to Highway 50 at Spooner Summit), although the entire project has not been funded by the State of Nevada. By agreement with the state, Carson City will defer payment of local fuel taxes until the project is completed.

Carson City is continuing to explore the feasibility of a public / private partnership in the downtown area which could include:

- Carson City Knowledge and Discovery Library
- Business and Technology Incubator Center
- A digital media lab

- Class A office space
- Commercial / retail spaces
- Residential, market based in-town housing
- IMAX theater
- Public transit hub
- Central public plaza
- Shared, de-centralized parking

OTHER INFORMATION

SINGLE AUDIT. As a recipient of federal and state awards, Carson City is also responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. As a part of Carson City's single audit, testing of internal control and compliance is performed as it relates to federal programs. The results of the single audit for the fiscal year ended June 30, 2010 provided no instances of non-compliance with the requirements applicable to each of the City's major federal programs or matters involving the internal control over compliance and its operation that were considered to be material weaknesses.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Carson City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Carson City has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contribution made in the preparation of this report.

In closing, without the leadership and support of the Carson City Board of Supervisors, the continued strengthening of the City's finances and the continued dedication to financial excellence would not have been possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Nickolas Providenti". The signature is fluid and cursive, with the first name "Nickolas" written in a larger, more prominent script than the last name "Providenti".

Nickolas Providenti
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Carson City
Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



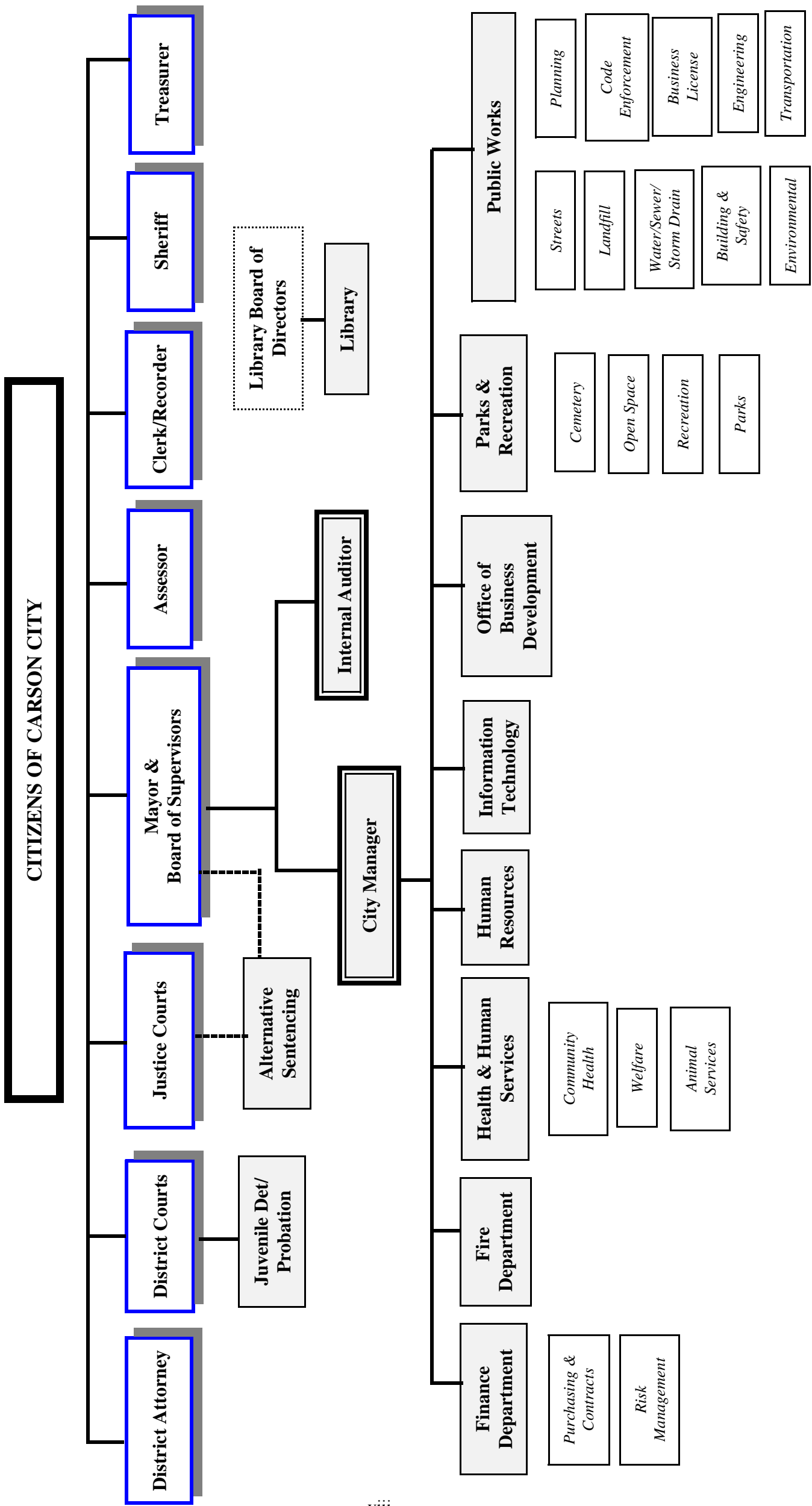
A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Carson City Organizational Chart



CARSON CITY
LISTING OF PRINCIPAL OFFICIALS
FY 2010

TITLE	NAME
Mayor	Robert L. Crowell
Supervisor, Ward 1	Robin Williamson
Supervisor, Ward 2	Shelly Aldean
Supervisor, Ward 3	Pete Livermore
Supervisor, Ward 4	Molly Walt
Assessor	Dave Dawley
Treasurer	Al Kramer
District Attorney	Neil Rombardo
District Court I	Judge James T. Russell
District Court II	Judge James E. Wilson, Jr.
Justice of the Peace	Judge Robey Willis
Justice of the Peace	Judge John Tatro
Clerk-Recorder	Alan Glover
Sheriff	Ken Furlong
City Manager	Larry Werner
Finance Director/Risk Manager	Nick Providenti
Information Services Director	John Wilkinson
Planning Director	Lee Plemel
Economic/Redevelopment Director	Joe McCarthy
Cooperative Extension Director	JoAnne Skelly
Library Director	Sara Jones
Health & Human Services Director	Marena Works
Juvenile Special Master	David Nielsen
Chief Juvenile Probation Officer	Jon Simms
Parks and Recreation Director	Roger Moellendorf
Fire Chief	Stacey Giomi
Senior Center Director	Janice McIntosh
Human Resources Manager	Melanie Bruketta
Public Works Director	Andrew Burnham
Public Works Operations Manager	Ken Arnold
City Engineer	Jeff Sharp
Transportation Program Manager	Patrick Pittenger
Chief Building Official	Kevin Gattis

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Mayor and Members of the
Board of Supervisors, Carson City, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carson City, Nevada, as of and for the year ended June 30, 2010, which collectively comprise Carson City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Carson City, Nevada. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Airport Authority of Carson City, Nevada or the Carson City Convention and Visitors' Bureau, both of which are discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based on the reports of the other auditors.

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. The financial statements of the Carson City Convention and Visitors' Bureau were not audited in accordance with *Government Auditing Standards*. 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 the 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carson City, Nevada, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Quality of Life Special Revenue Fund and the Regional Transportation Special Revenue 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 our report dated December 21, 2010 on our consideration of Carson City, 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.

Management's discussion and analysis on pages 3A through 3L and the Schedule of Funding Progress on page 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited

procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carson City, Nevada's basic financial statements. The Introductory Section, combining and individual fund statements and schedules, 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 of Carson City, Nevada. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Kafoory, Armstrong & Co.

Reno, Nevada
December 21, 2010

Carson City, Nevada Management's Discussion and Analysis

As management of Carson City, Nevada (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$274,586,615 (*net assets*).
- The City's total net assets increased by \$18,000,162. Approximately \$9.1 million of this increase is the result of a prior period adjustment to capitalize infrastructure that was donated in prior years. A portion of the remaining \$8.9 million increase is attributable to an increase in capital grants and the decline of consolidated tax, sales taxes, fuel taxes and investment income in the governmental activities. Other factors include a decrease in capital grants, assets contributed by developers and connection fees in the business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,856,781, a decrease of \$5,900,522 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,318,237, or 8.6 percent of total General Fund expenditures.
- The City's total bonded debt increased by \$2,972,377 (2.2 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, judicial, public works, sanitation, health, welfare, community support, airport, economic opportunity, and culture and recreation. The business-type activities of the City include water, sewer, ambulance, cemetery, building permits and stormwater drainage.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate airport authority and a legally separate convention and visitors' bureau for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Redevelopment Authority, although also legally separate, functions for all practical purposes as a department of the City, therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 4-7 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Quality of Life Fund, and the Regional Transportation Fund each of which are considered to be major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and for each of its special revenue funds, debt service funds and capital projects funds. A budgetary comparison statement has been provided for each of the City's governmental funds to demonstrate compliance with this budget. The budgetary comparison statements for the General Fund, Quality of Life Fund and the Regional Transportation Fund, major governmental funds, are located in the basic financial statements and budgetary comparison schedules for the nonmajor governmental funds are provided in the individual funds statements.

The basic governmental fund financial statements can be found on pages 8-16 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, ambulance, cemetery, building permit, and stormwater drainage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its group medical insurance, workers' compensation, insurance and fleet management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and stormwater drainage operations, each of which are considered to be major funds of the City. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report. Individual fund data for the internal service funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 17-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

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. The notes to the financial statements can be found on pages 29-59 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and enterprise funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 61-160 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$274,586,615 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (96 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Carson City's Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 45,149,122	\$ 52,150,798	\$ 9,364,341	\$ 14,015,917	\$ 54,513,463	\$ 66,166,715
Capital assets	<u>243,458,979</u>	<u>207,453,266</u>	<u>143,740,347</u>	<u>140,898,066</u>	<u>387,199,326</u>	<u>348,351,332</u>
Total assets	<u>288,608,101</u>	<u>259,604,064</u>	<u>153,104,688</u>	<u>154,913,983</u>	<u>441,712,789</u>	<u>414,518,047</u>
Long-term liabilities outstanding	102,072,449	95,125,160	52,538,369	51,680,714	154,610,818	146,805,874
Other liabilities	<u>8,642,649</u>	<u>8,298,634</u>	<u>3,872,707</u>	<u>2,827,086</u>	<u>12,515,356</u>	<u>11,125,720</u>
Total liabilities	<u>110,715,098</u>	<u>103,423,794</u>	<u>56,411,076</u>	<u>54,507,800</u>	<u>167,126,174</u>	<u>157,931,594</u>
Net assets:						
Invested in capital assets, net of related debt	172,327,528	142,099,041	90,457,625	89,403,212	262,785,153	231,502,253
Restricted	20,115,371	18,759,556	-	-	20,115,371	18,759,556
Unrestricted	<u>(14,549,896)</u>	<u>(4,678,327)</u>	<u>6,235,987</u>	<u>11,002,971</u>	<u>(8,313,909)</u>	<u>6,324,644</u>
Total net assets	<u>\$ 177,893,003</u>	<u>\$ 156,180,270</u>	<u>\$ 96,693,612</u>	<u>\$ 100,406,183</u>	<u>\$ 274,586,615</u>	<u>\$ 256,586,453</u>

An additional portion of the City's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. This leaves a negative balance of \$8,313,909 for *unrestricted net assets*.

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net assets for the government as a whole, as well as, for its separate governmental activities. Unrestricted net assets are reported as a negative balance. The business-type activities reported positive balances in all categories of net assets. In the prior fiscal year, the City reported positive balances in all categories of net assets for business-type activities and governmental activities reported a negative balance for unrestricted net assets.

The City's net assets increased \$18,000,162 during the current fiscal year. Approximately \$9.1 million of this increase is the result of a prior period adjustment to capitalize infrastructure that was donated in prior years. A portion of the remaining \$8.9 million increase is attributable to an increase in capital grants and the decline of consolidated tax, sales taxes, fuel taxes and investment income in the governmental activities. Other factors include a decrease in capital grants, assets contributed by developers and connection fees in the business-type activities.

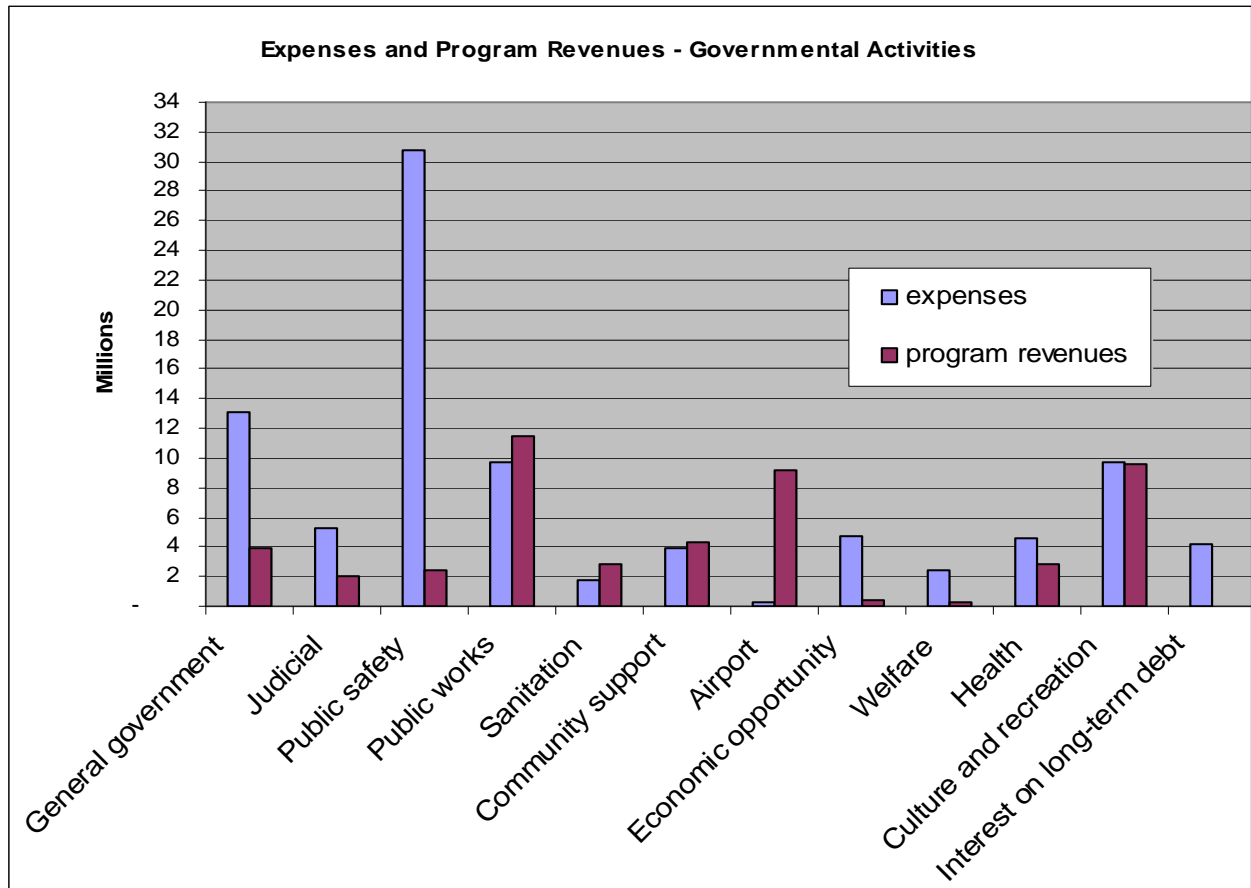
Carson City's Changes in Net Assets

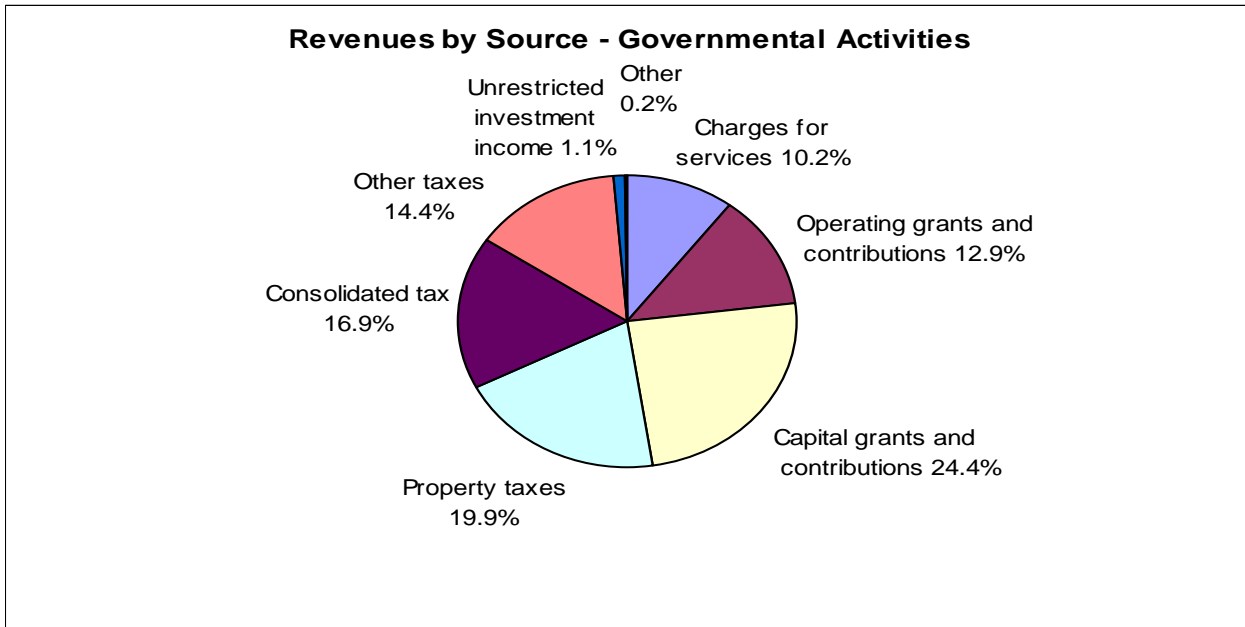
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 10,568,973	\$ 11,206,418	\$ 20,930,455	\$ 21,373,395	\$ 31,499,428	\$ 32,579,813
Operating grants and contributions	13,387,728	6,777,205	200	30	13,387,928	6,777,235
Capital grants and contributions	25,254,636	6,622,668	890,780	2,009,015	26,145,416	8,631,683
General revenues:						
Property taxes	20,555,087	19,362,180	-	-	20,555,087	19,362,180
Other taxes	32,310,593	34,691,391	-	-	32,310,593	34,691,391
Other	1,316,116	2,277,452	240,914	538,761	1,557,030	2,816,213
Total Revenues	103,393,133	80,937,314	22,062,349	23,921,201	125,455,482	104,858,515
Expenses:						
General government	13,128,842	13,919,789	-	-	13,128,842	13,919,789
Judicial	5,301,887	5,065,113	-	-	5,301,887	5,065,113
Public safety	30,765,050	28,995,649	-	-	30,765,050	28,995,649
Public works	9,660,646	8,200,517	-	-	9,660,646	8,200,517
Sanitation	1,805,049	1,753,575	-	-	1,805,049	1,753,575
Community support	3,922,076	2,626,657	-	-	3,922,076	2,626,657
Airport	257,969	51,505	-	-	257,969	51,505
Economic opportunity	4,705,495	2,255,148	-	-	4,705,495	2,255,148
Welfare	2,373,611	2,143,404	-	-	2,373,611	2,143,404
Health	4,570,746	3,563,272	-	-	4,570,746	3,563,272
Culture and recreation	9,686,659	8,995,601	-	-	9,686,659	8,995,601
Interest and fiscal charges	4,247,956	3,947,951	-	-	4,247,956	3,947,951
Ambulance	-	-	4,288,925	4,657,637	4,288,925	4,657,637
Sewer	-	-	8,568,534	8,827,557	8,568,534	8,827,557
Water	-	-	11,345,020	10,423,075	11,345,020	10,423,075
Cemetery	-	-	192,330	162,706	192,330	162,706
Building Permits	-	-	580,576	945,159	580,576	945,159
Stormwater Drainage	-	-	1,198,016	1,115,129	1,198,016	1,115,129
Total Expenses	90,425,986	81,518,181	26,173,401	26,131,263	116,599,387	107,649,444
Increase (decrease) in net assets						
before transfers	12,967,147	(580,867)	(4,111,052)	(2,210,062)	8,856,095	(2,790,929)
Transfers	(398,481)	(296,402)	398,481	296,402	-	-
Increase (decrease) in net assets	12,568,666	(877,269)	(3,712,571)	(1,913,660)	8,856,095	(2,790,929)
Net assets – July 1,						
as previously reported	156,180,270	157,057,539	100,406,183	102,319,843	256,586,453	259,377,382
Prior period adjustment -						
error correction	9,144,067	-	-	-	9,144,067	-
Net assets – July 1, as adjusted	165,324,337	157,057,539	100,406,183	102,319,843	265,730,520	259,377,382
Net assets - June 30	\$ 177,893,003	\$ 156,180,270	\$ 96,693,612	\$ 100,406,183	\$ 274,586,615	\$ 256,586,453

Governmental activities. Governmental activities increased the City’s net assets by \$12,568,666. This results in a net change (increase) of \$13,445,935 when compared to the decrease of \$877,269 in the prior year. Key elements of the change from prior year are as follows:

- \$5.9 million increase in federal grants for airport development.
- \$5.5 million increase in capital contributions of land for public right of way.
- \$930,000 decrease in unrestricted investment income due to a decrease in the investment portfolio balance.
- \$2.2 million decrease in sales taxes, fuel taxes and consolidated taxes from the prior year.
- \$2.3 increase in economic opportunity expenses related to incentives for business retention.
- \$6.5 million increase in state grants received for the acquisition of land for open space.
- \$1.4 million increase in capital grants for micropaving, ADA sidewalk and other pedestrian improvements.

Program revenues for governmental activities provided 54 percent of the resources necessary to pay the cost of providing program services. The remaining program costs were financed with general revenues. The largest general revenues are consolidated tax of \$17,477,368 and property taxes of \$20,555,087.

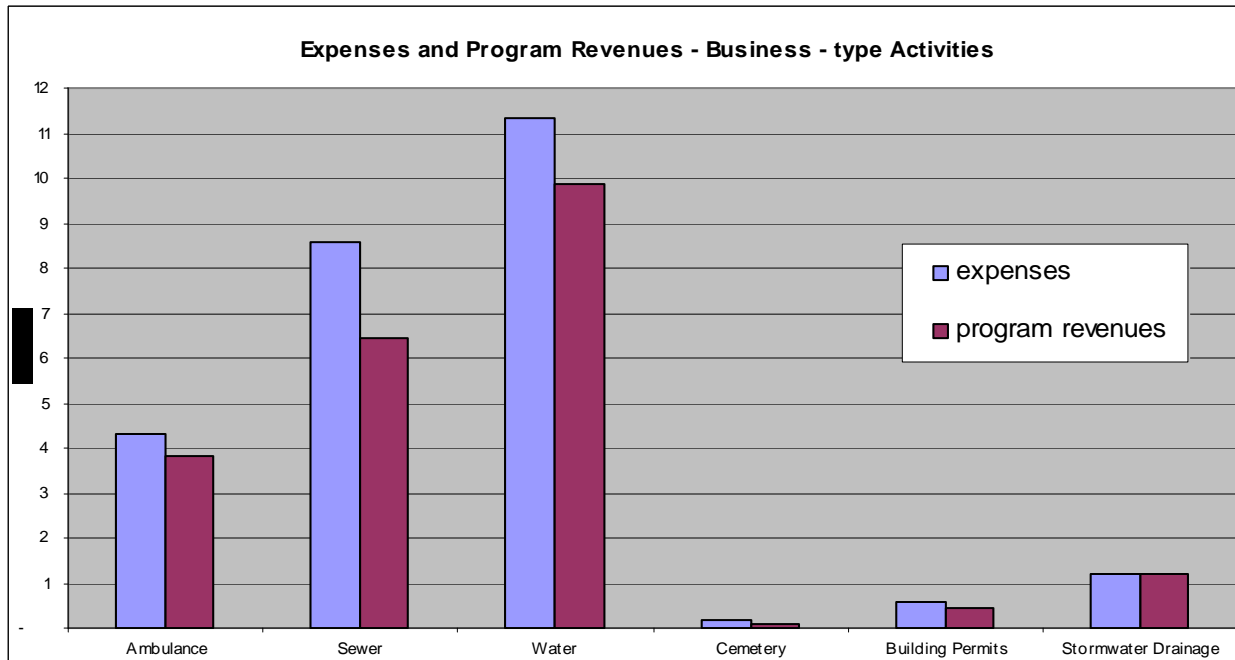


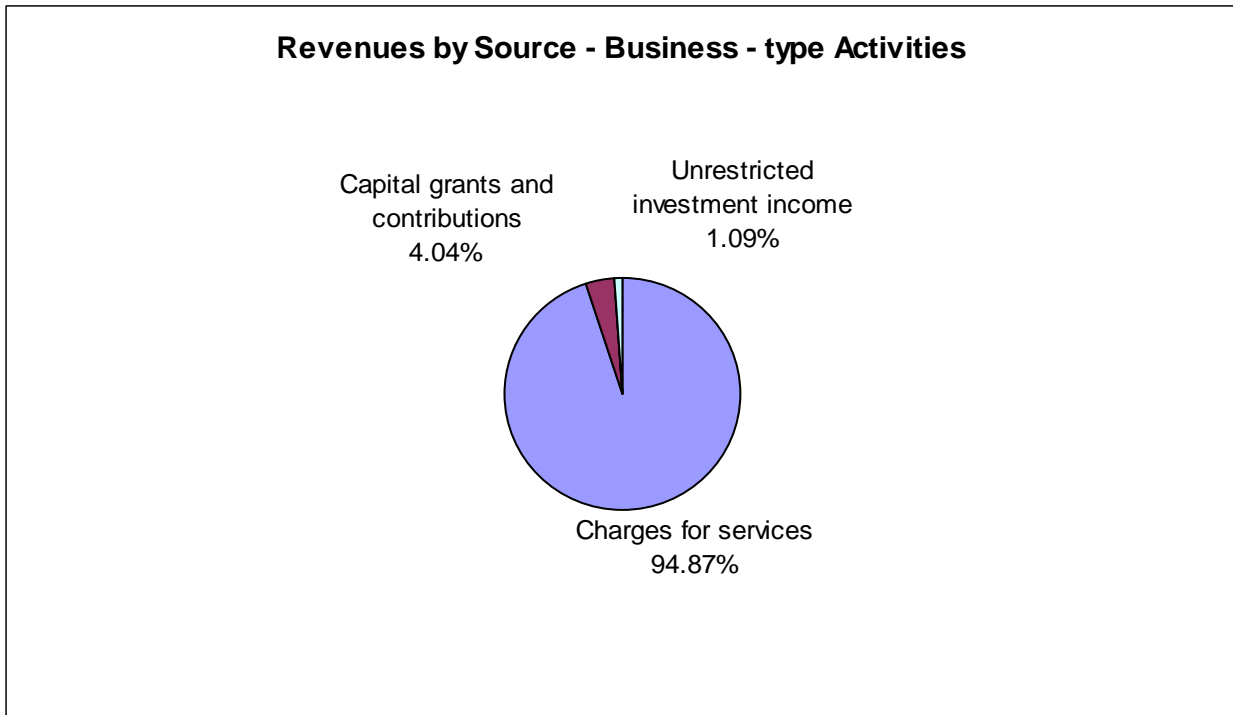


Business-type activities. Business-type activities decreased the City’s net assets by \$3,712,571. This results in a net change (decrease) of \$1,798,911 when compared to the decrease of \$1,913,660 in the prior year. Key elements of the change from prior year are as follows:

- \$1.1 decrease in capital assets contributed by developers, capital grants and connection fees in the Sewer and Water funds.
- \$300,000 decrease in unrestricted investment income due to a decrease in the investment portfolio balance.
- \$345,000 increase in depreciation and \$535,000 increase in various other expenses in the Water fund from the prior year.
- \$650,000 decrease in bad debt expense reported in the Ambulance fund related to the write off of uncollectible accounts receivable from prior years.

Sewer and water expenses represent 76 percent of total expenses for business-type activities.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,856,781, a decrease of \$5,900,522 in comparison with the prior year. Of this total amount, \$29,671,743 constitutes *unreserved fund balance*. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for unspent donations (\$424,557), 2) for judicial programs (\$637,694), or 3) for prepaid items and inventory (\$122,787).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,318,237, while total fund balance reached \$6,483,199. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.6 percent of total General Fund expenditures, while total fund balance represents 10.5 percent of that same amount.

The fund balance of the City's General Fund decreased by \$5,003,045 during the current fiscal year. This results in a net change (decrease) of \$2,172,306 when compared to the decrease of \$2,830,739 in the prior year. Key elements of the change from prior year are as follows:

- Property taxes increased by \$830,000 over the prior year as a result of an increase in property assessed valuation.
- \$3.5 million increase in transfers in from the Stabilization Fund as a result of declining revenues.
- \$2.3 million increase in expenditures related to incentives for business retention.
- Intergovernmental revenues decreased by \$2.2 million from the prior year. This decrease is due to a decline in consolidated tax revenues largely as a result of a decline in taxable sales.
- Investment income decreased \$437,000 from the prior year due to a decrease in the investment portfolio balance.
- \$1.8 million increase in expenditures as the result of contract provisions with the various bargaining units.

The Quality of Life Fund has a total fund balance of \$11,174,902, all of which is unreserved except for \$75. The fund balance increased by \$2,231,810 during the current fiscal year. This results in a net change (increase) of \$4,628,612 when compared to the decrease of \$2,396,802 in the prior year. Key elements of the change from prior year are as follows:

- \$2.4 million increase in purchases of property for open space from the prior year.
- \$6.5 million increase in state grants received for the acquisition of land for open space.
- \$825,000 decrease in capital improvements for fairgrounds from the prior year.
- \$219,000 decrease in sales tax revenue due to a decline in taxable sales during the fiscal year.

The Regional Transportation Fund has a total fund balance of \$2,652,211, all of which is unreserved except for \$502. The fund balance decreased by \$393,541 during the current fiscal year. This results in a net change (increase) of \$1,392,835 when compared to the decrease of \$1,786,376 in the prior year. Key elements of the change from prior year are as follows:

- \$1.155 million decrease in bonds issued for street and highway construction.
- \$1.4 million increase in federal grants for micropaving, ADA sidewalk and other pedestrian improvements.
- \$1.2 million increase in micropaving, street sealing and overlays.
- \$2 million decrease in road construction projects.
- \$640,000 increase in motor vehicle fuel tax revenue from the prior year.

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

Unrestricted net assets at the end of the year amounted to \$2,165,633 in the Sewer Fund, \$3,152,855, in the Water Fund, and \$115,380 in the Stormwater Drainage Fund. The total growth (decline) in net assets for the funds was \$(1,980,566), \$(1,327,930), and \$(136), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary

Budgeted appropriations increased \$3,699,714 between the original budget and the final amended budget. The increase can be briefly summarized as follows:

- \$2.4 million increase in appropriations for economic development to fund incentives for business retention and recruitment.
- Carryover of program costs from the prior year budget amounting to \$515,090 allocated to various departments.
- \$784,624 increase in various department appropriations offset by increases in charges for services, fines and forfeits, intergovernmental revenues, operating transfers in, and other miscellaneous revenues.

Of this increase, \$289,714 was funded from charges for services, \$389,910 was funded from fines and forfeits, lease revenues, licenses and permits and grants and donations, and \$105,000 was funded from operating transfers in. The remaining \$2,915,090 was to be budgeted from available fund balance.

The significant differences between the final amended budget and actual amounts are as follows:

- Actual intergovernmental revenues were \$2.95 million less than the final budget due to a decline in consolidated tax revenues.
- Actual charges for services were \$644,000 less than the final budget mostly due to a decline in landfill and recreation program revenues.
- Actual expenditures by function were less than the final budget as a result of expenditure reductions in response to the declines in revenue.
- Actual operating transfers in were \$1.8 more than the final budget due to an increase in the transfer in from the Stabilization Fund to offset the declines in revenue.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$387,199,326 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and water rights. The total increase in the City's investment in capital assets for the current fiscal year was 8 percent (a 12 percent increase for governmental activities and a 2 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Donated infrastructure (streets, curb and gutter) from developers was valued at \$2 million.
- Land donated by developers for public right of way was valued at \$5.5 million.
- \$9 million in airport improvement projects.
- \$3.7 million in land purchases for open space.
- A variety of road construction projects are on-going, such as widening and expansion projects, at a cost of approximately \$9.4 million.
- Approximately \$1.4 million for parks and recreational facilities.
- \$442,000 for the purchase of ambulances.
- \$754,000 for the purchase of buses for the transit system.
- \$760,000 for storm drainage projects.
- \$1.2 million for various sewer line replacements and utility relocations.

- \$400,000 for various infrastructure projects, such as underground pipes and street reconstruction.
- \$4.6 million for various well upgrades, water main/line improvements, and underground infrastructure.
- \$1.4 million in the Water Fund for equipment, utility line extensions, water/main/well development and/or replacements.

Carson City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	Restated 2009	2010	2009	2010	Restated 2009
Land	\$ 46,887,163	\$ 36,729,345	\$ 3,247,228	\$ 3,236,804	\$ 50,134,391	\$ 39,966,149
CIP/infrastructure	13,632,437	7,001,687	-	-	13,632,437	7,001,687
Construction in progress	1,258,693	863,779	9,005,993	5,635,982	10,264,686	6,499,761
Buildings	56,777,042	58,108,000	10,814,319	11,109,620	67,591,361	69,217,620
Improvements other than buildings	14,421,689	14,859,672	109,121,244	109,747,569	123,542,933	124,607,241
Machinery and equipment	12,858,365	12,736,999	3,532,411	3,148,939	16,390,776	15,885,938
Infrastructure	97,623,590	86,297,851	-	-	97,623,590	86,297,851
Water rights	-	-	8,019,152	8,019,152	8,019,152	8,019,152
Total	\$ 243,458,979	\$ 216,597,333	\$ 143,740,347	\$ 140,898,066	\$ 387,199,326	\$ 357,495,399

Additional information on the City's capital assets can be found in note 3-B on pages 39-43 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$136,927,274. Of this amount, \$116,061,274 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Carson City's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 67,519,131	\$ 70,042,700	\$ 48,542,143	\$ 50,484,597	\$ 116,061,274	\$ 120,527,297
Revenue bonds	20,866,000	13,427,600	-	-	20,866,000	13,427,600
Total	\$ 88,385,131	\$ 83,470,300	\$ 48,542,143	\$ 50,484,597	\$ 136,927,274	\$ 133,954,897

The City's total bonded debt increased by \$2,972,377 (2 percent) from the prior year. The key factor in this increase was the issuance of revenue bonds in the amount of \$7,900,000 for street and highway construction.

The City maintained an “AA-“ rating from Standard & Poor’s and during fiscal year 2010 the City’s debt rating changed from an “A1” to an “Aa2”rating from Moody’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$288,971,603, which is significantly in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in note 3-D on pages 45-51 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The City’s unemployment rate was 13.3% at June 30, 2010, which is an increase from a rate of 11.5% a year ago. The national and state unemployment rates were 9.5% and 14.2%, respectively, at June 30, 2010.
- The City’s assessed value decreased .9 percent in fiscal year 2009-10 to \$1.827 billion and decreased 7.6 percent in fiscal year 2010-11 to \$1.688 billion.
- Sales tax revenue was projected to remain flat for fiscal year 2010-11 and first quarter numbers are indicating a slight increase over fiscal year 2009-10.

All of these factors were considered in preparing the City’s budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased \$5,290,021 to \$5,318,237. The City has appropriated \$3,294,193 of this amount for spending in the 2011 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Carson City Finance Department, 201 N. Carson Street, Suite 3, Carson City, Nevada 89701.

BASIC FINANCIAL STATEMENTS

CARSON CITY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 29,781,970	\$ 5,353,559	\$ 35,135,529
Receivables (net of allowances for uncollectibles)	2,589,131	3,380,868	5,969,999
Due from other governments	10,777,375	156,180	10,933,555
Due from component units	10,882	-	10,882
Due from primary government	-	-	-
Internal balances	281,611	(281,611)	-
Inventories	93,043	258,087	351,130
Deposits	9,099	-	9,099
Prepays	120,034	27,372	147,406
Restricted assets:			
Cash and investments	357,477	-	357,477
Other assets	988,280	469,886	1,458,166
Net OPEB asset	140,220	-	140,220
Capital assets, not being depreciated:			
Land	46,887,163	3,247,228	50,134,391
Construction in progress - infrastructure	13,632,437	-	13,632,437
Construction in progress	1,258,693	9,005,993	10,264,686
Water rights	-	8,019,152	8,019,152
Capital asset, being depreciated (net of accumulated depreciation)			
Buildings	56,777,042	10,814,319	67,591,361
Improvements other than buildings	14,421,689	109,121,244	123,542,933
Machinery and equipment	12,858,365	3,532,411	16,390,776
Infrastructure	97,623,590	-	97,623,590
Total Assets	<u>288,608,101</u>	<u>153,104,688</u>	<u>441,712,789</u>
LIABILITIES			
Accounts payable and accrued expenses	5,826,511	2,869,437	8,695,948
Accrued interest payable	750,892	327,621	1,078,513
Due to other governments	412,124	373,784	785,908
Due to component units	600,696	-	600,696
Due to primary government	-	-	-
Unearned revenue	115,334	286,560	401,894
Other liabilities	596,734	15,305	612,039
Current liabilities payable from restricted assets	340,358	-	340,358
Noncurrent liabilities:			
Due within one year	4,482,695	3,534,148	8,016,843
Due in more than one year	97,589,754	49,004,221	146,593,975
Total Liabilities	<u>110,715,098</u>	<u>56,411,076</u>	<u>167,126,174</u>
NET ASSETS			
Invested in capital assets, net of related debt	172,327,528	90,457,625	262,785,153
Restricted for:			
General government	120,384	-	120,384
Public safety	565,701	-	565,701
Judicial	474,348	-	474,348
Public works	3,662,395	-	3,662,395
Health	277,456	-	277,456
Welfare	114	-	114
Culture and recreation	12,100,367	-	12,100,367
Capital projects	331,575	-	331,575
Debt service	-	-	-
Claims	2,583,031	-	2,583,031
Unrestricted	<u>(14,549,896)</u>	<u>6,235,987</u>	<u>(8,313,909)</u>
Total Net Assets	<u>\$ 177,893,003</u>	<u>\$ 96,693,612</u>	<u>\$ 274,586,615</u>

See accompanying notes

COMPONENT UNITS	
AIRPORT AUTHORITY	CONVENTION AND VISITORS' BUREAU
\$ 512,733	\$ 1,274,786
9,521	160,569
128,751	9,500
-	-
590,696	10,000
-	-
-	17,770
-	-
-	-
-	77,567
213,893	5,084
-	-
146,542	-
-	-
163,751	-
-	-
-	98,512
-	1
75,153	23,214
-	-
<u>1,841,040</u>	<u>1,677,003</u>
505,811	161,767
-	-
-	9,563
-	-
-	10,882
7,868	29,428
-	-
-	77,567
15,364	1,166
<u>620,529</u>	<u>63,403</u>
<u>1,149,572</u>	<u>353,776</u>
385,446	116,922
-	829
-	-
-	-
-	-
-	-
-	251,958
-	-
-	323,715
-	-
<u>306,022</u>	<u>629,803</u>
<u>\$ 691,468</u>	<u>\$ 1,323,227</u>

See accompanying notes

**CARSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental Activities:				
General government	\$ 13,128,842	\$ 2,918,651	\$ 932,613	\$ -
Public safety	30,765,050	1,188,443	1,251,547	15,761
Judicial	5,301,887	1,856,416	101,879	-
Public works	9,660,646	130,186	1,936,967	9,436,768
Sanitation	1,805,049	2,808,933	-	-
Health	4,570,746	391,320	2,469,975	-
Welfare	2,373,611	2,502	329,970	-
Culture and recreation	9,686,659	1,272,141	1,467,164	6,813,599
Community support	3,922,076	381	4,320,000	-
Airport	257,969	-	155,564	8,988,508
Economic opportunity	4,705,495	-	422,049	-
Debt Service:				
Interest and fiscal charges	4,247,956	-	-	-
Total Governmental Activities	<u>90,425,986</u>	<u>10,568,973</u>	<u>13,387,728</u>	<u>25,254,636</u>
Business-Type Activities:				
Sewer	8,568,534	6,221,191	-	241,796
Water	11,345,020	9,213,231	-	635,463
Stormwater Drainage	1,198,016	1,172,877	-	13,521
Ambulance	4,288,925	3,809,675	-	-
Cemetery	192,330	91,161	200	-
Building Permits	580,576	422,320	-	-
Total Business-Type Activities	<u>26,173,401</u>	<u>20,930,455</u>	<u>200</u>	<u>890,780</u>
Total Primary Government	<u>\$ 116,599,387</u>	<u>\$ 31,499,428</u>	<u>\$ 13,387,928</u>	<u>\$ 26,145,416</u>
Component units:				
Airport Authority	\$ 9,307,965	\$ 248,123	\$ 9,244,626	\$ -
Convention and Visitors' Bureau	1,691,788	229,662	207,500	-
Total Component Units	<u>\$ 10,999,753</u>	<u>\$ 477,785</u>	<u>\$ 9,452,126</u>	<u>\$ -</u>

General Revenues:
 Property taxes
 Sales taxes
 Consolidated tax
 Franchise taxes
 Other taxes
 Room taxes
 Motor vehicle fuel tax
 Unrestricted investment income
 Miscellaneous revenue
Transfers

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS, JULY 1, as Previously Reported
Prior-period adjustment - error correction

NET ASSETS, JULY 1, as Adjusted

NET ASSETS, JUNE 30

See accompanying notes.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	AIRPORT AUTHORITY	CONVENTION AND VISITORS' BUREAU
\$ (9,277,578)	\$ -	\$ (9,277,578)	\$ -	\$ -
(28,309,299)	-	(28,309,299)	-	-
(3,343,592)	-	(3,343,592)	-	-
1,843,275	-	1,843,275	-	-
1,003,884	-	1,003,884	-	-
(1,709,451)	-	(1,709,451)	-	-
(2,041,139)	-	(2,041,139)	-	-
(133,755)	-	(133,755)	-	-
398,305	-	398,305	-	-
8,886,103	-	8,886,103	-	-
(4,283,446)	-	(4,283,446)	-	-
(4,247,956)	-	(4,247,956)	-	-
(41,214,649)	-	(41,214,649)	-	-
-	(2,105,547)	(2,105,547)	-	-
-	(1,496,326)	(1,496,326)	-	-
-	(11,618)	(11,618)	-	-
-	(479,250)	(479,250)	-	-
-	(100,969)	(100,969)	-	-
-	(158,256)	(158,256)	-	-
-	(4,351,966)	(4,351,966)	-	-
(41,214,649)	(4,351,966)	(45,566,615)	-	-
-	-	-	184,784	-
-	-	-	-	(1,254,626)
-	-	-	184,784	(1,254,626)
20,555,087	-	20,555,087	138,929	-
4,172,071	-	4,172,071	-	-
17,477,368	-	17,477,368	-	-
5,531,976	-	5,531,976	-	-
136,856	-	136,856	-	-
-	-	-	-	1,159,241
4,992,322	-	4,992,322	-	-
1,132,477	240,914	1,373,391	3,291	6,202
183,639	-	183,639	-	-
(398,481)	398,481	-	-	-
53,783,315	639,395	54,422,710	142,220	1,165,443
12,568,666	(3,712,571)	8,856,095	327,004	(89,183)
156,180,270	100,406,183	256,586,453	364,464	1,412,410
9,144,067	-	9,144,067	-	-
165,324,337	100,406,183	265,730,520	364,464	1,412,410
\$ 177,893,003	\$ 96,693,612	\$ 274,586,615	\$ 691,468	\$ 1,323,227

See accompanying notes.

**CARSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	QUALITY OF LIFE
ASSETS		
Cash and investments	\$ 4,563,179	\$ 8,355,364
Receivables (net of allowances for uncollectibles):		
Taxes, delinquent	416,995	-
Accounts receivable	1,534,660	-
Interest	155,043	-
Due from other funds	658,035	1,000,000
Due from other governments	3,120,326	1,917,405
Due from component units	10,882	-
Inventories	2,753	-
Deposits	-	-
Prepaid items	99,958	75
Restricted assets:		
Cash and investments	331,016	-
Total Assets	\$ 10,892,847	\$ 11,272,844
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 957,855	\$ 77,146
Accrued salaries and benefits	2,472,964	12,608
Due to other funds	-	-
Due to other governments	99,881	8,188
Due to component units	122,785	-
Other liabilities	87,954	-
Deferred revenue	351,312	-
Unearned revenue	3,000	-
Payable from restricted assets	313,897	-
Total Liabilities	4,409,648	97,942
Fund balances:		
Reserved for inventory	2,753	-
Reserved for gifts and donations	424,557	-
Reserved for administrative assessments	59,500	-
Reserved for courts	509,479	-
Reserved for technology	68,715	-
Reserved for prepaid items	99,958	75
Unreserved, reported in:		
General fund:		
Designated for subsequent year's expenditures	3,294,193	-
Undesignated	2,024,044	-
Special revenue funds:		
Designated for subsequent year's expenditures	-	205,525
Undesignated	-	10,969,302
Debt service funds:		
Designated for subsequent year's expenditures	-	-
Undesignated	-	-
Capital projects funds:		
Designated for subsequent year's expenditures	-	-
Undesignated	-	-
Total Fund Balances	6,483,199	11,174,902
Total Liabilities and Fund Balances	\$ 10,892,847	\$ 11,272,844

See accompanying notes.

REGIONAL TRANSPORTATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,832,120	\$ 10,256,861	\$ 25,007,524
-	144,044	561,039
-	54,165	1,588,825
-	-	155,043
35,866	87,473	1,781,374
1,816,658	3,922,986	10,777,375
-	-	10,882
-	-	2,753
-	9,099	9,099
502	19,499	120,034
-	26,461	357,477
<u>\$ 3,685,146</u>	<u>\$ 14,520,588</u>	<u>\$ 40,371,425</u>
\$ 1,016,016	\$ 579,016	\$ 2,630,033
16,869	161,375	2,663,816
-	1,778,339	1,778,339
50	275,786	383,905
-	477,911	600,696
-	-	87,954
-	562,897	914,209
-	112,334	115,334
-	26,461	340,358
<u>1,032,935</u>	<u>3,974,119</u>	<u>9,514,644</u>
-	-	2,753
-	-	424,557
-	-	59,500
-	-	509,479
-	-	68,715
502	19,499	120,034
-	-	3,294,193
-	-	2,024,044
926,222	4,074,045	5,205,792
1,725,487	2,623,257	15,318,046
-	1,036,661	1,036,661
-	12,384	12,384
-	51,609	51,609
-	2,729,014	2,729,014
<u>2,652,211</u>	<u>10,546,469</u>	<u>30,856,781</u>
<u>\$ 3,685,146</u>	<u>\$ 14,520,588</u>	<u>\$ 40,371,425</u>

See accompanying notes.

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CARSON CITY, NEVADA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2010

Fund Balances - Governmental Funds (pages 8-9)		\$ 30,856,781
<p>Amounts reported for governmental activities in the statement of net assets (pages 4-5) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 307,081,894	
Less: Accumulated depreciation	<u>(64,227,636)</u>	242,854,258
<p>Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds.</p>		
		140,220
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
General obligation revenue bonds payable	(67,519,131)	
Notes payable	(2,639,928)	
Revenue bonds payable	(20,866,000)	
Loss on bond refunding	680,465	
Less: current year amortization	(102,446)	
Issuance discount	158,244	
Less: current year amortization	(10,042)	
Issuance premium	(482,192)	
Less: current year amortization	29,421	
Deferred charge for issuance costs	1,045,825	
Less: current year amortization	(62,496)	
Capital leases payable	(99,470)	
Landfill closure / post closure costs	(2,871,460)	
Net OPEB obligation	(3,071,359)	
Compensated absences	<u>(4,666,514)</u>	(100,477,083)
Interest payable		(747,776)
<p>Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.</p>		
		914,209
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities.</p>		
		4,073,818
<p>Internal balances are receivable from business-type activities.</p>		
		<u>278,576</u>
Net Assets - Governmental Activities (pages 4-5)		<u>\$ 177,893,003</u>

See accompanying notes.

CARSON CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL	QUALITY OF LIFE
Revenues:		
Taxes	\$ 15,033,876	\$ 1,669,985
Licenses and permits	7,104,035	-
Intergovernmental revenues	18,566,712	6,729,375
Charges for services	11,112,929	-
Fines and forfeits	730,362	-
Miscellaneous	1,217,745	358,978
	<u>53,765,659</u>	<u>8,758,338</u>
Total Revenues		
Expenditures:		
Current:		
General government	13,508,301	-
Public safety	26,715,505	-
Judicial	4,912,017	-
Public works	2,102,004	-
Sanitation	1,673,677	-
Health	1,502,565	-
Welfare	382,174	-
Culture and recreation	5,966,831	5,419,265
Community support	531,683	-
Airport	-	-
Economic opportunity	4,320,000	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<u>61,614,757</u>	<u>5,419,265</u>
Total Expenditures		
Excess (Deficiency) of Revenues over Expenditures	<u>(7,849,098)</u>	<u>3,339,073</u>
Other Financing Sources (Uses):		
Debt issued	-	-
Capital leases	69,433	-
Transfers in	5,884,195	-
Transfers out	(3,107,575)	(1,107,263)
	<u>2,846,053</u>	<u>(1,107,263)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	<u>(5,003,045)</u>	<u>2,231,810</u>
Fund Balances, July 1	<u>11,486,244</u>	<u>8,943,092</u>
Fund Balances, June 30	<u>\$ 6,483,199</u>	<u>\$ 11,174,902</u>

See accompanying notes.

REGIONAL TRANSPORTATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,353,185	\$ 8,035,979	\$ 28,093,025
-	236,753	7,340,788
1,852,780	22,523,664	49,672,531
-	354,771	11,467,700
-	72,040	802,402
88,821	523,376	2,188,920
<u>5,294,786</u>	<u>31,746,583</u>	<u>99,565,366</u>
-	1,496,712	15,005,013
-	1,647,281	28,362,786
-	163,722	5,075,739
11,826,636	5,989,354	19,917,994
-	-	1,673,677
-	2,458,061	3,960,626
-	1,977,293	2,359,467
-	1,995,284	13,381,380
-	3,041,870	3,573,553
-	9,144,072	9,144,072
-	422,049	4,742,049
-	8,028	8,028
-	3,604,885	3,604,885
-	3,956,052	3,956,052
<u>11,826,636</u>	<u>35,904,663</u>	<u>114,765,321</u>
<u>(6,531,850)</u>	<u>(4,158,080)</u>	<u>(15,199,955)</u>
7,900,000	-	7,900,000
-	-	69,433
-	9,616,038	15,500,233
<u>(1,761,691)</u>	<u>(8,193,704)</u>	<u>(14,170,233)</u>
<u>6,138,309</u>	<u>1,422,334</u>	<u>9,299,433</u>
(393,541)	(2,735,746)	(5,900,522)
<u>3,045,752</u>	<u>13,282,215</u>	<u>36,757,303</u>
<u>\$ 2,652,211</u>	<u>\$ 10,546,469</u>	<u>\$ 30,856,781</u>

See accompanying notes.

**CARSON CITY, NEVADA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Governmental Funds (pages 11-12) \$ (5,900,522)

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

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

Expenditures for capital assets	\$ 25,158,461	
Contributions of capital assets from business-type activities	21,519	
Donated capital assets	7,753,805	
Sale/disposition of assets	(203,336)	
Less: Current year depreciation	<u>(6,387,233)</u>	26,343,216

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

Change in deferred revenue	486,488
----------------------------	---------

Bond and note proceeds and capital leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and note principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bonds and notes issued and capital lease financing exceeded repayments and costs of issuance.

Bonds issued	(7,900,000)	
Bond issuance costs	62,605	
Capital lease financing	(69,433)	
Accrued interest	(747,776)	
Capital lease payments	79,145	
Interest payments	561,347	
Principal payments	<u>3,604,885</u>	(4,409,227)

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 loss on bond refunding	(102,446)	
Amortization of issuance costs	(62,496)	
Amortization of bond discounts	(10,042)	
Amortization of bond premiums	29,421	
Change in long-term landfill closure / post closure	(102,292)	
Change in net OPEB asset	140,220	
Change in net OPEB obligation	(1,678,810)	
Change in long-term compensated absences	<u>(418,784)</u>	(2,205,229)

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

(1,746,060)

Change in Net Assets of Governmental Activities (pages 6-7) \$ 12,568,666

See accompanying notes.

**CARSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 15,173,223	\$ 15,173,223	\$ 15,033,876	\$ (139,347)
Licenses and permits	7,139,400	7,143,300	7,104,035	(39,265)
Intergovernmental revenues	21,231,098	21,516,675	18,566,712	(2,949,963)
Charges for services	11,467,231	11,756,945	11,112,929	(644,016)
Fines and forfeits	913,000	924,000	730,362	(193,638)
Miscellaneous	1,210,780	1,230,780	1,217,745	(13,035)
Total Revenues	<u>57,134,732</u>	<u>57,744,923</u>	<u>53,765,659</u>	<u>(3,979,264)</u>
Expenditures:				
Current:				
General government	13,870,958	14,096,751	13,508,301	588,450
Public safety	26,968,357	27,166,188	26,715,505	450,683
Judicial	4,915,107	5,265,521	4,912,017	353,504
Public works	2,141,440	2,141,440	2,102,004	39,436
Sanitation	1,874,300	1,874,300	1,673,677	200,623
Health	1,601,803	1,836,168	1,502,565	333,603
Welfare	382,174	382,174	382,174	-
Culture and recreation	6,192,982	6,690,725	5,966,831	723,894
Community support	462,813	555,313	531,683	23,630
Economic opportunity	1,920,000	4,320,000	4,320,000	-
Total Expenditures	<u>60,329,934</u>	<u>64,328,580</u>	<u>61,614,757</u>	<u>2,713,823</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,195,202)</u>	<u>(6,583,657)</u>	<u>(7,849,098)</u>	<u>(1,265,441)</u>
Other Financing Sources (Uses):				
Capital leases	-	69,433	69,433	-
Transfers in	3,933,725	4,038,725	5,884,195	1,845,470
Transfers out	(3,196,004)	(3,107,575)	(3,107,575)	-
Contingency	(500,000)	(289,497)	-	289,497
Total Other Financing Sources (Uses)	<u>237,721</u>	<u>711,086</u>	<u>2,846,053</u>	<u>2,134,967</u>
Net Change in Fund Balances	<u>(2,957,481)</u>	<u>(5,872,571)</u>	<u>(5,003,045)</u>	<u>869,526</u>
Fund Balances, July 1	<u>7,979,901</u>	<u>10,894,991</u>	<u>11,486,244</u>	<u>591,253</u>
Fund Balances, June 30	<u>\$ 5,022,420</u>	<u>\$ 5,022,420</u>	<u>\$ 6,483,199</u>	<u>\$ 1,460,779</u>

See accompanying notes.

**CARSON CITY
QUALITY OF LIFE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 1,956,266	\$ 1,662,345	\$ 1,669,985	\$ 7,640
Intergovernmental revenues	-	5,933,259	6,729,375	796,116
Miscellaneous	100,000	150,000	358,978	208,978
Total Revenues	<u>2,056,266</u>	<u>7,745,604</u>	<u>8,758,338</u>	<u>1,012,734</u>
Expenditures:				
Current:				
Culture and recreation	1,098,606	15,401,665	5,419,265	9,982,400
Excess (Deficiency) of Revenues over Expenditures	957,660	(7,656,061)	3,339,073	10,995,134
Other Financing Sources (Uses):				
Transfers out	(1,151,656)	(1,151,656)	(1,107,263)	44,393
Net Change in Fund Balances	(193,996)	(8,807,717)	2,231,810	11,039,527
Fund Balances, July 1	329,371	8,943,092	8,943,092	-
Fund Balances, June 30	<u>\$ 135,375</u>	<u>\$ 135,375</u>	<u>\$ 11,174,902</u>	<u>\$ 11,039,527</u>

See accompanying notes.

**CARSON CITY
REGIONAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 2,925,099	\$ 3,295,099	\$ 3,353,185	\$ 58,086
Intergovernmental revenues	912,000	3,065,245	1,852,780	(1,212,465)
Miscellaneous	115,000	115,000	88,821	(26,179)
Total Revenues	<u>3,952,099</u>	<u>6,475,344</u>	<u>5,294,786</u>	<u>(1,180,558)</u>
Expenditures:				
Current:				
Public works:	3,914,336	15,019,834	11,826,636	3,193,198
Excess (Deficiency) of Revenues over Expenditures	<u>37,763</u>	<u>(8,544,490)</u>	<u>(6,531,850)</u>	<u>2,012,640</u>
Other Financing Sources (Uses):				
Debt issued	-	7,900,000	7,900,000	-
Transfers out	(1,396,621)	(1,766,621)	(1,761,691)	4,930
Total Other Financing Sources (Uses)	<u>(1,396,621)</u>	<u>6,133,379</u>	<u>6,138,309</u>	<u>4,930</u>
Net Change in Fund Balances	(1,358,858)	(2,411,111)	(393,541)	2,017,570
Fund Balances, July 1	<u>1,993,499</u>	<u>3,045,752</u>	<u>3,045,752</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 634,641</u>	<u>\$ 634,641</u>	<u>\$ 2,652,211</u>	<u>\$ 2,017,570</u>

See accompanying notes.

CARSON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES		
	SEWER	WATER	STORMWATER DRAINAGE
ASSETS			
Current assets (unrestricted):			
Cash and investments	\$ 2,031,569	\$ 2,815,594	\$ 394
Receivables:			
Accounts and contracts, net	653,511	1,014,083	100,579
Due from other funds	1,079	1,619	-
Due from other governments	50,812	105,368	-
Inventories	-	232,462	-
Prepaid items	19,194	7,683	450
	Total Current Assets (Unrestricted)	4,176,809	101,423
Noncurrent assets:			
Other assets	79,873	281,158	108,855
Capital assets:			
Land	757,704	631,306	1,564,769
Buildings	12,208,694	1,816,447	-
Improvements other than buildings	95,852,378	75,110,496	6,811,663
Machinery and equipment	3,856,515	3,481,824	991,021
Water rights	-	8,019,152	-
Construction in progress	1,414,479	7,345,647	245,867
	114,089,770	96,404,872	9,613,320
Less: Accumulated depreciation	(47,126,760)	(29,660,519)	(596,628)
	Net Capital Assets	66,744,353	9,016,692
	Total Noncurrent Assets	67,025,511	9,125,547
	Total Assets	71,202,320	9,226,970

See accompanying notes.

ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
\$ 506,002	\$ 5,353,559	\$ 4,774,446
1,612,695	3,380,868	284,224
-	2,698	-
-	156,180	-
25,625	258,087	90,290
45	27,372	-
<u>2,144,367</u>	<u>9,178,764</u>	<u>5,148,960</u>
-	469,886	4,951
293,449	3,247,228	-
354,931	14,380,072	-
173,211	177,947,748	-
784,372	9,113,732	631,244
-	8,019,152	-
-	9,005,993	-
<u>1,605,963</u>	<u>221,713,925</u>	<u>631,244</u>
<u>(589,671)</u>	<u>(77,973,578)</u>	<u>(26,523)</u>
<u>1,016,292</u>	<u>143,740,347</u>	<u>604,721</u>
<u>1,016,292</u>	<u>144,210,233</u>	<u>609,672</u>
<u>3,160,659</u>	<u>153,388,997</u>	<u>5,758,632</u>

See accompanying notes.

CARSON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES		
	SEWER	WATER	STORMWATER DRAINAGE
LIABILITIES			
Current liabilities payable from unrestricted assets:			
Accounts payable	\$ 332,838	\$ 2,231,257	\$ 30,704
Accrued salaries and benefits	63,269	74,050	9,126
Accrued interest	158,852	142,251	26,518
Due to other funds	-	-	5,733
Due to other governments	3,261	361,717	2,127
Unearned revenue	-	-	-
Other current liabilities	-	-	-
Current portion:			
Commitments payable	-	15,305	-
Accrued compensative absences	22,454	-	2,840
General obligation bonds and notes payable	1,466,670	1,670,000	293,000
Total Current Liabilities (Payable from Unrestricted Assets)	2,047,344	4,494,580	370,048
Noncurrent liabilities:			
Accrued compensated absences	171,915	163,468	20,810
Net OPEB obligation	101,525	119,244	11,559
Other liabilities	-	35,454	-
General obligation bonds and notes payable	12,791,876	29,545,826	5,479,488
Total Noncurrent Liabilities	13,065,316	29,863,992	5,511,857
Total Liabilities	15,112,660	34,358,572	5,881,905
NET ASSETS			
Invested in capital assets, net of related debt	52,520,755	33,690,893	3,229,685
Unrestricted	2,165,633	3,152,855	115,380
Total Net Assets	\$ 54,686,388	\$ 36,843,748	\$ 3,345,065
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			
Net assets of business - type activities			

See accompanying notes.

ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
\$ 37,385	\$ 2,632,184	\$ 497,540
90,808	237,253	35,122
-	327,621	3,116
-	5,733	-
6,679	373,784	28,219
286,560	286,560	-
-	-	508,780
-	15,305	-
79,184	104,478	16,556
-	3,429,670	149,000
<u>500,616</u>	<u>7,412,588</u>	<u>1,238,333</u>
239,384	595,577	88,501
323,672	556,000	54,502
-	35,454	73,478
-	47,817,190	230,000
<u>563,056</u>	<u>49,004,221</u>	<u>446,481</u>
<u>1,063,672</u>	<u>56,416,809</u>	<u>1,684,814</u>
1,016,292	90,457,625	225,721
<u>1,080,695</u>	<u>6,514,563</u>	<u>3,848,097</u>
<u>\$ 2,096,987</u>	96,972,188	<u>\$ 4,073,818</u>
	<u>(278,576)</u>	
	<u>\$ 96,693,612</u>	

See accompanying notes.

**CARSON CITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES	
	SEWER	WATER
Operating Revenues:		
Charges for services	\$ 6,220,277	\$ 9,213,190
Operating Expenses:		
Salaries and wages	1,239,304	1,513,142
Employee benefits	498,405	596,458
Services and supplies	3,092,966	5,489,270
Depreciation	3,079,635	2,444,918
Total Operating Expenses	7,910,310	10,043,788
Operating Income (Loss)	(1,690,033)	(830,598)
Nonoperating Revenues (Expenses):		
Investment income	80,390	142,446
Miscellaneous	910	43
Interest expense	(584,520)	(1,326,400)
Gain (loss) on sales of capital assets	(22,004)	(7,557)
Arbitrage rebate	-	60,409
Bond issuance costs	(7,105)	(1,736)
Total Nonoperating Revenues (Expenses)	(532,329)	(1,132,795)
Income (Loss) Before Capital Contributions and Transfers	(2,222,362)	(1,963,393)
Capital Contributions:		
Capital grants	181,568	143,591
Developers	-	444,709
Connection fees	60,228	47,163
Total Capital Contributions	241,796	635,463
Transfers In	-	-
Transfers Out	-	-
Change in Net Assets	(1,980,566)	(1,327,930)
Net Assets, July 1	56,666,954	38,171,678
Net Assets, June 30	\$ 54,686,388	\$ 36,843,748
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.

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
STORMWATER DRAINAGE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
\$ 1,172,879	\$ 4,093,370	\$ 20,699,716	\$ 11,314,943
245,196	1,824,395	4,822,037	702,821
111,501	1,131,812	2,338,176	265,025
391,300	1,930,402	10,903,938	10,712,471
218,499	73,041	5,816,093	8,684
966,496	4,959,650	23,880,244	11,689,001
206,383	(866,280)	(3,180,528)	(374,058)
9,737	8,341	240,914	152,349
-	229,986	230,939	79,905
(221,874)	-	(2,132,794)	(8,479)
-	(83,227)	(112,788)	43,426
-	-	60,409	-
(7,903)	-	(16,744)	(1,962)
(220,040)	155,100	(1,730,064)	265,239
(13,657)	(711,180)	(4,910,592)	(108,819)
13,521	-	338,680	-
-	-	444,709	-
-	-	107,391	-
13,521	-	890,780	-
-	420,000	420,000	-
-	-	-	(1,750,000)
(136)	(291,180)	(3,599,812)	(1,858,819)
3,345,201	2,388,167		5,932,637
\$ 3,345,065	\$ 2,096,987		\$ 4,073,818
		(112,759)	
		\$ (3,712,571)	

See accompanying notes.

**CARSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(PAGE 1 OF 2)**

	BUSINESS-TYPE ACTIVITIES		
	SEWER	WATER	STORMWATER DRAINAGE
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for services	\$ 6,074,787	\$ 9,090,633	\$ 1,147,940
Cash payments for personnel costs	(1,647,520)	(2,018,974)	(370,350)
Cash payments for services and supplies	(3,279,789)	(5,252,080)	(395,436)
Miscellaneous cash received	910	43	-
Net Cash Provided (Used) by Operating Activities	<u>1,148,388</u>	<u>1,819,622</u>	<u>382,154</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	-	-	-
Transfer from other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	1,600,000	1,512,053	848,000
Proceeds from sales of capital assets	-	-	-
Connection fees	60,228	47,163	-
Acquisition of capital assets	(1,459,877)	(4,533,031)	(1,268,297)
Principal paid on capital debt	(1,399,507)	(1,820,000)	(235,000)
Interest paid on capital debt	(586,489)	(1,322,072)	(213,085)
Bond issuance costs	(29,714)	(50,973)	(13,217)
Subsidy from grant	181,568	77,784	13,521
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,633,791)</u>	<u>(6,089,076)</u>	<u>(868,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	80,390	142,446	9,737
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(405,013)</u>	<u>(4,127,008)</u>	<u>(476,187)</u>
Cash and Cash Equivalents, July 1	<u>2,436,582</u>	<u>6,942,602</u>	<u>476,581</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,031,569</u>	<u>\$ 2,815,594</u>	<u>\$ 394</u>

See accompanying notes.

ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
\$ 3,953,185	\$ 20,266,545	\$ 11,346,682
(2,695,729)	(6,732,573)	(930,572)
(1,934,232)	(10,861,537)	(9,698,101)
229,986	230,939	79,905
<u>(446,790)</u>	<u>2,903,374</u>	<u>797,914</u>
-	-	(1,750,000)
420,000	420,000	-
<u>420,000</u>	<u>420,000</u>	<u>(1,750,000)</u>
-	3,960,053	452,000
-	-	43,426
-	107,391	-
(38,885)	(7,300,090)	(527,114)
-	(3,454,507)	(73,000)
-	(2,121,646)	(5,421)
-	(93,904)	(6,855)
-	272,873	-
<u>(38,885)</u>	<u>(8,629,830)</u>	<u>(116,964)</u>
<u>8,341</u>	<u>240,914</u>	<u>152,349</u>
(57,334)	(5,065,542)	(916,701)
563,336	10,419,101	5,691,147
<u>\$ 506,002</u>	<u>\$ 5,353,559</u>	<u>\$ 4,774,446</u>

See accompanying notes.

**CARSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(PAGE 2 OF 2)**

	BUSINESS-TYPE ACTIVITIES		
	SEWER	WATER	STORMWATER DRAINAGE
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,690,033)	\$ (830,598)	\$ 206,383
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	3,079,635	2,444,918	218,499
Nonoperating revenues	910	43	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(129,898)	(129,006)	(24,939)
Due from other governments	(12,314)	8,068	-
Due from other funds	(1,079)	(1,619)	-
Inventories	-	15,495	-
Prepaid items	(8,810)	719	170
Increase (decrease) in:			
Accounts payable	(179,843)	(26,848)	(8,966)
Accrued salaries and benefits	11,221	12,124	(4,451)
Due to other funds	-	-	5,733
Due to other governments	1,830	249,124	(1,073)
Unearned revenue	-	-	-
Connection deposits	(2,199)	(1,300)	-
Accrued compensated absences	26,633	16,870	(15,169)
Net OPEB obligation	52,335	61,632	5,967
Other liabilities	-	-	-
Total Adjustments	<u>2,838,421</u>	<u>2,650,220</u>	<u>175,771</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,148,388</u>	<u>\$ 1,819,622</u>	<u>\$ 382,154</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Purchase of capital assets on account	\$ 291,851	\$ 1,657,617	\$ 14,519
Retainage payable on construction of capital assets	31,981	164,712	-

See accompanying notes.

ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
\$ (866,280)	\$ (3,180,528)	\$ (374,058)
73,041	5,816,093	8,684
229,986	230,939	79,905
(148,990)	(432,833)	888
-	(4,246)	30,851
-	(2,698)	-
(4,437)	11,058	(2,126)
1,340	(6,581)	1,030,203
(7,383)	(223,040)	49,191
1,597	20,491	4,423
-	5,733	-
6,650	256,531	1,590
8,805	8,805	-
-	(3,499)	-
91,777	120,111	4,798
167,104	287,038	28,053
-	-	(64,488)
419,490	6,083,902	1,171,972
\$ (446,790)	\$ 2,903,374	\$ 797,914
\$ -	\$ 1,963,987	\$ -
-	196,693	-

See accompanying notes.

**CARSON CITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	INVESTMENT TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and investments		
Unrestricted	\$ 4,152,131	\$ 2,187,351
Restricted	-	50,000
Cash held by Commission	-	5,057
Taxes receivable, delinquent	-	482,903
Due from other governments	-	84,718
Prepaid items	-	450
	4,152,131	2,810,479
LIABILITIES		
Accounts payable	-	73,992
Due to other governments	-	2,724,276
Other liabilities	-	12,211
	-	2,810,479
NET ASSETS		
Held in trust for pool participants	\$ 4,152,131	\$ -

See accompanying notes.

CARSON CITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	INVESTMENT TRUST FUND
ADDITIONS	
Investment income	\$ 225,584
Capital share transactions:	
Shares sold	7,130,587
Total Additions	7,356,171
DEDUCTIONS	
Capital share transactions:	
Shares redeemed	7,025,855
Change in Net Assets	330,316
Net Assets, July 1	3,821,815
Net Assets, June 30	\$ 4,152,131

See accompanying notes.